



Western Dakota Energy Association
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North Dakota lawmakers wrapped up the 2019 session shortly after 10:00 p.m. last night. As tradition dictates, the last act was passage of the appropriations bill of the state Office of Management and Budget. This year it was [SB 2015](#), and as usual it was loaded down with a pile of last-minute amendments, some of which are substantive and some are simply clean-up language to fix mistakes discovered in bills that had already passed the legislature. The bill contains 37 sections over 19 pages, and its title alone fills the first page. The [marked up version](#), typically referred to as the Christmas tree version for its red and green fonts, clearly shows amendments to the bill.

As if to support Governor Burgum's argument that the legislature should be transparent and earmark \$1 billion in oil tax revenue to the general fund, the OMB bill directs the transfer of \$764.4 million from the Strategic Investment and Improvements Fund to the general fund during 2019-2021 biennium. All money in the SIIF comes from oil taxes. Another section of the OMB bill establishes the Legacy Fund earnings committee which is charged with studying potential uses of the earnings including tax relief, reinvestment of earnings, research and technological advancements, and to promote workforce development and career and technical education.

Infrastructure funding got a boost with passage of the Prairie Dog bill ([HB 1066](#)) earlier this session, but the legislature didn't do much more than that. The House earlier killed [SB 2275](#), introduced by Senate Majority Leader Rich Wardner, which would have used Legacy Fund earnings for a bonding program to inject \$450 million into the existing low interest infrastructure revolving loan fund. Senator Wardner brought back a scaled down version in the form of an amendment to the OMB bill, but it was shot down by House Majority Leader Chet Pollert and Appropriations Chairman Jeff Delzer, who suggested cash would be available next session to fund the infrastructure loan pool. House Minority Leader Josh Boschee proposed that the state approve the bonding program now, and if the cash arrives in the next biennium, the state could simply pay off the bonds early. But that too was rejected. The only possible supplement to the loan pool is found in [HB 1014](#), the budget of the state Industrial Commission. Section 16 of the bill provides for a \$40 million transfer from the SIIF from any amount exceeding \$755 million in the current biennium. But the OMB bill also creates additional competition for the low interest loans. An amendment offered by Rep. Pollert expands eligibility beyond political subdivisions to include the Garrison Diversion Conservancy District, the Lake Agassiz water authority and the Red River Valley water supply project. The OMB amendment did not put any additional money into the loan pool.

The Industrial Commission budget will provide some relief for families affected by Yellowstone River flooding this spring. The bill will provide 1% loans of up to \$75,000 to make repairs or replace lost equipment. [HB 1013](#), the Land Department budget also contains \$2 million in impact grants to be doled out on an emergency basis to fund unexpected expenses.

One of WDEA's priorities was addressed during the final week by the conference committee on [HB 1020](#). The legislation funds the Extension Service, several ag research facilities and the Upper Great Plains Transportation Institute (UGPTI). Among UGPTI's funding requests this session was a \$975,000 line item to update its county and township road and bridge needs study, last funded by the 2015 Legislature. Information in the study is to be used to allocate county and township dollars in the Prairie Dog bill. House appropriators initially reduced the amount to \$450,000, but the Senate restored the full amount. In the end, the conference committee agreed to commit \$875,000 to fund the study.

School funding legislation was approved in the final week of the session, providing some relief for western districts impacted by enrollment increases attributable to growth in the oil industry. [SB 2265](#) contains a provision that will allow districts to keep 100% of gross production tax revenue earmarked for a sinking and interest fund to pay for construction. The bill also provides \$3 million for rapid enrollment grants, and moves halfway toward on-time funding in the second year of the biennium. Schools currently receive state aid based on the previous year's enrollment numbers, effectively penalizing growing districts. The bill also provides a 2% increase in the per pupil payment each year of the biennium.

Several other bills and funding issues WDEA has been tracking saw action during the final week of session. [HB 1439](#), which provides an extraction tax exemption for enhanced oil production using CO2 from North Dakota lignite plants, was signed into law by Gov. Burgum. The bill had been put on hold pending resolution of the contentious pore space issue surrounding [SB 2344](#). The Department of Corrections and Rehabilitation budget, [HB 1015](#), provides for an interim study of the preferable location of DOCR facilities, service needs of inmates, impact on families of inmates, and an assessment of facilities to include the Missouri River correctional center, the James River correctional center, and the state hospital. Struck from the final bill was previous language that the legislature look into the feasibility of relocating female inmates from the Dakota women's prison at New England to another location. And finally, [HB 1018](#), the budget of the Commerce Department, provides \$75,000 in matching funds to maintain sculptures on the Enchanted Highway.