



Western Dakota Energy Association
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Beware Capitol visitors. One thing of which to be mindful this legislative session is where you choose to sit in a committee room. For starters, there aren't many chairs from which to choose, so sometimes because of social distancing rules, you just have to stay out. But visitors also need to be aware there are video cameras in every room. On Monday of this week your executive director found himself parked firmly behind DOT Director Bill Panos, who stood in front of the Senate Appropriations Committee for well over an hour, which means Geoff's masked mug was being live-streamed over the internet except for those times when the camera switched to a committee member asking a question, or the screen was switched to one of Mr. Panos' slides. No one will be allowed to take catnaps in committee!

The most significant news of Week Two was action yesterday by the House and Senate Appropriations Committees, which adopted the preliminary [revenue forecast](#) for the 2021-23 biennium. The forecast will be updated following crossover in March, but for now provides a guide for lawmakers, giving them an idea how many dollars will be available to support the operations of state government. The most significant component of the forecast (because it happens to be the state's largest source of revenue) is the oil price and production forecast. It's generally a fairly conservative prediction, in this case \$40/barrel through 2023 (North Dakota price), with crude oil production gradually declining from the current 1.2 million barrels per day, down to just 1 million in the second year of the biennium. That would translate to about \$434 million to be distributed to WDEA's political subdivision members through the gross production tax distribution formula, down about 16% from the \$518 million projected for distribution in the current biennium.

By week's end, legislators had introduced a total of 603 bills and resolutions. The deadline for House members to introduce bills arrives Monday, and the deadline for Senators is the following Monday, January 25. Among the more interesting ideas among the new bills is [HB 1350](#), introduced by Rep. David Richter of Williston, which would lower the vote threshold required for passage of a school bond issue. Currently, all school bond votes require 60% approval. Richter's bill would drop the number to 57% for districts with a population between 4,000 and 20,000, and to 55% in districts with a population greater than 20,000. A new Senate bill ([SB 2217](#)) introduced by Williston Senator Brad Bekkedahl aims to resolve issues between producers and royalty owners regarding post-production deductions, which are typically associated with costs of processing the natural gas associated with crude oil production. The bill would prohibit such deductions unless they are explicitly outlined in the lease with the royalty owner.

As noted in last week's report, bonding bills will be a major focus this session. For those keeping track, the version proposed by Republican leaders is found in [HB 1132](#). The \$1.1 billion package includes funding for a number of specific workforce and education projects of benefit to western North Dakota. The list includes \$115 million for the department of career and technical education, specifically providing \$15 million for a collaborative career and technical education program in the Dickinson school district, and \$10 million each for career and tech ed programs in Minot and Watford City. The bill would also provide \$3 million to Dickinson State University for a Pulver Hall project, and \$3 million to Dakota College in Bottineau for an old main renovation project. The bonding proposal introduced by Democrat leaders is found in [SB 2040](#). The bill proposes a \$2 billion package to be repaid over 25 years. The funding is broken down into three components: 1) \$1 billion for state, county and municipal infrastructure, 2) \$750 million for a school construction revolving loan fund, and 3) \$250 million to the housing incentive fund. Governor Burgum's \$1.25 billion bonding proposal is scattered among several bills. The DOT budget includes a \$400 million bump, the [OMB budget bill](#) contains some of the spending, and the operative language for issuing the bonds will be in a separate bill yet to be introduced.

Education funding is a major topic every legislative session, not surprising since K-12 funding represents about 38% of general fund spending. Education committee members are proposing a "1 and 1," meaning a 1% increase in per pupil funding each year of the biennium. The amount is currently \$10,036 per student. There is also talk of a quicker fix that will get school districts back on the state aid formula sooner than the transition now in place. Several bills provide for teacher mentorship programs to recruit more young people to join the profession. Proposals have also been discussed that would permit districts to lengthen the school year, aimed at addressing concerns that students have fallen behind due to the distance learning protocols put in place due to the COVID-19 pandemic.

It will be a busy week ahead for committee hearings. Click [here](#) to see the schedule of hearings on WDEA's tracking list.