Legislative Council
600 East Boulevard Avenue, Bismarck, ND 58505

GOVERNMENT FINANCE COMMITTEE

Thursday, June 25, 2026
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Randy A. Burckhard, Chairman, called the meeting to order at 10:00 a.m.

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

Members absent: None

Others present: Senator Brad Bekkedahl, member of the Legislative Management
Donna Aukland, Department of Health and Human Services;Joel Boespflug, Bismarck Fire Department; Julie Bommelman, City of Fargo; Matt Clark and Rachel Kriege, Insurance Department; Stephanie Dassinger Engebretson, North Dakota League of Cities; Rich Garman, Department of Commerce; Trevor Woods, Northern Plains Uncrewed Aircraft System Test Site; Mark Hendrickson and Rachelle Juntunen, Department of Corrections and Rehabilitation; Allyson Hicks, Attorney General's office; Brian Horinka, City of Minot; Heidi LaBree, Department of Financial Institutions; Gary Lorenz, Fargo Fire Department; Joe Morrissette and Brandon Solberg, Office of Management and Budget; Micah Olson, Protection and Advocacy Project
John Bjornson, Legislative Council
**Attended remotely*

It was moved by Representative Headland, seconded by Representative Nathe, and carried on a voice vote that the minutes of the March 19, 2026, meeting be approved as distributed.

STATE BUDGET INFORMATION

Office of Management and Budget

Mr. Joe Morrissette, Director, Office of Management and Budget, presented information (Appendix A) regarding the status of the General Fund for the 2025-27 biennium and selected special fund balances. He noted:

- General Fund revenue collections for the 2025-27 biennium through May 2026 totaled $2.347 billion, which was $76 million less than the forecast.
- The uncommitted balance of the Strategic Investment and Improvements Fund was $133 million as of March 2026.

Legislative Council

Mr. Adam Mathiak, Senior Fiscal Analyst, 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 (June 2026)*.

FIXED-ROUTE CITY TRANSPORTATION NETWORKS STUDY

Bill Draft

Mr. Mathiak presented a bill draft [27.0171.01000] relating to a fixed-route transit grant program. He noted the bill draft is similar to Senate Bill 2254 (2025) but includes a distribution formula to provide a fixed amount and an amount based on population to each eligible city.

Comments and Discussion

Ms. Julie Bommelman, Transit Director, City of Fargo, noted all four of the fixed-route transit providers support the bill draft.

In response to a question from a committee member, Mr. Brian Horinka, Transit Superintendent, City of Minot, noted more cities could be eligible for funding under the bill draft if they implement fixed-route transit services.

Mr. Micah Olson, Attorney, Protection and Advocacy Project, noted additional funding for fixed-route and paratransit services may improve transportation services for individuals with disabilities.

A committee member noted they plan to coordinate with the transit providers to review the funding source and amounts for the fixed-route transit grants for possible revisions to the bill draft.

BISTATE AUTHORITY

Mr. Mathiak presented a bill draft [27.0175.01000] regarding the removal of a provision authorizing the formation of a bistate authority with South Dakota. He noted no agreements have been formed since the provision was enacted in 1997.

It was moved by Representative Stemen, seconded by Representative Headland, and carried on a roll call vote that the bill draft [27.0175.01000] relating to the removal of the authorization to form a bistate authority with South Dakota be approved and recommended to the Legislative Management. Senators Burckhard, Barta, Gerhardt, Marcellais, Schaible, and Walen and Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Hatlestad, Headland, Meier, Nathe, Rustebakke, Steiner, Stemen, and Timmons voted "aye." No negative votes were cast.

UNCREWED AIRCRAFT SYSTEM REPORTS

Mr. Rich Garman, Director, Economic Development, Department of Commerce and Mr. Trevor Woods, Executive Director, Northern Plains Uncrewed Aircraft System Test Site, presented information (Appendix B) regarding:

- A report on the status of the State Radar Data Pathfinder Program, including expenditures to date and the effect of the program on uncrewed aircraft system operations, safety, and data security pursuant to Section 1 of House Bill 1038 (2025);
- A report on the status of the Uncrewed Aerial Vehicle Replacement Program, including funding spent, the number of vehicles replaced, the number of vehicles sold or disposed of, and any future needs for state agencies to comply with federal requirements pursuant to Section 14 of Senate Bill 2018 (2025);
- A semiannual report on the status of the uncrewed aircraft systems test site pursuant to North Dakota Century Code Section 54-60-28; and
- A semiannual report on the development of the Beyond Visual Line of Sight Uncrewed Aircraft System Program and the total amount deposited in the General Fund pursuant to Section 54-60-29.1.

Mr. Woods noted spending for the programs through June 25, 2026, included:

- $6,284,905 of $11,000,000 appropriated for the State Radar Data Pathfinder Program with test flights anticipated in the second year of the biennium to demonstrate the use of the radar data;

- $511,412 of $9,000,000 appropriated for the Uncrewed Aerial Vehicle Replacement Program to inventory noncompliant aerial vehicles and sensors with vehicle replacements anticipated to begin in July 2026;
- $1,420,885 of $3,000,000 appropriated for the uncrewed aircraft systems test site; and
- $7,202,282 of $15,000,000 appropriated for the Beyond Visual Line of Sight Uncrewed Aircraft System Program.

DEPARTMENT OF CORRECTIONS AND REHABILITATION REPORTS

Ms. Rachelle Juntunen, Deputy Director, Adult Services, and Mr. Mark Hendrickson, Chief Parole and Probation Officer, Department of Corrections and Rehabilitation, presented information (Appendix C) regarding:

- A quarterly report on the planning and design of a new minimum security facility pursuant to Section 7 of Senate Bill 2015 (2025); and
- An annual report on the housing task force, including implementation of a housing assistance program for individuals released from the custody of the department pursuant to Section 3 of House Bill 1549 (2025).

Ms. Juntunen noted a new minimum security facility has been designed to be built on the property of the State Penitentiary with capacity for 600 male inmates and an estimated cost of $283 million.

Mr. Hendrickson noted:

- A lack of housing options for individuals released from incarceration puts pressure on transitional housing facilities.
- The housing task force developed an assessment tool to gather data on barriers to housing.
- Potential recommendations to improve housing options, include statewide housing coordination, housing for high-risk individuals, and funding to increase housing availability.

LEGISLATIVE OFFICE BUILDING STUDY

Capitol Grounds Updates

Mr. Brandon Solberg, Director, Facility Management Division, Office of Management and Budget, presented information (Appendix D) regarding the status of updates to the Capitol grounds master plan and projects on the Capitol grounds. He noted:

- The commission contracted with Sasaki Associates for $200,000 to update the Capitol grounds master plan with final results anticipated in September 2026.
- Within the Capitol, window replacements are anticipated to be completed in September 2026 while a boiler replacement project is anticipated to be completed in November 2026.
- Driveway and fence improvements at the Governor's residence were delayed after unmarked graves were discovered on the property and needed to be relocated.

Legislative Council

Mr. John Bjornson, Director, Legislative Council, provided an update on legislative space needs and noted:

- Over 20 staff members are located in the newly remodeled space on the 15th floor of the Capitol with some open offices available as more staff are hired.
- As term limits increase turnover in the Legislative Assembly, additional staff resources will be needed to support legislative training and research.
- A lack of available office space in the Capitol may limit future staff expansions, but plans for a new legislative office building and parking facilities would accommodate current and future legislative needs with space for committee meeting rooms, legislator workspaces, and staff offices.

STATE AGENCY FEES

Bill Draft and Memorandum

Mr. Mathiak presented a bill draft [27.0173.01000] regarding updates to the state agency fee study, including the removal of provisions that are no longer necessary.

A committee member noted collecting information on fees charged by higher education institutions may be useful for students.

Chairman Burckhard requested the Legislative Council staff prepare a revised bill draft to add higher education institution fees to the study.

Mr. Mathiak distributed a memorandum entitled *Nondriver Photo Identification Fees and Noncommercial Driver License Fees*.

Department of Financial Institutions

Ms. Heidi LaBree, Business Manager, Department of Financial Institutions, presented information (Appendix E) regarding the fees collected by the department. She noted:

- The department regulates banks, credit unions, and other financial institutions and is funded by fees collected from those entities.
- Collections from the 72 fees administered by the department totaled $9.77 million in the 2023-25 biennium.

Department of Health and Human Services

Ms. Donna Aukland, Chief Financial Officer, Department of Health and Human Services, presented information (Appendix F) regarding the fees collected by the department. She noted:

- The department administers 52 fees, including those related to early childhood licenses, food establishment licenses, medical marijuana licenses, and vital records.
- Changes to fees for the 2025-27 biennium include a 20 percent increase to the fees charged for licensing food establishments and lodging establishments.

Insurance Department

Ms. Rachel Kriege, Chief of Staff, Insurance Department, presented information (Appendix G) regarding the fees collected by the department. She noted:

- The Insurance Commissioner conducted a comprehensive review of the department's fees during the 2023-24 interim resulting in a recommendation to revise and increase various fees.
- The recommended revisions and increases to the department's fees were included in House Bill 1123 (2025) so the department does not have any additional recommendations for fee changes.

FIRE INSPECTIONS

State Fire Marshal

Mr. Matt Clark, State Fire Marshal, Insurance Department, presented information (Appendix H) regarding the status of fire inspections of state buildings. He noted:

- The State Fire Marshal is responsible for all fire inspections, investigations, plan reviews, and enforcement actions, but the responsibility may be delegated to local fire departments through an agreement.
- Fire departments in Bismarck, Fargo, and Minot rescinded their agreements, requiring the State Fire Marshal to conduct required inspections of state buildings.
- Statutory changes may be needed to clarify the scope of responsibility for the State Fire Marshal and local fire departments.

Bismarck Fire Department

Mr. Joel Boespflug, Fire Chief, Bismarck Fire Department, presented information (Appendix I) regarding fire inspections of state buildings. He noted:

- The local building permit process allows the fire department to review buildings for compliance with fire safety requirements and to plan for fire response in the event of an emergency.
- The Bismarck Fire Department conducts the required fire inspections of state buildings, and one fire inspector completes the required annual reviews in approximately 2 weeks.
- After the State Laboratory building was constructed without a local building permit, the agreement between the State Fire Marshal and the Bismarck Fire Department was rescinded due to concerns of accepting legal responsibility for inspecting state buildings constructed without a local building permit.

Fargo Fire Department

Mr. Gary Lorenz, Fire Chief, Fargo Fire Department, presented information (Appendix J) regarding fire inspections of state buildings. He noted:

- In July 2024, North Dakota State University declined to obtain a local building permit for the construction of a new building, which limited local review and resulted in concerns about addressing fire hazards and emergency response for the new building.
- The Fargo Fire Department requested the agreement with the State Fire Marshal be amended so a local fire department would not be responsible for fire inspections if a state building did not obtain a local building permit, but an amendment has not been approved.
- Although the agreement between the State Fire Marshal and the Fargo Fire Department was rescinded, the Fargo Fire Department continues to conduct fire inspections for all state buildings for which local building permits were obtained.

League of Cities

Ms. Stephanie Dassinger Engebretson, Deputy Director, North Dakota League of Cities, noted:

- Discussions with state and local officials identified concerns regarding building permit fees and differences between state and local fire codes.
- The provisions under Section 18-08-12, which allow the State Fire Marshal to delegate fire inspection responsibilities to local fire departments, may conflict with statutory provisions under Title 40 relating to the responsibilities of municipal government.

Other Comments

In response to a question from a committee member, Ms. Allyson Hicks, Senior Attorney, Attorney General's office, noted municipal building codes and ordinances do not apply to state buildings constructed within city limits based on an Attorney General opinion from 1998.

In response to questions from committee members, Mr. Solberg noted:

- The State Laboratory building is the only state construction project in Bismarck for which a local building permit was not obtained.
- Construction of a state building may proceed without a local building permit based on the Attorney General opinion, and some projects may omit the local building permit process as a cost-saving measure.

No further business appearing, Chairman Burckhard adjourned the meeting at 3:25 p.m.

Adam Mathiak
Senior Fiscal Analyst

ATTACH:10