



**BUDGET SECTION**

Wednesday, June 24, 2026  
 Senate Chamber, State Capitol  
 Bismarck, North Dakota

Representative Don Vigesaa, Chairman, called the meeting to order at 10:00 a.m.

**Members present:** Representatives Don Vigesaa, Bert Anderson, Mike Berg, Glenn Bosch, Mike Brandenburg, Gretchen Dobervich, Jay Fisher, Karla Rose Hanson, Keith Kempenich, Mike Lefor, Scott Louser, Bob Martinson, Lisa Meier, Alisa Mitskog, David Monson, Eric J. Murphy, Mike Nathe, Jon O. Nelson, Brandy L. Pyle, David Richter, Mark Sanford, Gregory Stemen, Steve Swiontek,\* Scott Wagner, Robin Weisz; Senators Brad Bekkedahl, Josh Boschee,\* Randy A. Burckhard, Sean Cleary, Cole Conley, Dick Dever, Michael Dwyer, Robert Erbele, Kathy Hogan, David Hogue, Jerry Klein, Randy D. Lemm, Jeffery J. Magrum, Tim Mathern,\* Scott Meyer, Jonathan Sickler, Ronald Sorvaag, Paul J. Thomas, Terry M. Wanzek

**Members absent:** Representatives Zachary Ista, Matthew Ruby; Senators Kyle Davison, Donald Schaible

**Others present:** Adam Tescher, Department of Public Instruction  
 Adam Mathiak, Legislative Council  
 See [Appendix A](#) for additional persons present.  
 \*Attended remotely

**It was moved by Senator Burckhard, seconded by Senator Dever, and carried on a voice vote that the minutes of the March 18, 2026, meeting be approved as distributed.**

**STATE BUDGET INFORMATION**

Mr. Joe Morrissette, Director, Office of Management and Budget, presented a report ([Appendix B](#)) on the status of the General Fund, balances of selected special funds, General Fund revenue collections, oil prices and production, an overview of the 2027-29 biennium executive budget guidelines, and the executive branch new and vacant FTE pool.

**STATE AGENCY APPLICATIONS FOR FEDERAL GRANTS**

Mr. Morrissette presented information ([Appendix C](#)) regarding state agencies that applied for federal grants estimated to be \$25,000 or more pursuant to North Dakota Century Code Section 54-27-27. He reported the following agencies have applied for a federal grant estimated to be \$25,000 or more:

Agency	Time Period of Grant	Amount
Department of Public Instruction	October 2026 - September 2029	\$8,393,567
Department of Career and Technical Education	September 2026 - August 2031	\$10,000,000
Job Service North Dakota	July 2026 - December 2029	\$1,499,999
Department of Corrections and Rehabilitation	October 2025 - September 2028	\$794,368
Department of Corrections and Rehabilitation	October 2025 - September 2028	\$750,000
Department of Corrections and Rehabilitation	October 2025 - September 2029	\$3,333,624
Department of Corrections and Rehabilitation	October 2026 - September 2027	\$150,000
Department of Corrections and Rehabilitation	September 2026 - September 2031	\$5,000,000
Game and Fish Department	October 2026 - September 2029	\$3,000,000

Agency	Time Period of Grant	Amount
Department of Transportation	March 2027 - March 2032	\$48,640,000
Department of Transportation	March 2028 - March 2032	\$45,360,000
Department of Transportation	May 2027 - July 2031	\$16,500,000
Department of Transportation	April 2028 - July 2032	\$17,820,000

**IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE**

Mr. Morrisette presented information ([Appendix D](#)) regarding irregularities in the fiscal practices of the state pursuant to Section 54-14-03.1. He presented the following fiscal irregularities for the period February 2026 through April 2026:

Agency	Fiscal Irregularity	Amount
Department of Health and Human Services	Incentive payments	\$222,750
Veterans' Home	Incentive payments	\$16,850
Department of Health and Human Services	Pay adjustment	\$2,286
Center for Distance Education	Pay adjustment	\$4,431
Information Technology Department	Retroactive pay	\$1,565
Attorney General	Retroactive pay	\$1,054
Legislative Council	Retroactive pay	\$1,750
Center for Distance Education	Retroactive pay	\$1,427
Department of Health and Human Services	Retroactive pay	\$26,042
Job Service North Dakota	Retroactive pay	\$9,532
Highway Patrol	Retroactive pay	\$981
Department of Corrections and Rehabilitation	Retroactive pay	\$1,724
Center for Distance Education	Severance pay	\$23,590
Bank of North Dakota	Severance pay	\$69,859
Office of Management and Budget	Temporary increases	\$1,500
Tax Department	Temporary increases	\$1,560
Department of Public Instruction	Temporary increases	\$22,500
Veterans' Home	Temporary increases	\$877
Department of Veterans' Affairs	Temporary increases	\$3,750
Department of Health and Human Services	Temporary increases	\$116,209
Insurance Department	Temporary increases	\$4,012
Department of Corrections and Rehabilitation	Temporary increases	\$1,663
Commerce Department	Temporary increases	\$3,225
Parks and Recreation Department	Temporary increases	\$10,550
Department of Water Resources	Temporary increases	\$4,000

**TOBACCO SETTLEMENT PROCEEDS**

Mr. Morrisette presented information ([Appendix E](#)) on the status of tobacco settlement proceeds received by North Dakota. He noted the April 2026 payments totaled \$19.7 million and were deposited in the Tobacco Settlement Trust Fund, and funding deposited in the Tobacco Settlement Trust Fund is transferred to the Community Health Trust Fund.

**PIPELINE PROTEST LAWSUIT**

Mr. Morrisette provided an update on the status of the settlement of the lawsuit and contingent appropriation for the *North Dakota v. United States of America* lawsuit relating to pipeline protest costs. He noted:

- The settlement provides for the state to receive a payment of \$27.8 million, which will be deposited in the General Fund.
- A portion of the funding will be used to repay the loan obtained at the Bank of North Dakota to pay for state costs related to the pipeline protest. The loan and related interest total \$14.1 million; however, OMB only has authority to pay \$13.6 million toward the loan and interest which will result in a deficiency appropriation request during the 2027 legislative session.

**AGENCY REQUESTS APPROVED BY THE EMERGENCY COMMISSION**

Chairman Vigasaa directed the Budget Section to consider agency requests ([Appendix F](#)) that have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to Chapter 54-16.

Mr. Morrisette presented information regarding the following requests that were authorized by the Emergency Commission and require consideration by the Budget Section:

- **Department of Public Instruction (Request #2164)** - The request is to transfer \$500,000 of special funds from the state contingencies appropriation to the agency's operating expenses line item to accept and expend special funds collected from school districts participating in the statewide food processing program.
- **Public Service Commission (Request #2165)** - The request is to transfer \$6 million of federal funds from the state contingencies appropriation to the agency's abandoned mined lands contractual services line item for additional federal funding to be received from the federal Office of Surface Mining Reclamation and Enforcement.
- **Attorney General (Request #2166)** - The request is to transfer \$240,501 of General Fund authority from the state contingencies appropriation and authorize 1 FTE position. The funding includes \$129,998 for salaries and wages of 1 FTE Bureau of Criminal Investigation guardianship agent position, \$46,403 for operating expenses, and \$64,100 for capital assets.
- **Department of Public Instruction (Request #2167)** - The request is for a line item transfer of \$3.1 million of General Fund spending authority, provided to the Department of Public Instruction for integrated formula payments, from the agency's integrated formula payments line item to its grants-program grants line item to implement a new grant program to offset school district costs related to the building reports informing data-driven growth in education (BRIDGE) project.

Mr. Jamie Mertz, Chief Financial Officer, Department of Public Instruction, responded to committee member questions regarding Request #2164.

Mr. Lonnie Grabowska, Director, Bureau of Criminal Investigation, responded to committee member questions regarding Request #2166.

**It was moved by Representative Nathe, seconded by Representative Murphy, and carried on a roll call vote to approve Emergency Commission Requests #2165, #2166, and #2167.** Representatives Vigesaa, Anderson, Berg, Bosch, Brandenburg, Dobervich, Fisher, Hanson, Kempenich, Lefor, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner, and Weisz and Senators Bekkedahl, Boschee, Burckhard, Cleary, Conley, Dever, Dwyer, Erbele, Hogan, Hogue, Klein, Lemm, Magrum, Mathern, Meyer, Sickler, Sorvaag, Thomas, and Wanzek voted "aye." No negative votes were cast.

**It was moved by Senator Magrum to not approve Emergency Commission Request #2164.** The motion died for lack of a second.

**It was moved by Representative Lefor, seconded by Representative Mitskog, and carried on a roll call vote to approve Emergency Commission Request #2164.** Representatives Vigesaa, Anderson, Berg, Bosch, Brandenburg, Dobervich, Fisher, Hanson, Kempenich, Lefor, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner, and Weisz and Senators Bekkedahl, Boschee, Burckhard, Cleary, Conley, Dever, Dwyer, Erbele, Hogan, Hogue, Klein, Lemm, Mathern, Meyer, Sickler, Sorvaag, Thomas, and Wanzek voted "aye." Senator Magrum voted "nay."

### PRIMARY RESIDENCE CREDIT

Mr. Brian Kroshus, Tax Commissioner, presented information ([Appendix G](#)) regarding the Primary Residence Credit Program. He noted:

- The program provides \$1,600 of property tax relief to eligible homeowners.
- A total of 164,762 applications were received in 2026 for the program, of which 164,052 were approved.
- The program is estimated to cost \$431 million for the 2025-27 biennium, but only \$408.9 million was appropriated for the program, which may result in a deficiency appropriation request to the 2027 Legislative Assembly.

## LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD REPORT

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled [Legacy and Budget Stabilization Fund Advisory Board - Status Report to the Budget Section June 24, 2026](#) regarding the investment of funds in the Legacy Fund and Budget Stabilization Fund pursuant to Section 21-10-11. He reported:

- The asset allocation of the Budget Stabilization Fund is 99 percent short-term fixed income and cash and 1 percent cash and equivalents.
- Fiscal year 2025 to date average earnings of the fund is 3.19 percent.
- The Legacy Fund's fiscal year 2026 to date return is 7.56 percent compared to a benchmark return of 6.45 percent.

## DEPARTMENT OF TRANSPORTATION

Mr. Ron Henke, Director, Department of Transportation, presented information ([Appendix H](#)) regarding United States Highway 85 projects, a report pursuant to Section 19 of Senate Bill No. 2012 (2025) regarding the status of the environmental impact statement process to four-lane remaining portions of United States Highway 85, and a request pursuant to Section 24-02-37.3 to use funding from the Flexible Transportation Fund for road and bridge projects. He noted:

- The department has awarded two projects on United States Highway 85. The first project is a 12.5 mile project from North Dakota Highway 200 to mile point 120.3 and the second project is from mile point 120.3 to the Long X Bridge. The cost of the projects is approximately \$168 million.
- The environmental impact statement process to four-lane the remaining portions of United States Highway 85 has not begun. The process will begin when the project to four-lane the portion of the highway between Interstate 94 to State Highway 200 is in progress.
- The department is requesting authorization to use funding from the Flexible Transportation Fund for a project on North Dakota Highway 31 from Interstate 94 to Hannover and a project on North Dakota Highway 49 from the South Dakota border to the junction of North Dakota Highway 21.

**It was moved by Representative Brandenburg, seconded by Senator Wanzek, and carried on a roll call vote to authorize the Department of Transportation to use \$21.3 million and \$18.4 million of funding from the Flexible Transportation Fund for projects on North Dakota Highways 31 and 49 respectively.** Representatives Vigesaa, Anderson, Berg, Bosch, Brandenburg, Dobervich, Fisher, Hanson, Kempenich, Lefor, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner, and Weisz and Senators Bekkedahl, Boschee, Burckhard, Cleary, Conley, Dever, Dwyer, Erbele, Hogan, Hogue, Klein, Lemm, Magrum, Mathern, Meyer, Sickler, Sorvaag, Thomas, and Wanzek voted "aye." No negative votes were cast.

## ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND

Mr. Nathan Anderson, Director, Department of Mineral Resources, Industrial Commission, presented a report ([Appendix I](#)) pursuant to Section 38-08-04.5 regarding the balance of the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund. He noted the balance of the fund was \$41,347,225 on June 30, 2025, and is anticipated to be \$54,415,299 on June 30, 2027.

## INTEGRATED FORMULA GAP FUNDING PROGRAM

Mr. Adam Tescher, School Finance Officer, Department of Public Instruction, provided a report ([Appendix J](#)) pursuant to Section 28 of House Bill No. 1176 (2025) regarding the status of the development of the Integrated Formula Gap Funding Program. He noted:

- Funding was appropriated to provide gap funding payments to school districts that are no longer permitted to levy 60 mills due to the 3 percent property tax increase limitation.
- During the 2025-26 school year, 33 schools applied for gap funding and 24 districts were approved.
- A total of \$1.8 million in payments were distributed with amounts ranging from \$171 to \$573,264.

### INFORMATION TECHNOLOGY OPERATING FUND

Mr. Greg Hoffman, Deputy Chief Information Officer and Chief Financial Officer, Information Technology Department, provided a report ([Appendix K](#)) pursuant to Section 54-59-14 regarding the department's operating fund. He noted:

- A continuing appropriation for the department's operating fund was authorized by the Legislative Assembly in 2025 and allows the department to spend funds received from other agencies for services provided by the department.
- For the biennium to date, the department has received \$128.6 million in revenue from other agencies and spent \$115.8 million to provide the services.

### 2025-27 BIENNIUM REPORT ON COMPLIANCE WITH LEGISLATIVE INTENT

Chairman Vigesaa called on Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, to present the [2025-27 Biennium Report on Compliance With Legislative Intent](#) and [Analysis of Major Special Funds for the 2023-25 and 2025-27 Bienniums](#). Mr. Larson noted in addition to the printed report, the information is available on the legislative branch website.

### STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION REPORTS

At the request of Chairman Vigesaa, Mr. Larson distributed a written report ([Appendix L](#)) from the State Board of Agricultural Research and Education regarding its activities pursuant to Section 15-12.1-17.

### OTHER BUSINESS

Chairman Vigesaa announced the next Budget Section meeting is tentatively scheduled for September 30, 2026.

No further business appearing, Chairman Vigesaa adjourned the meeting at 12:20 p.m.

---

Brady A. Larson  
Assistant Legislative Budget Analyst and Auditor

---

Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH:12