



Western Dakota Energy Association
Legislative Report, January 28, 2017
[Geoff Simon](#), Executive Director

By the end of Week Four, senators and representatives had introduced a grand total of 810 bills and resolutions in the 2017 North Dakota Legislature. Week Five will see a lot of committee action with the approach of another legislative deadline. By February 6, any bill with a monetary impact that's in a policy committee must be re-referred to the House or Senate Appropriations Committee.

A few bills that WDEA is tracking saw action on the House or Senate floor this week. Among them was [HB 1151](#), the so-called "spill bill," which would no longer require spills of less than 10 barrels on a well pad to be reported to state regulators. The legislation passed the House overwhelmingly 82-11. Supporters of the legislation believe the state's oil producers are being unfairly characterized as irresponsible operators because so many minor spills are reported. The original bill has been amended to specify that spills smaller than 10 barrels need not be reported, but only if they are contained on a well pad that has an impermeable liner.

WDEA testified against [SB 2252](#), legislation that would make all saltwater disposal wells in North Dakota exempt from property taxes. Currently tax directors consider producer-owned wells exempt because, under the law, producers pay gross production taxes in lieu of property taxes. But the bill's language would exempt all wells, including for-hire commercial operations, from property taxes. The financial consequences of such a move would be significant. Together, Dunn, McKenzie, Mountrail and Williams Counties have more than 100 disposal wells that offer their services to oil producers. Combined, those commercial well owners paid more than \$700,000 in property taxes in 2016. The Senate Energy & Natural Resources Committee sent the bill to the floor with a Do NOT Pass Recommendation.

WDEA testified in support of HB 1355, but was disappointed to see it reported out of committee with an 8-to-5 Do Not Pass recommendation. The legislation requests an interim study of "funding mechanisms and options available to political subdivisions for road construction, maintenance, and other infrastructure transportation demands." Meanwhile, one of the latest bills introduced would remove a potential funding option. [SB 2326](#) would eliminate a home rule city's ability to impose a tax on motor fuels, perhaps in response to Glen Ullin's [proposal](#) to consider such a tax.

Week Five will see initial hearings on three of WDEA's highest priorities this session. Action starts Monday in the House Finance & Taxation Committee with a hearing on [HB 1368](#) which would give counties the option to appeal a State Board of Equalization decision to district court. Some oil-producing counties have been frustrated by recent state decisions that disregard the recommendations provided by valuation experts that counties have hired to appraise industrial properties. If those properties are under-valued, it shifts the tax burden to other business and residential property owners in the county.

Action continues Tuesday, January 31, when the same House committee will hear [HB 1366](#), legislation that would adjust the Hub City funding formula and provide an appropriation to fulfill oil impact grant commitments made in the 2015-17 biennium. The Hub City formula must be adjusted because of a change in the definition of employment. Currently, the hub cities of Dickinson, Minot and Williston receive \$375,000 for each percentage point attributable to oil & gas employment. But that employment calculation expires this year and will revert to the definition of mining employment, which is a lower percentage. The bill compensates for that change by increasing the amount for each percentage point of employment to \$600,000, which would maintain hub city funding at approximately the same level as the current biennium.

On Thursday, February 2, the House Transportation Committee will hear [HB 1320](#), a bill aimed at improving the functionality of WDEA's Uniform Truck Permit System. The legislation would compel townships in counties that are members of the truck permit system to also participate in the system. With regard to the e-permit system for state highways, the bill would also direct the ND Department of Transportation and Highway Patrol to "allow for the most efficient routing of oversized or overweight loads through the state highway system and take into consideration the impacts on city, county, township, and state roads." The bill would also prevent counties, cities and townships from charging additional fees for use of roads unless the person agrees to pay extra. The provision is intended to allow for situations in which a company knows it will damage a road, and rather than pay permit fees, it agrees to repair the road after its work is done.