



Western Dakota Energy Association  
Legislative Report, April 22, 2017  
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The 2017 North Dakota Legislature is nearing its end. Friday was Day 73 of the session, which is limited to no more than 80 days by the state constitution. Legislative leadership hopes to wrap things up Tuesday, Day 75, and save the remaining days in the event legislators need to address budgetary matters, state emergencies or respond to changes in federal law. With still about 20 bills remaining, most observers predict the session will conclude on Wednesday.

The funding bill to address oil impacts in western counties remains tied up in a House-Senate Conference committee, but its members say they are very close to resolving their differences. The committee is scheduled to meet again at 11:00 Monday morning in the Harvest Room at the state Capitol. The House Appropriations Committee attached an amendment to [SB 2013](#), which is the budget bill for the ND Department of Trust Lands, that would have taken two-thirds of the money, about \$25 million, provided in the gross production tax distribution formula to townships in the top nine oil counties, and redistributed the money to non-oil townships. House negotiators have backed down from that initial position, but still want to take one-third of the money. Senate members and western legislators have developed an alternative plan that would distribute the "haircut" evenly among counties, cities, schools and townships to create an \$8 million grant bucket to support airport projects in Williston and Dickinson. That \$8 million in turn would free up money in the Strategic Infrastructure and Investments Fund (SIIF) to fund an appropriation to non-oil townships. The state owes the airports about \$45 million based on impact grant commitments made during the 2015 legislative session. The current bill would provide the airports a total of \$40 million, which includes SIIF money and a \$25 million appropriation through the energy impact grant fund.

Also yet to be resolved in the legislation is the level of oil tax revenue provided to the hub cities and school districts in Dickinson, Williston and Minot. The cities and schools are already facing a 30% reduction in tax revenue based on a provision in law that changes the employment definition upon which the distribution is based. It amounts to nearly \$50 million less in the 2017-19 biennium than the cities received in the current biennium. House negotiators proposed excluding the first two percent of employment, which would reduce hub city funding an additional \$3 million per year.

A third provision in the House amendment which hasn't attracted much attention to this point provides a statement of legislative intent regarding royalty payments associated with natural gas production. The Lands Department believes companies have been underpaying the state due to improper deductions for costs associated with gas processing. The industry has been challenged to reduce flaring at the wellhead and has invested billions to capture the gas. More details about the issue are explained in [this article](#) by Amy Dalrymple in the Bismarck Tribune.

Legislation that establishes mineral ownership rights under Lake Sakakawea is on its way to the governor's desk. The House voted 75-15 on the final version of [SB 2134](#) Wednesday, after the Senate approved it earlier on a 34-8 vote. The bill addresses concerns of citizens who hold minerals but lost land for the construction of the Garrison Dam, which created Lake Sakakawea. The bill defines the boundary of mineral ownership as the ordinary high water mark of the old riverbed, and sets up a process to return about \$187 million in bonus, rent and royalty payments to the mineral owners.

Other contentious issues still remain including [HB 1361](#), a bill that would establish caps on local property tax increases. The legislation previously passed the House, but was substantially altered in the Senate to eliminate the caps and instead provide a detailed reporting of property tax levies by all of the state's taxing jurisdictions. The House refused to go along with the changes, and a conference committee came up with a plan to allow local residents to petition for a vote to establish local caps. That version was acceptable to the House, but was soundly defeated in the Senate.

Also up in the air is the Social Services funding bill. [SB 2206](#) provides for a state takeover of Social Services funding, but the amount has been substantially reduced due to budgetary concerns. The bill sets up a plan for the state to fund county social services statewide for a two year pilot program in calendar years 2018 and 2019.

The final version of the budget bill for the Office of Management and Budget, [HB 1015](#), is also likely to be contentious. It was amended this week to include a provision that would allow Dickinson State University to carry over \$11.5 million in unexpended funds related to the Theodore Roosevelt Presidential Library project, \$3.1 million of which is to pay off debt on the Biesiot Activities Center. DSU is facing an \$8.8 million funding reduction, a 30 percent drop, and could be forced to eliminate two athletic teams and its nursing program if budget cuts are not resolved.