Legislative Council
600 East Boulevard Avenue, Bismarck, ND 58505

BUDGET SECTION - REGULATORY DIVISION

Wednesday, June 24, 2026
Room 327C, State Capitol
Bismarck, North Dakota

Senator Ronald Sorvaag, Chairman, called the meeting to order at 1:06 p.m.

Members present: Senators Ronald Sorvaag, Cole Conley, Scott Meyer, Paul J. Thomas; Representatives Glenn Bosch, Mike Brandenburg, Jay Fisher, Keith Kempenich, Lisa Meier, David Monson, Brandy L. Pyle

Member absent: Senator Donald Schaible

Others present: See Appendix A

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

INDUSTRIAL COMMISSION

Compliance with Legislative Intent

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, presented the Industrial Commission's compliance with legislative intent report. He noted:

- Public Finance Authority bonds authorized during the 2021 legislative session support infrastructure projects and programs totaling $710.1 million, and repayments of $102.6 million per biennium from the Legacy Sinking and Interest Fund are scheduled to continue through the 2041-43 biennium.
- The pipeline capacity purchase program was expanded during the 2025 legislative session to provide up to $100 million per biennium of state support. The Industrial Commission committed state support of up to $500 million for a proposed pipeline project from WBI Energy Transmission, Inc. The program receives its funding through a Bank of North Dakota line of credit guaranteed by the Strategic Investment and Improvements Fund beginning in the 2027-29 biennium.
- A grant awarded under the $125 million fertilizer development incentive program authorized during the 2023 legislative session is not moving forward; no line of credit will be accessed and no repayment from the Strategic Investment and Improvements Fund will be needed.

Agency Overview and Major Initiatives

Ms. Karen Tyler, Executive Director, Industrial Commission, presented information (Appendix B) regarding the funding for the agency included in Senate Bill 2014 (2025) and major agency initiatives for the 2025-27 biennium. She noted:

- The grant management system project is anticipated to be completed in July 2026 and will improve transparency and accountability for Industrial Commission grant programs.
- Leadership searches for five Industrial Commission agencies have concluded. The Bank of North Dakota, Department of Mineral Resources, Housing Finance Agency, Public Finance Authority,

and Mill and Elevator each experienced or will experience the retirement of an agency leader who had been with the agency more than 25 years or for whom a formal executive search process had not occurred in more than 25 years.

Grant Programs

Ms. Tyler presented information (Appendix C) regarding the status of funding for grants and projects for the 2025-27 biennium. She noted Industrial Commission programs have 108 open grants with total committed funding of $165,102,997. Program updates included:

- The Clean Sustainable Energy Authority's most recent grant round awards, approved in February 2026, which included a $2,297,376 grant and $10,000,000 loan to Packet Digital, a $30,000,000 loan to AmeriCarbon Forge, LLC, and a $1,125,000 grant to Ore Spring Materials, LLC.
- Six enhanced oil recovery projects were approved in October 2025, committing the full $25 million provided by the 2025 Legislative Assembly and most of the $17.5 million in 2025-27 biennium oil and gas tax revenue allocations received by the Oil and Gas Research Fund. Federal Department of Energy funding is expected to replace funding previously awarded, making approximately $14 million available for a future grant round.
- The 2025 Legislative Assembly reduced underground energy storage project funding from $11.3 million to $2 million and repurposed the project as a salt cavern business case analysis. To date, expenditures total $428,263 and the final report is due by June 30, 2027.
- Of the $10 million allocated to the Research Technology Park Grant Program, $5 million was paid in the fall of 2025 with no matching requirement, and $120,267 has been paid from the remaining $5 million, which is subject to a 50 percent matching requirement.

Funds Administered by the Industrial Commission

Ms. Tyler presented analyses of special funds administered by the Industrial Commission. She noted:

- The Oil and Gas Research Fund ended the 2023-25 biennium with a balance of $22.1 million, and estimated 2025-27 grant payments total approximately $30 million.
- The State Energy Research Center Fund ended the 2023-25 biennium with a balance of $8.6 million, is funded through oil and gas tax revenue allocations through 2033, and has an estimated 2025-27 ending balance of approximately $2.5 million.

Oil and Gas Activity and Enhanced Oil Recovery

Mr. Ron Ness, President, North Dakota Petroleum Council, presented information (Appendix D) regarding oil and gas activity in North Dakota. He noted:

- Average production in April 2026 was 1.14 million barrels of oil and 3.5 billion cubic feet of gas per day from 19,642 producing wells, with a statewide gas capture rate of 95.5 percent.
- Current activity includes 26 drilling rigs and 12 hydraulic fracturing crews.
- Improved lateral drilling techniques have moved oil and gas activity into previously unleased areas.

BANK OF NORTH DAKOTA

Compliance with Legislative Intent

Mr. Mathiak presented the Bank of North Dakota's compliance with legislative intent report. He noted the report includes information regarding the employee retention bonus program, the use and transfer of the Bank's profits, the status of loans and lines of credit authorized by the Legislative Assembly, and new loan programs authorized during the January 2026 special legislative session.

Agency Overview and Major Initiatives

Mr. Don Morgan, President and Chief Executive Officer, and Mr. Kelvin Hullet, Chief Public Affairs Officer, Bank of North Dakota, presented information (Appendix E) regarding the funding for the agency included in Senate Bill 2014, major Bank initiatives, the status of the Bank's profits for the 2025-27 biennium, and legislatively authorized loans and lines of credit. They noted:

- The Bank's net income was approximately $231.8 million in 2025 compared to approximately $200.4 million in 2024, and in 2026, the agricultural loan portfolio surpassed $1 billion for the first time.
- The Bank forecasts a flat to shrinking deposit base. Since the Bank's lending capacity depends on the deposits it holds, a flat or declining deposit base limits the amount the Bank is able to lend.
- The $500 million Farm Financial Stability Loan Program was the largest disaster program in the Bank's history and the first program "capped" due to significant demand, with demand totaling approximately $650 million.
- Roughrider Coin, developed with Fiserv, is a blockchain-enabled payment infrastructure for North Dakota community banks and credit unions, is not a cryptocurrency, and is in development.

In response to questions from committee members, Mr. Morgan noted expansion of disaster program capacity would depend on the Bank's deposit outlook, and the Bank anticipates presenting strategies to increase deposits to the 2027 Legislative Assembly.

Mr. Hullet noted:

- State agency lines of credit approved during the 2025 legislative session totaled $1.14 billion, of which the Bank estimates the June 30, 2027, balance to be $257 million. The largest anticipated balances on June 30, 2027, are $100 million for the new State Hospital, $70 million for the Clean Sustainable Energy Authority, $40 million for Department of Water Resources cost-share loans, and $20 million for the Military Museum.
- Of the $60 million allocated for interest rate buydowns under the Partnership in Assisting Community Expansion Program, $15 million has been transferred to economic development programs and $45 million remains available.
- As of April 2026, Infrastructure Revolving Loan Fund loans outstanding total approximately $197 million at 2 percent interest, with $21 million available for new loans through June 30, 2027.
- Outstanding loans total approximately $327 million for the School Construction Assistance Revolving Loan Fund, with $68 million available for new loans through June 30, 2027.

COMMITTEE DISCUSSION

It was moved by Senator Conley, seconded by Representative Monson, and carried on a voice vote that the Legislative Council staff prepare a summary of the division's activities for the 2025-26 interim for inclusion in the Budget Section's report to the Legislative Management.

No further business appearing, Chairman Sorvaag adjourned the meeting at 3:38 p.m.

____

Adam Mathiak
Senior Fiscal Analyst

____

Grant Gader
Fiscal Analyst

ATTACH:5