



North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Anna Novak

District 33
1139 Elbowoods Drive
Hazen, ND 58545-4923
anovak@ndlegis.gov

COMMITTEES:

Education
Energy and Natural Resources (Vice Chair)

March 6, 2025

Chairman Patten and Members of the Committee,

For the record, my name is Anna Novak, representative from district 33.

I am proud to sponsor HB1592, which modernizes the Lignite Research Council (LRC) to align with the Oil and Gas Research Council and the Renewable Energy Council. This update ensures the Lignite Research Council operates with greater clarity, efficiency, and transparency, improving how it supports research and development in North Dakota's lignite industry.

I have provided committee members with an amended version of HB1592. There was a minor drafting error that was caught by the Attorney General's office after this bill passed the House. We simply removed part of line 7 on page 6. Removing that small segment gives the Attorney General's office greater clarity relating to open records requests.

The Lignite Research Council has played a vital role in advancing innovation, protecting jobs, and strengthening our energy economy. However, its structure was established in 1987 and needs to reflect today's best practices. HB1592 clarifies its processes, funding mechanisms, and relationship with the Industrial Commission, ensuring the council can effectively support industry advancements. This bill is about cutting red tape and making the LRC more effective in funding lignite research that benefits our state. I urge a Do Pass recommendation to keep North Dakota at the forefront of energy innovation and economic growth.

Jonathan Fortner will walk you through some of the technical pieces of the bill, but I'm happy to answer any questions you may have for me. Thank you.

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1592

Introduced by

Representatives Novak, D. Anderson, J. Olson, Tveit

Senators Boehm, Kessel

1 A BILL for an Act to amend and reenact sections 54-17.5-01, 54-17.5-02, 54-17.5-03,
2 54-17.5-04, and 54-17.5-06 of the North Dakota Century Code, relating to the appointments,
3 operations, and powers of the lignite research council, the powers of the industrial commission,
4 and public record exemptions.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 54-17.5-01 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-17.5-01. Declaration of findings and public purpose.**

9 The legislative assembly finds and declares that North Dakota's lignite industry produces
10 approximately ~~thirty million~~twenty-five million tons of lignite annually, contributing to our state's
11 and nation's energy independence by generating electricity for more than two million people in
12 the northern great plains region and by producing synthetic natural gas from coal that heats
13 three hundred thousand homes and businesses in eastern states, which is equivalent to over
14 twenty thousand barrels of oil per day. The legislative assembly further finds and declares that
15 North Dakota's lignite industry generates over ~~twenty-eight thousand~~twelve thousand direct and
16 indirect jobs for North Dakota, nearly ~~three billion~~six billion dollars in annual business volume,
17 and over ~~one hundred three million~~one hundred million dollars in annual tax revenue. The
18 legislative assembly further finds and declares that it is an essential governmental function and
19 public purpose to assist with the development and wise use of North Dakota's vast lignite
20 resources by supporting a lignite research, development, and marketing program that promotes

1 economic, efficient, and clean uses of lignite and products derived from lignite in order to
2 maintain and enhance development of North Dakota lignite and its products; support
3 educational activities relating to the lignite industry; preserve and create jobs involved in the
4 production and utilization of North Dakota lignite; ensure economic stability, growth, and
5 opportunity in the lignite industry; defend through litigation activities the production, use, and
6 continued development of lignite as a vital state natural resource; and maintain a stable and
7 competitive tax base for our state's lignite industry for the general welfare of North Dakota. The
8 legislative assembly further finds and declares that development of North Dakota's lignite
9 resources must be conducted in an environmentally sound manner that protects our state's air,
10 water, and soil resources as specified by applicable federal and state law.

11 **SECTION 2. AMENDMENT.** Section 54-17.5-02 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-17.5-02. Lignite research council - Compensation - Appointment of members.**

- 14 1. The industrial commission shall ~~consult~~engage in regular and substantive consultation
15 with the lignite research council established by executive order in matters of policy
16 affecting the administration of the lignite research fund, including holding regularly
17 scheduled grant meetings and activities, receiving formal written recommendations
18 from the council, and providing opportunities for the council to review and provide
19 input on proposed policies. Section 44-03-04 does not apply to members of the council
20 appointed by the governor.
- 21 2. The lignite research council is composed of twenty-four members appointed by the
22 governor from a list provided by the lignite energy council and two members of the
23 legislative assembly appointed by the chairman of the legislative management. The
24 governor may reject the list and request the council submit a new list until the
25 appointments are made. The council consists of:
- 26 a. Six members representing lignite processing;
 - 27 b. Three members representing lignite research;
 - 28 c. Four members representing state agencies involved with lignite activities;
 - 29 d. Four members representing mining;
 - 30 e. One member representing the workforce community;
 - 31 f. One member representing political subdivisions;

- 1 g. Two members representing transmission interests;
- 2 h. One Native American tribal representative; and
- 3 i. Two members representing landowners.
- 4 3. The council shall elect its chairman from among its members.
- 5 4. The council shall elect a vice chairman and five members from among its members to
6 serve as an executive committee, to act on behalf of the council between council
7 meetings. The executive committee shall meet at the request of the chairman.
- 8 5. The council shall meet at least twice a year and additional meetings as the chairman
9 determines necessary at a time and place to be fixed by the chairman. A special
10 meeting must be called by the chairman on written request of any three members. A
11 majority of active members constitutes a quorum.
- 12 6. The council shall recommend to the industrial commission the approval of grants,
13 loans, or other financial assistance necessary or appropriate for funding, research,
14 development, marketing, and educational projects, or activities, and any other matters
15 related to this chapter.
- 16 7. Members of the council appointed by the governor serve at the pleasure of the
17 governor.
- 18 8. A member of the council who is a member of the legislative assembly is entitled to
19 receive per diem compensation at the rate as provided under section 54-35-10 for
20 each day devoted to attending meetings or performing other duties relating to the
21 official business of the council. The legislative council shall pay the per diem
22 compensation and reimbursement for travel and expenses as provided by law for any
23 member of the commission who is a member of the legislative assembly.

24 **SECTION 3. AMENDMENT.** Section 54-17.5-03 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **54-17.5-03. Priority projects, processes, and activities.**

- 27 1. In evaluating applications for funding from the lignite research fund for North Dakota's
28 lignite research, development, and marketing program, the industrial commission and
29 lignite research council shall give priority to those projects, processes, or activities that
30 will preserve existing jobs and production, which will create the greatest number of
31 new jobs and most additional lignite production and economic growth potential in

1 coal-producing counties or those counties with recoverable coal reserves, which will
2 attract matching private industry investment equal to at least fifty percent or more of
3 the total cost, and which will result in development and demonstration of a marketable
4 lignite product or products with a high level of probability of near term
5 commercialization.

6 2. For marketing applications, priority must be given to those projects, processes, or
7 activities that develop baseline information, implement specific marketing strategies,
8 and otherwise contribute to the effective marketing of lignite and its products.

9 3. For reclamation applications, priority must be given to those projects, processes, or
10 activities that will reduce unnecessary regulatory costs and assist in effectively
11 reclaiming surface mined land to its original or better productivity as soon as possible.

12 4. Any projects, activities, or processes selected by the commission for funding must
13 achieve the priorities and purposes of the program, must have undergone technical
14 review and be determined to have technical merit, must have generated matching
15 private industry investment, and must have received a favorable lignite research
16 council recommendation.

17 5. The industrial commission shall take into consideration, in selecting independent
18 technical reviewers, a reviewer's educational background, government or industry
19 experience, and experience relevant to the subject matter of the proposed project or
20 program.

21 **SECTION 4. AMENDMENT.** Section 54-17.5-04 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **54-17.5-04. Industrial commission powers.**

24 The industrial commission is hereby granted all powers necessary or appropriate to carry
25 out and effectuate the purposes of this chapter, including the power:

- 26 1. To make grants or loans, and to provide other forms of financial assistance as
27 necessary or appropriate, to qualified persons for research, development, and
28 marketing projects, processes, or activities directly related to lignite and products
29 derived from lignite.
- 30 2. To make and execute contracts and all other instruments necessary or convenient for
31 the performance of its powers and functions under this chapter, including the authority

1 to contract for the administration of the lignite research, development, and marketing
2 program.

3 3. To issue evidences of indebtedness as authorized in this chapter and to borrow money
4 in an amount not to exceed six million dollars from the Bank of North Dakota for a
5 period not to exceed five years on the terms and conditions as the Bank of North
6 Dakota and the industrial commission may approve without the necessity of
7 establishing or maintaining any reserve fund as otherwise required by section
8 54-17.5-05.

9 4. To receive and accept aid, grants, or contributions of money or other things of value
10 from any source to be held, used, and applied to carry out the purposes of this
11 chapter, subject to the conditions upon which the aid, grants, or contributions are
12 made, including aid, grants, or contributions from any department, agency, or
13 instrumentality of the United States for any purpose consistent with the provisions of
14 this chapter.

15 5. To issue and sell evidences of indebtedness in an amount or amounts as the
16 commission may determine, plus costs of issuance, financing, and any evidences of
17 indebtedness funded reserve funds required by agreements with or for the benefit of
18 holders of the evidences of indebtedness for the purpose of funding research,
19 development, and marketing projects, processes, or activities directly related to lignite
20 and products derived from lignite.

21 6. To refund and refinance its evidences of indebtedness from time to time as often as it
22 is advantageous and in the public interest to do so, and to pledge any and all income
23 and revenues derived by the commission under this chapter or from a project,
24 process, or activity funded under this chapter to secure payment or redemption of the
25 evidences of indebtedness.

26 7. To keep accurate records of all financial transactions performed under this chapter.

27 8. To adopt and enforce policies, rules, and orders to effectuate the purpose of this
28 chapter.

29 **SECTION 5. AMENDMENT.** Section 54-17.5-06 of the North Dakota Century Code is
30 amended and reenacted as follows:

54-17.5-06. Access to commission records.

1. Materials and data submitted to, or made or received by, the commission, to the extent that the commission determines the materials or data consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying to or contracting with the commission or receiving commission services under this chapter, are not public records subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person or entity must file a request with the commission to have material designated as confidential under subsection 1. A request to have material designated as confidential is exempt as defined in section 44-04-17.1. The request must contain any information required by the commission, and must include at least the following:
 - a. A general description of the nature of the information sought to be protected.
 - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons.
 - c. An explanation of why the information is not readily ascertainable by proper means by other persons.
 - d. A general description of any person or entity that may obtain economic value from disclosure or use of the information, and how the person or entity may obtain this value.
 - e. A description of the efforts used to maintain the secrecy of the information.
3. Any information submitted under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the commission determines the information is either not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and request within ten days of the notice. If no return is sought, the information and request are a public record.
4. The names or identities of independent technical reviewers on any project or program and the names of individual lignite council members making recommendations are confidential and may not be disclosed by the commission, and are not public records.

- 1 subject to section 44-04-18 or section 6 of article XI of the Constitution of North
- 2 Dakota.