



Western Dakota Energy Association
Legislative Report, April 29, 2017
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The 2017 North Dakota Legislature wrapped up its business Thursday night. The last official act of the session was passage of the OMB bill, the budget of the Office of Management & Budget. The bill ([HB 1015](#)) has traditionally been adorned with a lot of last-minute amendments, and this year was no exception. Three of those were of interest to WDEA. One addition to the bill was actually an amendment to an amendment. The legislature removed from [SB 2013](#) a subsection attached to it which directed the Tax Department to study royalty payments and deductions associated with natural gas production. The bill stripped a sentence that would require the study to look into “the market competition for gas processing, including the possibility of rate setting by the public service commission.” The OMB bill also includes a proposed study of wind energy taxes and the manner in which they are distributed. Under current law, 100% of wind energy taxes go to political subdivisions in the county in which a wind farm is located. Legislation that would have given the state a share of wind taxes ([SB 2209](#)) was defeated this session. A third addition to the bill was related to the effort to impose property tax caps on political subdivisions. Instead, the new language directs the Tax Department to collect tax data from county auditors in each of the state’s taxing jurisdictions so the legislature can see where property tax increases are occurring.



The biggest news of the week for WDEA members was final passage of [SB 2013](#). In addition to providing the budget for the state Department of Trust Lands, the measure contains changes and addition to the formula for distributing gross production taxes (GPT) to local political subdivisions. The bill provides guaranteed funding levels for the first year of the biennium to hub cities and schools of Dickinson, Minot and Williston. There was concern the new mining employment definition upon which the distribution is based would be too low to provide adequate funding to service debts incurred by the three cities. Williston is guaranteed to receive \$12,375,000 in FY 2017, Dickinson will get \$6,375,000 and Minot will receive \$1,500,000. School districts in the three communities will receive one third of those totals respectively. The legislation also includes an interim study of GPT allocations to hub cities and hub city school districts.

Townships in the top nine oil-producing counties will remain at the same funding level as the current biennium, approximately \$25 million divided among 400 townships. The House had proposed taking money from the oil townships to share with those in non-oil counties, but other funding sources were found to resolve the issue. The legislation also provides funding for the new airport in Williston and a runway rehabilitation project in Dickinson. Williston will receive a total of \$35 million for its airport. \$20 million will come from the state's Strategic Investment and Improvements Fund (SIIF), and \$15 million will come from a newly-created energy impact fund. The impact grant bucket will be filled with \$3 million from the SIIF, \$8 million from a political subdivision bucket created by the 2015 Legislature, and the remaining \$4 million will be drawn proportionately based on oil production from the GPT allocation to the top nine oil-producing counties. The \$5 million for Dickinson’s airport will come from the SIIF fund.

The final week also saw passage of [SB 2003](#), the budget bill for higher education. The measure includes a combination of financial resources that should resolve most of the debt issues at Dickinson State University. The bill includes about \$11.2 million in state appropriations over the coming biennium. The City of Dickinson also chipped in \$2.5 million of its Hub City allocation from the GPT distribution formula, and Stark County will give \$375,000 to support DSU. About \$3.1 million will be used to pay off loans for DSU’s Biesiot Activities Center. The deal was helped by five banks which agreed to settle for less. Attached to the funding measure was an amendment that prohibits DSU from discontinuing any portion of its nursing program during the 2017-19 biennium.

Legislative Management met after adjournment Thursday night. Senator Ray Holmberg, R-Grand Forks, was re-elected chairman of the group. Members will meet again in the next few weeks to identify 2017-18 interim study topics and interim committee structure. The interim will include several studies of interest to western counties. A mandatory study of the pipeline siting process is attached to [SB 2286](#). Lawmakers are also likely to take a look at the Hub City funding formula and the needs of western communities. Other topics include wind taxes, re-frack incentives, royalty issues, initiated and referred measures, and a DOT study of autonomous vehicles.