



**TESTIMONY OF JOSEPH A. HERINGER
COMMISSIONER
North Dakota Department of Trust Lands**

Senate Concurrent Resolution No. 4001

**Senate Human Services Committee
January 4, 2023**

Chairman Lee and members of the Senate Human Services Committee, I am Joseph Heringer, North Dakota Commissioner of University and School Lands. I am here to testify on Senate Concurrent Resolution No. 4001.

The Board of University and School Lands (Board), as established by the North Dakota Constitution, is charged with overseeing the management of state trust lands and mineral rights and investing the revenue generated therefrom to grow as a source of long-term income for the state. The Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department of Trust Lands (Department) is the administrative arm of the Board, serving under the direction and authority of the Board.

The Department manages approximately 2.6 million mineral acres, with their 8,300 associated oil & gas leases, and over 700,000 surface acres, with their 4,400 associated agricultural leases. Revenues generated from these leases, along with payments received from other income sources such as oil & gas lease bonuses and easements granted for pipelines, roads, and well pads, are deposited into 13 permanent trust funds and invested to provide long-term income. Beneficiaries of these trust funds include public K-12 education, various colleges and universities, and other institutions throughout North Dakota. The largest trust fund is the Common Schools Trust Fund (CSTF) which had a June 30, 2022, balance of \$5.65 billion. 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 Fund.

Article IX of the North Dakota Constitution governs Trust Lands, and as such, the Board and Department have an interest in this resolution. To reduce costs and red tape, we request the Committee add a provision to the resolution removing the language from Article IX, Section 8, that requires publishing notice of trust land surface lease auctions in local newspapers for three consecutive weeks. The Department spends tens of thousands of dollars each year and allocates numerous staff hours to fulfilling this publication requirement. This change would also help bring the processes of our Surface Division and Minerals Division more into alignment and coincides with other agencies' efforts to eliminate similar statutory publication requirements when more efficient and effective methods are available.

We would propose instead an administrative rule similar to the one below that the Department currently has for oil and gas lease auctions:

85-06-01-02. Advertisement for public auction.

The department shall publish notice of an oil and gas lease auction in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune. The notice must be published once, ten days prior to the day of the auction. The advertisement must specify the date, time, and place of the auction, and how an interested person may obtain a list of the tracts to be auctioned. Should publication of any notice is inadvertently omitted by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled leasing if it appears the omission or error is not prejudicial to the department's interest.

To accomplish this change, we ask that the Committee add the following provision to the resolution:

Section 8 of article IX of the Constitution of North Dakota is amended and reenacted as follows:

Section 8. The legislative assembly shall have authority to provide by law for the leasing of lands granted to the state for educational and charitable purposes; but no such law shall authorize the leasing of said lands for a longer period than five years. Said lands shall only be leased for pasturage and meadow purposes and at a public auction ~~after notice as heretofore provided in case of sale~~; provided, that all of said school lands now under cultivation may be leased, at the discretion and under the control of the board of university and school lands, for other than pasturage and meadow purposes until sold. All rents shall be paid in advance. Provided, further, that coal lands may also be leased for agricultural cultivation upon such terms and conditions and for such a period, not exceeding five years, as the legislature may provide.

Thank you for your time and consideration, I look forward to answering any questions you may have.