

2021 Legislative Re-Cap Top Issues for the West

Presented by Geoff Simon
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2021-23 Budget Statistics

- Total state government budget is \$16.9 billion, exceeds previous record of \$14.7 billion in 2019-21
- Revenue includes more than \$2 billion in federal coronavirus funding and \$680 million from bonding
- General Fund budget totals \$4.99 billion, up about \$150 million from previous biennium
- Biggest increase Department of Human Services up 11% to \$4.5 billion, DPI budget is \$2.6 billion
- Forecast oil tax revenue of \$3.65 billion based on \$50.00/barrel and 1.0 million bbl/day



Legacy Fund Bills

- HB 1425, directs up to 10% of the Legacy Fund principal be invested in equity and 10% in fixed income in the state.
- HB 1431, a \$680 million bonding package to be paid with Legacy Fund earnings. Bonding includes \$435 million for the Fargo Diversion, \$74.5 million for Minot area flood control, \$70 million for roads and bridges, and \$50 million for local infrastructure loans.
- HB 1380, directs “streams” of future Legacy Fund earnings to categories of spending priorities. It includes \$150 million for bond repayment, \$60 million to highway fund, and “other legislative purposes” that may include clean sustainable energy and energy research.



Oil and Gas Legislation



- SB 2065 - Sets up the regulatory framework for underground gas storage - both a permitting process for industry and a system of compensation for landowners.
- SB 2014 – The Industrial Commission budget includes \$9.5 million for salt cavern development for underground gas and gas liquid storage. EERC study shows salt cavern formation is feasible.
- SB 2319 – Straddle well agreement sets up a cost-sharing plan for wells around the perimeter of the Fort Berthold Reservation. Prior to enactment, the MHA Nation received no revenue from wells outside the boundary that have laterals that go into the reservation. County revenue is not affected.
- HB 1080 – Reduces the minimum annual interest rate on unpaid royalties to prime-plus 4% (now 7.25%) and maximum to a flat 0.75%/month and maximum of 9% interest per year. Related SB 2217 proposes a study of post-production royalty deductions.
- SB 2328 - Offers a credit against the oil extraction tax to incentivize use of onsite flare mitigation systems. The credit is equal to \$0.75 per million BTUs on a qualifying well, and is capped at maximum of \$6,000 per well per month for up to 12 months.
- SB 2282 – Requires an interim study of the membership of the Land Board and the Industrial Commission. The study will look for conflicts of interest among elected officials serving on the boards.

Coal Industry Legislation

- HB 1412 – Provides a 5-year, 85% reduction in the coal conversion tax, which saves the industry about \$21.3 million per year.
- SB 2313 – Allows the PSC to consider “qualitative benefits” of generation assets, assign higher value to plants that provide 24/7 power, and states that utilities are responsible for reliable service.
- HB 1455 – Requires companies to notify local officials if they plan to retire a coal plant
- SB 2287 – Study to find ways to offer more affordable insurance to the coal industry
- SB 2317 – Allows coal mines to use non-monetary assets as collateral for reclamation bonds
- SB 2252 – Provides a sales tax exemption for carbon dioxide placed in geologic storage
- SB 2206 – Allows regulated utilities to recover the cost of CO₂ capture and sequestration
- SB 2235 – Ensures that DEQ emission regulations do not exceed federal regulations
- SB 2238 – Provides DEQ flexibility in administering federal regional haze rules



Other Energy Legislation



- HB 1452 – Establishes a Clean Sustainable Energy Authority to support new energy technologies to reduce emissions and minimize the footprint of energy production. One of its eight members will be appointed by WDEA.
- HB 1015 – The OMB budget provides a \$250 million line of credit to set up a Clean Sustainable Energy revolving loan fund. Its initial loan could support Project Tundra's CO₂ capture and sequestration effort at Milton R. Young Station.
- SB 2291 –Discourages “social investment” of state funds and directs Commerce to study investment policy with companies that use ESG ranking , and implications of the boycott of energy or production agriculture commodities.
- HB 1003 – Attorney General’s budget includes \$4.65 million to allow the state to challenge federal environmental regulations that may threaten state industries.
- HB 1096 – Clarifies that natural gas distribution systems and CO₂ storage operations are not subject to PSC siting. Authorizes remote PSC hearings in an emergency, and allow temporary operation of energy generation and transmission facilities in times of emergency.
- HB 1059 – A clean-up bill that requires an excavator to call 911 and notify an underground facility operator if strike damage to the facility results in a release of “flammable, toxic, or corrosive gas or liquid.”
- HB 1159 – Requests an interim study of local natural gas and propane infrastructure development.

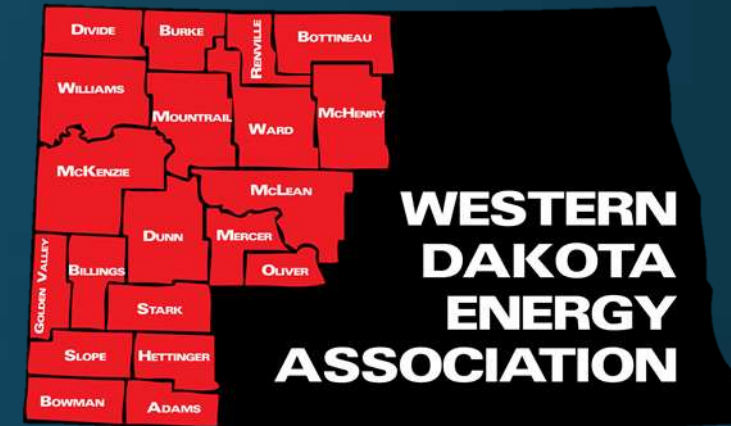
Education Funding/Issues



- HB 1013 and HB 1388 - DPI appropriations and policy bills include 1% increase in per pupil payment each year of biennium (\$10,136 and \$10,237), directing that 70% go to teacher salaries. Continues move toward “on-time” funding.
- Section 23 of HB 1013 requests study of feasibility of using up to one percent of Common Schools Trust Fund assets annually for school construction grants.
- Downside: Continues to require districts to move toward a 60-mill property tax levy, effectively requiring that some districts impose tax increases or lose state funding.
- SB 2308 – Allows schools to have a display of Ten Commandments in classrooms if they are displayed with “other historical documents.”
- HB 1298 – Vetoed by Governor, sustained by Senate, would have prohibited K-12 schools from “knowingly” allowing a student to join an athletic team exclusively for the opposite gender, but allowed girls to play on boys teams.
- SB 2272 - Continues a skilled workforce scholarship and student loan repayment program aimed at attracting people into high demand and emerging occupations in the state.
- SB 2304 – Requires Native American history to be taught in all public and non-public schools in North Dakota. Effective date was delayed to August 2025 so would not be required of current high school students.

Other Big Issues for the West

- SB 2012 – DOT budget, \$1.6 billion includes a \$50 million loan from the Bank of North Dakota to four-lane a 10.3-mile section of Highway 85 from Watford City south to the new Long X Bridge, contingent on federal match.
- Contains \$9.6 million for software to update Roadway Information Management System. Also funds Transportation Management Center to connect existing road cameras and sensing equipment to central location to monitor road conditions in real-time.
- HB 1015 – OMB budget includes \$20 million allocated to townships in non-oil producing counties. It also includes \$100 million in highway funding, \$10 million of which is available competitively to townships, and is intended to be leveraged with federal highway funds.
- SB 2020 – Budget of Upper Great Plains Transportation Institute and NDAWN. Key to UPGTI is funding for remote sensing project that will use data from unmanned aircraft for surface transportation planning and asset management. NDAWN will hopefully receive FTEs to support programming to expand access to the huge volume of weather data the network collects.
- SB 2026 – Authorizes road train pilot project, NDDOT will examine the impact of long combination vehicles on state highways, including configurations now allowed in Canada, an evaluation of the economic impact of permitting long vehicles, the impact on highway bridges, and safety guidelines to be considered.



Interim Study Topics

- Legacy Fund Earnings Committee - It was extended, but its role remains the same – to consider uses of earnings to include tax relief, infrastructure loans, reinvestment, research, workforce development, and career and technical education
- Mandatory study of access to public and private lands for hunting, trapping, fishing, trespass, etc., a follow-up to SB 2144, electronic posting
- Mandatory study to develop a legislative redistricting plan based on 2020 Census data
- Mandatory study of PERS and conversion of new employees to defined contribution plan
- Mandatory study of competency-based learning and innovative education programs
- Optional – K-12 school funding, charitable gaming, the beef commission, medication optimization, fire insurance premiums, Red River Valley Water Supply Project, parks matching grant program, health insurance fertility benefits, CTE transportation, teacher reimbursement, juvenile justice, athletic event participation by the opposite sex, weapons at public gatherings, bonding and retirement of coal plants, licensing county corrections officers to carry, law enforcement and corrections recruitment, role of the state health officer, IT cost share of political subdivisions, property tax exemptions for grain storage facilities, use of blockchain, reduced-harm nicotine products, water and drainage regulation, the national popular vote, long-term care insurance, national ammunition shortage and voting rights.



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