



**TESTIMONY OF JODI SMITH
COMMISSIONER
North Dakota Department of Trust Lands**

Senate Bill 2317

**Senate Energy and Natural Resources Committee
February 11, 2021**

Chairman Kreun and members of the Senate Energy and Natural Resources Committee, I am Jodi Smith, the Commissioner and Secretary for the Board of University and School Lands (Board). I am here to testify on Senate Bill 2317.

The Department of Trust Lands (Department) is the administrative arm of the Board, serving under the direction and authority of the Board. The Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department's primary responsibility is managing the Common Schools Trust Fund (CSTF) and 12 other permanent educational trust funds. The beneficiaries of the trust funds include local school districts, various colleges and universities, and other institutions in North Dakota. The Department manages five additional funds: the Strategic Investment and Improvements Fund (SIIF), the Coal Development Trust Fund, the Capitol Building Fund, the Indian Cultural Education Trust, and the Theodore Roosevelt Presidential Library and Museum Endowment.

The Department also administers the responsibilities outlined in the Uniform Unclaimed Property Act, N.D.C.C. ch. 47-30.1. In this role the Department collects "unclaimed property" (uncashed checks, unused bank accounts, etc.), and processes owners' claims. This property is held in permanent trust for owners to claim, with the revenue from the investment of the property benefiting the CSTF.

Additionally, the Department operates the Energy Infrastructure and Impact Office (EIIO), which provides financial support to political subdivisions that are affected by energy development. Assistance is provided through both the oil and gas impact grant program and the coal impact loan program. The EIIO also distributes energy and flood grants carried over from prior biennia.

North American Coal Corporation (NA Coal) has been an invaluable partner to the Board, the Department and the trusts. In 1908, Land Commissioner Hegge wrote:

Nature has bountifully supplied North Dakota with lignite coal, and much of the state land is underlaid with this valuable fuel. The constitution provides that the coal lands of the state shall never be sold, but that such lands may be leased for coal mining purposes.

The legislative assembly has provided for the leasing of such lands at a minimum price of tens cents per ton for coal mined thereon, the manner of leasing being at public auction,

and on application the same as grazing lands are leased. The industry, however, is yet in its infancy and very little state land is leased for this purpose.

In 1914, Land Commissioner Henry, wrote to the Legislative Assembly stating:

The Legislative Assembly should provide for the leasing or mining of coal on school and institution lands in North Dakota, as the present law the Attorney General holds to be unconstitutional.

In a report of the State written in 1922 by J.M. Devine, \$7,200,000 was the value of tons of coal sold in North Dakota. This reports states:

North Dakota has 690,000,000,000 tons of high grade lignite coal. The greatest deposit of a continuous stretch of coal in any one locality in the world. Enough coal to warm every home, turn every wheel in every factory in this country for 200 years and still barely scratch the surface of this special gift of God to the people of North Dakota. The day cannot be far distant when this coal, long patiently awaiting the magic touch of organized capital, will produce the cheapest electricity the world knows and shoot it hundreds of miles away for light and heat.

Over the years, the Legislative Assembly has amended the law to allow the Board to continue to create value from our bountiful supply of coal. With the recommended amendments, the Legislative Assembly will provide regulatory relief to industries located within the state to maintain the economic base for the state and its citizens. The purpose of this amendment to SB 2317 is to create a framework through the Board to utilize private assets pledged as collateral to fulfill performance bond obligations under section 38-14.1-16 of the North Dakota Century Code and chapter 69-05.2-12 of the North Dakota Administrative Code.

I stand before you, as the twenty-fourth Land Commissioner of this incredible state, requesting approval of SB 2317. For 112 years, coal has benefited our trusts; in the past decade, \$35 Million in revenue has benefited the trusts and the Strategic Investment and Improvement Fund. While this may not appear to be significant to some, it impacts every trust that receives revenue from coal.

We look forward to working with the Committee on this bill and would be happy to answer any questions.