

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/07/2019**

Amendment to: HB 1120

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>		\$0		\$725,000		
<b>Expenditures</b>		\$0		\$0		
<b>Appropriations</b>		\$0		\$0		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Authorizes the State Board of Higher Education to sell the arts building at Dickinson State University.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Authorizes the State Board of Higher Education to sell the arts building at Dickinson State University. This building is located off campus on West Villard Street in the City of Dickinson. The building is no longer used by Dickinson State University. Two commercial appraisals were obtained in May of 2018 and resulted in a suggested sale price of \$725,000.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Anticipated special fund revenues of \$725,000 will be generated from the sale of the building and land. This revenue is not included in HB1003.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** David Krebsbach

**Agency:** North Dakota University System

**Telephone:** 701-328-4111

**Date Prepared:** 01/10/2019

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/07/2019**

Bill/Resolution No.: HB 1120

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**Name:** David Krebsbach

**Agency:** North Dakota University System

**Telephone:** 701-328-4111

**Date Prepared:** 01/10/2019

**2019 HOUSE EDUCATION**

**HB 1120**

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Education Committee Coteau A Room, State Capitol

HB 1120  
1/14/2019  
30743

- ☐ Subcommittee  
☐ Conference Committee

Committee Clerk: Bev Monroe
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### Explanation or reason for introduction of bill/resolution:

Authorize Board of Higher Ed. To convey arts building at DSU

### Minutes:

Attachment 1, 2
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**Chairman Owens:** Opened the hearing on HB 1120.

**Rep. Lefor:** (See attachment 1, 2). This bill seeks authority to sell the building through the Board of Higher Education.

**Chairman Owens:** Any questions?

**Rep. Pat D. Heinert:** When other colleges in the state sell off property, are monies retained by each college for property sold or does it go back into the university fund or into the general fund?

**Rep. Lefor:** Each situation is different, as this is a unique situation. They have gone back to the university that owned the facility.

**Chairman Owens:** Anyone else in support of HB 1120.

**Tom Mitzel, President, DSU:** When I arrived, the Arts Building was utilized by the Arts Department and was a storage for our facilities. This was not an ideal situation for convenience and safety issues (with traffic concerns and fire egress). Also, there are vacant buildings on campus. My goal was to rebuild the community on campus and the connections with the larger Dickinson community. The decision was made to bring the Arts Department back onto the university campus and are all set up. The use of storage from that building was products/items that are fairly old and needed to go through state surplus and be decommissioned and disposed of, which we have done. We have no use for that building at this time. The location is conducive for downtown renovation at the state and city levels. If it is put back into the taxpayers hands it helps the community and the university, so we won't have to take care of it any longer. I am in favor of the bill.

**Chairman Owens:** Any other questions?

**Rep. Marschall:** It puts it back to the tax roll, you don't currently pay taxes on the property?

**Tom Mitzel:** No, it is a state-owned property. It is tax free at this stage.

**Chairman Owens:** Further questions?

**Rick Tonder**, Director of Facility Planning, NDUS: A clarification on the proceeds of the sale – if the legislation is silent, the monies go back to DSU. The legislation can be specific on the proceeds of the sale to say they must be returned to the general fund or something on that order. My request is that it goes back to the state. Another clarification on property tax – if it remains in a lease environment they pay property tax because it is no longer a university function in that the property will be back on the community tax roll.

**Chairman Owens:** Any further questions?

**Rep. LaurieBeth Hager:** Have there been other buildings at any of the other institutions that have gone through this particular buy/sell situation?

**Rick Tonder:** As far as having it being leased and then sold or just simply sold as a type of property?

**Rep. LaurieBeth Hager:** Either would be fine.

**Rick Tonder:** Pretty routine in fact. We have sold property at UND; you can come to the Legislature and ask for permission to sell it. Where state appropriations are used in the purchase of the property, the sale of that property is within the realm of the legislature and the governor to approve. For example, the Dakota Hall (UND) was put on the chopping block after the last session.

**Chairman Owens:** The standard application is the money goes to the university unless otherwise directed in the law?

**Rick Tonder:** Yes, that is my understanding.

**Chairman Owens:** Further questions in support, opposition or neutral testimony on HB 1120? Seeing none, I close the hearing on HB 1120.

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Coteau A Room, State Capitol

HB 1120  
1/15/2019  
30828

☐ Subcommittee  
☐ Conference Committee

Committee Clerk: Bev Monroe
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## **Explanation or reason for introduction of bill/resolution:**

Authorize Board of Higher Ed. To convey arts building at DSU.

## **Minutes:**

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**Chairman Owens:** Opened the hearing on HB 1120.

**Rep. Dennis Johnson:** Motion to amend for purposes of adding an emergency clause

**Rep. Longmuir:** Seconded

A Roll Call Vote was taken: 13 Yes, 0 No, 1 Absent

**Rep. Dennis Johnson:** Recommend a Do Pass as amended and rereferred to Appropriations

**Representative Denton Zubke:** Seconded

A Roll Call Vote was taken: 13 Yes, 0 No, 1 Absent

Do Pass carries.

Rep. Hoverson will carry HB 1120.



DA 1/15/19

19.0690.01001  
Title.02000

Adopted by the Education Committee

January 15, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1120

Page 1, line 2, after "university" insert "; and to declare an emergency"

Page 1, after line 14, insert:

**"SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

Date: 1/15/19  
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1120

House Education Committee

☐ Subcommittee

Amendment LC# or Description: 19.0690.01001

Recommendation: ☒ Adopt Amendment  
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Rep. D. Johnson Seconded By Rep. D. Longmuir

Representatives	Yes	No	Representatives	Yes	No
Chairman M. Owens	✓		Rep. Guggisberg	✓	
V. Chair. Schreiber-Beck	✓		Rep. Hager	✓	
Rep. Heinert	A				
Rep. Hoverson	✓				
Rep. D. Johnson	✓				
Rep. M. Johnson	✓				
Rep. Johnston	✓				
Rep. Longmuir	✓				
Rep. Marschall	✓				
Rep. Pyle	✓				
Rep. Strinden	✓				
Rep. Zubke	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment \_\_\_\_\_

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

Date: 1/15/19  
Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1120

House Education Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☐ Adopt Amendment  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☒ As Amended ☒ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Rep. D. Johnson Seconded By D. Zubke

Representatives	Yes	No	Representatives	Yes	No
Chairman M. Owens	✓		Rep. Guggisberg	✓	
V. Chair. Schreiber-Beck	✓		Rep. Hager	✓	
Rep. Heinert	✓				
Rep. Hoverson	✓				
Rep. D. Johnson	✓				
Rep. M. Johnson	✓				
Rep. Johnston	✓				
Rep. Longmuir	✓				
Rep. Marshall	✓				
Rep. Pyle	✓				
Rep. Strinden	✓				
Rep. Zubke	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Hoverson

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

**REPORT OF STANDING COMMITTEE**

**HB 1120: Education Committee (Rep. Owens, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1120 was placed on the Sixth order on the calendar.

Page 1, line 2, after "university" insert "; and to declare an emergency"

Page 1, after line 14, insert:

**"SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

**2019 HOUSE APPROPRIATIONS**

**HB 1120**

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Roughrider Room, State Capitol

HB1120  
1/31/2019  
31896

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Risa Bergquist
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**Explanation or reason for introduction of bill/resolution:**

**An Act to authorize the state board of higher education to convey the arts building at Dickinson state university.**

**Minutes:**

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**Chairman Delzer: Calls the meeting to order for HB 1120**

**Representative Owens:** This is an old DOT building Dickinson State took over several years ago and used to hold classes in, it's now sat for 2 years and DSU has pulled its classes. There is now interest to lease the building but they don't have permission to sell it can take it off the books. Historically the money would go back to the university unless otherwise specified. Proceed would be about 725 thousand, but since they have leased it any improvements made by the leaser would get credit for those improvements, with the hope to sell it to the leaser.

**Chairman Delzer:** Does the bill specify that it has to be an open bid?

**Representative Owens:** I believe that was the case.

**Chairman Delzer:** I don't think that's the case and the way it's worded, that its determined by the state board or a designee of the board, I don't think that means that it has to be an open bidding process.

**Representative Owens:** It was stated in committee "if approved to sale but without he ability to list the lease as the purchaser the lease also accommodates the purchase of improvements." It was testified that they couldn't specify the leaser as the purchaser.

**Chairman Delzer:** Brady would you do a little research on that?

**Representative Sanford:** This building is actually across the street a block or so away, not an appropriate building and should not be used for the college.

**Chairman Delzer:** Did you ask them if the money goes back to DSU what are they planning on using the money for?

**Representative Owens:** It was planned to replace some of the reserved dollars that were spent during the current biennium.

**Representative Schmidt:** I'd like to point out that the building doesn't belong to the college it belongs to the state of North Dakota. Can we dictate where these dollars go when the buildings are sold?

**Chairman Delzer:** It would be entirely up to us to say where it goes and it would be up to us to lower their amount going to them by this amount if we wanted to. Not sure that's the way to go but we have the authority to do that.

**Representative Owens:** We did ask higher ed about that and it was stated that unless the legislature specifically states in the bill that the money goes to a certain fund then based on tradition when it's not specified it's returned to the university.

**Representative Schmidt:** It's pretty close to the value of digitalization, just a thought.

**Chairman Delzer:** That's why we wanted to have this before we heard the higher ed budget. Nothing further? We will close the hearing.

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

HB 1120  
1/31/2019  
31906

- ☐ Subcommittee  
☐ Conference Committee

Committee Clerk Risa Bergquist
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### Explanation or reason for introduction of bill/resolution:

**An Act to authorize the state board of higher education to convey the arts building at Dickinson state university.**

### Minutes:

**Chairman Delzer:** Brings HB 1120 back up. Is it your thoughts that a certain portion of this should be required to go to the digitization? If they are asking for 750 how much do you want to cover? And is all that for digitization or was some of that for remodeling some buildings?

**Representative Monson:** The 750 was pretty much to hire 3 people to do the digitization the biennium and then it would cover some operating expenses.

**Chairman Delzer:** Isn't that in their budget currently and now they are asking for more? That's to hire 3 people and what did we give them last time? 500? So we are talking about the same 3 people they are asking for this much more.

**Representative Monson:** We did sweep the 9.2 million that was previously appropriated to the TR, that's in the general fund now, that's been turned back in.

**Chairman Delzer:** I believe the turn back number right now is 34 million right now and the would include the DOCR number as well as this 9.2 from the TR Center.

**Representative Martinson:** We could amend the higher education bill to say that proceed from this sale go to the digitization and we will appropriate funds up to 750 to make up the difference if there is one. Pretty easy amendment to do.

**Chairman Delzer:** I think we should do it in this bill. We'll have to have more discussion on that. We'll close this meeting.



# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

HB 1120  
2/6/2019  
32263

- ☐ Subcommittee  
☐ Conference Committee

Committee Clerk Risa Bergquist

### Explanation or reason for introduction of bill/resolution:

**To authorize the state board of higher education to convey the arts building at Dickinson state university**

### Minutes:

**Chairman Delzer:** We are looking at HB 1120; Dickinson state would like to sell a building that is already being renovated by its tenants. I think they do have to put it up for bids, I don't think they can limit to just that group. I think there's something in there that if someone else buys it they have to pay this group back for the updates. There is an emergency clause on it. We had some discussion on whether or not this should be left there for the digitalization on the TR center that goes on at Dickinson State.

**Representative Monson:** They were requesting 750 thousand which is close to this amount, we did reduce that to 250 thousand in HB 1003 so if this brings in that amount it would be about ½ million over what that would cost.

**Chairman Delzer:** I believe the board of higher education would have to approve this and then will have to meet and decide where the money will go. Dickinson State is requesting that is goes back into their reserves to try to make up some of their losses in enrollment. I don't see any reason to hold the bill up, what are your wishes?

**Representative Meier: I will move a Do Pass**

**Representative Schatz: Second**

**Chairman Delzer:** Further discussion?

**A Roll Call vote was taken. Yea: 19      Nay: 0      Absent: 2**

**Motion Carries Representative Hoverson will carry the bill.**

**Chairman Delzer:** If there is no further discussion we will close this meeting.

Date: 2/6/2019  
Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1120**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☐ Adopt Amendment  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Representative Meier Seconded By Representative Schatz

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	A				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	A				
Representative Howe	X		Representative Boe	X	
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock	X	
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 19 No 0

Absent 2

Floor Assignment Representative Hoverson

**Motion Carries**

**REPORT OF STANDING COMMITTEE**

**HB 1120, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)**  
recommends **DO PASS** (19 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).  
Engrossed HB 1120 was placed on the Eleventh order on the calendar.

**2019 SENATE EDUCATION**

**HB 1120**

# 2019 SENATE STANDING COMMITTEE MINUTES

**Education Committee**  
Sheyenne River Room, State Capitol

HB 1120  
3/5/2019  
33179 (14:35)

☐ Subcommittee  
☐ Conference Committee

Committee Clerk: Lynn Wolf
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## Explanation or reason for introduction of bill/resolution:

A bill for an Act to authorize the state board of higher education to convey the arts building at Dickinson state university; and to declare an emergency.

## Minutes:

Att. #1-Lefor
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**Chairman Schaible:** We will open the hearing for HB 1120. Representative Mike Lefor.

**Mike Lefor, Dist 37: See Att. #1.** I bring HB 1120 before you. Dickinson State University (DSU) has been undergoing a transformation in the last several years. One of the things our president Tom Mitzel has done is looked over all the facilities and buildings DSU utilizes. The building we are talking about today is known as the DSU Arts Building. It is located on West Villard a few blocks from the main campus. The intent here is since the Arts program has now gone back on to the campus, this building is no longer necessary for campus needs. It would save operations and maintenance costs and also provide an opportunity for this building to go onto the property tax rolls in the city of Dickinson. There is slated to be a brewery to be there. This would still have to go through the public bidding process through the State Board of Higher Education (SBHE). Basically what this bill does is allow the SBHE the opportunity to sell this building which DSU no longer uses. They have a lease with a company that wants to put a brewery in – the University did get the permission from the chancellor to enter into this lease and so, if some else were to be the highest bidder, then they would have to reimburse the company that has done the improvements to the building. It does have an emergency clause on it. For the last couple of biennium, DSU – I should say this last biennium and the biennium to come has been doing a great job in recruiting and stop the down flow in enrollment and has seen an uptick in that which has helped them financially. The other point I wanted to make is that this biennium and the next biennium DSU is using \$2 million in reserve funds that were built up for operational purposes. This would also give DSU these dollars to help with their operations as well. We appreciate your positive consideration of HB 1120.

**Chairman Schaible:** You said the money would be going to operations and maintenance – is there any –

**Mark Lefor:** I am sorry; the funds would go into the DSU reserves.

**Chairman Schaible:** What can that be used for?

**Mark Lefor:** That can be used for operations and maintenance and things like that.

**Chairman Schaible:** The reason I bring that up is because we had a bill that was similar to that with – I believe it was UND – and of course that did need to go forward, but I asked that question before so, I think it is appropriate that I ask that again in this situation. We always get requests for deferred maintenance and then we get questions on other things that universities want to do and it seems to me that if we are going to allow the sale of property that we make sure the money goes to immediate needs, not expanding other things.

**Mark Lefor:** I can assure you that President Mitzel is doing everything he can to consolidate things and continue to work to grow the enrollment at DSU. It is not for expansion of anything.

**Chairman Schaible:** I am not suggesting that it is, it is just that as I said, it is important that we address those items because we always get requests for more money and then we also get requests for deferred maintenance. It seems deferred maintenance is a high priority, maybe that is where we should focus that interest on. Other questions.

**Senator Rust:** As I look at this bill, it does three things – is that correct? 1) it allows the SBHE to convey – aka – sell the building. 2) it says they determine the terms of that and 3) it says that if there have been improvements done to the building that gets taken into account and repaid during the selling of it. Is that correct?

**Mark Lefor:** Yes, that is correct.

**Chairman Schaible:** Other questions? Thank you.

**Rich Wardner, Dist 37:** I am here to echo the thoughts of Representative Lefor on HB 1120. DSU is reorganizing and restructuring and this is a critical part. When it comes to the land, it has to have an appraisal, it has to go through all that. They have done all the due diligence so that it is done correctly. This is critical for the university as they have restructured and are moving forward. Instead of having buildings all over the city, this building happens to be an old highway department building – if you can imagine they have had art in there – in the truck bay they were doing I guess landscaping – I don't know what all they did there. Anyway, it is two blocks south of the campus, so it worked out pretty well, but, it is time that they let that property go and there is a good private enterprise going in there that will be paying property tax now – city and county. I have been waiting for this bill for quite a while. I would appreciate getting this thing –

**Chairman Schaible:** I feel the immediate need- are you happy were the money goes? What is your thoughts on that?

**Rich Wardner:** You are going to have President Mitzel up here. He is cut the budget in that institution to the bone. To the bone. Last two sessions, we had to have extra money appropriated to keep the university going. It is not this time because of the restructuring, selling these properties, building up some reserves and cutting all the fat out of that budget. It is a bare bones budget at that university moving forward. I think what he is doing is fantastic.

**Chairman Schaible:** Other questions. Other testimony in favor of the bill.

**Thomas Mitzel,** President of DSU: Thank you for the opportunity to tell you a little bit about why we are trying to sell this building and how much it will help. That building was acquired in 1979 for DSU and we are grateful for the state for giving those funds at that time. We stopped using it in 2017 for a couple of reasons. One, the enrollment at DSU at one point had been right around 2800 students. When I arrived it was around 1300. We needed to build up the core campus. We had empty buildings on the core campus, we had empty buildings around the city. That is not how to run a university. To the Arts Building or the DOT building that is the focus of attention today, was in need of a fair bit of work and had we held on to it the maintenance that we would need to keep that building up to code is fairly heavy and we made the decision to bring the Art Department back to campus – we had plenty of space for them, they are much happier, but we don't want to have an empty building sitting on one of the major streets of Dickinson not being used and not going back on to the tax rolls. We made the decision to go forward and try to get that building sold. We have a good leasee in the building right now and they would have – as would others through the process – a chance to purchase that building as it would go through the SBHE. They would put someone in charge to go through the bidding process with us to make sure that everything is kept up to code as it is right now. The last biennium, we were given about a 38% state appropriation. At the time, I had just arrived and we didn't know how we would get through with a 38% appropriation, so we had some one time funding to give us a chance to plan our finances so that we could get through that last biennium, but not have to come back for extra money. Part of that was we did cut an incredible amount off the campus and we are still doing fine. Our students have not noticed and we are running every major we were before. We are much leaner but the student education remains as high as it has. Part of what we had to do was to spend some of our reserves and that puts us in a precarious position of not having much money for anything that may occur. With the sale of the buildings we get to replenish those reserves when we have instances arise. Second, one of my big goals was to rejuvenate the campus community and we have several buildings around the city which we are no longer using because we don't need to, but it spreads our students out. It spreads our faculty out. I am trying to build up the core of DSU once again. We have a beautiful campus 110-acre campus and I feel it needs to be further utilized. We are making fairly good progress. I always want to be making progress a little more quickly, but it is coming along very nicely. Part of putting this building into a taxpayer role, relieving the state of having to do maintenance on it would be part of building that core once again for the institution. I think we are moving in a wonderful direction. If you can give a Do Pass for this bill, that would help us continue to move in that direction.

**Senator Rust:** Do you know what we paid for that building in 1979?

**Tom Mitzel:** Yes, we paid \$169,000 and I believe the two appraisals were given, but I can reiterate them – we had two appraisals done which is what we were to do through state appropriations and one was at \$800,000 the other was at \$650,000, so it is placed on the market at \$725,000. We always go with the average of the two bids.

**Senator Rust:** You made a statement about enrollment and I was busy writing and I didn't get it down. You talked about over 2000 in what year and down to 1300 and what is the current?

**Tom Mitzel:** The last year that I have records – prior to my arrival the enrollment had been dropping for about six years. It was six year ago it was at 2100 – it had at one point been at 2800 – six years ago it was at 2100. It dropped down to just under 1300. We are right now right around 1400. My goal is to get back to 1850 or 1900. 2800 was a little too large for our campus, but I think 2000 is a really good number for the size of the campus we have. That is the goal to get back to that number.

**Chairman Schaible:** Thank you. Other testimony in favor of the bill. Agency testimony. Any opposition testimony?

**Rick Tonder, Director of Facility Planning, University System:** There were some comments about the nature of the money as it originated with appropriations and the proceeds are to retain their identity as it goes through. It would be as it was before appropriations. If there are any questions on the technical side...

**Chairman Schaible:** Any questions? Seeing none, thank you. Any testimony in opposition? Seeing none, we will close the hearing on HB 1120.



# 2019 SENATE STANDING COMMITTEE MINUTES

**Education Committee**  
Sheyenne River Room, State Capitol

HB 1120  
3/5/2019  
33230 (1:09)

☐ Subcommittee  
☐ Conference Committee

Committee Clerk: Lynn Wolf
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## **Explanation or reason for introduction of bill/resolution:**

A bill for an Act to authorize the state board of higher education to convey the arts building at Dickinson state university; and to declare an emergency.

## **Minutes:**

No Attachments.
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**Chairman Schaible:** Committee, we will look at HB 1120.

**Senator Rust: Motion to Do Pass on HB 1120.**

**Senator Elkin: Second.**

**Roll Call Vote taken: Yeas: 7; Nays: 0 Absent: 0.**

**Motion Carries.**

**Senator Elkin will carry the bill.**

Date: 3-5-19  
Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1120**

Senate Education Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☒ ~~Adopt Amendment~~  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations

☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Sen Rust Seconded By Sen Elkin

Senators	Yes	No	Senators	Yes	No
Chairman Schaible:	✓		Senator Marcellais:	✓	
Vice-Chairman Fors:	✓		Senator Oban:	✓	
Senator Davison	✓				
Senator Elkin:	✓				
Senator Rust:	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen Elkin

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

**REPORT OF STANDING COMMITTEE**

**HB 1120, as engrossed: Education Committee (Sen. Schaible, Chairman)** recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1120 was placed on the Fourteenth order on the calendar.

**2019 TESTIMONY**

**HB 1120**

Good afternoon Chairman Owens and members of the House Education committee. My name is Mike Lefor and I serve District 37 - Dickinson in the House.

HB 1120 if passed, would give the state of North Dakota, through the board of higher education, the authority to sell a building located at 1031 West Villard which is lots 6 through 14, block 26 within the city of Dickinson if deemed appropriate by the state board of higher education.

It further states and I quote "If any of the real property authorized to be conveyed under this section is conveyed, the terms of the conveyance must be determined by the state board of higher education or a designee of the board and must include the repayment of the investment in improvements to the building made by the current lessee. The amount of the investment must be determined by comparing the appraised value of the building before the improvements were made and the appraised value of the building after the improvements were made." End quote.

Last fall, Dickinson State University sought the approval of the chancellor of the North Dakota university system to lease the building to a business in Dickinson. The purpose of the agreement was to lease the under-utilized former "DOT" building. The building was vacated by DSU and academic functions relocated to the main campus.

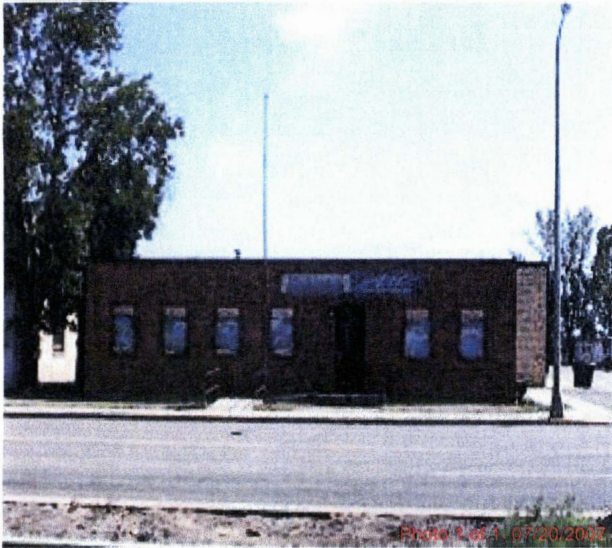
The new business will improve the facility for commercial operation with the intention of purchasing the building is approved by the legislature and SBHE, although the sale is not guaranteed within the agreement. If approved for sale, but without the ability to specify the lessee as the purchaser, the lease also accommodates the purchasing of improvements by another party if it should be the successful bidder.

DSU, in an effort to reduce it's space inventory, moved out of the facility and it is currently vacant. The lessee initially solicited DSU with a proposition to purchase the building at market value, the property could not be made available immediately as was requested by the lessee.

The lease serves as a bridge agreement and a permanent agreement depending on legislative action, allowing the lessee to move forward with it's plans. The chancellor approved the lease agreement on October 18, 2018. The lease had been reviewed to ascertain DSU was not agreeing to anything within the agreement which is contrary to due process required by state statute.

In the past two legislative sessions, the legislature approved additional funding for the university those dollars along with some reserve dollars allowed the university to carry forward in it's mission. The university assessed it's capital needs, including building use. The South Campus Building is a space that is no longer needed by the institution.

The sale will allow for the University to replace some of the reserve dollars that were spent during the current biennium, helping to ensure a stable financial trajectory moving forward. I would ask the committee for a do pass recommendation and I would stand for any questions you may have. Thank you.



DSU Art Building  
2 Blocks from Campus.

HB1120  
#2  
1/14/19

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