Legislative Council
600 East Boulevard Avenue, Bismarck, ND 58505

BUDGET SECTION

Wednesday, September 30, 2026
Senate Chamber, State Capitol
Bismarck, North Dakota

Representative Don Vigesaa, Chairman, called the meeting to order at 9:30 a.m.

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

Members absent: Representatives Jay Fisher, Zachary Ista, Keith Kempenich, Mike Nathe, Matthew Ruby, Mark Sanford; Senator Michael Dwyer

Others present: Levi Kinnischtzke and Breck Graves, Legislative Council
See Appendix A for additional persons present.
**Attended remotely*

It was moved by Senator Burckhard, seconded by Senator Hogan, and carried on a roll call vote that the minutes of the June 24, 2026, meeting be approved as distributed.

STATE BUDGET INFORMATION

General Fund Status

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, the status of the new and vacant FTE pool, and the status of state agency budget requests. He presented the following information on the status of the General Fund for the 2025-27 biennium:

Unobligated General Fund balance - July 1, 2025		$1,329,508,210
Balance obligated for authorized carryover from the 2023-25 biennium		89,771,253
Total beginning General Fund balance - July 1, 2025		$1,419,279,463
Add		
General Fund collections to date	$3,176,408,821	
Remaining forecasted General Fund collections	2,110,892,192	
Total estimated General Fund collections		5,287,301,013
Total estimated revenues available		$6,706,580,476
Less		
Legislative appropriations - One-time	($143,234,260)	
Legislative appropriations - Ongoing	(6,113,180,565)	
Special session appropriations	(6,825,000)	
Contingent appropriation	(13,600,000)	
Authorized carryover from previous biennium	(89,771,253)	
2025-27 authority spent in 2023-25 pursuant to emergency clause	10,195	

Total appropriations		($6,366,600,883)
Estimated ending General Fund balance - June 30, 2027 - Before transfers		$339,979,593
Transfer to Budget Stabilization Fund[1]		0
Estimated ending General Fund balance - June 30, 2027		$339,979,593

[1]Pursuant to North Dakota Century Code Chapter 54-27.2, any end-of-biennium balance in excess of $65 million must be transferred to the Budget Stabilization Fund, up to a maximum of 15 percent of General Fund appropriations. The Budget Stabilization Fund is estimated to be at the maximum balance at the end of the 2025-27 biennium.

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 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
Attorney General	August 2026 - August 2029	$17,921,072
Department of Health and Human Services	September 2026 - September 2027	$1,072,530
Department of Health and Human Services	September 2026 - September 2027	$205,000
Department of Corrections and Rehabilitation	October 2026 - September 2029	$114,701
Department of Transportation	January 2028 - July 2033	$64,800,000
Department of Transportation	December 2027 - July 2032	$5,040,000
Department of Transportation	August 2027 - July 2031	$1,950,000
Department of Transportation	June 2028 - July 2033	$30,076,000

Mr. Morrissette reported the following state agencies have been awarded federal grants of $25,000 or more:

Agency	Time Period of Grant	Amount
Department of Public Instruction	October 2026 - September 2031	$7,988,000
Department of Commerce	July 2026 - June 2029	$761,780
Game and Fish Department	August 2026 - October 2027	$202,500
Game and Fish Department	October 2026 - September 2029	$3,000,000
Department of Transportation	September 2026 - July 2030	$1,040,000

IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Mr. Morrissette 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 June 2026 through August 2026:

Agency	Fiscal Irregularity	Amount
Veterans' Home	Incentive pay	$12,745
Department of Health and Human Services	Incentive pay	$215,250
Center for Distance Education	Pay adjustment	$2,994
Department of Health and Human Services	Pay adjustment	$2,286
Department of Transportation	Pay adjustment	$5,527
Information Technology Department	Retroactive pay	$5,189
Attorney General	Retroactive pay	$1,966
Ethics Commission	Retroactive pay	$1,425
Department of Health and Human Services	Retroactive pay	$12,092
Parks and Recreation Department	Retroactive pay	$2,065
Information Technology Department	Severance pay	$64,215
State Auditor	Severance pay	$39,508
Bank of North Dakota	Severance pay	$28,251
Department of Mineral Resources	Severance pay	$37,089
Workforce Safety and Insurance	Severance pay	$17,406
Department of Career and Technical Education	Severance pay	$31,777
Department of Health and Human Services	Severance pay	$311,883
Adjutant General	Severance pay	$7,868
Information Technology Department	Temporary increase	$1,500
Tax Department	Temporary increase	$1,040

Agency	Fiscal Irregularity	Amount
Department of Public Instruction	Temporary increase	$12,800
Department of Environmental Quality	Temporary increase	$1,391
Department of Health and Human Services	Temporary increase	$109,521
Job Service North Dakota	Temporary increase	$6,589
Insurance Department	Temporary increase	$2,675
Public Service Commission	Temporary increase	$1,500
Department of Corrections and Rehabilitation	Temporary increase	$4,063
Department of Commerce	Temporary increase	$1,075
Parks and Recreation Department	Temporary increase	$9,550

2025-27 BIENNIUM REVISED REVENUE FORECAST AND PRELIMINARY 2027-29 BIENNIUM REVENUE FORECAST

Mr. Morrissette presented information (Appendix E) regarding the 2025-27 biennium revised revenue forecast and the 2027-29 biennium preliminary revenue forecast. He noted:

- Ongoing General Fund revenues from the sales and use tax, motor vehicle excise tax, and individual and corporate income taxes are estimated to be $4.043 billion for the 2025-27 biennium and $4.323 billion for the 2027-29 biennium.
- Oil prices are estimated to be $62 per barrel in fiscal year 2028 and $60 per barrel in fiscal year 2029. Oil production is estimated to be 1.075 million barrels of oil per day in fiscal year 2028 and 1.05 million barrels per day in fiscal year 2029.

STATE BOARD OF HIGHER EDUCATION PROJECT VARIANCE REPORTS

Mr. Morrissette distributed higher education project variance reports (Appendix F) submitted to the Office of Management and Budget pursuant to Section 15-10-47.

AGENCY REQUESTS APPROVED BY THE EMERGENCY COMMISSION

Chairman Vigesaa directed the Budget Section to consider agency requests (Appendix G) which have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to Chapter 54-16.

Mr. Morrissette provided information regarding the following requests authorized by the Emergency Commission and which require consideration by the Budget Section:

- **Department of Commerce (Request #2169)** - The request is for approval to expend federal grant funds not previously anticipated to be received from the United States Department of Labor for a State Apprenticeship Expansion Grant Program to expand access to work-based learning opportunities to address workforce shortages in key industries by increasing the number of registered apprenticeship programs, expanding participation among employers, and creating career pathways for new and current workers.
- **Agriculture Commissioner (Request #2170)** - The request is to increase other funds spending authority by $1,434,215 from the Agricultural Products Utilization Fund to pay outstanding prior biennium obligations of the Agricultural Products Utilization Commission.
- **Agriculture Commissioner (Request #2171)** - The request is to increase other funds spending authority by $97,000, including $44,000 in the grants line item and $53,000 in the operating expenses line item, to expand the Pride of Dakota Program.
- **Legislative Assembly (Request #2172)** - The request is to increase special funds spending authority in the operating expenses line item by $28,200 as a result of the Legislative Assembly receiving a grant from the National Conference of State Legislatures for reimbursing legislators for the cost of personal safety and security-related expenses of up to $200 per legislator.
- **Department of Public Instruction (Request #2174)** - The request is to increase federal funds spending authority by $1,185,341 in the operating expenses line item ($107,713) and the grants - other grants line item ($1,077,628) to accept and expend federal funds available from the United States Department of Education's Office of Elementary and Secondary Education for subgrants to up to four charter schools.

Mr. John Schneider, Business, Marketing, and Information Division Director, Agriculture Department, responded to questions regarding Request #2170.

It was moved by Senator Thomas, seconded by Senator Wanzek, and carried on a roll call vote to approve Emergency Commission Requests #2169, #2170, #2171, #2172, and #2174. Representatives Vigesaa, Anderson, Berg, Bosch, Brandenburg, Dobervich, Hanson, Lefor, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nelson, Pyle, Richter, Stemen, Swiontek, Wagner, and Weisz and Senators Bekkedahl, Burckhard, Cleary, Conley, Davison, Dever, Erbele, Hogan, Hogue, Klein, Lemm, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, and Wanzek voted "aye." Senator Magrum voted "nay."

JUDICIAL AND LEGISLATIVE BRANCHES' NEW AND VACANT FTE POOLS

Mr. Don Wolf, Finance Director, Supreme Court, provided a report (Appendix H) regarding the 2025-27 biennium judicial branch new and vacant FTE pool. He noted:

- A total of $7,972,973 was allocated for the judicial branch new and vacant FTE pool. To date, no transfers have been made from the pool.
- For the biennium to date, the judicial branch realized vacant position savings of $1,290,697 and has used $316,725 of the savings for other purposes, including accrued leave payments, overtime, and position reclassifications.

Mr. Allen H. Knudson, Legislative Budget Analyst and Auditor, Legislative Council, provided a report (Appendix I) regarding the 2025-27 biennium legislative branch new and vacant FTE pool. He noted:

- A total of $5.1 million was allocated for the legislative branch new and vacant FTE pool. A total of $3.6 million has been used for new positions and no funding has been used for vacant positions.
- To date, the legislative branch has had vacant position savings of $668,865, of which $12,835 has been used for accrued leave payouts.

LEGISLATIVE FISCAL DOCUMENTS

Mr. Knudson reviewed the 69th Legislative Assembly State Budget Actions Supplement for the 2025-27 biennium report and the *2026 North Dakota Finance Facts* pocket brochure.

STATE TREASURER - OUTSTANDING WARRANTS AND CHECKS

Mr. Thomas Beadle, State Treasurer, presented information (Appendix J) regarding warrants and checks outstanding for more than 90 days and less than 3 years pursuant to Section 54-11-01. He noted:

- The total dollar amount of outstanding checks decreased by 6.29 percent from fiscal year 2025 to fiscal year 2026.
- A total of 5,170 checks totaling $833,979 issued in fiscal year 2024 will be transferred to unclaimed property in October 2026.
- As of September 2026, there are 21,710 outstanding checks totaling $8 million issued during fiscal years 2024, 2025, and 2026.

DEPARTMENT OF CORRECTIONS AND REHABILITATION - INMATE REPORT

Mr. Colby Braun, Director, Department of Corrections and Rehabilitation, presented information (Appendix K) regarding the department's prison population management plan, inmate admissions, and the number of inmates the department has not admitted after sentencing pursuant to Section 54-23.3-11. He noted:

- The maximum operational capacity for male inmates is 1,624 while the maximum operational capacity for female inmates is 277.
- As of September 2026, a total of 2,312 individuals were assigned to the custody of the department.

- The department utilizes a prioritization chart when admissions exceed maximum operational capacity and appropriated contract housing funds.

NORTH DAKOTA PIPELINE AUTHORITY REPORT

Mr. Justin J. Kringstad, Director, North Dakota Pipeline Authority, presented a report (Appendix L) pursuant to Section 32 of Senate Bill 2014 (2025) regarding the status of any pipeline agreements or anticipating borrowing authority under Section 54-17.7-04(4). He noted:

- The Industrial Commission acted in August 2025 to support the Bakken East Pipeline proposal by WBI Energy.
- In April 2026, the Industrial Commission approved a 10-year capacity agreement for up to $50 million per year.
- The state's capacity position represents 11 percent of the proposed project's capacity.

DEPARTMENT OF COMMERCE REPORTS

Mr. Chris Schilken, Commissioner, Department of Commerce, presented information (Appendix M) regarding reports prepared by the department. He noted a report (Appendix N) prepared pursuant to Section 54-40.1-08 regarding the Rural Catalyst Grant Program included the following information:

- A total of 90 grant applications for projects totaling over $18 million were received.
- Of the applications, nine projects totaling $2.5 million were selected.

Mr. Schilken presented a report (Appendix O) pursuant to Section 54-60-33 regarding grant programs administered by the department. He noted:

- The report details each grant program administered by the department, the amount of funding available for each program, and grant recipients.
- The department maintains a public-facing transparency page to provide information regarding department grant programs. The transparency page consolidates all state and federal grants administered by the agency and provides information regarding funding availability, timelines, and program types.

WORKFORCE TRAINING CENTER AUTONOMOUS TECHNOLOGY GRANTS

Mr. Wayde Sick, Director, Department of Career and Technical Education, presented a report (Appendix P) pursuant to Section 6 of Senate Bill 2018 (2025) regarding the award of autonomous technology grants to workforce training centers. He noted:

- The bill allocated $250,000 for the purpose of uncrewed aircraft systems, autonomous vehicles, or other autonomous technology grants to a workforce training center serving the northwest area of North Dakota.
- TrainND Northwest, located at Williston State College, was selected as the grant recipient.
- Funding has been used to establish youth drone racing teams and to develop unmanned aircraft system training for adults.

ATTORNEY GENERAL TECHNOLOGY GRANTS

Ms. Rachel Kmetz, Finance Director, Attorney General's office, provided a report (Appendix Q) pursuant to Section 5 of Senate Bill 2018 regarding the award of technology grants that aid the Bureau of Criminal Investigation. She noted grants were awarded to the following agencies for drone purchases and drone enhancements:

Entity	Amount
Northwest Regional SWAT Team	$24,162
Dickinson Police Department	$25,000
Bismarck Police Department	$21,378
Stutsman County Sheriff's office	$27,460
Grand Forks County Sheriff's office	$152,000

BOARD OF UNIVERSITY AND SCHOOL LANDS INVESTMENT PERFORMANCE

Mr. Joseph A. Heringer, Commissioner, Department of Trust Lands, presented information (Appendix R) pursuant to Section 15-02-08.1 regarding the investment of assets under the control of the Board of University and School Lands. He noted:

- As of June 2026, the board was managing approximately $9.5 billion of assets.
- The net return for the permanent trust funds as of June 30, 2026, was 15.56 percent for the prior year compared to a benchmark of 12.36 percent, 12.20 percent for the prior 3 years compared to a benchmark of 10.85 percent, and 7.35 percent for the prior 5 years compared to a benchmark of 6.06 percent.
- As of June 30, 2026, the net return on investments for the Strategic Investment and Improvements Fund was 1.36 percent for the prior 6 months compared to a benchmark of 1.25 percent and 3.72 percent for the prior year compared to a benchmark of 3.49 percent.
- In fiscal year 2026, the department paid $95.1 million, or 1.72 basis points, of fund management fees to private entities for managing approximately $8.8 billion of assets.

LEGISLATIVE HEARINGS FOR FEDERAL BLOCK GRANTS

At the request of Chairman Vigesaa, Mr. Levi Kinnischtzke, Senior Fiscal Analyst, Legislative Council, reviewed a memorandum entitled *Federal Block Grants - 2027 Legislative Hearings*, which provides information regarding block grant hearings required during the 2027 legislative session.

Mr. Kinnischtzke also reviewed a concurrent resolution draft [27.3007.01000] authorizing the Budget Section to hold any legislative block grant hearings through September 2029. He noted the Legislative Council staff contacted state agencies receiving federal funds to determine which agencies receive block grants that require legislative hearings, and the survey revealed only one block grant with that requirement - the community services block grant administered by the Department of Commerce Division of Community Services. A summary of the proposed use and distribution plan for the block grant will be provided by the Department of Commerce as part of the department's appropriations hearings during the 2027 legislative session. The required public hearing will be held as part of the appropriations hearing for the department during the 2027 legislative session.

It was moved by Senator Bekkedahl, seconded by Senator Burckhard, and carried on a roll call vote that the concurrent resolution draft [27.3007.01000] providing the Budget Section authority to hold public legislative hearings required for receipt of federal block grant funds during the period from the recess or adjournment of the 70th Legislative Assembly through September 30, 2029, be approved and recommended to the Legislative Management. Representatives Vigesaa, Anderson, Berg, Bosch, Brandenburg, Hanson, Lefor, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nelson, Pyle, Richter, Stemen, Swiontek, Wagner, and Weisz and Senators Bekkedahl, Burckhard, Cleary, Conley, Davison, Dever, Erbele, Hogan, Hogue, Klein, Lemm, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, and Wanzek voted "aye." No negative votes were cast.

REPORT ON FEDERAL FUNDS

Ms. Breck Graves, Fiscal Analyst, Legislative Council, presented a memorandum entitled *Analysis of Federal Funds for Bienniums Ending June 30, 2027, and June 30, 2029*, which provides information regarding federal funds estimated to be received by state agencies during the 2025-27 and 2027-29 bienniums. She noted agencies estimate:

- $6 billion of federal funds will be received during the 2025-27 biennium, $162.1 million more than appropriated.
- $6.2 billion of federal funds will be received during the 2027-29 biennium, $185.2 million more than is estimated to be received during the 2025-27 biennium.

Ms. Graves presented a memorandum entitled *Federal Funds Appropriated and Federal Funds Estimated to be Received - 2025-27 and 2027-29 Bienniums*, which provides information regarding the major variances experienced by agencies during the 2025-27 biennium relating to federal funds

appropriated and federal funds estimated to be received and the major variances estimated for the 2027-29 biennium compared to the 2025-27 biennium.

HUB CITY AND TRIBAL REPORTS ON OIL AND GAS TAXES

At the request of Chairman Vigesaa, Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, distributed reports (Appendix S) pursuant to Sections 57-51-15 and 57-21.2-02 regarding the use of funding from the hub city debt relief funding pool and tribal governing body use of oil and gas tax receipts.

OTHER BUSINESS

Chairman Vigesaa noted the next Budget Section meeting is tentatively scheduled for Thursday, December 3, 2026, following the adjournment of the organizational session.

It was moved by Senator Bekkedahl, seconded by Representative Stemen, and carried on a voice vote that the Chairman and the Legislative Council staff prepare a report and present the report and recommended resolution draft to the Legislative Management.

No further business appearing, Chairman Vigesaa adjourned the meeting at 12:05 p.m.

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Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

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Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:19