

SB 2097: Senate Agriculture & Veterans Affairs Testimony

January 17, 2025

Good morning, Chairman Luick and members of the committee, thank you for taking my testimony into consideration today.

My name is Megan Langley, and I am the Executive Director of Strengthen ND. I come before you today not only as an advocate for rural North Dakota but as someone who has lived and breathed the realities of rural life. I grew up as a farm and ranch kid in Eddy County, and I currently live outside the small town of Souris in Bottineau County, a community of about 50 people. With over 15 years of experience in philanthropy and community and economic development for rural communities, I am here to strongly urge you to pass Senate Bill 2097.

Farmers and ranchers like those I grew up around depend on thriving rural communities for essential services, economic opportunities, and quality of life. Rural towns provide the infrastructure, such as roads and bridges, necessary to transport goods to market. They house critical services like fire departments, ambulance services, and agricultural supply stores. They are also the heart of social and cultural connectivity, offering schools, churches, and community hubs that sustain the people who work the land.

When rural communities struggle, so do the farmers and ranchers they support.

Declining populations, aging infrastructure, and limited local resources create challenges that reverberate across the agricultural sector. Senate Bill 2097 directly addresses these challenges by establishing a \$50 million Rural Community Endowment Fund, providing a reliable and accessible source of funding to bolster the long-term sustainability of these vital communities.

A well-designed, set-aside economic and community development fund like the one proposed in SB 2097 also supports long-term property tax relief. By funding essential infrastructure upgrades and community projects, the endowment reduces the financial pressure on local governments and taxpayers.

As communities grow their populations and local economies through these investments, the tax base broadens, further easing the burden on individual property owners. This proactive approach prevents costly emergencies, stabilizes finances, and ensures that small towns can remain vibrant without overburdening their residents.

The need for this fund is not hypothetical; it is urgent and well-documented. We have received inquiries and interest from many rural communities eager to access flexible funding to address their pressing needs. These include:

- **Arthur, Argusville, Erie, Gardner, Grandin, Hunter** – Small towns seeking to modernize community resources, innovatively partner to meet health and wellness needs, and strengthen their local economies.
- **Sheyenne, Fort Totten, Glenburn, Tuttle, Bowbells, Edgeley** – Communities focused on revitalizing housing stock and improving local foods access and livability.
- **Underwood, Hoople, Robinson, New Rockford, Turtle Lake** – Areas aiming to attract residents and businesses through strategic investments.
- **Rhame, Munich, Aneta, Wing, Towner, Donnybrook** – Towns working to address food deserts, outdated infrastructure, and economic diversification.

These communities represent just a fraction of the potential beneficiaries of SB 2097. Each inquiry demonstrates the enthusiasm and readiness of rural leaders to take ownership of their futures when given the resources to do so.

As someone who has spent my life in rural North Dakota—from the fields of Eddy County to my home outside Souris—I have seen firsthand the resilience and innovation of rural communities. But I have also seen the challenges they face. Farmers, ranchers, and small-town residents have the ideas and determination to solve their own problems, but they often lack the resources to act. SB 2097 changes that dynamic, providing a foundation for communities to thrive on their own terms.

Senate Bill 2097 is not just about funding projects; it's about investing in the people and places that make North Dakota strong. It's about ensuring that farmers, ranchers, and rural residents have the support they need to succeed. And it's about creating a legacy of sustainable growth and opportunity for generations to come.

I urge you to pass SB 2097 and give North Dakota's rural communities the tools they need to thrive.

Included with my testimony today are some frequently asked questions for the fund to support your decision-making. Thank you for your time and consideration. I am happy to stand and answer any questions the committee may have.

Megan Langley, Executive Director, Strengthen ND
(701) 303-0840 | megan@strengthennd.com

Frequently Asked Questions: SB 2097

What is the Rural Community Endowment Fund?

The Rural Community Endowment Fund is a proposed \$50 million permanent fund designed to provide long-term, sustainable financial support to rural North Dakota communities with populations under 1,000. The fund will offer grants for essential projects such as housing, workforce development, infrastructure upgrades, and community revitalization.

Why is the Rural Community Endowment Fund needed?

Rural North Dakota communities face significant barriers, including:

- Limited access to flexible funding for critical needs.
- Lack of resources to secure federal or state funding due to matching fund requirements or complex application processes.
- Declining populations and aging infrastructure in need of repair, threatening long-term viability.
- Structural urbanism and funding biases favoring larger, urbanized areas.

Without immediate investments, rural areas risk population decline, infrastructure failure, and public health crises. The cost of inaction will far outweigh the cost of proactive funding.

How will the fund work?

- **Permanent Principal:** The \$50 million principal will remain untouched, ensuring the fund's sustainability. **In an ideal investment scenario, assuming up to 7% investment returns and 1.5% investment fees, along with a 4.5% distribution rate, after 20 years, the Rural Community Endowment Fund will have invested \$50M in rural communities while building the fund to just over \$60M.**
- **Grant Distribution:** Interest earned on the principal will be used for grantmaking, awarded competitively through a process managed by a nonprofit partner and overseen by the Rural Community Endowment Fund Committee.
- **Immediate Impact:** \$5 million is earmarked for immediate grants during the 2025–2027 biennium.

Who will administer the fund?

The fund will be advised by a Rural Community Endowment Fund Committee, comprising rural community residents and nonprofit representatives. Committee members will be approved by the State. Through a competitive Request for Proposals

(RFP) process, the State will select a nonprofit, state-based grantmaker to administer the fund's overall grantmaking process.

The Rural Community Endowment Fund will add no permanent full- or part-time positions to State government.

Who is eligible for funding?

The fund will prioritize cities with populations under 1,000 as defined by the most recent census. Grants will target projects that address local housing, economic growth, and community infrastructure.

What types of projects will the fund support?

Eligible projects include:

- **Housing Development:** Addressing shortages and revitalization needs.
- **Workforce Initiatives:** Attracting and retaining talent.
- **Infrastructure Improvements:** Upgrades to water and sewer systems, roads, and public facilities.
- **Community Projects:** Enhancing safety, health, and quality of life, such as parks, childcare facilities, and hybrid local stores.

What is the expected impact of the fund?

The fund aims to:

- Strengthen the capacity of rural communities to secure additional state, federal, and private funding.
- Enhance the vibrancy and livability of rural areas.
- Reduce reliance on state funding by fostering local autonomy and resilience.
- Address critical issues like declining infrastructure and population loss, ensuring rural communities remain vital.

How does this fund support long-term property tax relief?

- **Reducing Tax Dependency:** The fund provides an alternative to property tax revenue for critical community projects, easing the financial burden on local taxpayers.
- **Growing the Tax Base:** Investments in infrastructure, housing, and workforce development attract new residents and businesses, expanding the local tax base and lowering the per-capita tax rate.
- **Preventing Crises:** Proactive funding reduces the likelihood of costly emergency repairs or interventions that would require tax increases.

How does this fund compare to other endowment funds in North Dakota?

The Rural Community Endowment Fund is modeled after successful state endowments like the Legacy Fund and the Common Schools Endowment Fund. However, its focus is specifically on empowering rural communities with flexible, accessible funding.

Who supports this legislation?

The bill is sponsored by:

- Senator Tim Mathern (Fargo)
- Senator Terry Wanzek (Jamestown)
- Representative Mike Brandenburg (Edgeley)

How will accountability be ensured?

Annual reporting to legislative management and appropriations committees will ensure transparency and effective use of resources. Reports will detail:

- Fund usage
- Program outcomes
- Success stories and lessons learned

What challenges does this fund address?

The fund addresses challenges such as:

- Declining infrastructure and housing stock in rural towns.
- Limited capacity to meet federal and state funding requirements.
- The need for community-driven solutions tailored to unique rural challenges.
- A lack of flexible and accessible funding for small, underserved communities.

How can I learn more?

For more information, contact:

Megan Langley

Executive Director, Strengthen ND

Phone: (701) 303-0840

Email: megan@strengthennd.com