



Western Dakota Energy Association
Legislative Report, April 15, 2017
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With just a few days remaining in the 2017 session, oil-impacted communities in western North Dakota have a lot hanging in the balance. The House voted 61-31 Monday to approve [SB 2013](#), the budget bill of the ND Department of Trust Lands, which serves as the “vehicle” for the financial package to support western communities. The Senate reacted swiftly. On a voice vote Tuesday, the Senate did not concur with the House because of what Senate Majority Leader [Rich Wardner](#) has called a “[terrible amendment](#)” attached to it. The legislation will be discussed next week by a conference committee composed of three senators and three representatives. The Senate will be represented by Wardner, and Senators [Terry Wanzek](#) and [John Grabinger](#), both of Jamestown. House conferees are Appropriations Committee Chairman [Jeff Delzer](#) of Underwood, Vice-Chair [Keith Kempenich](#) of Bowman, and Rep. [Mike Brandenburg](#) from Edgeley. (Watch video of Monday’s House floor debate on SB 2013 at [this link](#))

The first meeting of the SB 2013 conference committee is scheduled to occur Tuesday, April 18, at 2:30 p.m. in the Harvest Room, which is the regular meeting place of the Senate Appropriations Committee. Conference committee members can expect to hear from local western leaders who are upset with the House amendment. At a time when the oil patch is seeing an upswing in activity, the legislation would take away oil tax allocations intended to help cities, counties and schools address the impacts of oil industry activity. Nearly a dozen elected leaders from Bakken cities and counties have indicated to WDEA that they will be in Bismarck next week to lobby legislators about growing needs in the Bakken. Other local government leaders concerned about the cuts are being encouraged to join them at the Capitol.

Language in the amended bill would take oil tax revenue from townships in the top nine oil-producing counties and redistribute it among non-oil townships. Senator Wardner has characterized it as “a \$16 million takings” from the oil townships. Recent statistics from WDEA’s Uniform Truck Permit System back up the financial needs of the oil townships, which use most of the revenue they receive to maintain roads used by the oil industry. Figures show the volume of permits issued for overweight trucks jumped more than 40 percent in February, compared to the same period last year. Producers took advantage of favorable late winter weather to move drilling rigs and mobilize fracking operations to complete some of the hundreds of DUCs (drilled but uncompleted wells) in the Bakken. The increase in oilfield activity is borne out in February [production numbers](#), which are once again averaging more than 1 millions barrels per day.

There’s much more than just oil township dollars at stake. The House [amendment](#) would further reduce the amount of oil tax revenue allocated to the Hub Cities of Dickinson, Minot and Williston, which will already see a huge drop in revenue because of changes in the current distribution formula. 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 prices, the impact grant “bucket” will not receive enough revenue to meet all the commitments. The amended bill would provide \$5 million to Dickinson for a runway rehab project and \$35 million to Williston for its [new airport](#). But the state contribution comes with strings attached. The bill would require the City of Williston to repay up to \$27.5 million to the state from the eventual sale of its existing airport. Williston Mayor Howard Klug was at the Capitol this week to let legislators know that provision runs contrary to FAA regulations, and could jeopardize the FAA’s financial commitment to the \$240 million airport project.

The news out of the legislature isn’t all bad. It was announced on the House floor Thursday that Governor Doug Burgum had signed into law [HB 1320](#), which is WDEA’s truck permit legislation. The provisions of the new law will officially go into effect August 1. The legislation accomplishes several things which will be crucial as WDEA looks to further [enhance](#) the permit system and offer it to counties outside the oil producing region:

- It establishes a truly uniform system by ensuring the participation of all political subdivisions in a county.
- It provides for notification and public input when fee changes are proposed.
- It allows negotiation of a separate road use agreement when a permit is denied.
- The bill provides counties, townships and the uniform permit system an enforcement tool to discourage damage to roads when restrictions are in place, including imposition of penalties when warranted.