



Western Dakota Energy Association
Legislative Report, April 8, 2017
[Geoff Simon](#), Executive Director

Legislators put in Day 64 of the 2017 session on Friday but they still have a lot of work to do, prompting House Majority Leader Al Carlson, R-Fargo, to urge members to pick up the pace. Legislative leadership has a self-imposed deadline to wrap up their work in 70 legislative days rather than the constitutionally-allotted 80 days, saving 10 days in the event lawmakers need to return to Bismarck to address budgetary matters or some other emergency. Rep. Carlson announced Thursday that legislators will not have a floor session on Tuesday, devoting the entire day to resolving dozens of issues being discussed in House-Senate conference committees. The maneuver will give legislators an extra day to get their business done. If the full legislative body doesn't convene on a given day, it doesn't count against the 80-day total.

The House Appropriations Committee on Thursday approved a slightly different version of the unfavorable amendment we described in [last week's report](#). The [13-page document](#) was tacked onto the ND Department of Trust Lands budget bill ([SB 2013](#)), and passed the committee on a 17-2 vote. Its most egregious provision would take oil tax revenue from townships in the top nine oil-producing counties and redistribute it among non-oil townships. In the words of Senate Majority Leader Rich Wardner, R-Dickinson, it amounts to "a \$16 million takings" from the oil townships. Operations in county government are also affected by the revenue loss because if a township is unorganized, the revenue goes to the county in which it's located.

The oil and gas industry has expressed its displeasure with the proposal because without money for maintenance, townships and counties will be forced to restrict roads to prevent damage from heavy trucks. In a message to members of the appropriations committee, ND Petroleum Council President Ron Ness urged the legislature to "allow the formula to work where the activity is the greatest. It makes sense and is critical to keep up with impacts."

The Hub Cities of Dickinson, Minot and Williston will already see a huge drop in oil tax revenue because of changes in the current distribution formula, but the amendment adds insult to injury by taking even more. Payments to hub cities are based on a calculation that multiplies the percentage of oil and gas employment in the community by \$375,000. That formula provides Williston, the city with the highest percentage of oil and gas employment, about \$67 million in the current biennium. But the oil and gas multiplier expires on June 30, and will revert to mining employment which is a much lower percentage. It means Williston and the other cities will see about a 30 percent decline in revenue for the 2017-19 biennium. But the amendment further increases the loss by excluding the first two percent of employment, costing each of the cities \$750,000.

Airport funding for Williston and Dickinson is also hanging in the balance. Both cities were promised grants from the oil impact fund by the 2015 Legislature. But because of the decline in oil tax revenue, the impact grant "bucket" did not fill sufficiently to meet all the commitments. The amendment would provide a total of \$40 million for the two cities. It would come from a combination of a \$25 million extension of the impact grant program, and a \$15 million appropriation from the Strategic Infrastructure and Investment Fund. However, the bill also has a string attached to Williston's share that conflicts with federal law. The amended bill would provide \$35 million to Williston for its new airport, but contains a section that would require the city to repay up to \$27.5 million to the state from the eventual sale of its existing airport. That runs contrary to [regulations](#) of the Federal Aviation Administration, and could potentially jeopardize the FAA's financial commitment to the \$240 million airport project.

Needless to say, western North Dakota interests plan to vigorously contest the amendment when it is discussed on the House floor, probably on Monday. But because it is attached to a must-pass budget bill for the Lands Department, the matter will inevitably end up in a conference committee. More details about the bill's provisions can be found [here](#).

Several other bills that WDEA has been tracking this session received final approval this week. The Senate concurred with House amendments to [SB 2286](#), a bill which consolidates state and local siting of gas and liquid transmission pipelines. Likewise, the House concurred with Senate changes to WDEA's truck permit legislation, [HB 1320](#), and it's on its way to the Governor's desk. [HB 1151](#), the spill bill, is also on its way to the Governor. And [SB 2327](#), which establishes a state Department of Environmental Quality, was signed into law by Gov. Burgum this week.