

## Testimony on SB 2390 and SB 2097

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Chair Longmuir and members of the committee, thank you for the opportunity to provide testimony today. I am submitting this testimony to clarify the distinctions between SB 2390 and SB 2097, as there was some confusion in the previous hearing on SB 2097 where SB 2390 was referenced. My intent is to provide an objective comparison to ensure an accurate understanding of both pieces of legislation.

### Overview of SB 2390

SB 2390 establishes the **Rural Catalyst Committee** and the **Rural Catalyst Grant Program** to provide financial support for quality-of-life improvement projects in rural communities. This bill creates a \$5 million **Rural Catalyst Fund**, funded through a transfer from the Strategic Investment and Improvements Fund, and is administered by the **North Dakota Department of Commerce**.

Key aspects of SB 2390 include:

- **Grant Eligibility:** Projects must address critical needs in arts and culture, economic and community development, education, health and wellness, or rural grocery store preservation.
- **Funding Structure:** A one-time \$5 million appropriation for grants, with a maximum award of \$500,000 per project.
- **Matching Requirement:** Recipients must provide a **1:2 match** (one dollar from non-state sources for every two dollars from the fund).
- **Governance:** Grants are reviewed by the **Rural Catalyst Committee**, which consists of representatives from regional councils, the legislature, the governor's office, and the Department of Commerce.
- **Geographic Distribution:** At least 50% of funds must be allocated to communities under 1,000 in population.

### Overview of SB 2097

SB 2097 establishes the **Rural Community Endowment Fund**, a **permanent endowment** designed to support the long-term viability, independence, and sustainability of communities under 1,000 in population. Initially introduced as a \$50 million endowment with \$5 million available for immediate grants, the bill has been amended to a **\$5 million endowment fund without immediate disbursement**.

Key aspects of SB 2097 include:

- **Grant Eligibility:** Communities under 1,000 in population for projects that enhance long-term prosperity, independence, safety, health, and overall quality of life. Priority is given to initiatives that create sustainable local economies, strengthen infrastructure, and support workforce development.
- **Funding Structure: Endowment model,** where principal is invested, and only interest earnings are distributed as grants.
- **No Matching Requirement:** Unlike SB 2390, there is no match required for communities to access funds.
- **Governance:** Administered by a **state-appointed Rural Community Endowment Fund Committee**, consisting of the commissioner, nine rural community representatives, and a nonprofit entity dedicated to rural development.
- **Long-Term Sustainability:** Designed to provide **perpetual funding** through investment earnings, ensuring that rural communities have ongoing financial support to address evolving needs over time.

### Key Differences Between SB 2390 and SB 2097

1. **Approach to Funding:**
  - **SB 2390** is a short-term grant program with a single \$5 million appropriation.
  - **SB 2097** is a permanent endowment that grows over time, generating continuous funding.
2. **Grantmaking Process:**
  - **SB 2390** distributes grants immediately based on project proposals.
  - **SB 2097** distributes grants based on investment earnings, ensuring ongoing financial support.
3. **Matching Funds:**
  - **SB 2390** requires a **1:2 match** from non-state sources.
  - **SB 2097** does not require matching funds.
4. **Governance:**
  - **SB 2390** grants are reviewed by the **Rural Catalyst Committee**.
  - **SB 2097** is managed by a **state-appointed Rural Community Endowment Fund Committee** with oversight for long-term impact.
5. **Community Focus:**
  - **SB 2390** funds projects in communities up to **8,500** in population, with 50% reserved for towns under **1,000**.
  - **SB 2097** was designed by rural community members and is **exclusively for communities under 1,000** in population. Over 100 communities have signed on to support this funding strategy.

### **Clarification on Confusion from SB 2097's Hearing**

During SB 2097's hearing, references to SB 2390 may have led to misunderstandings about the intent and structure of these two bills. While both seek to enhance rural development, they do so in fundamentally different ways, including the intended grantmaking strategy, as SB 2097 is geared for a permanent time horizon.

- **SB 2390** is a **short-term catalyst fund** designed to provide **one-time grants** for rural projects.
- **SB 2097** is a **long-term endowment fund** designed to provide **perpetual financial support** for rural communities.

By clarifying these distinctions, I hope to ensure that the committee and stakeholders have a clear understanding of each bill's purpose and structure. Thank you for your time and consideration. I am happy to answer any questions the committee may have.

Respectfully submitted,

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