

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2395

2007 SENATE NATURAL RESOURCES

SB 2395

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2395

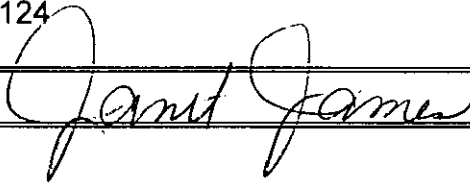
Senate Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: # 3124

Committee Clerk Signature



Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee opened the hearing on SB 2395 relating to allocation of moneys in the resources trust fund and to provide a continuing appropriation.

All members of the committee were present.

Senator Constance Triplett, of District 18 prime sponsor of SB 2395 introduced the bill stating the original history of the resources trust fund indicated it was to be authorized to be used for water projects and energy conservation purposes. It has been determined that in the 26 years of existence not one cent has ever been used for energy conservation purposes and it is time to fix that. The bill proposes that \$5 million of the fund should go to water projects and the next \$10 million be divided evenly between water project and energy conservation while the rest available for what ever the legislature see fit. She proceeded to speak towards the need for the state to have some input into energy conservation projects in the state. There are many public buildings that need updating to make them cost effective which in part would make a difference on property taxes paid by the citizens. Saving energy is just as important as moving water around as both are vital to the future well being of North Dakotans.

Senator Terry Potter of District 35, cosponsor of SB 2395 testified before the committee (See attachment #1). He further stated Paul Govig of the North Dakota Department of Commerce was present for questions.

Senator Lyson asked for testimony in opposition to SB 2395.

Dale Frink State Engineer for the North Dakota Water Commission testified in opposition to SB 2395 (See attachment # 2) He further stated that taking money from the water projects will have a negative effect on the renewable and energy projects.

Senator Joel Heitkamp stated that in Senator Potter's testimony he stated in the history of the resources trust fund, the people of North Dakota voted for this money allocation and asked if it is true and if it has never been done.

Dale Frink confirmed this to be true although the need for water projects has been so great that the commission has not gotten to the other part of it. Even though there has been a lot of progress, there is a tremendous amount of needs.

Senator Heitkamp acknowledged oil revenue is down and asked if the money from the tobacco settlement is remaining consistent with what is supposed to be paid.

Dale Frink answered that amount is down but that it was built into the revenue forecast report. It is down 1 ½ million dollars but is expected and planned for.

Senator Constance Triplett asked Paul Govig to come to the podium.

Paul Govig, Director of the Division of the Community Services stated their division has the office of renewable energy and energy efficiency and would be part of this process and would answer any questions of how funds would be used.

Senator Triplett asked him to define the needs in this area.

Paul Govig answered that depending on what the amount would be, they would determine where the greatest need and until that time would not venture any further. There is a significant

need for energy efficiency features and improvement for many state building would be a priority.

Senator Lyson closed the hearing on SB 2395.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2395

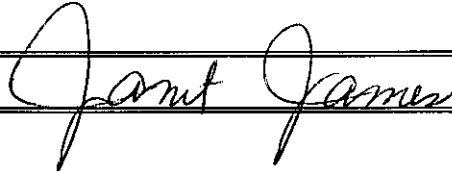
Senate Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 9, 2007

Recorder Job Number: # 3255

Committee Clerk Signature



Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee brought the committee to order for committee work on SB 2395.

All members of the committee were present except Senator Constance Triplett.

Senator Joel Heitkamp asked if the bill should have to go to appropriations and if the committee would be willing to amend SB 2395 to take out the Water Resource Trust Fund and put a \$1 million out of the general fund so that appropriations could handle the bill.

Discussion was held and it was decided the bill should not go to appropriations.

Senator Heitkamp continued that there was a promise made out of that resources trust fund to go to environmental concerns and this has not been done. As a water developer he considers water to be an environmental issue. Senator Constance Triplett asked him to try and refer the bill to appropriations.

Senator Lyson asked what is more important to the public than water and it is at the top of the list for appropriations.

Senator Herbert Urlacher commented there is work already being done outside of the resources fund and the public are not screaming about this issue.

Senator Heitkamp stated this issue will move from the east to western parts of the state as 6-7 coal powered industrial plants will need water and there will be controversial issues on the way.

Senator Lyson commented he could not vote for the bill although he sympathizes with what is being said,

Senator Layton Freborg stated he did not think the bill should be sent to appropriations at this point when it is certain they will die.

Senator Heitkamp asked for it to go on record that he attempted to do as Senator Triplett had asked him to do.

Senator Freborg told the story of not getting money for small water projects in his district.

Senator Heitkamp commented sometimes it is necessary to go about things differently in order to get ahead in the pecking order.

Senator Lyson told a story of the difficulty of getting water in his area.

Senator Herbert Urlacher made a motion for a Do Not Pass.

Senator Ben Tollefson second the motion.

A roll call vote for a Do Not Pass of SB 2395 was taken indicating 5 Yeas, 1 Nay and 1 absent.

Senator Urlacher will carry SB 2395.

Date: 2-9-07

Roll Call Vote #: _____

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2395

Senate Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Urlacher Seconded By Tollefson

Senators	Yes	No	Senators	Yes	No
Sen. Stanley Lyson, Chairman	✓		Sen. Joel Heitkamp	✓	
Sen. Ben Tollefson, ViceChairman	✓		Sen. Jim Pomeroy		✓
Sen. Layton Freborg	✓		Sen. Constance Triplett		
Sen. Herbert Urlacher	✓				

Total (Yes) 5 No 1

Absent 1

Floor Assignment Urlacher

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2395: Natural Resources Committee (Sen. Lyson, Chairman) recommends DO NOT PASS (5 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2395 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2395

Testimony of Sen. Tracy Potter supporting SB 2395, Senate Natural Resources Committee

Please let me take you back in history to 1980. A coalition came together to write what would become Initiated Measure #6 on the General Election ballot. The coalition included the North Dakota Education Association, the North Dakota Farmers Union, the North Dakota AFL-CIO, Tax Commissioner Kent Conrad and a newly-formed group called Dakota Sun.

The coalition boldly proposed an additional 6.5% tax on oil extraction. As one of North Dakota's rich but finite natural resources was drawn down, tax revenue would be invested in the state's future. The bulk of the tax revenue would be invested in our children and their education. A smaller portion would go to fuller utilization of our water resource. Due to the influence of Dakota Sun, 10% would go toward renewable energy and conservation. Measure 6 was overwhelmingly endorsed by the voters.

The legislature immediately began to tinker with the measure. Most importantly the legislature overruled the people and made contributions from the tax to renewable energy and conservation an optional matter.

In all those 26 years since the voters directed 10% of oil tax money to energy conservation and renewable energy development, none of it has gone that way. By passing this bill we will finally be keeping faith with the voters.

It will be argued that water projects are crucial, expensive, urgent and that other sources of funding should be used for conservation and alternative energy development. I will argue it's the other way around. Certainly the state has a big role to play in water projects - that's been government's role for 5,000 years or so. But I think we've all become aware that energy is crucial, and solutions are expensive and urgent. Most importantly, energy conservation and supporting alternative energy development are not one-time projects. They are long-term and continuing commitments. It is entirely appropriate to direct a dedicated fund to our continuing commitments. That is even more true when you're talking about taxing a finite energy resource to develop infinite ones. On the other hand, water projects perfectly fit the description of one-time projects. The kind everyone thinks are appropriate uses of the surplus.

I'd like to point your attention to the budget of the Division of Community Services - presumably the Industrial Commission would utilize their expertise in energy conservation and renewable energy development. They are the agency charged with implementation of the state energy plan. They handle energy conservation issues to make state buildings energy efficient. They formerly provided that service to schools and hospitals, but no longer have the resources.

The Division of Community Services is in the Department of Commerce. Its budget is almost entirely federal money. With federal cutbacks, it's budget is actually down a little for the coming biennium. This is incredible on a couple of counts - first, everyone everywhere is talking about energy, yet the agency in charge of our state energy plan has a decreasing budget while the state has a record surplus. Second, it's in the Department of Commerce, where every other division is seeing a big increase in general fund spending. It's my belief that the Industrial Commission will enlist the Commerce Department and the Division of Community Services in this effort.

TESTIMONY ON SENATE BILL 2395

Senate Natural Resources Committee

**Dale L. Frink
North Dakota State Engineer, and
Chief Engineer-Secretary to the
North Dakota State Water Commission**

February 8, 2007

Mr. Chairman and members of the Senate Natural Resources Committee, I am Dale Frink, North Dakota State Engineer, and Chief Engineer-Secretary to the North Dakota State Water Commission.

It is my pleasure to appear before you today regarding Senate Bill 2395.

Senate Bill 2395 appropriates a significant portion of the Resources Trust Fund to the Industrial Commission for energy conservation and renewable energy sources.

All of the funds in the Resources Trust Fund were allocated to the State Water Commission for water development in the executive budget. I recommend that this not be changed.

It is important to remember that one of the greatest challenges for ethanol and other bio-fuel development is securing adequate supplies of water. The State Water Commission staff has recently spent considerable time on this issue.

At this present time, we are working with potential developers in Hankinson, Casselton, Oakes, and other locations in the search for water. Water use permits have not been approved for any of these facilities.

Diverting funds away from projects such as the Northwest Area Water Supply (NAWS) project and the Red River Valley Water Supply project will only expand the problem of water shortage.