

March 8, 2021

Andrea Pfennig, Industrial Commission Deputy Executive Director
Engrossed Senate Bill 2014
House Appropriations – Government Operations Division



Background

The Outdoor Heritage Fund (OHF) was created by the Legislature in 2013 to provide grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to projects that enhance conservation practices in this state for the following purposes:

Directive A - Provide access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

Directive B - Improve, maintain, and restore water quality, soil conditions, plant diversity, animal systems and to support other practices of stewardship to enhance farming and ranching;

Directive C - Develop, enhance, conserve, and restore wildlife and fish habitat on private and public lands; and

Directive D - Conserve natural areas for recreation through the establishment and development of parks and other recreation areas.

OHF is governed by the Industrial Commission consisting of Governor Doug Burgum, Chairman, Attorney General Wayne Stenehjem and Agriculture Commissioner Doug Goehring. A 16-member advisory board (12 voting members) recommends applications from eligible organizations.

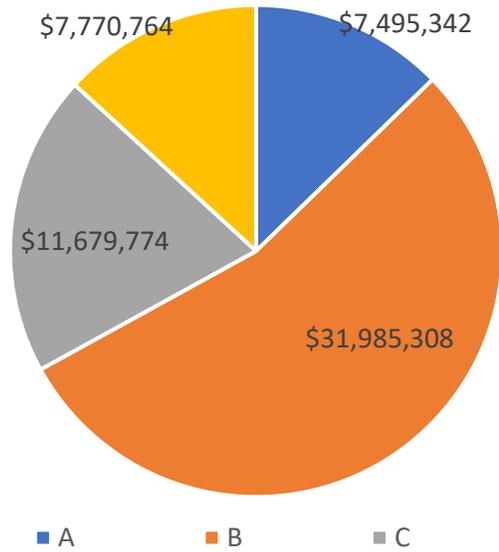
Appropriation

During the 2019-2021 biennium, the OHF is capped at \$7.5 million per fiscal year. Section 29 would provide the same appropriation, providing a total of \$15 million for the 21-23 biennium. To date, \$58.9 million has been approved for funding.

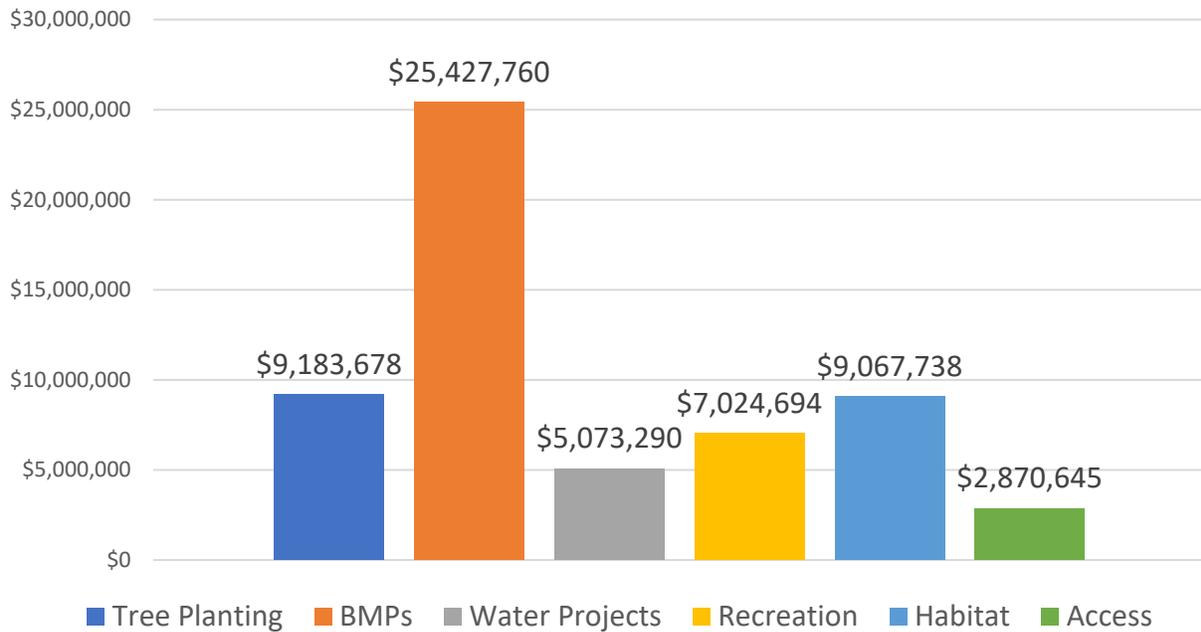
Funding Guidelines

A 25% match is required. Except for extenuating circumstances, the Commission cannot consider funding for projects already completed; feasibility or research studies; maintenance costs; paving projects for roads and parking lots; swimming pools or aquatic parks, and personal property that is not affixed to the land. Funding for playground equipment is limited to 25% of the cost of the equipment up to \$10,000 per project. Funding for staffing or outside consultants for the design and implementation of the project (based on documented need) may not exceed 5% of the grant if the grant exceeds \$250,000 and may not exceed 10% if the grant is \$250,000 or less. By policy, the Industrial Commission has stated that unless there is a finding of exceptional circumstances by the Industrial Commission, the following projects are not eligible: construction or refurbishment of indoor/outdoor ice rinks, construction or refurbishment of indoor/outdoor athletic courts and sports fields, and infrastructure that is not part of a comprehensive conservation plan. The goal of the Industrial Commission is that at a minimum, 15% of the funding received for a biennium will be given priority for recreation projects that meet Directive D.

OHF Funds Awarded By Directive



OHF Funds Awarded by Activity

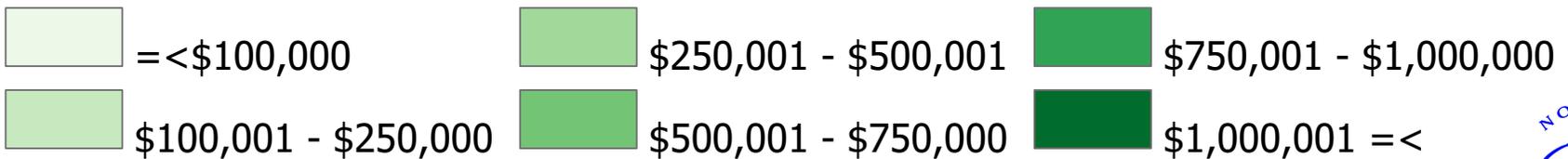
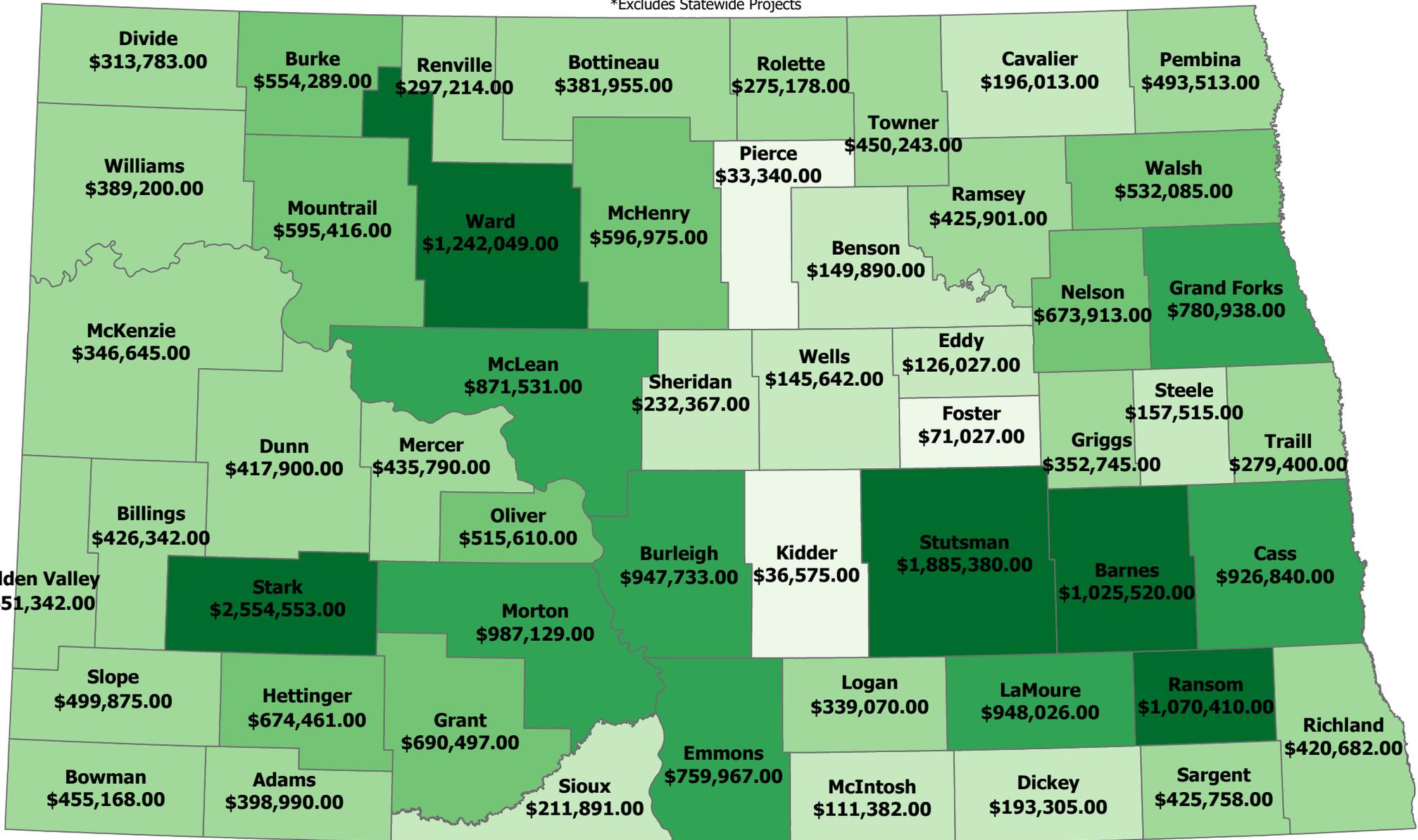


**Projects that were approved and subsequently withdrawn by recipient are not included in the above charts. Tree planting occurs in small amounts in other activities. Examples of Best Management Practices (BMPs) include: perimeter fencing, cross fencing, wells, tanks, pipelines, cover crops, and grass planting.*

North Dakota Outdoor Heritage Fund

Awards by County, Grant Rounds 1-17

*Excludes Statewide Projects



ND Outdoor Heritage Fund Status Statement

	2017-19	2019-21		2021-23
	Actual	Legislative Appropriation	Revised Estimate	Executive Budget
Beginning Balance	\$7,996,518 ^{v1}	\$0	\$4,948,114	\$3,466,470
Revenue:				
Oil and Gas Production Tax	\$10,799,177	\$15,000,000	\$15,000,000 ^{v2}	\$15,000,000 ^{v2}
Interest Income	73,576	45,000	90,000	90,000
Refunds	1,049,705	0	1,315,400	0
Total Revenues	\$11,922,458	\$15,045,000	\$16,405,400	\$15,090,000
Expenditures/Commitments:				
Administrative Expenses	(\$98,808)	(\$150,000)	(\$175,000)	(\$175,000)
Grant awards/available for commitment	(14,872,054)	(14,895,000)	(17,712,044) ^{v3}	(16,000,000) ^{v3}
Total Expenditures and Commitments	(\$14,970,862)	(\$15,045,000)	(\$17,887,044)	(\$16,175,000)
Ending Balance	\$4,948,114	\$0	\$3,466,470	\$2,381,470

^{v1} The amount shown is based on grants awarded to date, not amounts spent, as some grant awards are paid out over several years.

^{v2} NDCC section 57-51-15 established a maximum allocation of \$40.0 million (\$20.0 million per year) for the 2015-17 biennium, \$10.0 million for the 2017-19 biennium and \$15.0 million for the 2019-21 biennium. The current forecast for oil and gas taxes will result in approximately \$15 million being allocated to the fund during the 2021-23 biennium.

^{v3} All moneys in the fund are appropriated on a continuing basis, pursuant to NDCC Section 54-17.8-02. Grant commitments include some projects that will draw down funds over a 10 year period. The amounts shown reflect the estimated amount available for grants and not the amount expended.

Notes:

The 2013 legislature, through passage of HB 1278, established the North Dakota Outdoor Heritage Fund. The bill creates chapter 54-17.8 of the NDCC, which establishes an advisory board to administer the fund, provides a continuing appropriation for the fund, and establishes allowable uses of the fund. Moneys in the fund can be used for grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations to:

- Provide access to private and public lands for sportsmen;
- Improve and maintain water quality, soil conditions, and support stewardship practices to enhance farming and
- Develop wildlife and fish habitat; and
- Conserve natural areas for recreation through the establishment and development of parks and other recreation areas.

Funds may not be used for:

- Litigation;
- Lobbying; or
- Activities that would interfere with coal mining, sand, scoria and gravel extraction, oil and gas operations, or other energy facility or infrastructure
- The acquisition of land or to encumber any land for a term longer than twenty years; or
- Projects outside North Dakota or projects that are beyond the scope of defined activities that fulfill the purposes of this chapter.