



Western Dakota Energy Association
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With the U.S. House in recess, Congressman Kelly Armstrong, a former state senator from Dickinson, made a return trip to the ND Capitol this week. Armstrong first spoke to the House, then crossed the hall to the Senate where he cracked up his former colleagues by delivering his remarks from the spot in the chamber where he was seated during his time as a state senator. Armstrong got another chuckle when he talked about the “crack reporting” in Washington DC. He was appointed in January to the House Select Committee on the “Climate Crisis,” and joked that two months later a reporter discovered his family was in the oil business. “I don’t know how the 41-page disclosure I filed with Congress didn’t give ‘em a clue,” Armstrong quipped.



The news was decidedly mixed this week on the infrastructure funding front. In a ceremony Wednesday, Governor Doug Burgum signed into law [HB 1066](#), better known as “Operation Prairie Dog.” The legislation provides oil tax funding to western communities “in lieu of” property taxes which oil companies do not pay on their production operations. It also creates new buckets to provide direct grants to non-oil cities, counties and townships to address their infrastructure needs. However, the celebration was tempered the following day when the House Appropriations Committee voted 15-3 to approve a Do Not Pass recommendation on [SB 2275](#), a bill that would leverage Legacy Fund earnings to provide up to \$500 million in low-interest loans to help pay for local infrastructure projects. Backers of the measure say it is

critically important to provide additional funding options to support major flood control, water development and other high dollar projects. An effort will be made to “flip” the vote when the bill is debated on the House floor next week.

An [amended version](#) of a pore space bill, [SB 2344](#), was approved on a 10-2 vote by the House Energy and Natural Resources Committee this week. The bill attempts to re-establish separation between two sections of law conflated in a 2017 ND Supreme Court decision. The case involved a claim under the Oil and Gas Production Damage Compensation Act, but the court took notice of a 2009 law related to underground sequestration of carbon dioxide. A subcommittee appointed to resolve differences over the bill met five times. WDEA is firmly neutral on the complicated bill. Two of the association’s board members testified on opposite sides of the issue during one of the subcommittee’s final hearings Thursday. Dunn County Commissioner Daryl Dukart expressed concern that the bill’s language didn’t accomplish its intent and is worried it could damage relations between landowners and the oil industry. Bowman Mayor Lyn James testified in support of the measure, noting that failure to clear up confusion caused by the Supreme Court ruling could have negative consequences for Denbury Resources’ CO₂-enhanced oil recovery project in Bowman County.

The other major happening during the week was final passage of [SB 2312](#), legislation that approves a new tax sharing agreement for oil produced on the Ft. Berthold Reservation. The bill passed the House 84-8. The bill changes the current 50-50 tax revenue split so that 80 percent of tax revenue from new wells on tribal trust lands would go to the tribe and 20 percent would go to the state. It’s the opposite on fee land, 80 percent goes to the state and 20 percent to the tribe.

Governor Burgum delivered his first veto of the 2019 session this week, refusing to sign [SB 2244](#), which would double the fee for a driver’s license. In his [veto message](#), the governor said the legislation imposed “an unnecessary additional burden on our residents.” Burgum added that, “technology advancements and new methods of service delivery” would reduce the cost of providing driver’s licenses. The fee has not been increased since 1987.

Major school construction funding bills are still hanging in the balance as the 2019 session passed the 50-day mark. One of the more significant bills, [SB 2214](#), was amended in committee this week to remove a bonding provision that would have provided an additional \$250 million for the current low interest school construction revolving loan program. Instead, it now adds \$75 million from the Foundation Aid Stabilization Fund to the school loan fund. Also still alive is [HB 1365](#), which is awaiting action in the Senate Education Committee. In its original form, the bill would eliminate the 75 percent deduction from Foundation Aid payments for in-lieu-of revenue devoted to a sinking and interest fund.

[SB 2192](#), a bill of particular interest to Williams County, received final approval this week. By a 51-41 vote, the House passed the bill, which allows counties to impose a 2% lodging tax and a 1% tax on restaurant sales. The provisions are consistent with those authorized for North Dakota cities. The bill, introduced by Senator Brad Bekkedahl, R-Williston, also provides for establishment of a county visitors’ promotion fund. The bill previously passed the Senate 44-2.

Lawmakers continue to work on ballot measure reform. The Senate approved [HB 1037](#) which requires ballot committees to provide detailed information about all sub-contributors who give more than \$100, not just those from out of state. And the governor signed into law [HB 1036](#) that requires legislative council to estimate the cost impact of referred measures, not just those initiated by voters. However, by a 23-20 margin the Senate defeated [HB 1035](#), which would have required the fiscal impact of all initiated or referred laws or constitutional amendments to be printed on the ballot.