

1 **TESTIMONY OF DAVID HOGUE IN SUPPORT SPECIAL SESSION BILL SB 2407**
2 **(25.1421.0200)**

3 **SENATE AND HOUSE JOINT APPROPRIATIONS COMMITTEE**

4
5 **Brynhild Haugland Room; 10:30 AM**

6 **September 2, 2026**
7

8 Good morning Co-chairs Vigesaa and Bekkedahl. My name is David Hogue. I
9 am a North Dakota state senator representing District 38, which includes northwest
10 Minot and the city of Burlington. I appear before your committee to seek support for SB
11 2407 related to the state military museum.

12 North Dakota is a small state by population, but our contribution to this nation's
13 defense has never been small. From the moment we joined the Union, North Dakotans
14 have stepped forward in our nation's common defense. We've sent thousands of young
15 men and women across the Atlantic for both World War I and World War II. During the
16 Cold War, our state stood on the front line in a way most Americans never realized.
17 The intercontinental ballistic missile fields around Minot and the B52s stationed at the
18 Minot Air Force Base made our state one of the most militarily significant patches of
19 ground on the entire planet. For decades our backyard was part of shield that kept our
20 country safe.

21 And our story doesn't end there. Our National Guard units have deployed to
22 Korea, Vietnam, Dessert Storm, Iraq, and Afghanistan. Native veterans from our tribal
23 nations have served with a distinction and a rate of enlistment that humbles the rest of

1 the country. Every one of these North Dakota stories--the foot soldier, the airman, the
2 missileer, the Guardsman, the Native Veteran--is a thread in the same North Dakota
3 flag. Right now, those threads are scattered across our state in basements and attics
4 and legion halls. But the promise of the North Dakota military museum is to gather
5 those artifacts and lessons and assemble them in one place where we can all recognize
6 them, learn from them and celebrate them.

7 As many of you know, we authorized the construction of the North Dakota
8 Military Museum on the capitol grounds in HB 1018, the budget for the ND State
9 Historical Society ("the Society"). The bill authorizes a \$78 million project that was to be
10 funded by \$ 39 million of state dollars and \$ 39 million of private funds. In the 2023
11 legislative session, the legislature authorized a \$ 5 million line of credit to fund design of
12 the project. Below is a conceptual photograph of the exterior of the building structure
13 and the outdoor amphitheater.

ND Military Museum



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2 In HB 1018, the agency budget for the State Historical Society, we structured the
3 way that the Society could access public dollars to build the military museum. In
4 addition to the initial \$ 5 million line of credit from the 2023 legislative assembly, we
5 provided a \$ 20 million line of credit through our Bank of North Dakota. We also
6 authorized another \$ 15 million of public funds from SIIF Fund, **if** the Society received
7 written pledges of approximately \$ 12.8 million. The Society did not meet this important
8 \$ 12.8 million threshold of private pledges that would unlock the \$ 15 million of SIIF
9 funds.

10 The Society made a decision to sign construction agreements and go forward
11 with construction without having a legal right to access the \$ 15 million of public funds
12 that is authorized in section 6(3) of HB 1018. To date the Society has not received
13 sufficient private pledges to access the \$ 15 million from the SIIF Fund. So, as
14 construction progressed on the project, invoices were presented for payment and paid.

15 That routine, monthly business transaction process worked until the Society
16 exhausted the \$ 20 million line of credit. When exhausted, the Society ran out of funds
17 to pay the monthly draws from the contractors and design professionals who are in the
18 process of building the ND Military Museum.

19 The problem of insufficient funding to defray the expenses of the on-going
20 construction has been brewing for more than six months. When legislative leadership
21 became aware of the funding shortfall, we initiated a series of meetings, including the

1 following:

Meetings to address problem

- Kraus-Anderson (Construction manager)
- OMB
- Legislative Council
- BND
- Legislative leadership and appropriations leaders
- State Historical Society & ND National Guard
- Governor's office

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3 Those meetings have made clear that doing nothing to address the funding
4 shortfall has significant adverse financial consequences for the state of North Dakota.
5 I've heard the expression that we should just "fill the hole in the ground." However,
6 there is no hole in the ground to be filled. The project is now a building structure with
7 footings, foundations, and walls. The construction manager has advised the building
8 structure will require placement of a temporary roof and other temporary construction to
9 protect structural elements from the North Dakota frost cycle. When permanent
10 construction resumes, that temporary roof and other temporary construction will have to
11 be removed, and the permanent roof will be constructed in its place.

12 There will be other costs that are unavoidable when a project of this magnitude
13 stalls. These include on-going builders risk insurance, general conditions, mobilization
14 and demobilization costs, extra heating for a non-insulated roof, among other additional

1 costs. The current estimate provided by OMB, in cooperation with the construction
2 manager is that the state of North Dakota will incur \$ 1.7 million of extra costs if there is
3 no funding before January 1 of 2027. So, by authorizing an additional line of credit to let
4 construction proceed, we can avoid substantial additional costs that would not otherwise
5 be incurred.

6 I have also heard it suggested that we should provide enough funding to
7 adequately enclose the building structure and let the building construction idle until
8 there is private funding or until the regular session. That proposal too is problematic
9 from my perspective. It's not a good business decision.

10 Perhaps the biggest cost and the unknown is the potential that the key elements
11 of the project would have to rebid. I have reviewed the construction agreements
12 between the state as the owner and the construction manager and design
13 professionals. These agreements are the industry accepted AIA form agreements with
14 modifications. AIA is the American Institute of Architects. I don't like the structure of
15 the agreements because they dramatically weaken the bargaining position of the owner
16 when the owner defaults on timely payments during the construction period.

17 I will say the ND Attorney General's office has done an outstanding job of limiting
18 the state of North Dakota's financial exposure with legal provisions in the agreement
19 that permit the state of North Dakota, as the owner, to terminate the contract "for
20 convenience" and limit customary financial penalties that a private sector owner would
21 incur for termination of an AIA construction agreement. In particular, the deletion of lost
22 profits for unfinished work is an important provision that limits the state's exposure.

1 Nonetheless, If we choose to pause the construction, there is a substantial risk.
2 The construction contracting parties' leverage relative to the state of North Dakota, as
3 the contracting owner, increases dramatically. With a delay going past January 2027, I
4 am concerned about the potential for rebidding the job and having to pay for
5 subcontractor lost profits, overhead, mobilization costs for multiple, duplicative
6 subcontractors. The amount of economic waste would be at a loss to the people of
7 North Dakota.

8 I realize there is a faction of our legislative members who want to encourage
9 private sector fundraising. In offering this bill, I have studied the prospects of private
10 funding.

11 After we approved the \$ 5 million line of credit in the 2023 session, a group of
12 leaders engaged a private fundraising firm. By January of 2024, the private fundraiser
13 and the JMAC team had come up with a plan to raise the proposed \$ 39 million of
14 private dollars. For two years and eight months, the total fundraising has come to
15 approximately \$ 4.5 million, with \$ 2 million coming from a pledge from one donor.

16 I think we have to be realistic about fundraising. I'm not sure one can reasonably
17 expect that an effort like this can achieve its fundraising goal when it has raised 11 % of
18 its stated goal in 2.7 years.

19 The last expansion of the Heritage Center can inform our judgment here. The
20 last expansion was a \$ 51.7 million project that called for a private donation of 23.21%.
21 I wanted to share with you what a robust list of donors participated in the last Heritage
22 Expansion project.

Sponsorship and donation information for the project remains on display in the Heritage Center's Legislative Hall of Honors. The display lists the following major sponsorships:

- Hess Corporation - \$2 million
- Continental Resources, Inc - \$1.8 million
- Touchstone Energy Cooperatives of North Dakota - \$1,326,261
- Tom and Frances Leach Foundation - \$620,000
- A Kirk and Janet Lanterman - \$500,000
- Basin Electric Power Cooperative - \$500,000
- BNSF Railway - \$500,000
- Great River Energy - \$500,000
- North Dakota Petroleum Council - \$500,000
- Hollis and Theodore Nappen - \$400,000
- Whiting Petroleum Corporation - \$350,000
- Sam and Maryvonne McQuade - \$271,400
- North Dakota Association of Rural Electric Cooperatives - \$256,261
- Bob and Kathy Mau and Family - \$250,000
- Forum Communications Company - \$250,000
- MDU Resources Group, Inc - \$250,000
- North American Coal Corporation - \$250,000
- ONEOK - \$250,000
- Marathon Oil Company - \$200,000
- North Dakota Association of Telecommunications Cooperatives - \$155,000
- North Dakota Grocers Association - \$125,000
- Ruth Dahlgren Hartman - \$125,000
- Neset Consulting Service - \$110,000
- Governor Arthur and Grace Link - \$100,000
- The City of Bismarck - \$100,000
- Barbara McCormick - \$100,000
- Murex Petroleum Corporation - \$100,000
- North Dakota Farmers Union - \$100,000
- Offutt Family Foundation - \$100,000
- Starion Bank - \$100,000
- Statoil - \$100,000
- National Information Solutions Cooperative - \$50,000
- Minnkota Power Cooperative, Inc - \$20,000

The display in the Heritage's Center Legislative Hall of Honors additionally lists the following donors:

\$1 million and more	Continental Resources Inc	Hess Corporation	Touchstone Energy Cooperatives of North Dakota
\$500,000 and more	A Kirk and Janet Lanterman BNSF	Tom and Frances Leach Foundation	North Dakota Petroleum Council

\$100,000 and more	Barry Foundation City of Bismarck Brigham Exploration Company Ruth Dahlgran-Hartman Forum Communications Company Art and Grace Link Marathon Oil Corporation Bob and Karen Mau and Family Barbara McCormick	Sam and Maryvonne McQuade MDU Resources Foundation Murex Petroleum Corporation Hollis and Theodore Nappen Neset Consulting Service North American Coal Corporation North Dakota Association of Telecommunications Cooperatives	North Dakota Farmers Union North Dakota Grocers Association - Honoring Tom Woodmansee Offutt Family Foundation ONEOK Starion Financial Whiting Oil & Gas Corporation
\$50,000 and more	Howard and Ann Dahl and Brian and Terrie Dahl Mark and Cindy Fliginger	Jerrold and Carol Mayer Mid Dakota Center for Women	State Bank and Trust of Fargo
\$25,000 and more	American Bank Center Wally and Joyce Beyer Border States Electric Supply BNI Coal CNH America LLC Eide Bailey LLP	Fireside Office Solutions Gate City Bank Joe Hauer Miller Insulation Company Inc Otter Tail Corporation Otter Tail Power Company	Arthur and Edith Pearson Foundation The City of Portal Art Todd III and Barb Lang United Energy Corporation USDA Forest Service Dakota Prairie Grasslands Wells Fargo Bank

\$10,000 and more	Cyndy Aafedt	Hedahls Inc	The TC and Johanna Nelsen Family
	In Honor of Bert Aas and Gustav Solberg	HGA Architects	The Soren and Margaret Lee Nordby Family
	In Memory of Elaine Andrist	Senator John and Mikey Hoeven	The CL Mattison Family
	AVI Systems	The Norman and Gladys Hofland Family	Jack and Velma Olin
	Emil and Marcia Baranko	In Memory of Burton Hoovestol	The Elmer and Olga Olson Family
	Dr. Rick Becker	Robert and Deanne Horne	In Honor of Edwin and Helen Overboe
	The George "Bud" and Lois Vanderoef Benner Family	FC and Jane Humphrey	Merl and Kathy Paaverud
	Glen and Norma Berg	Inland Oil and Gas Corporation	The Robert and Lewista (Hanley) Paris Family
	Alvera Bergquist	Gordon Iseminger	In Memory of Norman and Lily Rolfson
	Bismarck Lions Club #3214	Michael S Johnson	John Sakariassen
	Bismarck Title Co	In Honor of Vernon and Aida Johnson	In Honor of Harold and Sheila Schafer
	BNC National Bank	Marv Kaiser	Earl Setterlund
	The Olav and Ruth Bye Family	The Edward Keller Family	SIA Marketing
	Capital Credit Union	In Honor of Cecil and Cecilia Klatt	The Alfred and Mande Slaaten Family
	CoBANK	The Klemer Family	Sommerville-Wilson Inc, Split Rock Studios
	Governor Jack and Betsy Dalrymple	In Honor of Andrew and Marie Larsen	The Sons of Norway
	Shirley and Richard Dukart	In Honor of Arthur Smith Livingston and Helen Radcliffe McMillan	The Helen Sorlie Family
	In Memory of Robert K Fruh	The George and Constance Maragos Family	David and Connie Sprynczynatyk
	Michael and Karen Goebel	Jon and Jeannen McMillan	The City of Stanley
	Mike and Lois Gustafson	Brad and Kathy Miller	Steffes Corporation
	In Memory of Alvin and Alpha Halverson	The Peter and Mary Miller Family	The Marvin and Benda Sveen Family
	Armen and Connie Hanson	Bill and Betty Mills	Fern Swenson
	Don and Glenda Haugen		Robert and Susan Wefald

\$5,000 and more	Alerus Financial	First Western Bank	The Kenneth and Mary Mann Family
	The Atkinson Company	Marilyn Hudson	Dakota Paper Company
	Robert Brodshaug	Industrial Builders	Paul Picha
	Dakota Community Bank	Ann Jenks	St Alexius Medical Center
	Darrell and Kathy Dorgan	Johnsen Trailer Sales	Enoch and Madeline Thorsgard
	FEBCO Inc	Lions Clubs	The Todd-Tanner Family Memorial

Gifts under \$5,000	Marva Anderson	C Edward and Faye M Hasche	Susan Quinnell
	The Eleanore Aune Memorial	The Dr Warren Henke Memorial	The Rollie Redlin Memorial
	David Beach	The Mary Hoganson Memorial	Janet Reile
	Gerald Bechhold	The Robert Hoglund Memorial	The Remele Memorial Fund
	In Honor of Claudia Berg	Bruce Haugen	Jim and Joan Ressler
	The Sidney Bergen Memorial	Harry and Kathy Hawken	Tom and Ann Riley
	Andrea Berger	The Carmen Hay Memorial	The John Ritter Memorial
	The Richard Berger Memorial	The George W and Ann L Hektner Memorial	James and Eileen Rouse
	Lynn and Denis Billadeau	The Kenneth Jefferson Wedding Tribute	In Memory of Earl C Rundle and Elinor Aird Rundle
	The Bismarck Mandan Garden Club	Dennis Johnson	Joe and Katherine Satrom
	Bismarck Republican Women	Ken and Karen Karls	Scheels All Sports
	Bismarck Sertoma Club	The City of Kenmare	Dalles and Sue Schneider
	The David Blair Family Memorial	The Kelly Kiemele Memorial	Leland and Elma Severson
	Ernie and Donna Borr	The City of Kindred	Alan Shilepsky
	In Honor of Floyd Boutrous	Susan Kinkle	The Jim Silbernagel Memorial
	The David Bostrom/Albert Zimmerman Memorial	Albert and Helen Klein	The Jon Silengo Memorial
	Morris and Darlene Broeckel	The Viola C Nordstrom Kine Memorial	Sharon Silengo
	The Delores Bryon Memorial	The Neil Knatterud Memorial	Governor George and Jane Sinner
	John Bye	The Glen Knudsvig Memorial	Dave and Becky Skalsky
	The City of Casselton	The Senator Ed Kringstad Memorial	Lanny Smith
	Central Dakota Optimist Club	Bennett and Judy Kubischta	Gustav Staahl
	Bob and Lisa Chersonson	Charles and Adele Kupchella	The Harvey Steinman Memorial
	Jane Cleary	Cathy Langemo	The Bob Stenehjem Memorial
	Steve Cochrane	The John Larson Memorial	Gary and Rita Stenson
	Sara Otte Coleman	Adeline Ley	Wayne Stroup
	Friends of Kent Conrad	The Adeline Ley Memorial	Marlo and Jane Sveen
	Patricia Crary	The City of Lignite	The Esther Teichtman Memorial
	Robert and Kate Crosby	Lindquist and Vennum	ND Legislative 3 rd House Party
	David Dahle	The Art Link Family Memorial	The Bob and Joan Thompson Family
	The Forest W Daniel Memorial	JR Mailing	

Kirk Dean	Jeff and Lucinda Mann	The Jim and June Thompson Memorial
James and Virginia Dixon	Herbert and Shirley Meschke	Ralph Thrane
Garth and Anita Morris-Dockter	The Faye Metcalfe Memorial	Jack and Jane Traynor
Emogene Doverspike	Modern Machine Works	The Kalmer and Lorelei Unhjem Family
Paul Durben	Amy Mosbaek	Unlimited Office Products Inc
The Fort Union Association	Dennis R Murphy	Harry Vadnie
Don and Ardis Gackle	The Elmer T and Eva H Myhre Memorial	Dennis Walaker
Gateway Pharmacy LLC General Mills Foundation	The Anna Nagel Memorial	John Warner
Germans from Russia Heritage Society	Rory Nelson	The Tom Wefald Memorial
Pat Grantier	Paul and Nancy Olson	Wells Fargo Adopt an Artifact
The Governor William Guy Memorial	The Rodney Olson Memorial	Western State Bank
Scott and Mary Handy	Optimist Club of Bismarck	The George F Will Jr Memorial
Martin and Barbara Handy-Marcello	Optimist Club of Jamestown	William and Nancy Willis
The Elaine Hansen Memorial	Theodore and Virginia Pedeliski	The Joanne Ylitato Memorial
The Clayton Hanson Memorial	Pinehurst Family Dentistry	John and Marcia Young
	The City of Powers Lake	Mark Zimmerman

This is the look of a rigorous fundraising effort that took six years. These names are all present at the Heritage Center.

I think the prudent course of action is to continue to authorize funding through a BND line of credit so that construction may continue into this fall and the remainder of the biennium. Perhaps there aren't any good alternatives for the situation we find ourselves in but this represents the least worst one. It provides the least risk and the least cost to the state of North Dakota. I recommend we support this legislation.