



**Western Dakota Energy Association
Legislative Report #14, April 10, 2021
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One might think it obvious that North Dakota government leaders would look for ways to invest their savings account in the state to help individuals and businesses build and diversify the economy. But as revealed in testimony this session, only about 1% of North Dakota's \$8 billion Legacy Fund was being invested in operations connected to the state. [HB 1425](#), which was signed into law by Gov. Doug Burgum in a Thursday ceremony at the Capitol, will change all that. The legislation sets targets directing that 10 percent of the Legacy Fund principal be invested in equity investments and 10 percent in fixed income investments within the state.

HB 1425 is part of what Senate Majority Leader Rich Wardner characterized as a "trifecta," one of three major bills this session devoted to leveraging the Legacy Fund to grow and diversify the state's economy. The other bills are [HB 1431](#), a bonding package which passed the Senate on a 46-0 vote, and [HB 1380](#), the so-called "streams" bill that would create numerous categories to which spending of future Legacy Fund earnings would be directed. The bonding bill, which had been downsized to \$680 million prior to House passage, had been beefed back up by the Senate, at one point proposing more than \$1.1 billion in infrastructure spending. But in a surprise move, the Senate this week re-amended the bonding bill, converting back to the form in which it passed the House. That means it will not return to the House for concurrence and will instead go straight to the governor's desk for his signature.

The streams bill is currently in the Senate Appropriations Committee where members are still tweaking its contents. Among key provisions in the [latest version](#) are creation of an economic diversification research fund and a workforce development and enrichment fund. One of the tweaks under consideration is a proposal from Williston Senator Brad Bekkedahl that would require a specific percentage of the fund be devoted to western North Dakota cities and counties that are heavily dependent on energy sector employment. Bekkedahl points out that economic diversification would smooth the peaks and valleys that are associated with the oil industry's boom and bust cycles.

Several coal-related bills which WDEA has supported are nearing the end of their trip through the legislative process. [SB 2313](#), legislation aimed at ensuring grid reliability, received unanimous 90-0 approval in a House vote this week and now returns to the Senate for concurrence. The bill will allow the PSC to hire an expert to determine the "qualitative benefits" of generation assets of investor-owned utilities, possibly assigning a higher value to baseload plants that provide 24/7 power. It also adds one very important sentence to state law that assigns accountability if there are any disruptions in the grid. It simply states: "An electric public utility is responsible for ensuring reliable service." [HB 1455](#), a bill that originally would have required local hearings in the event of planned coal plant shutdown, also received unanimous approval this week with a 47-0 vote in the Senate. An amendment added by the Senate proposes an interim study that would examine the implications of shutting down a coal-fired power plant. [HB 1412](#), will also find its way to the Senate floor soon. The bill, which would provide an 85% reduction in the coal conversion tax for the next five years, received a 12-1 do pass vote yesterday in the Senate Appropriations Committee.

Senate appropriators are also working on education funding. The committee this week approved [HB 1013](#), the funding bill for the Department of Public Instruction. Senators re-inserted a "1 and 1," meaning a one percent increase in the per pupil payment in each year of the coming biennium. Added onto the bill is a requirement that 70% of the additional revenue be devoted to raising the salary and benefit package of K-12 instructors. [SB 2165](#), another education-related bill given final approval by the Senate this week, relaxes state oversight of the limitation on the ending fund balance of school districts, anticipating that they will need time to figure out how best to utilize federal pandemic relief money.

The House, on a 72-19 vote, gave its approval to [SB 2065](#), which establishes a regulatory framework for the underground storage of natural gas and gas liquids. The bill also attempts to define the rights of landowners, both to the surface and to the pore space beneath the ground where gas or liquids would be injected. The legislation is important to the oil and gas industry to unlock opportunities for enhanced production and potential development of a petrochemical industry. The House Finance and Taxation Committee may have come up with a solution to the contentious "straddle well" issue. The committee amended [SB 2319](#) to provide a method of sharing tax revenue from the 132 oil wells around the perimeter of the Fort Berthold Reservation between the state and the Three Affiliated Tribes.

When Week 15 of the session begins on Monday, it will be Day 63 of the 2021 Legislature. Legislative leaders are hoping to complete their work by Day 72, which would be Friday, April 23. The legislature needs to save some of its 80 days to act on redistricting later this year, and possibly a special session to consider how to spend federal pandemic funds.