



Western Dakota Energy Association
Legislative Report #13, March 30, 2019
[Geoff Simon](#), Executive Director



Day 56 of the 2019 Legislature went into the books Friday, and as April arrives next week, most of the work will be happening in conference committees to resolve differences between the House and Senate. Each chamber took time this week for memorial services to reflect on the lives of former members who passed away since the legislature last met. In the photo at right, Senator Robert Erbele directs the Senate Chorus in song to honor departed colleagues.

An intense lobbying effort concluded Thursday with a House vote on a pore space bill that has divided landowners and oil industry interests. [SB 2344](#) passed by a wide margin, 65-26, but the discussion is far from over. The debate will now move to a House-Senate conference committee to be appointed next week. There's general agreement about the intent of the legislation, that it deliver certainty to the oil industry regarding the injection of carbon dioxide, produced natural gas or produced water into underground pore space, while protecting the property rights of landowners. But finding the right words in legislation to accomplish that task is the difficult job that the House/Senate conferees will face.

Plenty of action is also happening in legislative subcommittees working on some of the more contentious issues. One of those is a proposal advocated by Governor Doug Burgum and the Department of Corrections and Rehabilitation to close and/or repurpose the Dakota Women's Correctional and Rehabilitation Center in New England. At a meeting of a Senate Appropriations Subcommittee, DOCR Director Leann Bertsch renewed the pitch for the plan to move female inmates to the Missouri River Correctional Center near Bismarck, and build a new facility in Jamestown for the male inmates who now occupy MRCC. Bertsch told the subcommittee that conditions for women at the New England facility put the state at risk of a federal lawsuit because the inmates do not have adequate access to health care and other services. As it stands now, the DOCR budget ([HB 1015](#)) only provides for an interim study of the relocation plan.

The state's true budget picture is another topic frequently discussed at the Capitol. Members of the state Industrial Commission – the Governor, Agriculture Commissioner and Attorney General – received a [financial statement](#) this week from the Bank of North Dakota, which shows incoming revenue will be adequate to cover the state's expenses in the current and upcoming biennium. BND President Eric Hardmeyer also told the NDIC the state could better manage its cash flow with an "appropriate amount of debt issuance." Several bonding bills to support infrastructure projects and highway and school construction passed the Senate this year, only to be stripped of bonding provisions or defeated in the House. Among those was [SB 2275](#), known as "Prairie Dog III," defeated in the House this week on a 55-34 vote.

Much of the budget debate focuses on what to do with earnings from the Legacy Fund. The current biennium is the first time the earnings have been transferred to the general fund where they can be spent or reinvested by the legislature. Earnings available for transfer at the end of February total just over \$415 million. Click [here](#) to see the 2/28 Legacy Fund statement from the State Investment Board. Lawmakers are considering [HCR 3055](#) that would put all earnings back into the fund, and only allow the legislature to access them with a two-thirds vote. During NDIC's discussion, Gov. Burgum said he doesn't like the resolution. "It implies that we're satisfied earning a market rate of return in perpetuity and that there is no opportunity to invest where we could earn higher than a market rate of return," Burgum said.

School construction funding legislation is still hanging in the balance as the 2019 session heads into the home stretch. One bill that would address virtually all funding concerns emerged from the House Education Committee this week and is now under review by the House Appropriations Committee. [SB 2265](#) contains 21 sections that would among other things, 1) move the state aid formula toward "on-time funding" in the second year of the 2019-21 biennium, 2) provide \$3 million for rapid enrollment grants, 3) require all school districts to move toward a 60-mill property tax target over time, and 4) request an interim study of the state school aid formula.

Addressing North Dakota's workforce needs has been a hot topic this session. One of the ideas proposed is a skilled workforce scholarship program that would be established by competing House and Senate bills. The Senate on Thursday approved [HB 1171](#) on a unanimous 45-0 vote. The legislation provides \$10 million from the Bank of North Dakota for the program which would cover tuition, fees, books and supplies for up to four semesters. The scholarship program requires a dollar-for-dollar private sector match and requires the recipient to work in the state for at least three years after graduation. [SB 2039](#), which contains similar provisions, is awaiting action in the House Appropriations Committee.

Additional details about the 2019 legislative session and other energy-related issues affecting western North Dakota can be found in WDEA's [weekly newsletter](#) published every Friday. Click [here](#) to subscribe.