



GOVERNMENT FINANCE COMMITTEE

Thursday, September 25, 2025
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Jared C. Hagert, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Jared C. Hagert, Bert Anderson, Ty Dressler, Austin Foss, Jim Grueneich, Patrick R. Hatlestad, Craig Headland, Lisa Meier, Mike Nathe, Vicky Steiner, Gregory Stemen, Kelby Timmons; Senators Jeff Barta*, Randy A. Burckhard, Justin Gerhardt, Richard Marcellais, Donald Schaible, Chuck Walen

Member absent: Representative Jason Dockter

Others present: Senators Brad Bekkedahl, Williston, Josh Boschee, Fargo, Kyle Davison, Fargo, and Jerry Klein, Fessenden, members of the Legislative Management

See [Appendix A](#) for additional persons present.

**Attended remotely*

Chairman Hagert noted:

- The committee's study of fixed route city transportation networks will be delegated to a subcommittee with Senator Burckhard as the subcommittee chairman and subcommittee members to be appointed at a later date.
- The committee's study of regional correctional facilities will be delegated to a subcommittee with Representative Stemen as the subcommittee chairman and subcommittee members to be appointed at a later date.

STATE BUDGET INFORMATION

Legislative Council

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, reviewed the [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#).

Mr. Mathiak presented a memorandum entitled [Other Duties of the Government Finance Committee - Background Memorandum](#) regarding the committee's duties to monitor the state budget, to receive state revenue forecasting data, and to receive various reports, including a report on federal funds.

Mr. Mathiak presented the following memorandums with flowcharts related to state budget information for the 2025-27 biennium:

- [Estimated Revenue Sources and Distributions for Major State Funds for the 2025-27 Biennium](#);
- [Legacy Fund Investments and Allocations Flowchart - 2025-27 Biennium](#);
- [Oil and Gas Tax Revenue Allocation Flowchart - 2025-27 Biennium](#); and
- [2025-27 Biennium Estimated Coal Taxes - Allocation Flowchart](#).

Mr. Mathiak distributed information regarding the state budget as follows:

- A report entitled [Budget and Fiscal Trends](#) regarding revenues, appropriations, and other state budget information since the 2015-17 biennium;
- The [2025 North Dakota Finance Facts](#) pocket brochure regarding information on recent trends in the state budget and the state's economy; and
- A report entitled [69th Legislative Assembly State Budget Actions for the 2025-27 Biennium](#) regarding details on the revenue forecast and appropriations for the 2025-27 biennium as approved by the 2025 Legislative Assembly.

Office of Management and Budget

Mr. Joe Morrisette, Director, Office of Management and Budget, presented information ([Appendix B](#)) regarding the final status of the General Fund for the 2023-25 biennium, the status of the General Fund for the 2025-27 biennium, and selected special fund balances. He noted:

- The June 30, 2025, ending fund balance of the General Fund was \$1.33 billion, which was approximately \$175 million more than the 2025 legislative forecast primarily related to additional tax and fee revenue collections during the 2023-25 biennium and additional unspent 2023-25 biennium General Fund appropriations (turnback).
- General Fund revenue collections for the 2025-27 biennium through August 2025 were \$49.4 million or 12.3 percent less than the forecast.
- The uncommitted balance of the Strategic Investment and Improvements Fund was \$1.58 billion as of May 31, 2025.

In response to a question from a committee member, Ms. Stephanie Gullickson, Fiscal Management Analyst, Office of Management and Budget, noted the Legislative Assembly adjusted the 2025-27 biennium appropriations for the Department of Health and Human Services based on a review of historical caseloads under the Medicaid program which may reduce the amount of unspent funding in future bienniums compared to the unspent appropriation authority for the 2023-25 biennium.

Ms. Becky Ulberg, Fiscal Management Analyst, Office of Management and Budget, presented information regarding the cash flow forecast ([Appendix C](#)) for the General Fund for the 2025-27 biennium. She noted the forecast for the major General Fund revenue tax collections is based on the 4-year average of historical collections while the transfers from the Bank of North Dakota reflect annual transfers in December of each year.

In response to a question from a committee member, Ms. Ulberg noted the 2025-27 biennium General Fund revenue forecast does not reflect the impact on the state individual and corporate income tax collections related to recent federal income tax changes.

Retirement and Investment Office

Mr. Adam Otteson, Chief Financial Officer and Chief Operating Officer, Retirement and Investment Office, presented information ([Appendix D](#)) regarding a comparison of realized earnings for the 2023-25 biennium and the percent of market value distribution for the 2025-27 biennium pursuant to Section 62 of Senate Bill No. 2015 (2023). He noted \$686.9 million was distributed from the Legacy Fund, which was \$388.3 million less than the \$1,075.2 million that would have been distributed if the calculation method based on realized earnings had not been changed to the percent of market value.

In response to a question from a committee member, Ms. Jodi Smith, Executive Director, Retirement and Investment Office, noted the distribution from the Legacy Fund is held at the Bank of North Dakota until the funding is spent which provides a lower return on investment compared to retaining the funds with Retirement and Investment Office investments.

LEGISLATIVE OFFICE BUILDING STUDY

Background Information

Mr. Mathiak presented a memorandum entitled [Legislative Office Building Study](#) regarding background information on the committee's study of using the Capitol Building Fund as a funding source to build a legislative office building, including information on the history of the Capitol Building Fund, buildings on the Capitol grounds, and prior legislative studies.

Office of Management and Budget

Ms. Ulberg distributed information ([Appendix E](#)) on the status of the Capitol Building Fund, including revenues and appropriations since the 2021-23 biennium. She noted future revenues are anticipated to decline due to a decrease in oil and gas related royalties.

Mr. Brandon Solberg, Director, Facility Management Division, Office of Management and Budget, presented information ([Appendix F](#)) regarding a review of the Capitol grounds master plan and the status of projects on the Capitol grounds. He noted:

- The Capitol Grounds Planning Commission is considering an update to the Capitol grounds master plan, which is estimated to cost \$150,000.
- The new public health laboratory project is 1 month behind schedule and is anticipated to be completed in the spring of 2026.
- The new military gallery expansion project at the Heritage Center is anticipated to be completed in 2027 with the new exhibits open in early 2028.

STATE AGENCY FEES STUDY

Background Information

Mr. Mathiak presented a memorandum entitled [State Agency Fees - Background Memorandum](#) regarding the committee's study of state agency fees pursuant to North Dakota Century Code Section 54-35-27.

Secretary of State

Mr. Michael Howe, Secretary of State, presented information ([Appendix G](#)) regarding the fees collected by the Secretary of State, including a brief summary of each fee, comments regarding the appropriateness of each fee, and any recommendations to change or remove fees. He noted:

- The agency collects over 450 fees which are estimated to result in \$16 million of collections in the 2025-27 biennium, including \$13.5 million for the General Fund and \$2.5 million for the agency's General Services Fund.
- The majority of the fees are related to business registrations and licensing.
- North Dakota's fees are slightly less than the national average.
- The 2025 Legislative Assembly removed a copy request fee and a certificate of appointment of attorney fee as recommended by the agency.
- The agency does not have any recommendations for fee changes.

FIXED ROUTE CITY TRANSPORTATION NETWORKS STUDY

Background Information

Mr. Mathiak presented a memorandum entitled [Study of Fixed Route City Transportation Services - Background Memorandum](#) regarding the committee's study of fixed route city transportation services funding, including information on federal, state, and local funding for transit programs.

Department of Transportation

Mr. Derek Pfeifer, Local Government Engineer, Department of Transportation, presented information ([Appendix H](#)) regarding an overview of fixed route city transportation networks, including state and federal funding for public transit. He noted:

- Federal funding requires state or local matching funds, but fare revenues are not eligible for the matching requirement.
- Combined federal and state funding distributed by the Department of Transportation in fiscal year 2025 included \$3.5 million for Bismarck, \$4.8 million for Grand Forks, \$2.6 million for Minot, and \$4.9 million for Fargo.

Comments

Grand Forks

Mr. Dale Bergman, Public Transportation Director, City of Grand Forks, provided comments ([Appendix I](#)) regarding fixed route city transportation services in Grand Forks. He noted stable funding is important to provide reliable transit services to support transportation to work, school, appointments, and shopping for all residents, especially those without access to other means of transportation.

In response to a question from a committee member, Mr. Bergman noted the University of North Dakota pays a contract rate to the City of Grand Forks for rides taken by students, similar to the arrangement for North Dakota State University in Fargo.

Minot

Mr. Brian Horinka, Transit Superintendent, Minot, provided comments ([Appendix J](#)) regarding fixed route city transportation services in Minot. He noted Minot became eligible for additional federal funding in 2024 due to growth in its population, but the rapid increase in inflation has increased operating costs resulting in reductions to transit services.

Fargo

Ms. Julie Bommelman, Transit Director, Fargo, provided comments ([Appendix K](#)) regarding fixed route city transportation services in Fargo. She noted Fargo had a decrease in federal funding in 2024 after the city was reclassified to a large urban designation due to an increase in the city's population, but the city approved an increase in fares effective in January 2026 to address a funding shortfall.

Bismarck

Ms. Deidre Hughes, Executive Director, Bis-Man Transit, provided comments ([Appendix L](#)) regarding fixed route city transportation services in Bismarck, Mandan, and Lincoln. She noted Bis-Man Transit began providing fixed route service in 2004 and needs stable funding to support operations and infrastructure improvements.

REGIONAL CORRECTIONAL FACILITIES STUDY

Background Information

Mr. Mathiak presented a memorandum entitled [Regional Correctional Facility Study - Background Memorandum](#) regarding the committee's study of jails and regional correctional facilities, including information on the Department of Corrections and Rehabilitation (DOCR) and prior legislative studies.

Department of Corrections and Rehabilitation

Mr. Colby Braun, Director, Department of Corrections and Rehabilitation, presented information ([Appendix M](#)) regarding:

- A report on the status of the planning and design of a new minimum security facility pursuant to Section 7 of Senate Bill No. 2015 (2025);
- Deferred admissions and prioritization of inmates sentenced to DOCR; and
- An overview of any plans for regional correctional facilities.

Mr. Braun noted:

- The Legislative Assembly appropriated \$20 million for planning a new minimum security facility for male inmates, with design work anticipated to begin in October 2025.

- The department is installing temporary housing at the Missouri River Correctional Center to increase capacity by 96 beds with completion of the project anticipated in July 2026 at a cost of \$8 million.
- The department's female inmate population was at capacity while the male inmate population exceeded capacity by approximately 16 percent as of September 25, 2025.
- The department had 14 male inmates waiting for transfer to the department under the prioritization plan as of September 11, 2025.
- The department has contracts for inmate housing at various local jails but plans to provide staff and services for contracted space in the Grand Forks Correctional Center and the Burleigh-Morton Detention Center.

Comments

Mr. Trent Wangen, Assistant Jail Administrator, Burleigh-Morton Detention Center, provided comments regarding the committee's study of regional correctional facilities. He noted agreements between DOCR and local jails to house inmates is important for addressing capacity issues and have resulted in a strong partnership between the Burleigh-Morton Detention Center and DOCR.

No further business appearing, Chairman Hagert adjourned the meeting at 3:10 p.m.

Adam Mathiak
Senior Fiscal Analyst

ATTACH:13