Legislative Council
600 East Boulevard Avenue, Bismarck, ND 58505

North Dakota Legislative Management
Meeting Minutes
27.5161.03000

BUDGET SECTION - LEADERSHIP DIVISION

Wednesday, June 24, 2026
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Mike Lefor, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Mike Lefor, Glenn Bosch, Gretchen Dobervich, Don Vigesaa, Robin Weisz; Senators Brad Bekkedahl, Kathy Hogan, David Hogue, Jerry Klein

Members absent: Representative Zachary Ista; Senator Josh Boschee

Others present: Ron Ness, North Dakota Petroleum Council; Matt Peyerl, Tax Department; Joe Morrissette, Brandon Solberg, and Lindsey Ashley, Office of Management and Budget
Brady A. Larson, Legislative Council, Bismarck

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

OIL AND GAS ACTIVITY

Mr. Ron Ness, President, North Dakota Petroleum Council, provided information (Appendix A) regarding the status and outlook of oil and gas activity in the state. He noted:

- North Dakota oil production is expected to remain stable at approximately 1.1 million barrels per day, with operators focusing on efficiency and shareholder returns rather than production growth.
- Global oil supply continues to exceed demand, placing downward pressure on oil prices despite recent geopolitical events affecting energy markets. The projected 2026 West Texas Intermediate "strip" price is approximately $72.77 per barrel.
- Technological advances, including longer lateral drilling and improved completion techniques, continue to increase productivity and are supporting development in northern portions of the Bakken Formation.
- Pipeline infrastructure, carbon management projects, and regulatory and tax modernization are needed to support long-term oil production and enhanced oil recovery efforts.

Committee members discussed natural gas taxation, natural gas liquids, pipeline development, drilling activity, carbon management projects, and North Dakota's competitiveness with other oil-producing states.

INDIVIDUAL INCOME TAX COLLECTIONS

Mr. Matt Peyerl, Associate Director, Tax Department, provided information (Appendix B) regarding individual income tax collections and the effect on tax collections of provisions of the "One Big Beautiful Bill Act." He noted:

- Several provisions of the Act are expected to reduce North Dakota individual income tax collections, including increases to the federal standard deduction and temporary deductions related to senior citizens, tip income, overtime pay, and auto loan interest.

- Updated estimates indicate the impact on state income tax collections is less than originally projected because several federal provisions apply to a narrower group of taxpayers than initially anticipated, and North Dakota's 0 percent income tax bracket reduces the effect of certain deductions.
- Business tax provisions are expected to have a greater near-term effect on state revenues due to depreciation changes, amended returns, and timing differences in estimated tax payments.
- One-time oil industry transactions included in fiscal year 2025 individual income tax collections also may be contributing to actual collections being less than the forecast if the 2025-27 biennium forecast used 2025 actual tax collections as part of its base.

STATE CAPITAL PROJECTS

Mr. Brandon Solberg, Director, Facility Management Division, and Ms. Lindsey Ashley, Statewide Construction Manager, Office of Management and Budget, provided information (Appendix C) regarding major state capital projects. They noted:

- The Office of Management and Budget is using the $3 million appropriation for Capitol improvements to enhance visitor experiences with priority projects including renovation of the 18th floor observation area and improvements to interior and exterior signage.
- Capitol grounds improvement projects include upgrades to public spaces, displays, exterior lighting, landscaping, accessibility, and other long-term improvements to the grounds and facilities.
- Security improvements of $2.35 million at the Governor's residence include construction of a new driveway, perimeter fencing, security systems, and landscaping. The project may be delayed due to the discovery of human remains during construction.
- Space reconfiguration projects are intended to maximize use of state-owned space to reduce leased space and create shared conference rooms and hoteling offices for use by state agencies.
- The State Facility Maintenance Fund supports numerous Capitol and state facility projects, including repairs to the Liberty Memorial Building, replacement of Capitol windows and radiators, and cafeteria renovations.
- The State Facility Maintenance Fund received a $34 million appropriation for the 2025-27 biennium to address deferred maintenance projects at state-owned facilities. Sixty-six projects involving 12 agencies have been identified, with work including mechanical, plumbing, exterior, fire safety, and energy efficiency improvements.
- A statewide facility condition assessment is underway to evaluate approximately 209 state-owned facilities and assist with long-term maintenance planning and project prioritization.
- Construction of the new State Hospital remains on schedule, with substantial completion anticipated in winter 2027 and the facility expected to open in spring 2028.
- As of June 10, 2026, approximately $34.8 million has been spent on the State Hospital project. Current project costs are estimated at approximately $292.7 million, which remains within the $300 million project authorization.
- The State Hospital steering committee has met four times and continues to oversee project design, construction, and budget.

STATE FISCAL RECOVERY FUND

Mr. Joe Morrissette, Director, Office of Management and Budget, provided information (Appendix D) regarding the status of the State Fiscal Recovery Fund. He noted:

- A total of $44.9 million of State Fiscal Recovery Fund authority and interest was transferred to the Department of Corrections and Rehabilitation in November 2024 and a total of $4.3 million of authority and interest was transferred to the department in June 2025.

- As of May 2026, a total of $78.9 million of State Fiscal Recovery Fund authority has not been spent.
- Agencies will be surveyed in fall 2026 to identify additional uncommitted funds for reallocation before December 31, 2026, as provided in House Bill No. 1015 (2025).

COMPLIANCE WITH LEGISLATIVE INTENT AND STATE TRUST FUNDS

Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, presented the *2025-27 Biennium Report on Compliance with Legislative Intent* and *Analysis of Major Special Funds for the 2023-25 and 2025-27 Bienniums*. He noted:

- The compliance report provides updates on agency compliance with legislative intent, the status of one-time funding items, line of credit authorizations, and transfers authorized by the Legislative Assembly.
- The report also provides updates on various agency programs and appropriations, including guardianship services, child care assistance, school meals, and the school construction loan program.
- The analysis of major special funds report provides an overview of major state funds including current balances, estimated future revenues, and anticipated funding obligations.

No further business appearing, Chairman Lefor adjourned the meeting at 2:58 p.m.

Allen H. Knudson
Legislative Budget Analyst and Auditor

Breck Graves
Fiscal Analyst

ATTACH:4