

**2019 SENATE APPROPRIATIONS**

**SB 2297**

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2297  
1/28/2019  
Job # 31535

- ☐ Subcommittee  
☐ Conference Committee

Committee Clerk: Rose Laning
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### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; to provide an exemption; and to declare an emergency.

### Minutes:

Attachments: 1
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Minutes: Roll was called and all were present.

The committee met to discuss the razing of Foss Hall at Valley City State University and Senator Holmberg handed out the Employee Salary Increase Alternatives.

Legislative Council: Brady Larson  
OMB: Renae Bloms

**Chairman Holmberg:** Let's open this briefing on Valley City State Foss Hall. We have a bill SB2297 which is on capital projects. It has four projects in there, and one is Foss Hall. The principals won't be here Thursday, and are here today, so they can tell us today. Who wants to say something?

**Senator Robinson, District 24, Valley City, N.D.:** We will be hearing from Dolan. There is a critical need for this project. Had floods in 2009 & 2011, and we saved the campus by inches. The building we need to replace is on the very edge of the Sheyenne River. The city working with legislature and water commission are working for flood wall that protects the campus. Foss Hall is suspect and at some time have to do something. (his mic was off the whole time)

**Al LaFave, President, Valley City State University:** I have been on the job five weeks. Testimony Attached # 1 – Proposed VCSU Capital Project. This is a very high need for us at Valley City. (7.00) If we had to go through another flood, the entire program would be displaced. This proposal was approved 4 years ago pending funding. We come again to get the funding to make this project whole. The initial price tag was \$26 million. After four years' time, it has a price tag of over \$40 million; around \$44 million. The architects have trimmed

about 16,000 square feet from the original proposed building. Now this reflects a proposal of \$32.3 million, which includes the razing of Foss Hall. For recruitment, it is hard for students to see the vintage Foss Hall and then visit other universities and see how wonderful they are. We need to be able to compete. We need a modern, safe, productive environment to pursue their academic careers and goals.

**Senator Sorvaag:** This replaces the renovation in McCarthy Hall and other building, too. That gets demolished if this project goes forward. Can you explain?

**Al LaFave:** The original proposal was for the demolition of two buildings, the McCarthy Hall, built in the 30's, and School High building. In the executive budget this year, there is a recommendation for \$2.9 million to be put into that building with an additional \$1 million from the college. Someone asked the governor to retain that historic building on our campus. It cannot be retained for the music program. That is the real difficulty. What can it be used for? Maybe classrooms for school of education, which is the largest in the state. As a new president, I see that as a unique thing. It would have historical significance. If we could renovate this, over the course of a biennium or two, we would be ok with that.

**Senator Sorvaag:** But this idea of being a music building is unworkable?     Correct.

**Senator Mathern:** Are you using Foss Hall now? What is your projection of enrollment of Fine Arts over the next decade?

**Al LaFave:** Yes, we are using Foss Hall. There are 66 music majors at VCS. I anticipate with this kind of facility; we could have 100 majors within the next 3 years. (13.59) The students that are in other courses with increase also. Most students will have a course in this building.

**Senator Mathern:** What's the ten year projections for music?

**Al LaFave:** We would like Valley City State to be the recognized institution in N.D. for music education. Could project between 100-150 students that would major in education. That would make it the largest unit in N.D. It is a critical need area for teachers right now. Science, math, music, and special ed are the four highest need areas in N.D. That is our wheel house, we feel. We need to take ownership of this and help with this need. (15.14)

**Senator Dever:** Are the dollars requested here are accounted for in the executive budget? Or high ed budget?

**Al LaFave:** They are included in the higher ed budget. We also included that in the appropriations budget a week and half ago. Not included in the executive budget.

**Senator Wanzek:** I am confused on the proposal and it will allow for the razing of McCarthy Hall. I thought you said re-purposing.

**Al LaFave:** I need to correct. This is for the re-purposing of McCarthy Hall and will raze Foss Hall.

**Senator Robinson:** Four years ago when the legislature approved capital projects, VC and N.D. State. They said Valley City could take down 2 buildings and replace one. The governor's budget did not include funding for the new building. The governor is very fond of old buildings and three weeks ago told us that we should keep this building. He thought put money in and convert it to a classroom. We are not opposed to that. We just don't see this working for music. There are a lot of standards that go with fine arts facilities. (18.14) It was a high school until 1959. At the direction of folks, four years ago, the VCSU Foundation went out and secured a footprint for the new facility. We have a loan for \$6000 and invested \$2000 and spent \$8000. That land is sitting there and our foundation is making payments on that. We're ready to roll. This is one of the reasons we were able to recruit President LaFave to Valley City. We had 50 applicants. The campus is enjoying record enrollments – over 1500 students. The absence of this project going forward would have a significant impact on Valley City. The pictures of McCarthy Hall show it is not suited for a fine arts facility. (20.10)

**Senator Rich Wardner, District 37, Senate Majority Leader: (20.50)** My comment is that we're going to do this, at some point. It may be two years, four years. It was \$26M, then \$42M and they cut it back. We need to do it. We are going to do it by bonding and go back to the old method where you take 1/10 of 1%. That is what the package will be later this week.

**Senator Bekkedahl:** Keeping McCarthy Hall, can we expect future appropriation for increased for maintenance and/ or renovation cost for that facility? What is the impact of razing?

**Al LaFave:** The total impact of McCarthy is not known. The life safety issue is around \$3 million. This does not include the main structure. Can you expect another request to do that? Hopefully no. We hope to find that within our own budget over time. The primary focus is getting the new building. The art department occupies the 3<sup>rd</sup> floor of McCarthy Hall. They would move to the new facility.

**Senator Hogue:** Talking about McCarthy Hall; other than the age of the building, what historical significant does it have? (23.46)

**Al LaFave:** It was the old College High building. It is in great need of repair, but it also has historical and sentimental value to alumni, to the community, and to the campus.

**Chairman Holmberg:** Minot had old high school. Is that still around?

**Senator Krebsbach:** Model Hall was where I had teacher training. It's still there and repurposed. It was gutted and resurfaced.

**Senator Mathern:** Have you had the Historical Society do an assessment of this? There are people who actually assess the historical value. I'd hate to pour out money and then someone says, this would be at bottom of list.

**Al LaFave:** There has not been an assessment to my knowledge. We can have them look and give us their assessment.

**Tammy Dolan, North Dakota University System State Office:** The one thing I wanted to point out is that this has been the top priority of the board of higher education budget request for at least three biennia's. Even last biennium, we did not submit any projects because of the state's funding situation. (27.01)

**Chairman Holmberg:** The committee members should be aware that there are couple other projects within the bill on Thursday. That includes Dunbar Hall, this one and Ag building (Harris Hall) at NDSU, and Hover Hall at Dickinson state.

**Senator Robinson:** The recommendation to tear down McCarthy was not something we as an institution wanted. That came up four years ago. The president nailed it on the head that if we invest and make it into a classroom building, we will do everything in our power to pick away other things. There is also a list of capital improvements projects waiting for these two to clear out. A number of other institutions have projects waiting. I reiterate that this such a priority. If there's a flood, it could be 3 years out before we have a facility that is operational. Thanked Majority Leader for bill and for listening. Costs are not going down. (29.59)

**Chairman Holmberg:** We will have plenty of discussion Thursday & Friday. Briefing is done. (30.39)

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2297  
1/31/2019  
Job #31903 (1:18:25)

☐ Subcommittee  
☐ Conference Committee

Committee Clerk: Alice Delzer/Meghan Pegel
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### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; and to declare an emergency.

### Minutes:

11 Attachments
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**Chairman Holmberg:** called the Committee to order on SB 2297 at 10:00 in the Harvest Room. All committee members were present except Senator Robinson. Adam Mathiak, Legislative Council, and Becky J. Keller, OMB were also present. There is a subcommittee for this bill: Chair Senator Poolman, Senator Sorvaag and Senator Grabinger.

### Senator Rich Wardner, District 37, testifies in favor (see attachments #1 and #2)

**Senator Wardner:** This is a building, capital construction bill in which we're going to use the North Dakota building authority. It is 10% of 1% that goes into this fund that's kind of our limit. We do have capacity for this particular package. That's where the funding would come for it before we start. I needed to amend it right away and the problem being I miscommunicated. Brady Larson did not write it wrong for me. There was a little thing that had to be corrected. You have the official amendment: 19.1021.01001. That will match up with what I will talk about. There are four projects. These things have been around for a while and I think it is critical to do them now. Why? First of all, we're going to do them at some point and the cost continues to rise every year. By taking care of these now, even though we're bonding, we're going to be money ahead. Also when these facilities are built, the groups who utilize them will take advantage of them and will be money in the pockets for many of the constituents.

1. NDSU Dunbar Hall. Dunbar Hall is a Chemistry facility on the campus of NDSU and I've been through it. It is an accident waiting to happen. If something would happen, it would cost the state of North Dakota a lot more in the law suits to take care of them, then it is to do this building. The Governor does have it in his budget; he has half of it in there and the other half the institution has to raise. This is one of the key cornerstones of NDSU and it has been there for years. It's known nationally. Some of the departments have had to move out of that building because the fire department required it. As we go forward, if

we build thing, we put a first class facility at a research university that is doing research that will bring more recognition and dollars into the state. You wouldn't want high school kids going through the building because there are experiments and glass tubes and things all over, there isn't enough room. If somebody hit that, it would ruin somebody's experiment or somebody would get hurt. You only have adults go through that particular facility. That was 4 years ago when I went through it and I think it's time we get that taken care of. I feel very strongly about that particular building. If you were to take a look at all of them, that's number one for the state of North Dakota. It's not just about NDSU, it's about the state.

**(5:50) Chairman Holmberg:** It is a state building. If you were on the jury of a law suit because of some accident there, the folks suing would say "look here, the legislature has said this building is substandard and they've said it for 8 years and never done anything about it". As a jury member, you'd say "hmm, maybe a few more bucks" because we have recognized it. We passed it once and it didn't meet the criteria for the trigger and then last time it just sat around. You make a very valid point on the exposure that we have if we continue to do nothing.

**Senator Wardner:** You are correct. With discussion with another entity, we got into about they're asking for more footage than they probably should. They're not all in the same place; they have to bring these things back in. So they've had to move department s or areas out of that chemistry building for safety purposes. They are replacing it with something that is larger than what is there, but they have the reasons for doing that.

2. This one is also on the campus of NDSU. It's a benefit to the campus, but I do not see that one as much of a university issue as it is about an extension issue and taking care of the commodity growers in the state. That one is taking Harris Hall which is on the campus and also the northern crops institute will go with it. You might say "Well we built a northern crops institute not too long ago" but it's relatively new compared to Harris Hall. They are locked together in a lot of things they do. What happens at Harris Hall? Harris Hall is where all the trade groups from around the world come and take at a look at our commodities. There they make a decision whether they're going to trade with us or not. We've gotten by because we have quality product and great people who work there. They work in a museum. Harris Hall is a museum, but they make it work. You can say "well they can do that for another 10 years" but no, now is the time that we need to take care of that. They are proposing what they call the Ag Development Center in which all of the research and uses of commodities will be displayed. The northern crops institute will be attached to it and not only will we be talking about crops, but they're also going to take the meat slab out of Shepard Hall and bring that in with it. It will be one complete facility and right south of the green houses which have been a tremendous benefit to the state. Out in my area, we did not grow corn over there, not very much. We do now. What happened? I think there was research done and we have genetics that have allowed us to do things that we couldn't do before; corn growing on more dry lands than we used to. I think that one is a no brainer. If we're going to do it, we better do it now for cost efficiencies. When you look on that sheet, you will see the Ag commodities groups are looking to raise \$6M. That would come from other funds and the \$8M would come from other states that are involved in the northern crops institute. Not only North Dakota is involved with it, but Minnesota, South Dakota and Montana as well. We would get \$8M

from those others to go with the building of that. They thought that that would be about an \$18M structure, but putting with the Ag Development center, you have some efficiencies there. That one benefits the state. Our commodity and producers out there are going to get more for their product because we're going to have a first class facility where we're going to bring people from all over the world to take a look at what we have and what we can do with these commodities in their countries.

3. Foss Hall at VCSU. It's a communication and fine arts building. That one's unique and has been on top of the list for a long time. The issue is it's on the wrong side of the dyke. You had a briefing from Valley City earlier this week so I won't go into it much more other than to say that we are going to build another building there at some point. I know the Governor thinks we can remodel everything. Well I don't think we have a building down there that we can remodel. I think we need to get this done because as was stated, it was \$26M four years ago now it's \$42M and they cut it back so it's \$32M. That's an example of costing more money if we wait. We haven't used the bonding for a long time. I like it that we're getting down to 0. I don't like bonding and I have changed my mind that these buildings need to be taken care of.
4. Pulver Hall at DSU. Pulver Hall was built as a dormitory probably back in the 70s. Then the enrollment went down and they rented it to Badlands Human Service center and converted part of it back into office spaces in that building. Dickinson State has gone through some tough times. They've sold some buildings that were given to them and getting back on campus. They need a spot on campus for the digitization of the Theodor Roosevelt Presidential Library materials. Where they are now is inadequate. What they would like to do is remodel it back to a dorm and a place to do the digitization. They have a program out there called the Theodor Roosevelt Presidential scholars. Those are students that are very gifted and bring a lot of talent to the campus. The top floor would probably go back into a dorm and the 2<sup>nd</sup> floor would be all for digitalization. The 1<sup>st</sup> floor would probably be a gallery. It's a 6-story dorm. It needs \$4.5M to remodel that and put it back the way it was and make those corrections on the 2<sup>nd</sup> floor.

Those are the projects. I believe that all of them need to be done as soon as possible. The longer we let them go, the more they're going to cost. It's for the benefit to the state.

**(15:15) Senator Dever:** After the buildings are constructed, who's obligation is it to pay the bonds? It appears to me that it might be that the industrial commission acting as the North Dakota building authority might own it and lease it to the facilities?

**Senator Wardner:** Dunbar Hall would be on the campus of NDSU. That would be part of their obligation. So would the Ag Development center but it's part of the extension which is part of NDSU also so that would go there. Foss Hall would be with the Valley City state and the remodel would be with Dickinson State. This bonding we haven't done for so long people probably don't understand, but you're right. We bond and use this bonding and pay it back with the 10% of the 1% sales tax and we've got room to do this. The bonds will be paid for the state of North Dakota but they become the obligation of those. Operation management will be done by the campuses.

**Chairman Holmberg:** Senator Wardner is correct. If you recall a couple sessions ago, there was a movement to say "we have all kinds of money, so let's pay off all the bonds that we have" and we found out that they were at a very low rate of interest thanks to Karlene Fine

and those folks. It was more expensive for us to pay off the bonds that we had. We haven't done this for so long except for revenue bonds that it's kind of a new experience for many people on Appropriations.

**Senator Wardner:** The medical school at the UND was done with cash because we were okay on money and it was one-time funding. We didn't have to bond. That's great, but I believe that the cost efficiencies of doing this by bonding now will be a great benefit to North Dakota in the future.

**Chairman Holmberg:** We also explored last session on Foss Hall and if they should heavily ensure it and hope a flood comes. They found out there was only so much they could get and it wouldn't anywhere near cover the cost if it was totally destroyed. They'd only get a couple million dollars anyway. Foss Hall has been around because they are on the wrong side of the dyke.

**Senator Wardner:** If you want to talk about the future of agriculture, I think the Ag Development center is huge in that along with the northern crops institute. Then if we put some funding behind the unmanned air project at UND, I think that that is going to be a huge benefit to our Ag producers in the state because with those unmanned aircraft, they can check for soil types, insects, weeds and more. Then you put that with our marketing here and bringing these people into this first-class facility, I just think it's going to be a boom to our Ag producers in the state of ND.

**(19:20) Senator Hogue:** The Valley city dollars for the fine arts building- we heard a separate bill on that. Is there any overlap or is this the same project?

**Chairman Holmberg:** No, this is the project. We didn't have a hearing because it wasn't a bill. They were talking about this bill, but because they were not able to be here, we gave them the courtesy of giving us a briefing. If they were here today, they would say what they said Monday.

**V. Chairman Wanzek:** Are these general obligation bonds? I'm confused with the language. It says "the industrial commission shall issue evidences of indebtedness under this section with a condition that lease rental payments need not begin until July 1, 2021. Does the university pay a lease payment then or are these general obligations?"

**Senator Wardner:** They are general obligation bonds. Karlene Fine is here and she will give you information regarding that.

**Chairman Holmberg:** We used to have the Christmas tree bills. One of the advantages for the legislature meeting in 1981 was that there were no payments until the next biennium so you could get the buildings built and you didn't start paying until the next cycle. That's what they mean about that.

**Senator Mathern:** Do you think we could attribute the \$4.5M Pulver Hall to the \$150M goal of the library?

**Senator Wardner:** Yes, we could make it part of the deal if tend to go that way.

**Senator Dever:** I understand the new library would not be owned by the state but by some other entities. That might complicate that.

**Senator Wardner:** If we were to contribute as a state to that project, we could make some deals. If we're putting money in, we can ask that that project also be expanded and take care of something like this.

**(23:09) Greg Svenningsen**, Vice Chairman of the ND Wheat commission, testifies in favor **(see attachment #3 and #4)**

**Svenningsen:** I sit on the Northern Crops council board at the NCI. We bring in participants and potential buyers from all over the world. We take them down to Barry Hall, at the trading room, state of the art, bring them back to NCI at the auditorium and hold classes and baking labs and we take them across the hall to Harris and it's an embarrassment. I think we can do better than that.

I personally believe this is not to be a cost of North Dakota, but is an important investment of our future.

**Chairman Holmberg:** Committee members will remember that two of these projects, Dunbar and Foss Hall, have been passed by this very body as important buildings that should have been built but didn't get built. So we're back.

**(32:10) Julie Ellingson**, ND Stockmen's Association, testifies in favor **(see attachment #5)**

**(34:23) Jim Bahm**, Executive Committee of the ND Ag Coalition member, testifies in favor **(see attachment #6)**

**Bahm:** I presume most of you have toured the facilities. We have great researchers; the quality testing lab in Harris Hall is world renowned. Our new wheat breeder that we brought in from Kansas state has great, promising new wheat varieties coming. However, the building itself is an embarrassment. I am not an alumnus from NDSU, But I am a farmer from western North Dakota and I take pride in what I grow. We've expanded to soybeans and corn out west and a lot of that has to do with the research done at NDSU.

**(37:35) Thomas Mitzel**, President of DSU, testifies in favor

**Mitzel:** Over the past three years, we have been refocusing on the core of the DSU campus. We are selling some buildings that are ancillary off campus that we no longer need and trying to make sure we keep the core of that campus at 110 acres as strong as possible. We have recently been given dual mission status by the State Board of Higher Education which means that we can take our education and focus very carefully on work force needs of western North Dakota. How does this relate to Pulver Hall? We want it to be a mixed-use building.

One of the uses would be the TR digital center. The 1<sup>st</sup> floor of the building would be where we do programming, putting on shows, education outreach and things of that nature. Second level would be the actual TR digital center where the work is completed. The TR digital center has been in existence for over 10 years and has become internationally known and respected in that time. In May of 2018, it published its 50,000<sup>th</sup> document. A document can be anything from a postcard to a set of encyclopedias, but it has been a substantial amount of work and we're grateful to the legislature and the state for helping fund that outreach. Most of that work has taken place in the basement of library and two offices. We really need to expand that workspace in order to increase the pace of the work of the digitization.

The Theodor Roosevelt honors program is one of the most elevated programs we have at DSU with some of the brightest and hardworking kids in the world who come into that particular program. They're asked to do a great deal such as community service, research, outreach and internships all above and beyond their school work. We go across the entire spectrum of the university with our students. We have athletes, speech, band members; it pulls in a nice mix of students.

With Pulver Hall, we're trying to revitalize a building on campus for use through DSU and we want that mix space to have our TR honor students living in the same space where the digitization is taking place that they can become more integrated into the programming that occurs within the digital center. We want for them to be doing research, mentorship, outreach to our local high schools among other things to begin to show people what has been accomplished with regard to our 26<sup>th</sup> president. We're excited about that programming and we are putting in place more leadership programming around the digital center. Pulver Hall would give us that structure and space to pull all of these ideas together as we go forward. Please help support this bill; it would greatly help what we are doing as well as the other projects in the other institutions.

**(41:15) Chairman Holmberg:** Your history doesn't go back many years, but this legislature has over time been quite reluctant to put direct money into dormitories. That's usually been the purview of the campus itself, but this is more than just refurbishing a dormitory. I think we've done it once before, but we typically don't. This is more than just dormitory however; this is using a building right in the midst of your campus.

**Mitzel:** Correct. It would be much more than just a residence hall. It would be a working space including a gallery, the TR digital center, offices and residence hall. The students really become a part of that programming.

**V. Chairman Krebsbach:** Could we compare it somewhat to what we did with the Vision Center in Grand Forks where the school for the blind used to be?

**Chairman Holmberg:** We put the money there so they could get more rent partially. Half of the old school for the blind is rented out to the Grand Forks school district and we put a few million into it a couple years ago we'd have made it nice, but that was never a university cut dormitory. It was a residential hall for vision impaired students.

**(43:20) Ed Kessel,** 2<sup>nd</sup> Vice President of the ND Grain Growers Association, testifies in favor (see attachment #7)

**Kessel:** Two of the things nearest and dearest to agriculture is research and promotion. We heard earlier about the dark norther spring wheat and even though it's worth less today than when I first started farming in 2005, it's a premium product but also commands a premium price. I have an old grain bin on the family farm that my grandpa built in 1958 and this year I had the privilege of using it again. It holds about 950 bushels if you take and stuff rags in the top corners of it because it's purpose has been served.

**(45:10) Deana Wiese**, Executive Director of the US Durum Growers Association, testifies in favor **(see attachment #8)**

**(47:10) Robert Ferebee**, diversified family farmer from Halliday, ND, testifies in favor **(see attachment #9)**

**(50:00) Neal Fisher**, Administrator for ND Wheat Commission, testifies in favor

**Fisher:** You heard from our vice chair and a lot of great producers here. We have underestimated our revenues for the last year especially in this chart **(see attachment #4)**. Agriculture is performing at a higher level with more diversification in that crop base which tends to offset when you have a drought like we did in 2017. It helps offset from across commodities and across regions and so that is a much more stable and at a higher level of this is just price times quantity, no magic dust as the say, of what the farm grade value is of North Dakota agriculture. Probably the big four commodities- wheat, corn, soybeans and livestock- all address in this bill more stability, more of an ROI on the great research that you have helped to support in the past and going forward with this kind of effort I think we can take this to an even higher level.

The only thing that spoils it is when you have a great year, it makes it tough to live up to that level, but this is at a higher level than we were the 10 years before these 7 years. I think that's remarkable and we owe everybody a huge thank you for having made that possible through the research that has already gone on. The other point I'd like to make is in terms of principle crops, North Dakota is second only to Iowa. Other states in our region do pretty well. Another key point is if you add in 15M acres of range land that support that vibrant livestock industry, we go way off the charts.

All of this matters whether you're in farm policy, crop insurance, research or in capital improvements like this. It matters more in this state than perhaps in any other state in the union or maybe anywhere on the planet. On the fundraising effort, that match you heard about, the 10%, we've been working hard at trying to come up with some of that funding to construct this match. You heard of some of the reports. The North Dakota Wheat Commission has been involved in this and we so far have a little over \$3M amassed so far and I think as this gains a little more traction, perhaps that will come along nicely as we try to fill up our obligation in this equation.

**Chairman Holmberg:** You heard earlier from Senator Wardner that in 2013 the state wrote a check for \$124M for a new medical school in part because of how great 2012 was in the agriculture sector.

**Senator Sorvaag:** We have a lot of world-class scientists. I presume a lot of them are home-grown or trained at NDSU at some point in their career. We're talking about students that work in that research and we need a world-class institution. To me there becomes a natural tie in for Dunbar too. I think they're tied together. If we don't have decent classrooms to start these students, especially the world-class ones, how do we keep them around?

**Fisher:** I don't think I did extremely well in chemistry, but we all have to have it and I think it is a very big part certainly in the research world. You're going to have to have a very good basis in the sciences, stem and chemistry. I agree whole-heartedly that that's a part of the package and yes, many of those scientists we're talking about here are home grown. We did a trade a coach and athletic director for a very good wheat breeder to Kansas State University, but I think that's fair trade. That will pay dividends and ROI on that as well. I definitely agree with you on that.

**Senator Bekkedahl:** As these improvements to the main campus happen with this large facility, does any of that enhance the ability for the research and extension centers throughout the state to also do their research? Is everything just going to be centered in this facility then and we're going to pull back some of the science that we have going on in the outlying research extension centers? I know my center in Williston does a lot of really great things in plant pathology and I don't want to lose that if we have a world-class facility. How will it affect the research extension centers and programs?

**Fisher:** I whole-heartedly can say that it will only enhance because this is the analysis or taking the product once we have it. It's been carefully constructed- all of these programs in the branch centers, the main station on the agronomic side. This lends itself a little more to that next step as we move this product into the world market. We've done a good job so far with what we have to differentiate this product. That is all the basic building blocks, this takes that next step to another step in our abilities to sell the product. That's what our game is. This would not jeopardize that; it would only enhance the role of that very basic function. It is the building block for our great industry here in North Dakota.

**(57:48) Mike Beltz,** Farmer in Trail County, testifies in favor.

**Beltz:** I want to thank the sponsors; this is important for the state. We don't become fourth of the state's economy by not having people working in industries that support agriculture and work beyond agriculture. We need to add value to the products we produce in this state that get exported around the world. We're a minority within a minority. We're small population within the United States and the United States is only 10% of the world's population so what we grow and produce gets exported around the world. We do an awesome job of production. Unfortunately, we're a long way from markets, but if we can add value to our products, it benefits everybody. We have great people working in our research facilities. To recruit and retain these people, they have to have facilities that they can work in. These are substandard and they have been for a long time. Please correct the problem.

**Chairman Holmberg:** What township? He was told Caledonia township.

**(59:45) Lance Gaebe,** ND Corn Growers Association and ND Ethanol Producers Association, testifies in favor

**Gaebe:** The associations I represent are excited of the aspect and notions presented in this bill. Corn is a major crop and it is now grown in every county in the state. With the 500M bushels that are produced, thankfully we have an ethanol industry that uses about 40% but of course the other aspect of that goes into livestock production. Not only are we excited about the northern crops institute aspect and the promotion in the Ag products development center, but also the livestock component that the Stockmen's Association presented because the other percentage of corn crop and the DDGs from the ethanol plants all go through livestock. We're excited about all components of this bill and offer our support.

**(1:01:00) Scott Rising,** Soybean Growers Association, testifies in favor

**Rising:** World class means perhaps something to other folks but what it means to us is that we have a viable and visible entity that customers around in a very competitive, commodity world recognize as being in the top tier. Thank you for your prior investment in the green house. It is an integral part of changing and staying current in the world of production agriculture. Commodity trading realm, same thing in the marketing aspect across the globe. The Ag products development center, the goal for that is to be similar.

Today we're working in a museum, simple as that. I have some experience with that as an old airplane guy. The soybean community already contributes substantially to the northern crops institute along with folk from other states as was mentioned. Those kinds of facilities are absolutely critical if we are developing the products in the Ag development center, we also need to show folks how to use them effectively and economically to help feed their own populations. That's exactly what that group does. Soybean checkoff has committed funds to the Ag product development center. All of these projects are worthwhile.

The idea that Dunbar Hall is tied to a product development center is right on the mark Senator Sorvaag. The soybean itself, the vast majority is animal feed, but the oil that comes out of that is magic. It will do everything from jet fuel to medicine. The trick to is trying to figure out how to make it commercially viable. On a personal note for Dunbar Hall, my youngest daughter graduated from Century high school here in Bismarck four years ago. She had a chemistry instructor in her junior year who made her excited about the world of chemistry. She took a tour of Dunbar Hall and she could never see herself working toward a future in a building that was adequate when I went there. So I paid out-of-state tuition somewhere else. The point is we'd have loved to have her go to school here. Please give this whole bill a green light.

**Chairman Holmberg:** We have the subcommittee that will be working on this over the next couple of weeks: Senators Poolman, Sorvaag and Grabinger.

**Senator Grabinger:** As the leader said, the money's in there; we're going through a bonding position. Quite honestly I don't know what we need to go into subcommittee and discuss. The money is there if we want to do it. Let's do it.

**Chairman Holmberg:** We've been putting most things in; it's not a requirement. Does the committee itself have enough information?

**V. Chairman Wanzek:** Not all farm guys went to NDSU. I am supportive of it. I don't know how the other committee members feel about the issue, but I'm to the point of being able to commit.

**Senator Sorvaag:** It wouldn't hurt to at least have one meeting of the subcommittee. We've got an amendment to deal with and there hasn't been any discussion on how this fits in the prioritizing of other buildings and higher education.

**(1:09:05) Karlene Fine**, Executive Director for the Industrial Commission and authorized officer for ND Building Authority **(see attachment #10 and #11)**

**Fine:** I wanted to give you background information on the bonding and how the building authority works. Senator Wardner had talked about the limitation that has been placed in statute by the legislature that when we do bonding for the building authority, the total amount of debt that we would pay each biennium cannot exceed 2% of 1 cent of the sales tax. That's the limit you have put on yourselves on how much debt we can have outstanding. It's how much debt has to be paid each biennium. In the various budgets that go through this chamber, you will see the bond payments that need to be made.

For these kind of projects that you would see here that you are approving today in future biennium for probably the next 10 biennia, you would see the amount of debt service that they would need to pay. It would be in their budget. This is called an appropriation bond. Every session we come back and ask for the money to be appropriated for the bonds that were issued to construct those projects. It was indicated earlier that this was a general obligation bond. It is not. A general obligation bond states that taxes will be levied to pay for those bonds. The constitution limits us to the amount of general obligation bonds that we can have- \$10M is the limit.

What the legislature did in 1985 was create the building authority structure and we set up the mechanism of having appropriation bonds. The agencies treat these as one step below the general obligation rating for the state of ND. So they don't get us the best interest rate you can get if they were a general obligation, but they get a good rate. I wanted to clarify that it's not a general obligation; it's an appropriation bond. Then there are the revenue bonds that are financed by the different facilities. Those are the two areas I wanted to point out. You will see it every biennium for the next 10 biennia. Those costs will be requested for the legislature to pay. You will see it in the University System budget, Health Department and the Industrial Commission budget. You will see it throughout the different bills.

As the green sheet shows you, there is room within that cap that the legislature established for us to issue additional bonds **(see attachment #10)**. The available debt service we have beginning in the 2021-23 session would be \$35M. that becomes \$213M of projects. If you decided if you wanted to do \$213M of projects this year, you could be within the cap. We use the sales tax threshold of only \$42M; I think your forecast is even higher than that. We've been very conservative in our numbers. That's when we say the \$151M is within the cap. That's how much we have available.

**Senator Sorvaag:** I understand general obligation, but this appropriation is a little different. There is still a moral obligation to pay it, but how is it paid if the next legislative session doesn't appropriate for it?

**Fine:** The bonds when they're issued clearly state on the front of them that they are an appropriation bond and that they will be coming back to the legislature. You do not have a legal obligation, but you do have an obligation. If you would not pay them, you would jeopardize the rating of the state of ND and ratings throughout the political subdivisions because North Dakota bonds would suddenly have a taint to them that they don't pay their obligations. I'm careful about saying moral obligation because there is another category and they're talked about in this information piece (**see attachment #11**). We presented this to other committees because there are a number of bonding bills that are being considered and we wanted to explain the difference.

**Senator Sorvaag:** What kind of interest rate? Is there much difference in a bond like this?

**Fine:** Page 3 (attachment #11) talks about how the ratings impact bonds. Right now North Dakota is rated by Moody's Aa1 and by S&P at AA+. These bonds would trade a little lower than the state's rating. If the bonds were able to be sold as a general obligation at 3.9%, these would be at 4%, a slightly higher interest cost. The green sheet (see attachment #10) shows you what the interest rates we have on a current outstanding building authority bond. The 2010 series is at 3.24% and 2012 we did some refunding and it's at 1.41%. Then the 2017 bonding, that was a refunding, we had the rate at 1.53%. Rates have gone up since the time we did those bond issues. There was a recent run with our financial advisor and rate was 3.57.

**Senator Mathern:** If we were to pass this bill just the way it is, who would make the more detained decisions? There must be options in there.

**Fine:** That's done in my office. We work with the Industrial commission as well. We have a financial advisor PFM out of Minneapolis. They look at the best scenarios. We talk with the campus; it might depend on when they're going to have their construction start or when they're going to need their money. We put all that together. It's been our practice within the building authority to do a 20-year bond issue.

**Senator Mathern:** Does your process require any additional amendments on this bill?

**Fine:** No.

**Chairman Holmberg:** We will use the subcommittee and Karlene you might want to be down there when they meet. I would agree that one time is probably plenty. There is a suggested amendment as well.

**Chairman Holmberg closes the hearing on SB 2297.**

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2297  
2/4/2019  
Job # 32073

☒ Subcommittee  
☐ Conference Committee

Committee Clerk Signature   Rose Laning / Florence Mayer
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### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; and to declare an emergency.

### Minutes:

Wardner amendment 19.1021.01001
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Legislative Council: Sheila Sandness  
OMB: Becky Deichert

**Chairman Holmberg:** Called the sub-committee to order on SB 2297. Due to the weather, Senator Poolman's plane couldn't leave Denver so Senator Holmberg will be sitting in for her. Senators Sorvaag and Senator Grabinger were also present.

**Chairman Holmberg:** As we know there is another thought coming our way. I will ask Tammy, is it true that the 2 concepts are not mutually exclusive? They both can move forward?

**Tammy Dolan, CFO, North Dakota University System:** Absolutely, they address different things. The other is also an appropriations bill, HB 1003.

**Senator Grabinger:** This is included in there?

**Tammy Dolan:** Actually it's not. It's a different concept on creating revenue sources with matching dollars to address differed maintenance and smaller type of projects.

**Chairman Holmberg:** The House said we should consider passing this, so we have both concepts to consider working on. It could likely be in the budget bill.

**Senator Sorvaag:** (Inaudible). That's been left out. Whatever package is being worked on there.

**Tammy Dolan:** None of those projects are addressed specifically in the bill

**Chairman Holmberg:** If we kill this, those concepts might disappear.

**Senator Grabinger:** Last session we appropriated \$9.2M to Dickinson for the Teddy Roosevelt Library. Where is that now? We're being asked for \$4.5M in bonding here for some Teddy Roosevelt work. Did that go back to the general fund?

**\*RECORDING CUT OUT\***

**Tammy Dolan:** The remaining money which was not spent on the project, \$9M, will remain in the general fund.

**Senator Grabinger:** So it can't be used anymore?

**Tammy Dolan:** Correct. Not unless you re-appropriate it.

**Chairman Holmberg:** You were concerned they would have double? (That was confirmed.) Senator Poolman asked me to sit in on this subcommittee, since she isn't back yet. A basic question is, is this a bill that you want to have more meetings on? Or would you rather we decide what to do and then do it?

**Senator Grabinger:** I was ready to make a motion the other day.

**Senator Sorvaag:** I want to ask Karlene a few more questions. We talked about interest rates, and that's the moment in time when they're sold. It was 2.54 on January 21. What interest range would you anticipate?

**Karlene Fine, Executive Director, State Industrial Commission:** We just took a point in time. We asked what the interest rate would be that day. I would imagine it would be less than 4%. Just depends on how quickly we have to move into the market.

**Chairman Holmberg:** One is always concerned on the readiness of the shovel. They downsized the building at Valley City. Both of those buildings, we will be building. Will it be this session? Or will it be killed? Not because they don't like the building, but because it's bonding. How shovel ready are those two projects?

**Karlene Fine:** Tammy has more current information. It looked like within the next 6 months, after July 1<sup>st</sup>, we can move ahead with 2 of the. The other is probably more into the next year.

**Senator Sorvaag:** Is Harris the slower one out of the 3? (That was confirmed.)

**Tammy Dolan:** There would be the final design planning. But the other 2 have been planned for a long time.

**Senator Sorvaag:** Harris and Dunbar are going right on our property. Valley City has acquired the property, it's just a matter of bidding.

**Chairman Holmberg:** Does the appropriation at Valley City, cover any payback to the alumni group? They had to buy the land. Is there anything in there that has to do with that?

**Tammy Dolan:** I think that is included in there. That was the concept that was approved in a contingency basis.

**Senator Sorvaag:** The intention of the foundation is to be reimbursed.

**Tammy Dolan:** I don't have it right in front of me. But I'm certain that was the plan from the beginning.

**(8:57) Senator Grabinger:** In the proposal, the reduced estimated cost for the Valley City unit, we've got \$32M into this bill. The estimated cost is \$32,275,887. Why wouldn't we include that, so we would at least have the estimated cost so we're not short?

**Chairman Holmberg:** Just rounding off the numbers?

**Senator Grabinger:** Maybe it's a mistake? Should we make an amendment to do that? It's Wardner's bill, we could ask him.

**Chairman Holmberg:** Why don't we gather the info we have and ask him. This is one we'll start kicking out on Wednesday. Senator Sorvaag can carry it. (Sorvaag agreed.)

**Senator Sorvaag:** You're still at 159 rather than 157. In marketing we don't want to go over 152.

**Chairman Holmberg:** The first payment would occur this biennium or next biennium?

**Karlene Fine:** That would occur next biennium. We've always structured the building authority projects where it's the subsequent biennium when you see the first debt payment.

**Senator Sorvaag:** What does this do to the amount of debt we have? Not revenue, but everything else as a state. We don't have much compared to the size. How much is the state indebted for if you go forward with this?

**Karlene Fine:** In this bonding document I provided, it talks about state agency debt paid by appropriations. We already have \$20.8M building authority outstanding debt. DOT debt is just under \$10M. There is other state agency debt, but those are revenue bonds and are not being paid by the state. DOT comes from anticipated federal highway grants. There are also some funds that come out of the Highway fund revenues.

**Chairman Holmberg:** Are we still paying for Highway 2 and bridge?

**Karlene Fine:** That is what the DOT debt is.

**Senator Sorvaag:** So when the bonding companies look at us, we're in good shape?

**Karlene Fine:** Out of 50 states, we're at 48 with the net tax supported debt. Our debt per capita is at 133, the highest is Connecticut at 6,544. There's a wide range.

**Chairman Holmberg:** What is New Mexico at? They complained half of their highway money was going to pay off GARVEE bonds.

**Karlene Fine:** I don't have that info in front of me. We have just the one GARVEE issue. It stands for: Grant Anticipation Revenue Vehicle.

**Senator Sorvaag:** The payment, once started, is approximately what?

**Karlene Fine:** When we ran the scenario, we were looking at \$24M per biennium.

**Chairman Holmberg:** We are not indebting ourselves to the maximum of  $\frac{1}{2}$  of 1%. How much more is available for bonding, if there was another project that came along?

**Karlene Fine:** The amount we estimated was \$213M. You're taking \$152M, so approximately \$16-17M.

**Senator Grabinger:** The National Guard training site, could that be put here? Or is there going to be a Federal match for that?

**Chairman Holmberg:** Yes. You're on that subcommittee. You got something from General Dohrmann?

**Senator Sorvaag:** I've got a lot of other ideas too, but I have to stop somewhere.

**Chairman Holmberg:** The challenge there would be, if they had \$15M and then they come back and say we still need X amount of dollars for acers.

**Senator Sorvaag:** So we are just making the recommendation to the committee to go as is, but use correct amount?

**(Senator Grabinger left to talk to Senator Wardner)**

**Senator Sorvaag:** Where would the revenue come from if there was a shortfall in the bonding? Either the project doesn't happen or it would have to be in found in the higher ed budget?

**Tammy Dolan:** Yes, or else they size the project to match the funding. If the bids come it high, they have alternatives.

**Chairman Holmberg:** Let's say it came in \$1M over, can they come to the emergency commission to raise the money privately? Or are they capped at \$46M?

**Tammy Dolan:** They would only have the appropriation authority for the set amount. We'd have to come to the legislature and get increased funding authority.

**Senator Sorvaag:** They could raise money and give some back, but they can't build a bigger building.

**Senator Grabinger:** I visited with the majority leader and he says yes, we should do an amendment for the exact amount. He hadn't seen this. The number he got was from Larry, just off the cuff.

**Senator Sorvaag:** Include the 32 as well? Just round it off?

**Senator Grabinger:** I would go with \$32,275,000. We don't want to put any additional pressure on them, they've already whittled this thing down.

**Chairman Holmberg:** That is an amendment, along with the other amendment that the majority leader had given us (attached # 1). Do you have an extra copy of that? If you could prepare the amendment, please do. I'm guessing we don't have to have another meeting, because the amendment will be presented.

**Senator Sorvaag:** Moved to pass Wardner's Amendment for Northern Crops Institute (19.1021.01001) and change to the Valley City funding to exact funding of \$32,275,000.

**Senator Grabinger:** Seconded the motion.

**A Roll Call Vote Was Taken: 3 yeas, 0 nays.**

**Motion Carried.**

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2297  
2/5/2019  
JOB # 32164

☒ Subcommittee  
☐ Conference Committee

Committee Clerk Signature   Alice Delzer/ Mary Jo Wocken
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### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; and to declare an emergency.

### Minutes:

No testimony submitted
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**Chairman Holmberg:** opened the discussion on SB 2297. All committee members were present. Adam Mathiak, Legislative Council and Joe Morrisette, OMB were also present.

**Senator Sorvaag:** (He started talking before the recorder was started) \$2,275,000 to bring it more in sync with what the projected cost of the building was. So It was adding \$275,000 so the total amount of the bonding bill would be \$151,975,000. That is the only change in the amendment.

**Chairman Holmberg:** Is that the motion?

**Senator Sorvaag:** I will make that as a motion we accept that SB 2297 as amended.  
**2<sup>nd</sup> Senator Grabinger.**

**Chairman Holmberg:** We don't obviously have all the information yet on what the House is going to end up doing. They are doing a different concept. We're following actually what school districts use as far as for building funds and utilize for rehabilitation of building etc. So it is an interesting concept but they also know that this might fit into that entire picture because there are some things in this bill that are not in their particular concept. We will have the higher education budget last so they understand that. In fact, they asked should we be rolling this into the higher education budget and then they had other folks that said no, lets, the higher education budget will have enough weight on it over in the House, not to add a red flag called bonding. So I think they are going to stay away from doing it at this point.

**Senator Poolman:** I am looking at the entire bill. The projects and so on, and how did these projects fit into the priorities of the Board of Higher Education?

**Chairman Holmberg:** Both Foss Hall and the Dunbar Hall are at the top of their list. The Harris building is actually, if you were putting it in a bill, you would put it in 1020, I believe the extension and experiment station thing. If you recall, there was some discussion about the importance of that earlier and I can't remember where the President was a little amazed that there was a characterization that Harris Hall was NDSU's top priority. That was not the case.

**Senator Sorvaag:** Harris Hall started to get confused then. That is more of an agriculture research. Dunbar is a classroom building at NDSU. Not obviously extension is under NDSU so they are both. But if you look at the priorities list of the Higher Education, it puts it at #12. So it did show on their priority list. By doing the other two, it moves them into the top 10, so it was brought along because there is a need there too. If you look at the list, by getting these out of the top 12, you've taken all but probably one or two buildings of most of the other priorities are like \$2, 3 million, \$4 million, things that there is a possibility affording with cash down the road. That is part of the rationale. There is just a couple that are large. The idea is to get it out of the pipeline. It was brought in because it was need and it's driven more by the Agriculture world to consider that too. Then the other part is the Northern Crops Institute was brought in because it seemed the natural fit. Northern Crops Institute is stuck in the campus, it's limited of what it can do with the building and the whole idea of this is to get those two out there near the new greenhouse we built and it will be a really ag center for the future of North Dakota, all of them together.

**Chairman Holmberg:** There is the concept we will be passing on supposedly putting it in the House bill does address a number of the other projects that are on the board's list. Remember the Governor has his own iteration as to how Dunbar should be done and how Valley City should be done.

**Senator Sorvaag:** There was Wardner's amendment that the committee never actually moved on. **So I would rescind my motion and redo it to add both amendments then.** I don't know what kind of language you want. What Wardner's was it put the money in to the wrong place, it is \$6 million in the Ag world, \$8 Million for the Northern Crop. The wording in the bill showed \$14 Million. It is clarifying and changes no dollars. It just clarified that \$8 Million had to be raised for the Northern Crops and \$6 Million has to be raised for the Ag. It is just rewording. It changes no dollars, just reworded. But it is an amendment we should have addressed.

**Chairman Holmberg:** The bonds though, that money would have to be available before the bonds would be issued, is that not correct?

**Senator Sorvaag:** We are getting ahead on this bill. Maybe we should.

**Chairman Holmberg:** We should wait until tomorrow.

**Senator Sorvaag:** That was part of the discussion too. To change the language. Wardner was in there, Valley City, but the other amendment we need. I wasn't expecting to discuss this. We need another amendment; we need to hold it off. What that amendment is going to say is that have to raise the \$14M before we bond the Harris Hall part. I apologize for that.

So I would think we hold up because we do need that initial amendment, which just says the money got to be there before the bonds are sold. Let's wait.

**Chairman Holmberg:** Anything else?

The hearing was closed on SB 2297.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2297  
2/6/2019  
JOB # 32242

- ☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature   Alice Delzer
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### Explanation or reason for introduction of bill/resolution:

A BILL for capital projects (Do Pass as Amended)

### Minutes:

Amendment # 19.1021.01002
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**Chairman Holmberg:** called the Committee to order on SB 2297 All committee members were present. Adam Mathiak, Legislative Council and Stephanie Gullickson, OMB were also present.

**Senator Sorvaag: explained and moved the Amendment 19.1021.01002.  
2<sup>nd</sup> by Senator Grabinger.**

Discussion followed.

**Chairman Holmberg:** All in favor of the amendment say aye. It carried.

**Senator Sorvaag: Moved a Do Pass as Amended. 2<sup>nd</sup> by Senator Grabinger.**

**Chairman Holmberg:** Call the roll on a Do Pass as Amended on SB 2297.

**A Roll Call vote was taken. Yea: 14; Nay: 0; Absent: 0. Senator Sorvaag will carry the bill.**

The hearing was closed on SB 2297.

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PROPOSED AMENDMENTS TO SENATE BILL NO. 2297

Page 1, replace lines 18 through 20 with:

"Valley City state university communications and fine arts building project	32,275,000
North Dakota state university agriculture products development center	54,000,000
Northern crops institute project	10,000,000"

Page 1, replace line 22 with:

"Total \$151,975,000"

Page 1, line 23, replace "may" with "shall"

Page 1, line 23, after "utilize" insert "at least \$6,000,000 of"

Page 1, line 24, remove "and northern crops institute"

Page 1, line 24, after "project" insert ", and the funds must be committed and available to be spent before the industrial commission may issue bonds for the project"

Page 2, line 1, replace "\$14,000,000" with "\$6,000,000"

Page 2, line 2, remove "any"

Page 2, after line 3, insert:

"The northern crops institute shall obtain and utilize at least \$8,000,000 of federal and other funds for the northern crops institute project, and the funds must be committed and available to be spent before the industrial commission may issue bonds for the project. There is appropriated to the northern crops institute the sum of \$8,000,000, or so much of the sum as may be necessary, from federal or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Provides separate appropriation authority for the North Dakota State University agriculture products development center and Northern Crops Institute projects rather than providing one appropriation for both projects;
- Increases the bonding and appropriation authority for the Valley City State University communications and fine arts building project by \$275,000, from \$32,000,000 to \$32,275,000; and
- Requires federal and other funds to be available for the North Dakota State University agriculture projects development center and the Northern Crops Institute projects before the Industrial Commission may issue bonds for the projects.

Date: 2-4-2019  
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2297

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: Wardner Amendment (19.1021.01001) + Change Valley City Funding to \$32,275,000.

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 Sorvaag Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	X		Senator Mathern		
Senator Krebsbach			Senator Grabinger	X	
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

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

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

**2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2297**

Senate 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 Sorvaag Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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

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

Motion Withdrawn

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

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2297

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 19.1021.01002

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 Sorvaag Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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

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

Voice Vote  
approved

Date: 2-6-2019  
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2297

Senate 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 Sorvaag Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Sorvaag

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

**REPORT OF STANDING COMMITTEE**

**SB 2297: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2297 was placed on the Sixth order on the calendar.

Page 1, replace lines 18 through 20 with:

"Valley City state university communications and fine arts building project	32,275,000	
North Dakota state university agriculture products development center		54,000,000
Northern crops institute project		10,000,000"

Page 1, replace line 22 with:

"Total \$151,975,000"

Page 1, line 23, replace "may" with "shall"

Page 1, line 23, after "utilize" insert "at least \$6,000,000 of"

Page 1, line 24, remove "and northern crops institute"

Page 1, line 24, after "project" insert ", and the funds must be committed and available to be spent before the industrial commission may issue bonds for the project"

Page 2, line 1, replace "\$14,000,000" with "\$6,000,000"

Page 2, line 2, remove "any"

Page 2, after line 3, insert:

"The northern crops institute shall obtain and utilize at least \$8,000,000 of federal and other funds for the northern crops institute project, and the funds must be committed and available to be spent before the industrial commission may issue bonds for the project. There is appropriated to the northern crops institute the sum of \$8,000,000, or so much of the sum as may be necessary, from federal or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Provides separate appropriation authority for the North Dakota State University agriculture products development center and Northern Crops Institute projects rather than providing one appropriation for both projects;
- Increases the bonding and appropriation authority for the Valley City State University communications and fine arts building project by \$275,000, from \$32,000,000 to \$32,275,000; and
- Requires federal and other funds to be available for the North Dakota State University agriculture projects development center and the Northern Crops Institute projects before the Industrial Commission may issue bonds for the projects.

**2019 HOUSE APPROPRIATIONS**

**SB 2297**

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

SB2297  
3/11/2019  
33523

- ☐ Subcommittee  
☐ Conference Committee

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

**A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; and to declare an emergency.**

### Minutes:

Attachments 1-12
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**Chairman Delzer:** Called the meeting to order, roll was taken. This is the bonding bill for buildings at the university system campuses.

**1:30 -10:30 Senator Wardner, District 37 Dickinson: (see attachment 1)** Dunbar Hall; besides the safety issues in general, the chemistry lab had to move some of their projects out of the building because of safety issues. It was in the governor's budget, he had it in so that we funded half of it and they raised money for the other half. 51.2 million.

Ag Development Center & Northern Crops Institute; It's on the campus but it really belongs to the Commodities, the farm community and the agriculture community of North Dakota. These are the facilities that people come to from all over the world to take a look at the quality products that we grow here in this state. 54 million and a 6-million-dollar match from the Commodity groups.

Northern Crops Institute; 10 million bonding with an 8 million match from the Commodity groups. There is a partnership between North Dakota, South Dakota, Minnesota and Montana. This is attached to Harris Hall, if we move one we need to move the other.

**4:50 Chairman Delzer:** That's a 78 million dollar building?

**Senator Wardner:** Yes, when you put in the bonding and the match money.

Communication & Fine Arts Buildings; Valley City Stat University, it was built right on the banks of Sheyenne River and they built the flood protection on the wrong side of the building. 32 million.

6:00 Pulvar Hall; Campus of Dickinson State University, we were supposed to get the Presidential Library, now we're not, they still do the digitalization and they were planning on doing that in the new facility but now it's gone. We need to remodel a building to do the digitization in do some other things in there as well.

151.7 million that we would bond for and 14-million-dollar match, if we wait to do these projects the cost will only grow. 5 years of inflation would cost us more than 16 plus million and would be added on the cost of the same building project. We got used to paying cash and I like that but when I look at the needs for these buildings we need to bond. That building at Valley City State was projected to be 25 million at one time and it jump all the way to 41 million and now they had to down size the project. We got used to paying cash but when I look at the needs for these buildings it's the right thing to do, it's cheaper and more cost efficient as we go forward.

**Chairman Delzer:** You do see these as general obligation bonds?

**Senator Wardner:** Yes.

**Representative Bellew:** If we approved all these, what would it cost the state each year for 30 years?

**Senator Wardner:** It would be 1.5 million per year for 30 years.

**11:00-16:00 Representative Howe, ND Grain Growers: Presented video,**  
<https://www.legis.nd.gov/downloads/bill-history-media-file/66-2019/sb2297/sb2297-happr-03112019-attachment2.mp4> **Attachment 2A also passed out attachment 2.**

**Representative Howe:** There are tough times in agriculture today, many of those issues are out of our control. Other issues we have to take into account are the changing demands by our consumers. Whether it's low carb, gluten free or the non GMO advocates, this ag product development center is one way we can react to that. I just want to encourage you to consider this bill, SB 2297.

**17:50-25:55 Greg Svenningsen, Vice- Chairman of the North Dakota Wheat Commission; (see attachment 3)**

**26:20-27:30 Jeff Mertz, President of the North Dakota Grain Growers Association (NDGGA) (see attachment 4)** We saw the video and it needs to be upgraded. Our competition, South Dakota State has a beautiful facility down there and we have to compete against that. It's our future, NDSU may have 7 championships but we are falling behind here. We market 50% of our wheat to export market and to have a facility would be a great step in the direction for the future.

**Chairman Delzer:** Do you know where this is on the university list for priorities?

**Mr. Mertz:** I thought it was number 2, I am not sure.

**28:10-29:00 William Ongstad, Farmer from Harvey, ND:** I am in support of this bill. Wheat, barley and durum are our number 1 crop economically every year and we need this bill to enhance our sales of that.

**29:10-30:45 Alan D. LaFave, President of Valley City University: (see attachment 5)** I am in support of SB 2297 including funding for the replacement of Foss Hall, which you have already heard is on the wrong side of the flood wall. In addition to that, this new facility would do a lot to enhance the mission of the program at Valley City State specifically in the fields of music. This is an area that we take great pride in preparing teacher for the future. There are several events throughout the year that brings thousands of high school students on our campus. We see this as a wonderful recruiting and growth opportunity. This year alone we are hosting 23 hundred high school students on our campus.

**Chairman Delzer:** Nobody stays in that building? It's just a classroom correct? Why is it a life safety?

**Mr. LaFave:** It's just the safety of the entire campus, the continued safety of the program. If that program was to go away, we would lose significant enrollment.

**Chairman Delzer:** I believe the governor recommended just a remodel to another building? Why do you not find that expectable?

**Mr. LaFave:** Because of space constraints in that particular facility, however we do believe that building could be renovated for other purposes on campus but not for the purpose of music. Previous experience tells me that the space needed for large music ensembles can't be accommodated in the space that is available currently in McCarthy Hall.

**32:15 Representative Brandenburg:** Students want to come a have competition and there isn't room to do that. They have to restrict the number of students that can participate. I've been in this building and it is old.

**Representative Meier:** When was the last time the building took on water?

**Mr. LaFave:** Spring of 2009.

**34:00 Dickinson State**

**34:00-35:25 Laura Nelson, Interim President for Finance & Administration at Dickinson State University: (see attachment 6)**

**Chairman Delzer:** You've been working out of the basement for 10 years and you've done 50 thousand? How many more do you expect to do? If there was no funding, you would continue to do this in the basement?

**Mrs. Nelson:** I will get that to you and yes we would continue to do that. For the budget is was at 500 thousand so we would be requesting at least that.

**Chairman Delzer:** How many students are in the TR Honors Program?

**Mrs. Nelson:** I will have to get that to you as well.

**36:35-40:40 DeAnna Carlson Zink, CEO of the UND Alumni Association & Foundation:** I am here with **Amy Henley, Dean of the UND College of Business & Public Administration.** We are here in support of SB 2297 but we also have an amendment to the bill. **(see attachment 7)** Have a letter from one of our strong donors, **page 3 of attachment 7.**

**40:40 Chairman Delzer:** How old is the building?

**Mrs. Carlson:** 50 years.

**Chairman Delzer:** Where is this building on the higher education building list?

**Mrs. Carlson:** This was not on the list because this going to be a facility fundraised for with private dollars. The approval to fundraise was granted in the last biennium.

**41:50 Representative Holman:** Where would this be located on the campus?

**Mrs. Carlson:** It is at the center of the quad on the corner. It's the corner stone of the quad at UND, directly east of the current Gamble Hall.

**Chairman Delzer:** Would you keep Gamble Hall or would tear it down? Or would you come back for more money to remodel that?

**Mrs. Carlson:** We would use that for overflow space for the university in general, flex space.

**Representative Meier:** How long have you been working with this donor?

**Mrs. Carlson:** We have been working this donor for over 5 years but within that last year he and his wife along with his business have gotten more serious about it.

**Chairman Delzer:** Have you taken this to the board of high education?

**Mrs. Carlson:** The board approved this last biennium as long as we could raise the money for it.

**Representative Beadle:** This building is about 50 years old, when was the last time they did renovations to it?

**Mrs. Henley:** I don't believe there has been any renovations to the building. There's been additions of stock trading room and such based on donor intent but so revisions to classrooms.

**Chairman Delzer:** Is this an expansion of the current program?

**Mrs. Henley:** Yes, this is an expiation, we are currently at 1,800 students in the College of Business and Public Administration and our market demand suggests we could grow to at least 2,600 if we had the room.

**44:40 Representative Nathe:** There was a discussion about keeping Gamble Hall?

**Mrs. Carlson:** It will be torn down but it will be used as swing space until that time. There is deferred maintenance in that building already of 19 million dollars.

**Chairman Delzer:** Is part of 70 million part of the total to tear it down?

**Mrs. Carlson:** Yes, it is included in there.

**46:30-48:05 David Clough, Farmer from Fessenden: (see attachment 8)**

**48:20-50:50 Dwight Keller, President of Independent Beef Association:** I am here to talk about the meats lab. I have spent 10-12 years on the North Dakota Ag Collation board and it has been on and off the priority list, I think it made it as far as 1 and I think it's way overdue. It's been remodeled several time but I graduated in 1980 the building was already old. Spent 2 years in other colleges in graduate programs and it was the smallest and most outdated program then already. I've had 3 children that graduated from NDSU and have all worked in the meats lab so I have a pretty good feel of what goes on there. We have a really good scientist there right now and we need to get this up to date.

**51:20-57:05 Mason Rademacher, Executive Commissioner of the External Affairs on behalf of the NDSU Student Government: (see attachment 9)**

**Representative Monson:** In the second paragraph you said it has been on the list of capital project the last several biennia and the funding level has never been met to trigger the construction, what do you mean by that?

**Chairman Delzer:** I believe two biennia ago we had it in there as a trigger of how high the ongoing revenue would be and the ongoing revenue didn't come in high enough to trigger it.

**Representative Monson:** Has there been any effort to find donors or to raise money?

**Mr. Rademacher:** This building is a general education classroom as well as a research building so it would be hard to fundraise or find donors because there isn't a specific major involved with it.

**58:44-1:00:00 Julie Ellingson, North Dakota Stockmen's Association: (see attachment 10) We also stand in support for SB 2297.**

**1:00:15-1:01:30 Darrell Oswald, Vice Chairman of the North Dakota Ag Coalition: (see attachment 11)**

**1:01:40-1:02:10 Mike Bells, Farmer Trail County:** The meats lab would not pass inspection, it's only kept open because the alternative is much worse. We wouldn't have the

research and would get that job done. I understand you don't like bonding up the alternative is worse. Thank you for your time.

**1:02:15-1:03:45 Neal Fisher, Administrator North Dakota Wheat Commission:** We are facing losing some of these amazing scientist. We are about 1 deep in that area because we have lost positions and funding over the years. We had a university that sent out a job application that had everything but her picture for the job application, we did everything we could hold her, so far we are but much like the meat scientist we are at risk of losing these guys. We are making good progress fundraising; we aren't there yet but we're trying.

**Chairman Delzer:** How would you feel if we took some of the research money out for this?

**Mr. Fisher:** We wouldn't welcome that, we have had some sever cuts in recent biennia, I think it's already a difficult position. I think that would jeopardize te scientist we were just talking about.

**Chairman Delzer:** If there's no further testimony in favor of is there any opposition to SB 2297? President Bresciani would you answer one question; do you have designs for any of the engineering costs of anything for Dunbar or the ag building since they would both be on NDSU campus?

**President Bresciani:** Only the initial work that was necessary for the cost estimation.

**Chairman Delzer:** With that we will close the hearing for SB 2297.

**Attachment 12 is written testimony that was passed out in favor of SB 2297.**

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

SB 2297  
4/5/2019

- ☐ Subcommittee  
☐ Conference Committee

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

**A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; and to declare an emergency.**

### Minutes:

**Chairman Delzer:** Called the meeting to order, roll was taken. This is the bonding bill for buildings at the university system campuses.

**Representative Pollert:** I brought amendments for SB 2297, this is a bonding bill. Amendment 02003 changes the bonding from 151 million down to 80 million. Section 1 and 2 mean for NDSU and Valley City State would have to raise. If they don't have that money raised before they start they will build to fit within the money they did raise.

Gamble Hall at UND and I understand there is a lot of matching funds going on there. Basically what this is a total of 15 million total 6 of bonding and 9 million of cash. They are trying to raise 55 million.

That hall couldn't be started until those dollars are available.

**Chairman Delzer:** We currently are sitting around 9 million that we are paying in bonds now under again obligation bonds. These are now general obligation bonds that fit within our limitation of bonding authority. If it is 80 million that probably going to be somewhere between the essence 8 or 9 or 10 million additional bonding money so we are half of what we are allowed. I think we are allowed 47 million total. The life of these bonds would be 20 years.

**Representative Pollert:** The general obligations bonds would be 9 and those would be paid off on declining balance, but this is going to somewhere around 8 or 9 million added on to the current today's 18 million. I am in favor of a little bonding just not a lot of bonding.

**Chairman Delzer:** This would require NDSU and VCSC to get going on their buildings. They wouldn't have to raise the money they would just have to change their scope.

**Representative Pollert:** If you think there needs to be enhancements to make it better, I am in favor with that. In these amendments Harris Hall is not included in this amendment.

**Chairman Delzer:** BSC and Harris Hall also was not on the list. The reason you are wanting to start this for BSC is because they are in the process of losing their nursing school lease and are currently doing some remodeling. The cost of that would be in the neighborhood of 400 thousand a year plus operation and this 8.9 million would allow BSC to buy the building and pay most of the remodeling cost which the foundation has borrowed.

**Representative Pollert:** I think the second phase is 800 thousand. We are talking about real health care. Health care shortages, the nursing and we understand that the program.

**Chairman Delzer:** That does put a time frame on them. If they don't get that going, they can still raise money, they just won't have the 20 million.

**10:30 Representative Monson:** We refer to this as Gamble Hall project and I understand that it is going to be here for a while so this is a business school eventually to replace Gamble Hall so is it proper to use the term Gamble Hall or should we be talking about a project?

**Chairman Delzer:** I think you would call it the Gamble Hall project because they want to build this and tear down the old one. That is why you would call it the project.

**Representative Pollert:** If the committee thinks that the rewording to make it appropriate, then change it.

**Representative Bellew:** Could we get a list of what we are currently bonding for and what our limitations are?

**Chairman Delzer:** Our limitations are right around 47 million. We are currently at 9 million. In the short future it goes down to around 6 million. Depending what the interest rate is it would be somewhere between 8 and 10 million.

**Representative Pollert:** I did have a list of what our historic level of what bonding's been. Of course, we paid a lot of cash out when times were good and so that bonding has been dropping down. I thought we were in the 24 or 25 at the very top.

**Chairman Delzer:** I remember when we were sitting right at our limit and it was somewhere in the low 20's.

**Representative Howe:** The 11.2 million dollars for Dunbar Hall, how did you come up with that figure?

**Representative Pollert:** I looked at 40 million and liked it, I think NDSU has more possibilities to raise that money.

**Representative Howe:** It's really difficult to raise funds for a general education chemistry building in the middle of campus which is a cerebral part of any university. That 11.2 million, I can tell you right now they will not be able to raise that. They have told previous legislations

that.

**Chairman Delzer:** I think that's why we are saying they can change the scope of the building then needs to lowered. My understanding is that they want to build a building that is 2 to 2 1/2 times as big as the current one and that's fine, but this is the number that definitely gives them enough so that they could build a building in all likely hood would do the current needs.

**Representative Pollert:** I had looked at its size and talked to NDSU personnel and I think they went from 6 floors down to 4 and they downsized to get to the 51 million. I also had a conversation with the president of VCSU saying do you really need 32 million and they went from 4 floors down to 3 floors. Everybody has downsized to get to these figures.

**16:20 Representative Howe:** I am very disappointed that Harris Hall isn't in this project, I can't believe we are putting 30 million into a music building and not into an ag building. I have to disagree.

**Representative Pollert:** At some point in time, we do have to look at priority list that is set for higher education. The higher education right now has VCSU at number 1 and Dunbar Hall as number 2. I did have conversations with the NDSU folks, what's more important Dunbar Hall or Harris Hall? The discussion to me was Dunbar and that is what I brought forward. Had they told me Harris, that would have been in here instead.

**Chairman Delzer:** If we would have bonded everything that came over from the senate we would be really close to our max. if we adopt this amendment I would think this will be a point of discussion in conference committee.

**Representative J. Nelson:** When you looked at the Harris Hall project, did you vet that like you did the other ones as far as what the total cost. I think that was around 60 million dollars.

**Chairman Delzer:** I think it's 68 million and they have raised 6 from one and 8 from another and a 14 total.

**Representative J. Nelson:** So we are looking at over 50 million dollars. Agriculture in still the number industry in this state and research is important to make a profit is to have more bushels, because we don't control price. That is the value of research. Is there at least a commitment to the agriculture community that the state of North Dakota understands first of all that we've given to energy and that is very valuable, but agriculture is state wide for one thing.

**Representative Pollert:** When I look at the total picture of the state of North Dakota, I struggle with this as well. If I would be in my old chair of the HR section, I would be probably pushing Harris Hall, but I am not anymore. When talking to NDSU, they say Dunbar is on the priority list.

**Chairman Delzer:** We have to recognize how much we are spending on ag research.

**Representative Kempenich:** I am thinking maybe we should have some intent language.

**24:00 Representative Schobinger:** On the original bill on line 19 we refer to the NDSU agriculture products development center, is that Harris Hall?

**Chairman Delzer:** That is Harris Hall.

**Representative Pollert:** They do bring us a list but Harris Hall is number 12 of a list of 10, same as Gamble Hall project. We do have some guidelines that we have to go by,

**Representative Schobinger:** Page 1 line 20 is that going away?

**Representative Pollert:** When the discussion first started it was just Harris Hall and then it ballooned into three different projects since they were ag related.

**Chairman Delzer:** None of the discussion has talked about what is going to happen to those existing buildings.

**Representative Schobinger:** So the Northern crops institute project carry forward into the amendments?

**Chairman Delzer:** That would be part of the Harris Hall discussion. What they were going to do is put them all together and bill it as one facility and handle all three projects in one.

**Representative Howe:** I think there is a bigger problem if our higher education lists a music building as the number one priority.

**Chairman Delzer:** Thank you Representative Pollert, we will close this meeting.

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

SB 2297  
4/8/2019  
34601

- ☐ Subcommittee  
☐ Conference Committee

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

**A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; to provide an exemption; and to declare an emergency.**

### Minutes:

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**Chairman Delzer:** Called the meeting to order for SB 2297, we have amendment 19.1021.02003. It changes the Dunbar Hall to 40 million bonding, they can raise 11.2 million. It says they should build starting on July 1 of 2020 to match the cash available for the project at the time. Valley City is the same way, it goes to 30 million of bonding with that same stipulation and there is also bonding in there for 6 million for Gamble Hall at the University but I think they have to raise the whole amount before they get that 6 million but there is 9 million of cash available and there is 4 million of bonding for Pulver Hall in Dickinson and the cash would be 8.9 million for Bismarck for the nursing building, roughly 6.2 to buy the building and 2.7 to finish the remodel of the phase one. We are also giving a million dollars to Bottineau to finish up their projects and Lake Region has a precision ag project that's close to 4 million dollars and they think they need a million to get it done.

**Representative Monson: Move to Adopt amendment 19.1021.02003**

**Representative Vigesaa: Second**

**Chairman Delzer:** I would think that Harris Hall is going to be a point of discussion.

**Representative Kempenich:** I would have a hard time supporting this otherwise.

**Representative Howe:** I really do hope that in conference committee and the matching funds for Dunbar Hall is also addressed in that conversation.

**Chairman Delzer:** A concern is how much bonding authority we have, anything that is bonded here is general obligation bonds. We don't want to use up too much of it in case something happens and we have to bond for something.

**Representative Sanford:** When we dealt with the higher ed budget there was a component in there that dealt with helping them build a building fund, so that they could plan ahead and actually have skin in the game when it came time to ask for a project. I hope that in the future these institutes will know that they are going to have a match in the game. I think we should define what the match is and I heard 25% for example as a target. If they had that and they came to the legislature you would know that the planning would have involved realization that they had to pay a component of it. When you look at the list of projects here Bottineau has a science hall that they have started a project on and they can now distribute air to the hallways but it doesn't get into the classrooms, the dining hall is going to be revenue bond that they will use, point being they are bringing something to the table. Lake Region is bringing 75% of the cost of the project. In good time we paid cash for two buildings in bad times we bonded for two buildings and then everything else piled up. For the same amount of money, we would have bonded for we are going to do 10 or 12 projects with these new changes.

**Chairman Delzer:** This is the biggest we have bonded for a number of years, that why we wanted to do cash as much as we could.

**Representative Holman:** I am disappointed that Harris Hall is taken off this list.

**Chairman Delzer:** I think part of the problem is actually where it is at on the priority list. It's important to NDSU but overall it's not high on the higher ed list. Maybe if they can come up with a better commitment. Further discussion on the motion to amend? Seeing none. **Voice vote, All in Favor, Motion Carries.**

**Representative Vigesaa:** I will make a **Motion for a Do Pass as Amended**

**Representative Monson: Second**

**Chairman Delzer:** We have a motion for a Do Pass as Amended, any further discussion on the motion? I personally have a problem with the bonding portion of it, I think we should be trying to do these with cash. Also recognize how long we have been working on Dunbar and Valley City. Seeing none we will call the roll.

**A Roll Call vote was taken. Yea: 15      Nay: 3      Absent: 3**

**Representative Vigesaa will carry the bill.**

**Chairman Delzer:** With that we will close this meeting.

DO 4/8/19  
10/5

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2297

Page 1, line 3, after the semicolon insert "to provide an exemption;"

Page 1, line 5, replace "The" with "Subject to the provisions of this section, the"

Page 1, remove lines 17 through 24

Page 2, replace lines 1 through 11 with:

"North Dakota state university Dunbar Hall	\$40,000,000
Valley City state university communications and fine arts building project	30,000,000
University of North Dakota Gamble Hall project	6,000,000
Dickinson state university Pulver Hall	<u>4,000,000</u>
Total	\$80,000,000

1. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the Dunbar Hall project. There is appropriated to North Dakota state university the sum of \$11,200,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021. North Dakota state university shall commence construction on the Dunbar Hall project before July 1, 2020. North Dakota state university shall adjust the scope of the project as necessary to match the amount of cash available for the project on the date construction commences.
2. Valley City state university may obtain and utilize local funds obtained from fundraising or other sources for the communications and fine arts building project. There is appropriated to Valley City state university the sum of \$2,275,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021. Valley City state university must commence construction on the communications and fine arts building project before July 1, 2020. Valley City state university shall adjust the scope of the project as necessary to match the amount of cash available for the project on the date construction commences.
3.
  - a. The university of North Dakota may obtain and utilize local funds obtained from fundraising or other sources for the Gamble Hall project. There is appropriated to the university of North Dakota the sum of \$55,000,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021.
  - b. The industrial commission may issue evidences of indebtedness for the Gamble Hall project only if the university of North Dakota certifies to the industrial commission and the director of the office of

management and budget that \$55,000,000 of local and other nonstate funds has been obtained for the project.

DE 9/8/19  
2 of 5

## SECTION 2. APPROPRIATION - CAPITAL PROJECTS - EXEMPTION.

Subject to the provisions of this section, the funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the following institutions for the identified capital projects, for the period beginning with the effective date of this Act and ending June 30, 2019, as follows:

Bismarck state college nursing building	\$8,900,000
Dakota college at Bottineau dining hall and other projects	1,000,000
Lake region state college precision agriculture project	1,000,000
University of North Dakota Gamble Hall project	<u>9,000,000</u>
Total general fund	\$19,900,000

Section 54-44.1-11 does not apply to the funding in this section and any funds not spent by June 30, 2019, may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021. The appropriation for the Gamble Hall project must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if the university of North Dakota certifies to the director of the office of management and budget that \$55,000,000 of local and other nonstate funds has been obtained for the project."

Renumber accordingly

### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2297 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
University of North Dakota				
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000
Less estimated income	0	0	61,000,000	61,000,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
North Dakota State University				
Total all funds	\$0	\$111,200,000	(\$60,000,000)	\$51,200,000
Less estimated income	0	111,200,000	(60,000,000)	51,200,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
Dickinson State University				
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000
Less estimated income	0	4,500,000	(500,000)	4,000,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
Valley City State University				
Total all funds	\$0	\$32,275,000	\$0	\$32,275,000
Less estimated income	0	32,275,000	0	32,275,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
Northern Crops Institute				
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0
Less estimated income	0	18,000,000	(18,000,000)	0
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$165,975,000	(\$17,500,000)	\$148,475,000
Less estimated income	0	165,975,000	(17,500,000)	148,475,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

#### Senate Bill No. 2297 - University of North Dakota - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets			\$61,000,000	\$61,000,000
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000
Less estimated income	0	0	61,000,000	61,000,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

#### Department 230 - University of North Dakota - Detail of House Changes

	Adds Funding for Gamble Hall Project <sup>1</sup>	Total House Changes
Capital assets	\$61,000,000	\$61,000,000
Total all funds	\$61,000,000	\$61,000,000
Less estimated income	61,000,000	61,000,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Special fund authority of \$61,000,000 is added for the Gamble Hall project from bond proceeds (\$6,000,000) and from funds obtained from fundraising and other local sources (\$55,000,000). A 2017-19 biennium general fund appropriation of \$9,000,000 is also provided for the project for a total project cost of \$70,000,000. The bonding authority and general fund appropriation for the project are available only if the University of North Dakota certifies to the Industrial Commission and Office of Management and Budget that \$55,000,000 of local and other nonstate funds has been obtained for the project.

#### Senate Bill No. 2297 - North Dakota State University - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$111,200,000	(\$60,000,000)	\$51,200,000
Total all funds	\$0	\$111,200,000	(\$60,000,000)	\$51,200,000
Less estimated income	0	111,200,000	(60,000,000)	51,200,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

#### Department 235 - North Dakota State University - Detail of House Changes

	Adjusts Funding for Capital Projects <sup>1</sup>	Total House Changes
Capital assets	(\$60,000,000)	(\$60,000,000)
Total all funds	(\$60,000,000)	(\$60,000,000)
Less estimated income	(60,000,000)	(60,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate for the Dunbar Hall project is adjusted as follows:

DP 4/8/19  
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	Senate	House	Difference
Bonding	\$51,200,000	\$40,000,000	(\$11,200,000)
Other funds	0	11,200,000	11,200,000
Total	\$51,200,000	\$51,200,000	\$0

This amendment also removes \$60 million of funding from bond proceeds and other funds added by the Senate for the Agriculture Products Development Center project.

#### Senate Bill No. 2297 - Dickinson State University - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$4,500,000	(\$500,000)	\$4,000,000
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000
Less estimated income	0	4,500,000	(500,000)	4,000,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

#### Department 239 - Dickinson State University - Detail of House Changes

	Adjusts Funding for Pulver Hall Project <sup>1</sup>	Total House Changes
Capital assets	(\$500,000)	(\$500,000)
Total all funds	(\$500,000)	(\$500,000)
Less estimated income	(500,000)	(500,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding from bond proceeds added by the Senate for the Pulver Hall project is reduced from \$4,500,000 to \$4,000,000.

#### Department 242 - Valley City State University - Detail of House Changes

	Adjusts Funding for Communications and Fine Arts Building Project <sup>1</sup>	Total House Changes
Capital assets		
Total all funds	\$0	\$0
Less estimated income	0	0
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate for the Communications and Fine Arts Building project is adjusted as follows:

	Senate	House	Difference
Bonding	\$32,275,000	\$30,000,000	(\$2,275,000)
Other funds	0	2,275,000	2,275,000
Total	\$32,275,000	\$32,275,000	\$0

DP 4/8/19  
5 of 5

## Senate Bill No. 2297 - Northern Crops Institute - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$18,000,000	(\$18,000,000)	
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0
Less estimated income	0	18,000,000	(18,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

## Department 638 - Northern Crops Institute - Detail of House Changes

	Removes Funding for Building Project <sup>1</sup>	Total House Changes
Capital assets	(\$18,000,000)	(\$18,000,000)
Total all funds	(\$18,000,000)	(\$18,000,000)
Less estimated income	(18,000,000)	(18,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate from bond proceeds and other funds for the Northern Crops Institute building project is removed.

## Senate Bill No. 2297 - Other Changes - House Action

This amendment also provides a 2017-19 biennium general fund appropriation of \$19.9 million for the following projects:

Bismarck State College nursing building	\$8,900,000
Dakota College at Bottineau dining hall and other projects	1,000,000
University of North Dakota Gamble Hall project	9,000,000
Lake Region State College precision agriculture project	<u>1,000,000</u>
Total general fund	\$19,900,000

Provisions are also added to allow the institutions to continue any unexpended general fund appropriations for the projects into the 2019-21 biennium.

Date: 4/8/2019  
Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2297**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 19.1021.02003

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 Monson Seconded By Representative Vigesaa

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

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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

**Voice Vote/Motion Carries**

Date: 4/8/2019  
Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2297**

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 Vigesaa Seconded By Representative Monson

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

Total (Yes) 15 No 3

Absent 3

Floor Assignment Representative Vigesaa

**REPORT OF STANDING COMMITTEE**

**SB 2297, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 3 NAYS, 3 ABSENT AND NOT VOTING). Engrossed SB 2297 was placed on the Sixth order on the calendar.

Page 1, line 3, after the semicolon insert "to provide an exemption;"

Page 1, line 5, replace "The" with "Subject to the provisions of this section, the"

Page 1, remove lines 17 through 24

Page 2, replace lines 1 through 11 with:

"North Dakota state university Dunbar Hall	\$40,000,000
Valley City state university communications and fine arts building project	30,000,000
University of North Dakota Gamble Hall project	6,000,000
Dickinson state university Pulver Hall	4,000,000
Total	\$80,000,000

1. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the Dunbar Hall project. There is appropriated to North Dakota state university the sum of \$11,200,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021. North Dakota state university shall commence construction on the Dunbar Hall project before July 1, 2020. North Dakota state university shall adjust the scope of the project as necessary to match the amount of cash available for the project on the date construction commences.
2. Valley City state university may obtain and utilize local funds obtained from fundraising or other sources for the communications and fine arts building project. There is appropriated to Valley City state university the sum of \$2,275,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021. Valley City state university must commence construction on the communications and fine arts building project before July 1, 2020. Valley City state university shall adjust the scope of the project as necessary to match the amount of cash available for the project on the date construction commences.
3.
  - a. The university of North Dakota may obtain and utilize local funds obtained from fundraising or other sources for the Gamble Hall project. There is appropriated to the university of North Dakota the sum of \$55,000,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021.
  - b. The industrial commission may issue evidences of indebtedness for the Gamble Hall project only if the university of North Dakota certifies to the industrial commission and the director of the office of management and budget that \$55,000,000 of local and other nonstate funds has been obtained for the project.

**SECTION 2. APPROPRIATION - CAPITAL PROJECTS - EXEMPTION.**

Subject to the provisions of this section, the funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the following

institutions for the identified capital projects, for the period beginning with the effective date of this Act and ending June 30, 2019, as follows:

Bismarck state college nursing building	\$8,900,000
Dakota college at Bottineau dining hall and other projects	1,000,000
Lake region state college precision agriculture project	1,000,000
University of North Dakota Gamble Hall project	<u>9,000,000</u>
Total general fund	\$19,900,000

Section 54-44.1-11 does not apply to the funding in this section and any funds not spent by June 30, 2019, may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021. The appropriation for the Gamble Hall project must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if the university of North Dakota certifies to the director of the office of management and budget that \$55,000,000 of local and other nonstate funds has been obtained for the project."

Renumber accordingly

# STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2297 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
University of North Dakota				
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000
Less estimated income	0	0	61,000,000	61,000,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
North Dakota State University				
Total all funds	\$0	\$111,200,000	(\$60,000,000)	\$51,200,000
Less estimated income	0	111,200,000	(60,000,000)	51,200,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
Dickinson State University				
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000
Less estimated income	0	4,500,000	(500,000)	4,000,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
Valley City State University				
Total all funds	\$0	\$32,275,000	\$0	\$32,275,000
Less estimated income	0	32,275,000	0	32,275,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
Northern Crops Institute				
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0
Less estimated income	0	18,000,000	(18,000,000)	0
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$165,975,000	(\$17,500,000)	\$148,475,000
Less estimated income	0	165,975,000	(17,500,000)	148,475,000
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE	0.00	0.00	0.00	0.00

**Senate Bill No. 2297 - University of North Dakota - House Action**

	Base Budget	Senate Version	House Changes	House Version
Capital assets			\$61,000,000	\$61,000,000
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000
Less estimated income	0	0	61,000,000	61,000,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

**Department 230 - University of North Dakota - Detail of House Changes**

	Adds Funding for Gamble Hall Project <sup>1</sup>	Total House Changes
Capital assets	\$61,000,000	\$61,000,000
Total all funds	\$61,000,000	\$61,000,000
Less estimated income	61,000,000	61,000,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Special fund authority of \$61,000,000 is added for the Gamble Hall project from bond proceeds (\$6,000,000) and from funds obtained from fundraising and other local sources (\$55,000,000). A 2017-19 biennium general fund appropriation of \$9,000,000 is also provided for the project for a total project cost of \$70,000,000. The bonding authority and general fund appropriation for the project are available only if the University of North Dakota certifies to the Industrial Commission and Office of Management and Budget that \$55,000,000 of local and other nonstate funds has been obtained for the project.

**Senate Bill No. 2297 - North Dakota State University - House Action**

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$111,200,000	(\$60,000,000)	\$51,200,000
Total all funds	\$0	\$111,200,000	(\$60,000,000)	\$51,200,000
Less estimated income	0	111,200,000	(60,000,000)	51,200,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

**Department 235 - North Dakota State University - Detail of House Changes**

	Adjusts Funding for Capital Projects <sup>1</sup>	Total House Changes
Capital assets	(\$60,000,000)	(\$60,000,000)
Total all funds	(\$60,000,000)	(\$60,000,000)
Less estimated income	(60,000,000)	(60,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate for the Dunbar Hall project is adjusted as follows:

	Senate	House	Difference
Bonding	\$51,200,000	\$40,000,000	(\$11,200,000)
Other funds	0	11,200,000	11,200,000
Total	\$51,200,000	\$51,200,000	\$0

This amendment also removes \$60 million of funding from bond proceeds and other funds added by the Senate for the Agriculture Products Development Center project.

**Senate Bill No. 2297 - Dickinson State University - House Action**

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$4,500,000	(\$500,000)	\$4,000,000
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000
Less estimated income	0	4,500,000	(500,000)	4,000,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

**Department 239 - Dickinson State University - Detail of House Changes**

	Adjusts Funding for Pulver Hall Project <sup>1</sup>	Total House Changes
Capital assets	(\$500,000)	(\$500,000)
Total all funds	(\$500,000)	(\$500,000)
Less estimated income	(500,000)	(500,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding from bond proceeds added by the Senate for the Pulver Hall project is reduced from \$4,500,000 to \$4,000,000.

**Department 242 - Valley City State University - Detail of House Changes**

	Adjusts Funding for Communications and Fine Arts Building Project <sup>1</sup>	Total House Changes
Capital assets		
Total all funds	\$0	\$0
Less estimated income	0	0
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate for the Communications and Fine Arts Building project is adjusted as follows:

	Senate	House	Difference
Bonding	\$32,275,000	\$30,000,000	(\$2,275,000)
Other funds	0	2,275,000	2,275,000
Total	\$32,275,000	\$32,275,000	\$0

**Senate Bill No. 2297 - Northern Crops Institute - House Action**

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$18,000,000	(\$18,000,000)	
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0
Less estimated income	0	18,000,000	(18,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

**Department 638 - Northern Crops Institute - Detail of House Changes**

	Removes Funding for Building Project <sup>1</sup>	Total House Changes
Capital assets	(\$18,000,000)	(\$18,000,000)
Total all funds	(\$18,000,000)	(\$18,000,000)
Less estimated income	(18,000,000)	(18,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate from bond proceeds and other funds for the Northern Crops Institute building project is removed.

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**Senate Bill No. 2297 - Other Changes - House Action**

This amendment also provides a 2017-19 biennium general fund appropriation of \$19.9 million for the following projects:

Bismarck State College nursing building	\$8,900,000
Dakota College at Bottineau dining hall and other projects	1,000,000
University of North Dakota Gamble Hall project	9,000,000
Lake Region State College precision agriculture project	<u>1,000,000</u>
Total general fund	\$19,900,000

Provisions are also added to allow the institutions to continue any unexpended general fund appropriations for the projects into the 2019-21 biennium.

**2019 CONFERENCE COMMITTEE**

**SB 2297**

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2297  
4/19/2019  
Job # 34860

☐ Subcommittee  
☒ Conference Committee

Committee Clerk: Rose Laning
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### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; and to declare an emergency.

### Minutes:

Testimony # 1 - 2
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**Legislative Council: Brady Larson**  
**OMB: Renae Bloms**

### Conferees:

**Senator Sorvaag, Senator Holmberg, Senator Robinson**  
**Representative B. Anderson, Representative Meier, Representative Holman**

**Brady Larson** handed out the Statement of Purpose of Amendment – attached # 1.

**Senator Sorvaag** called the conference committee to order on SB 2297 and asked the House to explain their changes to the bill.

**Representative Vigesaa:** (Working off the 19.1021.02003 version of the bill – attached # 2)

Provided \$80M bonding authority:  
\$40M for Dunbar Hall (NDSU)  
\$30M for Valley City State University  
\$6M for Gamble Hall (UND)  
\$4M for Pulver Hall (Dickinson)

\$19.9M of this biennium general funds:  
\$8.9M to Bismarck State College of Nursing  
\$1M to Dakota College of Bottineau  
\$1M to Lake Region  
\$9M to Gamble Hall

(4:33) **Representative Vigesaa:** That is the House's position and going away from the original version which was about \$151 or \$152M. We were concerned about the amount of bonding that we're authorizing during this session. We wanted to be cognizant of how much we're going out with bonds. In addition, the other project identified was Harris Hall and the related Ag projects with that. We know that was quite a ways down on the priority list, I think #12 on the University System's list. At this time, at least in House version, that was not committed to.

**Senator Sorvaag:** Let's deal with Harris – it was down the list a ways, but you also included some things that were not on the list at all. Except for Dunbar and Valley City, the list wasn't paid that much attention to on any of these decisions. In Harris, was it taken into consideration that they had capabilities of raising a lot of funds there because of the nature of the building. I know there was \$6M they had to raise but was that part of the discussion or just dropped because it was #12?

**Representative Vigesaa:** Maybe those who serve on the EE section could speak to that more clearly because I'm not on the higher ed budget.

**Representative Sanford:** I think what happened was that an amendment was brought to full committee. This was not heard or really worked with in EE. It was brought to the full committee by the majority leader so the version that came here, the hearing was actually in the full committee so there wasn't real detailed work done.

**Senator Sorvaag:** The other two are the same. In the Dunbar and the Valley City discussions, was it discussed that they are straight classrooms and the difficulty of raising funds? We can use examples of Sudro Hall at NDSU, they paid 100% because industry would step up. We know that the ability to raise at Valley City is much smaller. Was that part of the discussion – the difficulty of raising funds or was the intent that the building should be different?

**Representative Sanford:** Actually, the bill was not in E&E at all. The subcommittee never dealt with the issue at all because it was on a separate bill and that bill came to the full committee.

**Senator Sorvaag:** any other questions from committee? There's a big picture when you come into bonding. We're not going to settle anything today.

**Representative Vigesaa:** I might elaborate on the \$1M projects that are there. The situation in Bottineau, it's with regard to a dining center as well as some of their heating system. Their current dining center is not ADA accessible, has significant needs. This will relocate the dining center with the existing student center and then there's a backup boiler needed. These are some critical areas where the House thought a million dollars would really help them. It's going to be used in combination with a \$2.5M revenue bonds. They're going to be repaid with the dining revenues.

With regard to the building in Devils Lake – their current building that they are utilizing for their precision ag department. It's in very difficult shape. There's actually infestation of rodents there and the existing facility is being rented, so they'd like to construct a new building for that program. Precision ag is getting to be a very big thing in the industry. They have a

million dollars pledged so far for the project. The building is becoming unusable. There was discussion at some point about those needs.

**Senator Sorvaag:** That's why lists are used, but they're not an end all. We've all been in a positions of planning and lists are a guideline, but doesn't necessarily mean it has to be in that order.

**Representative Vigesaa:** The House certainly realizes that Harris is in discussion.

**Representative Sanford:** One other thing about Bottineau, they have a science building that they started the project and ran out of money so part of this money would also be used to finish that project which is now 3 years old.

I want to call your attention to the word "obtained" in the information relative to raising local funds. I visited with Karlene Fine and Joe Morrisette because those are two agencies that you would certify to that you "obtained" it. The common understanding or definition of "obtained" is that you have cash in hand or pledged to the full amount. They wanted that in the minutes or on the record.

**Senator Sorvaag:** In our original bill for Harris, which included the Northern Crops Institute, in both those situations that language was also put in – that the bonds couldn't be sold until the money was raised. This is the cash part that we're talking about. They either have to have the cash or something that certifies that the cash is coming.

Hearing adjourned.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2297  
4/23/2019  
Job # 34944

☐ Subcommittee  
☒ Conference Committee

Committee Clerk: Rose Laning
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### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for capital projects of various state departments and institutions; to authorize the industrial commission to issue and sell evidences of indebtedness for capital projects; and to declare an emergency.

### Minutes:

Amendment 19.1021.02005
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**Legislative Council: Brady Larson**  
**OMB: Renae Bloms**

### Conferees:

**Senator Sorvaag, Senator Holmberg, Senator Robinson**  
**Representative B. Anderson, Representative Meier, Representative Holman**

**Senator Sorvaag** called the conference committee to order on SB 2297. We've only met once but obviously a lot of work has been happening. We have a set of amendments before us.

**Senator Holmberg** handed out amendment 19.1021.02005. The amendments reflect the discussions held at various levels over the past few days to make some wise investments in some very needed infrastructure at campus' around the state. Certainly a focus on agriculture and a focus on other buildings including some that were at the top of the university systems priority list.

NDSU Dunbar Hall, Valley City State University fine arts building (Foss building), UND Gamble Hall project and Dickinson State University Pulver Hall are all part of \$100M bonding section in this bill. The legislature in this area has not bonded since 2005. In these times, it was felt that this was a very good way to proceed on some buildings, some of which are quite expensive.

(Walked through the amendment)

Dunbar Hall project -  
\$20M for agriculture products development center – Harris Hall. Harris is 20-20-20. \$20M bonding, \$20M cash, \$20M money that needs to be raised.

Northern Crops Institute (section 3) authorized to begin fund raising efforts for the building project.

Gamble Hall (UND) – provides money for bonding and cash. The university is required to raise \$55M on its own in order to complete that project.

On page two of the amendment, Bismarck State College Nursing building - \$.9M

Dakota College at Bottineau – new dining hall and other projects - \$ 1M

Lake Region precision agriculture project - \$1M

NDSU Harris Hall - \$20M cash

NDSU Dunbar Hall - \$8M cash

UND Gamble Hall - \$9M cash and \$6M bonding

Valley City fine arts building - \$2M (Foss Hall is on the wrong side of the dike, that's been a high priority for this legislature.) The legislature had passed authorization for building Dunbar Hall two sessions ago and also Foss Hall. They were triggered and the triggers did not go off.

\$100M bonding and \$49,900,000 cash of general fund money.

**Senator Holmberg: Moved that the House recede from House amendments and amend as follows with amendment 19.1021.02005.**

**Senator Robinson: Seconded the motion.**

**Representative Vigesaa:** Do we need to have the emergency clause on this bill or is it already there in regard to the funding from this biennium?

**Senator Holmberg:** It's in there.

**A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.**

**Motion carried.**

JNC  
4/23/19  
108

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2297

That the House recede from its amendments as printed on pages 1582-1586 of the Senate Journal and pages 1748-1752 of the House Journal and that Engrossed Senate Bill No. 2297 be amended as follows:

Page 1, line 3, after the semicolon insert "to provide an exemption;"

Page 1, line 5, replace "The" with "Subject to the provisions of this section, the"

Page 1, remove lines 17 through 24

Page 2 replace lines 1 through 11 with:

"North Dakota state university Dunbar Hall	\$40,000,000
Valley City state university Communications and Fine Arts Building project	30,000,000
North Dakota state university agriculture products development center	20,000,000
University of North Dakota Gamble Hall project	6,000,000
Dickinson state university Pulver Hall	<u>4,000,000</u>
Total	\$100,000,000

1. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the Dunbar Hall project. There is appropriated to North Dakota state university the sum of \$3,200,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.
2.
  - a. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the agriculture products development center project. There is appropriated to North Dakota state university the sum of \$20,000,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.
  - b. The industrial commission may issue evidences of indebtedness for the agriculture products development center project only if North Dakota state university certifies to the industrial commission and the director of the office of management and budget that \$20,000,000 of local and other funds has been obtained for the project or if North Dakota state university receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.
3.
  - a. The university of North Dakota may obtain and utilize local funds obtained from fundraising or other sources for the Gamble Hall project. There is appropriated to the university of North Dakota the sum of \$55,000,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.

- 2017
- b. The industrial commission may issue evidences of indebtedness for the Gamble Hall project only if the university of North Dakota certifies to the industrial commission and the director of the office of management and budget that \$55,000,000 of local and other funds has been obtained for the project or if the university of North Dakota receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.

## **SECTION 2. APPROPRIATION - CAPITAL PROJECTS - EXEMPTION.**

1. Subject to the provisions of this section, the funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the following institutions for the identified capital projects, for the period beginning with the effective date of this Act, and ending June 30, 2019, as follows:

Bismarck state college Nursing Building	\$8,900,000
Dakota college at Bottineau dining hall and other projects	1,000,000
Lake Region state college precision agriculture project	1,000,000
North Dakota state university agriculture products development center project	20,000,000
North Dakota state university Dunbar Hall project	8,000,000
University of North Dakota Gamble Hall project	9,000,000
Valley City state university Communications and Fine Arts Building project	<u>2,000,000</u>
Total general fund	\$49,900,000

In accordance with section 54-44.1-11, any unaccepted funds from these appropriations may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

2. The appropriation for the agriculture products development center project must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if North Dakota state university certifies to the industrial commission and the director of the office of management and budget that \$20,000,000 of local and other funds has been obtained for the project or if North Dakota state university receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.
3. The appropriation for the Gamble Hall project must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if the university of North Dakota certifies to the industrial commission and the director of the office of management and budget that \$55,000,000 of local and other funds has been obtained for the project or if the university of North Dakota receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.

**SECTION 3. NORTHERN CROPS INSTITUTE BUILDING PROJECT.** The northern crops institute is authorized to begin fundraising efforts for the northern crops institute building project. The northern crops institute shall develop a proposal for its building project, including locations for the new facility, the proper capacity of the facility to serve future institute needs, and the estimated costs of the building project. The

307

northern crops institute may seek funding and authorization from the sixty-seventh legislative assembly to proceed with the building project."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2297 - Summary of Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
University of North Dakota						
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000	\$61,000,000	\$0
Less estimated income	0	0	61,000,000	61,000,000	61,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
North Dakota State University						
Total all funds	\$0	\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Less estimated income	0	111,200,000	(28,000,000)	83,200,000	51,200,000	32,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Dickinson State University						
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	\$0
Less estimated income	0	4,500,000	(500,000)	4,000,000	4,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Valley City State University						
Total all funds	\$0	\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Less estimated income	0	32,275,000	(2,275,000)	30,000,000	32,275,000	(2,275,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Northern Crops Institute						
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0	\$0	\$0
Less estimated income	0	18,000,000	(18,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	\$0	\$165,975,000	\$12,225,000	\$178,200,000	\$148,475,000	\$29,725,000
Less estimated income	0	165,975,000	12,225,000	178,200,000	148,475,000	29,725,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Senate Bill No. 2297 - University of North Dakota - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets			\$61,000,000	\$61,000,000	\$61,000,000	
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000	\$61,000,000	\$0
Less estimated income	0	0	61,000,000	61,000,000	61,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

407

## Department 230 - University of North Dakota - Detail of Conference Committee Changes

	Adds Funding for Gamble Hall Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	\$61,000,000	\$61,000,000
Total all funds	\$61,000,000	\$61,000,000
Less estimated income	61,000,000	61,000,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Special fund authority of \$61 million is added for the Gamble Hall project from bond proceeds (\$6 million) and from funds obtained from fundraising and other local sources (\$55 million). A 2017-19 biennium general fund appropriation of \$9 million is also provided for the project for a total project cost of \$70 million. The bonding authority and general fund appropriation for the project are available only if the University of North Dakota certifies to the Industrial Commission and the Office of Management and Budget that \$55 million of local and other funds has been obtained for the project or if the university receives approval from the Legislative Assembly or Budget Section for a change in project scope. This is the same amount of funding as provided in the House version.

## Senate Bill No. 2297 - North Dakota State University - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Total all funds	\$0	\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Less estimated income	0	111,200,000	(28,000,000)	83,200,000	51,200,000	32,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

## Department 235 - North Dakota State University - Detail of Conference Committee Changes

	Adjusts Funding for Dunbar Hall Project <sup>1</sup>	Adjusts Funding for Agriculture Products Development Center Project <sup>2</sup>	Total Conference Committee Changes
Capital assets	(\$8,000,000)	(\$20,000,000)	(\$28,000,000)
Total all funds	(\$8,000,000)	(\$20,000,000)	(\$28,000,000)
Less estimated income	(8,000,000)	(20,000,000)	(28,000,000)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> Funding for the Dunbar Hall project is adjusted as follows:

<u>Dunbar Hall Project</u>	<u>Senate</u>	<u>House</u>	<u>Conference Committee</u>
Bonding	\$51,200,000	\$40,000,000	\$40,000,000
General fund appropriation (2017-19 biennium)	0	0	8,000,000
Other funds	0	11,200,000	3,200,000
Total	\$51,200,000	\$51,200,000	\$51,200,000

The \$8 million reduction shown is due to the general fund appropriation being provided during the 2017-19 biennium.

<sup>2</sup> Funding for the Agriculture Products Development Center is adjusted as follows:

507

**Agriculture Products Development Center**

	<u>Senate</u>	<u>House</u>	<u>Conference Committee</u>
Bonding	\$54,000,000	\$0	\$20,000,000
General fund appropriation (2017-19 biennium)	0	0	20,000,000
Other funds	6,000,000	0	20,000,000
Total	\$60,000,000	\$0	\$60,000,000

The \$20 million reduction shown is due to the general fund appropriation being provided during the 2017-19 biennium. Provisions are also added to provide the bonding authority and general fund appropriation for the project are available only if North Dakota State University certifies to the Industrial Commission and the Office of Management and Budget that \$20 million of local and other funds has been obtained for the project or if the university receives approval from the Legislative Assembly or Budget Section for a change in project scope.

**Senate Bill No. 2297 - Dickinson State University - Conference Committee Action**

	<u>Base Budget</u>	<u>Senate Version</u>	<u>Conference Committee Changes</u>	<u>Conference Committee Version</u>	<u>House Version</u>	<u>Comparison to House</u>
Capital assets		\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	\$0
Less estimated income	0	4,500,000	(500,000)	4,000,000	4,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 239 - Dickinson State University - Detail of Conference Committee Changes**

	<u>Adjusts Funding for Pulver Hall Project<sup>1</sup></u>	<u>Total Conference Committee Changes</u>
Capital assets	(\$500,000)	(\$500,000)
Total all funds	(\$500,000)	(\$500,000)
Less estimated income	(500,000)	(500,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding from bond proceeds added by the Senate for the Pulver Hall project is reduced from \$4.5 million to \$4 million. This is the same level of funding provided in the House version.

**Senate Bill No. 2297 - Valley City State University - Conference Committee Action**

	<u>Base Budget</u>	<u>Senate Version</u>	<u>Conference Committee Changes</u>	<u>Conference Committee Version</u>	<u>House Version</u>	<u>Comparison to House</u>
Capital assets		\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Total all funds	\$0	\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Less estimated income	0	32,275,000	(2,275,000)	30,000,000	32,275,000	(2,275,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 242 - Valley City State University - Detail of Conference Committee Changes**

	Adjusts Funding for Communications and Fine Arts Building Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	(\$2,275,000)	(\$2,275,000)
Total all funds	(\$2,275,000)	(\$2,275,000)
Less estimated income	(2,275,000)	(2,275,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding for the Communications and Fine Arts Building project is adjusted as follows:

<u>Communications and Fine Arts Building Project</u>	<u>Senate</u>	<u>House</u>	<u>Conference Committee</u>
Bonding	\$32,275,000	\$30,000,000	\$30,000,000
General fund appropriation (2017-19 biennium)	0	0	2,000,000
Other funds	0	2,275,000	0
Total	\$32,275,000	\$32,275,000	\$32,000,000

The \$2,275,000 reduction shown is due to the \$2 million general fund appropriation being provided during the 2017-19 biennium and a reduction of \$275,000 in project authorization.

**Senate Bill No. 2297 - Northern Crops Institute - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$18,000,000	(\$18,000,000)			
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0	\$0	\$0
Less estimated income	0	18,000,000	(18,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 638 - Northern Crops Institute - Detail of Conference Committee Changes**

	Removes Funding for Building Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	(\$18,000,000)	(\$18,000,000)
Total all funds	(\$18,000,000)	(\$18,000,000)
Less estimated income	(18,000,000)	(18,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate from bond proceeds and other funds for the Northern Crops Institute building project is removed. The House also removed this funding. A section is added authorizing the Northern Crops Institute to begin fundraising for the project and to request authorization from the 67th Legislative Assembly to proceed with the project.

**Senate Bill No. 2297 - Other Changes - Conference Committee Action**

This amendment provides a 2017-19 biennium general fund appropriation of \$49.9 million for the following projects:

7/20

	<u>Senate</u>	<u>House</u>	<u>Conference Committee</u>
Bismarck State College Nursing Building	\$0	\$8,900,000	\$8,900,000
Dakota College at Bottineau dining hall and other projects	0	1,000,000	1,000,000
Lake Region State College precision agriculture project	0	1,000,000	1,000,000
North Dakota State University Agriculture Products Development Center	0	0	20,000,000
North Dakota State University Dunbar Hall project	0	0	8,000,000
University of North Dakota Gamble Hall project	0	9,000,000	9,000,000
Valley City State University Communications and Fine Arts Building project	<u>0</u>	<u>0</u>	<u>2,000,000</u>
Total general fund - 2017-19 biennium	\$0	\$19,900,000	\$49,900,000

Provisions are also added to allow the institutions to continue any unexpended general fund appropriations for the projects into the 2019-21 biennium.

**2019 SENATE CONFERENCE COMMITTEE  
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2297 as (re) engrossed

**Senate Appropriations Committee**

- Action Taken**    ☐ **SENATE accede to House Amendments**  
☐ **SENATE accede to House Amendments and further amend**  
☐ **HOUSE recede from House amendments**  
☒ **HOUSE recede from House amendments and amend as follows  
with amendment 19.1021.02005**  
☐ **Unable to agree**, recommends that the committee be discharged and a new  
committee be appointed

Motion Made by: Senator Holmberg      Seconded by: Senator Robinson

Senators	4/19	4/23		Yes	No		Representatives	4/19	4/23		Yes	No
Senator Sorvaag	x	x		X			Representative Vigesaa	x	x		X	
Senator Holmberg	x	x		X			Representative Sanford	x	x		X	
Senator Robinson	x	x		X			Representative Boe	x	x		X	
Total Senate Vote				3	0		Total Rep. Vote				3	0

Vote Count      Yes: 6      No: 0      Absent: 0

Senate Carrier Senator Sorvaag      House Carrier Representative Vigesaa

LC Number 191021 . 02005 of amendment

LC Number 191021 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 19.1021.02005  
Senate Carrier: Sorvaag  
House Carrier: Vigesaa

**REPORT OF CONFERENCE COMMITTEE**

**SB 2297, as engrossed:** Your conference committee (Sens. Sorvaag, Holmberg, Robinson and Reps. Vigesaa, Sanford, Boe) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1582-1586, adopt amendments as follows, and place SB 2297 on the Seventh order:

That the House recede from its amendments as printed on pages 1582-1586 of the Senate Journal and pages 1748-1752 of the House Journal and that Engrossed Senate Bill No. 2297 be amended as follows:

Page 1, line 3, after the semicolon insert "to provide an exemption;"

Page 1, line 5, replace "The" with "Subject to the provisions of this section, the"

Page 1, remove lines 17 through 24

Page 2 replace lines 1 through 11 with:

"North Dakota state university Dunbar Hall	\$40,000,000
Valley City state university Communications and Fine Arts Building project	30,000,000
North Dakota state university agriculture products development center	20,000,000
University of North Dakota Gamble Hall project	6,000,000
Dickinson state university Pulver Hall	4,000,000
Total	\$100,000,000

1. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the Dunbar Hall project. There is appropriated to North Dakota state university the sum of \$3,200,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.
2.
  - a. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the agriculture products development center project. There is appropriated to North Dakota state university the sum of \$20,000,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.
  - b. The industrial commission may issue evidences of indebtedness for the agriculture products development center project only if North Dakota state university certifies to the industrial commission and the director of the office of management and budget that \$20,000,000 of local and other funds has been obtained for the project or if North Dakota state university receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.
3.
  - a. The university of North Dakota may obtain and utilize local funds obtained from fundraising or other sources for the Gamble Hall project. There is appropriated to the university of North Dakota the sum of \$55,000,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.
  - b. The industrial commission may issue evidences of indebtedness for the Gamble Hall project only if the university of North Dakota certifies

Insert LC: 19.1021.02005  
Senate Carrier: Sorvaag  
House Carrier: Vigasaa

to the industrial commission and the director of the office of management and budget that \$55,000,000 of local and other funds has been obtained for the project or if the university of North Dakota receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.

## **SECTION 2. APPROPRIATION - CAPITAL PROJECTS - EXEMPTION.**

1. Subject to the provisions of this section, the funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the following institutions for the identified capital projects, for the period beginning with the effective date of this Act, and ending June 30, 2019, as follows:

Bismarck state college Nursing Building	\$8,900,000
Dakota college at Bottineau dining hall and other projects	1,000,000
Lake Region state college precision agriculture project	1,000,000
North Dakota state university agriculture products development center project	20,000,000
North Dakota state university Dunbar Hall project	8,000,000
University of North Dakota Gamble Hall project	9,000,000
Valley City state university Communications and Fine Arts Building project	2,000,000
Total general fund	\$49,900,000

In accordance with section 54-44.1-11, any unaccepted funds from these appropriations may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

2. The appropriation for the agriculture products development center project must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if North Dakota state university certifies to the industrial commission and the director of the office of management and budget that \$20,000,000 of local and other funds has been obtained for the project or if North Dakota state university receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.
3. The appropriation for the Gamble Hall project must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if the university of North Dakota certifies to the industrial commission and the director of the office of management and budget that \$55,000,000 of local and other funds has been obtained for the project or if the university of North Dakota receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.

**SECTION 3. NORTHERN CROPS INSTITUTE BUILDING PROJECT.** The northern crops institute is authorized to begin fundraising efforts for the northern crops institute building project. The northern crops institute shall develop a proposal for its building project, including locations for the new facility, the proper capacity of the facility to serve future institute needs, and the estimated costs of the building project. The northern crops institute may seek funding and authorization from the sixty-seventh legislative assembly to proceed with the building project."

Renumber accordingly

Insert LC: 19.1021.02005  
Senate Carrier: Sorvaag  
House Carrier: Vigasaa

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2297 - Summary of Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
University of North Dakota						
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000	\$61,000,000	\$0
Less estimated income	0	0	61,000,000	61,000,000	61,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
North Dakota State University						
Total all funds	\$0	\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Less estimated income	0	111,200,000	(28,000,000)	83,200,000	51,200,000	32,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Dickinson State University						
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	\$0
Less estimated income	0	4,500,000	(500,000)	4,000,000	4,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Valley City State University						
Total all funds	\$0	\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Less estimated income	0	32,275,000	(2,275,000)	30,000,000	32,275,000	(2,275,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Northern Crops Institute						
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0	\$0	\$0
Less estimated income	0	18,000,000	(18,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	\$0	\$165,975,000	\$12,225,000	\$178,200,000	\$148,475,000	\$29,725,000
Less estimated income	0	165,975,000	12,225,000	178,200,000	148,475,000	29,725,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Senate Bill No. 2297 - University of North Dakota - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets			\$61,000,000	\$61,000,000	\$61,000,000	
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000	\$61,000,000	\$0
Less estimated income	0	0	61,000,000	61,000,000	61,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 230 - University of North Dakota - Detail of Conference Committee Changes**

	Adds Funding for Gamble Hall Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	\$61,000,000	\$61,000,000
Total all funds	\$61,000,000	\$61,000,000
Less estimated income	61,000,000	61,000,000
General fund	\$0	\$0
FTE	0.00	0.00

Insert LC: 19.1021.02005

Senate Carrier: Sorvaag

House Carrier: Vigasaa

<sup>1</sup> Special fund authority of \$61 million is added for the Gamble Hall project from bond proceeds (\$6 million) and from funds obtained from fundraising and other local sources (\$55 million). A 2017-19 biennium general fund appropriation of \$9 million is also provided for the project for a total project cost of \$70 million. The bonding authority and general fund appropriation for the project are available only if the University of North Dakota certifies to the Industrial Commission and the Office of Management and Budget that \$55 million of local and other funds has been obtained for the project or if the university receives approval from the Legislative Assembly or Budget Section for a change in project scope. This is the same amount of funding as provided in the House version.

**Senate Bill No. 2297 - North Dakota State University - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Total all funds	\$0	\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Less estimated income	0	111,200,000	(28,000,000)	83,200,000	51,200,000	32,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 235 - North Dakota State University - Detail of Conference Committee Changes**

	Adjusts Funding for Dunbar Hall Project <sup>1</sup>	Adjusts Funding for Agriculture Products Development Center Project <sup>2</sup>	Total Conference Committee Changes
Capital assets	(\$8,000,000)	(\$20,000,000)	(\$28,000,000)
Total all funds	(\$8,000,000)	(\$20,000,000)	(\$28,000,000)
Less estimated income	(8,000,000)	(20,000,000)	(28,000,000)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> Funding for the Dunbar Hall project is adjusted as follows:

<u>Dunbar Hall Project</u>	Senate	House	Conference Committee
Bonding	\$51,200,000	\$40,000,000	\$40,000,000
General fund appropriation (2017-19 biennium)	0	0	8,000,000
Other funds	0	11,200,000	3,200,000
Total	\$51,200,000	\$51,200,000	\$51,200,000

The \$8 million reduction shown is due to the general fund appropriation being provided during the 2017-19 biennium.

<sup>2</sup> Funding for the Agriculture Products Development Center is adjusted as follows:

<u>Agriculture Products Development Center</u>	Senate	House	Conference Committee
Bonding	\$54,000,000	\$0	\$20,000,000
General fund appropriation (2017-19 biennium)	0	0	20,000,000
Other funds	6,000,000	0	20,000,000
Total	\$60,000,000	\$0	\$60,000,000

The \$20 million reduction shown is due to the general fund appropriation being provided during the 2017-19 biennium. Provisions are also added to provide the bonding authority and general fund appropriation for the project are available only if North Dakota State University certifies to the Industrial Commission and the Office of Management and Budget that \$20 million of local and other funds has been obtained for the project or if the university receives approval from the Legislative Assembly or Budget Section for a change in project scope.

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Senate Carrier: Sorvaag  
House Carrier: Vigesaa

**Senate Bill No. 2297 - Dickinson State University - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	\$0
Less estimated income	0	4,500,000	(500,000)	4,000,000	4,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 239 - Dickinson State University - Detail of Conference Committee Changes**

	Adjusts Funding for Pulver Hall Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	(\$500,000)	(\$500,000)
Total all funds	(\$500,000)	(\$500,000)
Less estimated income	(500,000)	(500,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding from bond proceeds added by the Senate for the Pulver Hall project is reduced from \$4.5 million to \$4 million. This is the same level of funding provided in the House version.

**Senate Bill No. 2297 - Valley City State University - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Total all funds	\$0	\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Less estimated income	0	32,275,000	(2,275,000)	30,000,000	32,275,000	(2,275,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 242 - Valley City State University - Detail of Conference Committee Changes**

	Adjusts Funding for Communications and Fine Arts Building Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	(\$2,275,000)	(\$2,275,000)
Total all funds	(\$2,275,000)	(\$2,275,000)
Less estimated income	(2,275,000)	(2,275,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding for the Communications and Fine Arts Building project is adjusted as follows:

Communications and Fine Arts Building Project	Senate	House	Conference Committee
Bonding	\$32,275,000	\$30,000,000	\$30,000,000
General fund appropriation (2017-19 biennium)	0	0	2,000,000
Other funds	0	2,275,000	0
Total	\$32,275,000	\$32,275,000	\$32,000,000

The \$2,275,000 reduction shown is due to the \$2 million general fund appropriation being provided during the 2017-19 biennium and a reduction of \$275,000 in project authorization.

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Senate Carrier: Sorvaag  
House Carrier: Vigesaa

**Senate Bill No. 2297 - Northern Crops Institute - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$18,000,000	(\$18,000,000)			
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0	\$0	\$0
Less estimated income	0	18,000,000	(18,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 638 - Northern Crops Institute - Detail of Conference Committee Changes**

	Removes Funding for Building Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	(\$18,000,000)	(\$18,000,000)
Total all funds	(\$18,000,000)	(\$18,000,000)
Less estimated income	(18,000,000)	(18,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate from bond proceeds and other funds for the Northern Crops Institute building project is removed. The House also removed this funding. A section is added authorizing the Northern Crops Institute to begin fundraising for the project and to request authorization from the 67th Legislative Assembly to proceed with the project.

**Senate Bill No. 2297 - Other Changes - Conference Committee Action**

This amendment provides a 2017-19 biennium general fund appropriation of \$49.9 million for the following projects:

	Senate	House	Conference Committee
Bismarck State College Nursing Building	\$0	\$8,900,000	\$8,900,000
Dakota College at Bottineau dining hall and other projects	0	1,000,000	1,000,000
Lake Region State College precision agriculture project	0	1,000,000	1,000,000
North Dakota State University Agriculture Products Development Center	0	0	20,000,000
North Dakota State University Dunbar Hall project	0	0	8,000,000
University of North Dakota Gamble Hall project	0	9,000,000	9,000,000
Valley City State University Communications and Fine Arts Building project	0	0	2,000,000
Total general fund - 2017-19 biennium	\$0	\$19,900,000	\$49,900,000

Provisions are also added to allow the institutions to continue any unexpended general fund appropriations for the projects into the 2019-21 biennium.

Engrossed SB 2297 was placed on the Seventh order of business on the calendar.

**2019 TESTIMONY**

**SB 2297**

# VALLEY CITY STATE UNIVERSITY



Artist's renderings of Communication and Fine Arts Building



## PROPOSED VCSU CAPITAL PROJECT

### Construction of Communication and Fine Arts Building

Valley City State University has an urgent need to construct a new Communication and Fine Arts Building. Permanent flood protection for the VCSU campus has put Foss Hall on the wrong side of the floodwall.

**Estimated Cost: \$32,275,887 (project will eliminate \$2,579,413 in deferred maintenance)**

#### The Proposal

The proposed Communication and Fine Arts Building will replace Foss Hall and consolidate the Art and Music programs in one facility, which will also include the Communication Arts Department.

Every student completing the general education program at VCSU will take

at least 2 courses (6 credits) in this building. By shuffling classrooms and offices, this will also allow for the razing of McCarthy Hall.

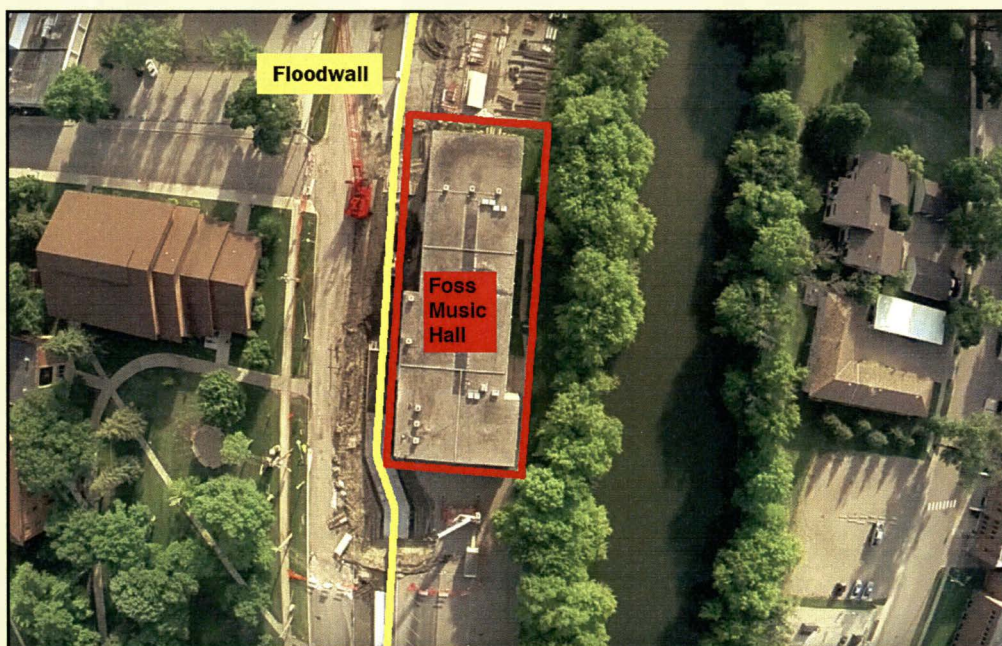
Estimated at slightly less than \$32.3 million, the project is needed because the installation of permanent

flood protection along the river has put Foss Hall on the wrong side of the floodwall. It will also allow VCSU to retire more than \$2.5 million in deferred maintenance by razing Foss Hall.

#### The Need

Foss Hall (built in 1963), VCSU's music building, sits directly on the banks of the Sheyenne River. As the City of Valley City has installed permanent flood protection—protecting the city and the VCSU campus—Foss Hall is located on the wrong side of the floodwall.

To protect students and state assets, Foss Hall must be razed and its functions replaced elsewhere on campus.



## The Benefits



Foss Hall (behind flood wall)

- Gather communication and fine arts programs— 5 majors, 5 minors and 4 certificate programs—under one roof, providing students with consolidated, updated facilities.

on campus access to modern classroom facilities and increased exposure to the arts.

- Raze Foss Hall, providing a deferred maintenance savings of \$2.5 million.
- Achieve organizational efficiency through common box office and shared administrative support, and achieve space efficiency through multi-use workrooms and performance areas.
- House at least 2 of VCSU's required general education courses, giving all freshmen

- Provide ADA accessibility (currently lacking in Foss Hall) in the new building with an elevator.
- Create appropriate acoustics in performance and practice space, along with proper climate control to preserve expensive instruments.
- Foster an atmosphere of collaboration and inspiration, an interdisciplinary approach to creative problem-solving and innovation, and a synergy embodying the VCSU core values of innovation and community, by combining the fine arts with the communication arts programs in one building.

## Renovation of McCarthy unworkable for music building



McCarthy Hall

The Executive Budget explores a renovation of McCarthy Hall to meet Valley City State University's need to replace Foss Hall. Unfortunately, that possibility is unfeasible.

Built in 1930, McCarthy has remained largely untouched over time, and its deferred maintenance alone far exceeds the Executive Budget figure.

The McCarthy Hall infrastructure and design are from another era. Although extensive renovation might allow it to function as a traditional classroom building, converting it to a modern, functional music building with first-rate space for classes, studios, ensemble rehearsal space and a recital hall

is unworkable given its structural limitations and infrastructure deficiencies.

We must always ask ourselves what is best for our students and our university. The outstanding student musicians and future music educators at Valley City State University need a first-rate facility to enhance their educational experience, and the teaching of talented and

dedicated faculty members will be greatly enhanced by a new building, as will the recruiting of new students. The future of music at VCSU depends on looking forward, not just making do.

### McCarthy Hall Renovation Needs

McCarthy Hall would need the following major improvements:

- Asbestos abatement/removal
- Air handling system with duct work
- Piping throughout the building: water lines, sanitary sewer lines, removal of existing steam lines, and installation of water loop and steam converter system

- Penthouse for mechanical systems
- Roofing with insulation, EPDM rubber roofing membrane, and flashing
- Insulation for exterior walls
- Energy-efficient windows
- New electrical wiring and conduit
- Tuckpointing of brickwork
- Elevator to accommodate large instruments such as grand pianos
- Fire-prevention sprinkler system

### Limitations for Special Spaces

The structural design of the building and its footprint cannot accommodate the large open spaces needed for choir and band rehearsal rooms, which require sunken and elevated terraced rooms respectively, along with acoustic features and treatments that both reproduce sound accurately and protect musicians' hearing.

### Conclusion

It doesn't make financial sense to renovate McCarthy Hall for a music building.



**VALLEY CITY**  
**STATE UNIVERSITY**

Valley City State University • President's Office  
101 College St SW • Valley City, ND 58072  
701-845-7102 • www.vcsu.edu

SB 2297  
1-31-19  
#1

# SENATE BILL NO. 2297

	Bonding	Federal/Other funds
North Dakota state university Dunbar Hall	51,200,000	0
Valley City state university communication and fine arts	32,000,000	0
North Dakota state university agriculture products development center	54,000,000	6,000,000
And northern crops institute project	10,000,000	8,000,000
Dickinson state university Pulver Hall project	<u>4,500,000</u>	<u>0</u>
Total	151,700,000	14,000,000

PROPOSED AMENDMENTS TO SENATE BILL NO. 2297

Page 1, replace lines 19 and 20 with:

"North Dakota state university agriculture products development center	54,000,000
Northern crops institute project	10,000,000"

Page 1, line 24, remove "and northern crops institute"

Page 2, line 1, replace "\$14,000,000," with "\$6,000,000"

Page 2, after line 3, insert:

"The northern crops institute may obtain and utilize federal and other funds for the northern crops institute project. There is appropriated to the northern crops institute the sum of \$8,000,000, or so much of the sum as may be necessary, from any federal or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment provides separate appropriation authority for the North Dakota State University agriculture products development center and Northern Crops Institute projects rather than providing one appropriation for both projects.

SB2297  
1-31-19

Testimony of Greg Svenningsen, Vice-Chair, North Dakota Wheat Commission

SB2297

#3

January 31, 2019

p1

Good morning Mr. Chairman and members of the Senate Appropriations Committee. My name is Greg Svenningsen. I am here today as the Vice-Chairman of the North Dakota Wheat Commission.

The North Dakota Wheat Commission has a long-standing, leveraged research relationship with North Dakota State University's Agricultural Experiment Station. Today we stand in strong support of Senate Bill 2297, which includes a provision for the Agricultural Products Development Center. The Center as proposed will greatly improve research capabilities and required infrastructure directly related to our mission and core programs, primarily promotion and development of production, marketing, and growth opportunities for North Dakota agriculture and the North Dakota wheat industry. The Agricultural Products Development Center will greatly advance the development of, and marketing opportunities for agricultural products and related cutting edge technologies. This will further enhance productivity of all of North Dakota's increasingly diverse agricultural crop and livestock enterprises. As a result, additional economic benefits will accrue to every community and citizen in the state.

Much of our research partnership is currently focused on the improvement of genetics, varieties, plant protection, management practices and customer pleasing traits, all aimed at improving the bottom line of North Dakota wheat and durum producers. The Wheat Commission's average annual budget is about \$4.5 million dollars and is funded solely by North Dakota wheat and durum producers. Approximately one-third of these funds are annually invested in research programs, primarily conducted at North Dakota State University's main station and regional branch station sites, supplementing state and federal research commitments.

An essential element of the wheat research effort is analysis of the quality and performance features of each annual crop, which is in turn used as a promotional aid in the market development arena. Survey data collected during each harvest

p1

is compiled in a comprehensive report illustrating the unique quality characteristics and typically superior performance traits of the annual spring wheat and durum crops when compared to wheat of other origins. Over the past six decades this report has grown to become the hallmark and chief sales tool of the US wheat industry in growing domestic and global markets in more than 50 destination countries. The crop quality report and accompanying seminar series have become the main features of the “technical service package” provided to regular and prospective customers at annual overseas crop quality seminars sponsored by the North Dakota Wheat Commission, our partners in the spring wheat region, and our international partner organization, US Wheat Associates.

These critically important functions and many more wheat quality and performance research programs are performed by world class scientists in Harris Hall, an aging facility located on the NDSU campus. The existing facility cannot support the technology nor the analytical procedures and equipment required in the current market environment and certainly will not meet the expectations of the future.

Replacement of the aging and increasingly deficient facility is one of the important goals addressed in SB 2297. A similar, parallel goal involves replacing the equally important NDSU meats lab facility, while preserving the historic Shepperd Arena, near and dear to North Dakota agriculturalists and livestock producers. Forward looking efforts on behalf of all North Dakota crops such as soybeans, corn, and numerous other high value specialty crops can be similarly addressed through this expanded, much more technology driven facility.

Wheat is one of our state’s primary agricultural enterprises, a key component of our state’s largest industry and a top revenue generator for our state economy. Spring wheat is very important to our producers and their very quality conscious domestic and global customers. US HRS or “DNS” as our Asian customers refer to it, is marketed at the absolute top values in the global wheat market, due to its unique quality and performance traits. The Agricultural Products Development Center will allow us to extend this premium quality and end-use performance research to the next level which may well include exciting, yet to be exploited nutritional and dietary benefits, and perhaps pharmaceutical applications.

North Dakota Agriculture and our robust wheat industry is indeed a “big deal” in our state, the four-state region, and in the 50 to 60 global markets where more than half of our high quality, high performance production is consumed annually. The benefits of “Branding” or the differentiation of our high quality wheat from wheats of other origins has already provided measurable economic benefits in an increasingly competitive global market.

SB 2297 and the Agricultural Products Development Center which is included in it, provides us a great opportunity to further differentiate our agriculture from the rest of the pack.

Thank you for this opportunity.

If you have questions I will try to answer them.

SB 2297  
1-31-19  
# 2

p1

# U.S. HARD RED SPRING WHEAT "DNS Wheat"

- U.S. HRS < 2% of Total Global Wheat Crop
  - ❖ "Customer Comment"
- Branding/Differentiation
  - ❖ Market Distinction – Premium Quality/End Use-Product Performance
  - ❖ Generates Producer Benefits
  - ❖ Repeat Business
  - ❖ Market Growth
  - ❖ Premium Prices
- Other Classes compete more directly with cheaper Russian medium to lower quality wheats



# U.S. HARD RED SPRING WHEAT

## "DNS Wheat"

SB 2297  
1-31-19  
#4  
p2

- Second largest wheat class produced in U.S.
  - ❖ More than half produced in ND
- Known for:
  - ❖ High protein content
  - ❖ Superior Dough strength, Stability and Large Loaf Volume
- Used Primarily as a "Blending" wheat - to increase Protein, Overall Quality and Performance
- Top End Specialty Bread Products/Asian Noodles
- Specific Applications – Not #2 Yellow Corn or More Generic Wheat of other origins
- "Clean Label Ingredient" for Processors/Bakers
- Highest "Value Wheat" in Global Market

## Why Export and Domestic Customers Buy U.S. Durum

SB 2297  
1-31-19  
#4  
p 3

- ➔ Quality strengths include bright yellow semolina and pasta color, high protein, high semolina extraction and strong gluten
- ➔ Produces high quality pasta products
  - ➔ Also used for couscous and bread in limited markets
- ➔ “Improver” of other wheats in mill blends
- ➔ Available year round – providing reliable, stable source of supply
- ➔ One-third of U.S. durum is exported

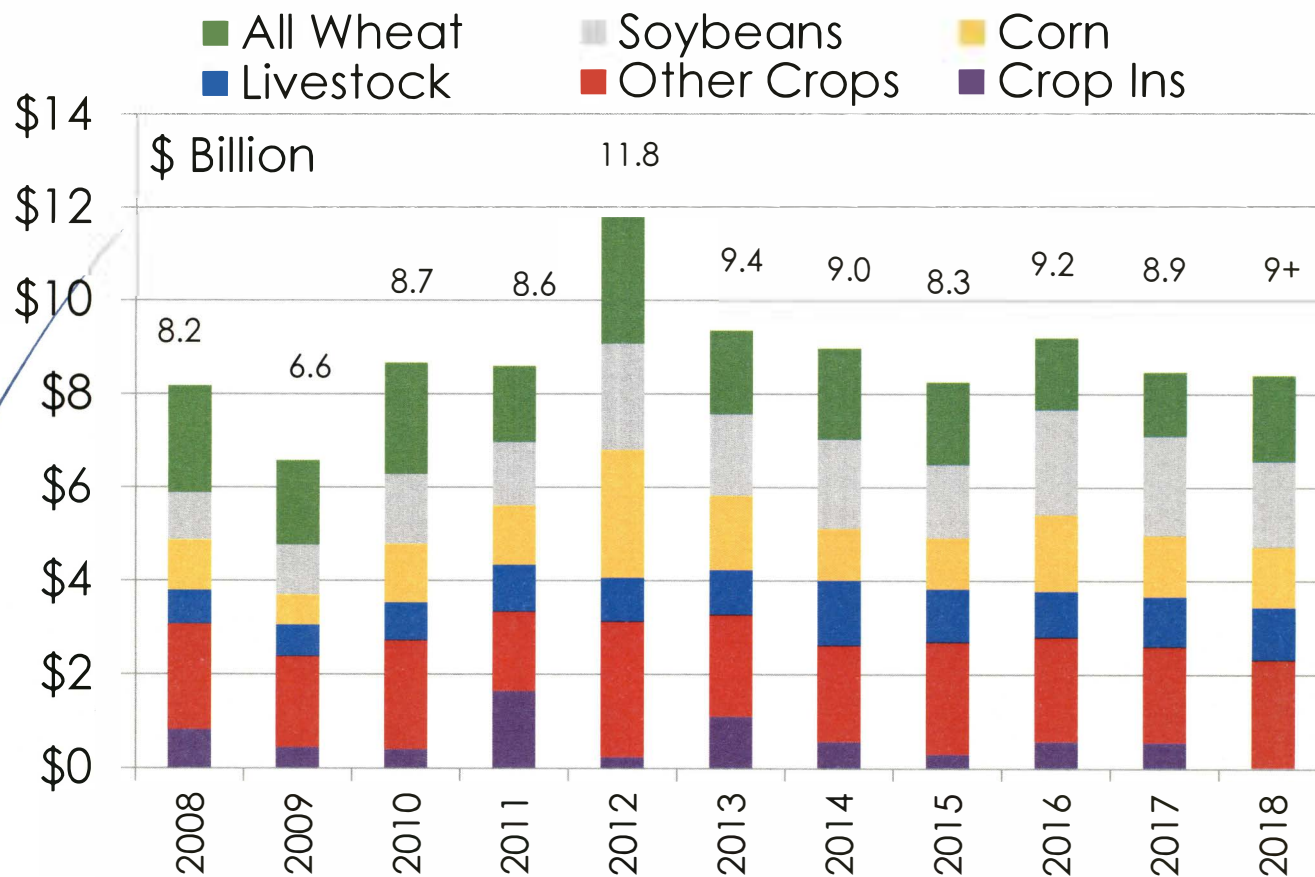
SB 2297  
1-31-19  
#4  
p4

# ND WHEAT FACTS

- ❖ **“The Wheat State” – (3 of past 5 years)**
- ❖ **Largest U.S. HRS/DNS Crop in 22 years**
- ❖ **Record 48 BPA Yield**
- ❖ **Largest Class of U.S. Wheat Exported – 3 of last 5 yrs.**
- ❖ **ND Wheat Acreage up 20%  $\approx$  8 million acres in 2018**
  - 2019 Prospects? 5-20%
- ❖ **Great Crop Quality Features** - Grade/Protein/End-Use Performance in 2017 and 2018 – 2 yrs back to back
- ❖ **Value of ND Agriculture** – wheat  $\approx$  \$2 Billion (annual farm gate  $\rightarrow$  Price X Quantity)
- ❖ **ND Ag Enterprise Chart** - \$8-9 Billion cash Value (Farm Gate)
  - Total Economic Impact  $\approx$  \$30-40 Billion – ND Agriculture
  - Greater Diversity 3 Major Crops + Livestock  $\approx$  \$6 + Billion (Farm Gate)  
Big 4 Enterprises (wheat, corn, soybeans & livestock)
  - Additional \$2-3 Billion – High Value Specialty Crops and Hay
- ❖ **Ag Product Development Center Initiative**
  - Capitalize on Future Market Opportunities
  - Transformational Project - New Uses and Applications (Nutritional, Dietary, Pharmaceutical)

# North Dakota Ag Enterprise Values plus Crop Insurance

SB 2297  
1-31-19  
#4  
p5

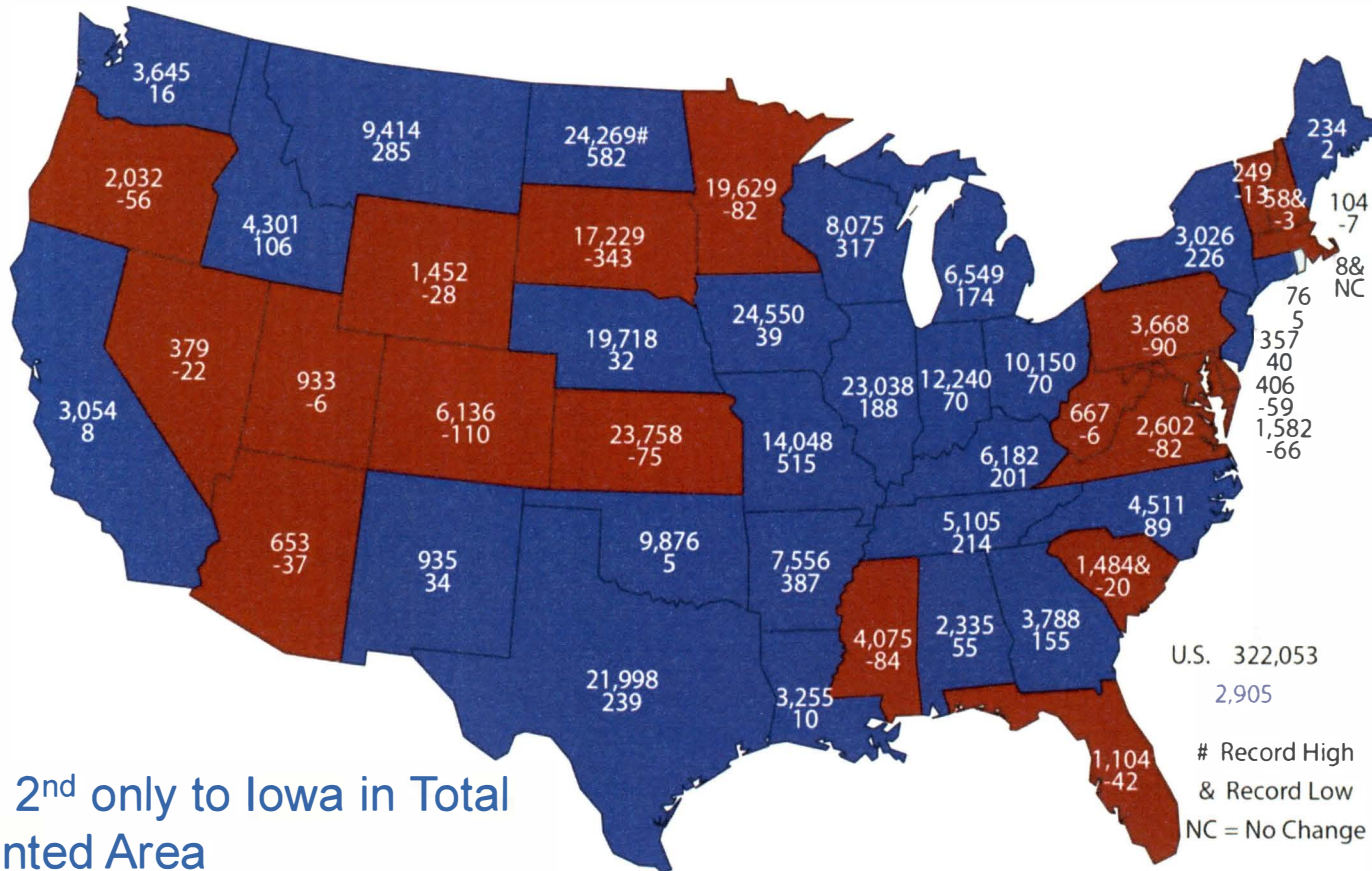


SB 2297  
1-31-19  
#4  
p6

# IMPORTANCE OF AGRICULTURE



## 2018 Principal Crops Planted Area (000) Acres and Change From Previous Year



6/29/18

SB 2297  
1-31-19

#5

**North Dakota Stockmen's Association**  
**Testimony to the Senate Appropriations Committee on SB 2297**  
**Jan. 31, 2019**

Good morning, Chairman Holmberg and members of the Senate Appropriations Committee. For the record, my name is Julie Ellingson and I represent the North Dakota Stockmen's Association, an 89-year-old beef cattle trade organization representing 3,000 cattle-ranching families.

We stand in support of SB 2297 with respect to the funding for the Agricultural Products Development Center. The Center will include multiple agricultural components. The piece most significant to the state's livestock industry is its updated meats laboratory.

Replacing the existing meats laboratory has long been a priority project of our association and the broader livestock industry, as the current facility is archaic. Built back in the age of poodle skirts and sock hops, the facility has had trouble meeting inspection specs because of its age.

We are blessed to have some of the nation's top meat scientists working at NDSU. They have been a part of game-changing research that has done everything from identify the most tender muscle in the beef carcass to scientifically refute the commonly held myth that eating beef contributes to premature puberty in adolescents. Still, these world-class scientists are conducting their work in a substandard facility that no longer meets today's rigorous standards. Their resourcefulness and ingenuity can only be expanded with access to an up-to-date and well-equipped facility.

The Agricultural Products Development Center is expected to pay dividends to the agricultural industry and, ultimately, the entire state as its no. 1 industry grows and flourishes. Additionally, it will help us train students in these important areas that will likewise benefit our industry and overall economy.

To demonstrate our commitment to this effort, the Stockmen's Association has committed \$25,000 of its own dues dollars to help support this major agricultural endeavor.

Thank you for your consideration of this project.



P.O. Box 1091  
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(701) 355-4458  
FAX (701) 223-4645

#### **VOTING MEMBERS**

Independent Beef Association  
of ND  
Milk Producers Association of ND  
Minn-Dak Farmers Cooperative  
ND Ag Aviation Association  
ND Agricultural Association  
ND Ag Consultants  
ND Agri-Women  
ND Barley Council  
ND Corn Growers Association  
ND Corn Utilization Council  
ND Crop Improvement & Seed  
Association  
ND Dry Bean Council  
ND Elk Growers  
ND Ethanol Council  
ND Farm Credit Council  
ND Farmers Union  
ND Farm Dealers Association  
ND Grain Growers Association  
ND Irrigation Association  
ND Lamb & Wool Producers  
ND Oilseed Council  
ND Pork Producers Council  
ND Soybean Growers Association  
ND Stockmen's Association  
ND Wheat Commission  
Northern Canola Growers  
Association  
Northern Plains Potato Growers  
Northern Pulse Growers  
Association  
Northwest Landowners  
Association  
Red River Valley Sugarbeet  
Growers  
U.S. Durum Growers Association

#### **NON-VOTING MEMBERS**

BNSF Railway, Inc.  
Ellingson Companies  
Garrison Diversion Conservancy  
District  
ND Association of Ag Educators  
ND Association of Soil  
Conservation Districts  
ND Board of Commission  
ND Department of Ag  
ND Soybean Council  
ND State Seed Commission  
NDSU Agricultural Affairs

**Testimony of Jim Bahm  
North Dakota Ag Coalition  
Executive Committee Member  
In Support of SB 2297**

SB 2297  
1-31-19

#6

Chairman Holmberg and members of the committee, my name is Jim Bahm, and I am here today as a member of the Executive Committee of the North Dakota Ag Coalition. The Ag Coalition has provided a unified voice for North Dakota agricultural interests for over 35 years. Today, we represent more than 40 statewide organizations and associations that represent specific commodities or have a direct interest in agriculture. Through the Ag Coalition, our members seek to enhance the climate for North Dakota's agricultural producers.

The Ag Coalition takes a position on a limited number of issues, brought to us by our members, that have significant impact on North Dakota's agriculture industry. The Ag Coalition supports SB 2297, specifically as it relates to the Ag Products Development Center, this project is needed to continue the high-quality research that is essential to the future of North Dakota's crop and livestock producers.

The proposed Ag Products Development Center will serve as a replacement for Harris Hall and the Meats Research Laboratory, which will bring new technology and equipment to ag research at NDSU as well as provide new teaching areas for crops, livestock and food science. The current facilities limit research and education as they can no longer provide the space, safety or technology that researchers and students need to carry out their important work.

The agricultural research facilities at NDSU are the foundation for North Dakota's ag economy. We recommend a Do Pass on SB 2297 as the Ag Products Development Center will significantly enhance research and education for the state's producers and future generations.

SB 2297  
1-31-19

#1



You Raise. We Represent. [www.ndgga.com](http://www.ndgga.com)

**North Dakota Grain Growers Association  
Testimony on SB 2297  
Senate Appropriations Committee  
January 31, 2019**

Chairman Holmberg, members of the Senate Appropriations Committee, for the record my name is Ed Kessel; I am a diversified family farmer from Dickinson, North Dakota and the 2<sup>st</sup> Vice President of the North Dakota Grain Growers Association (NDGGA). I appear before you in both capacities today in support of SB 2297.

First Chairman Holmberg, members of the Senate Appropriations Committee, I would like to address the need for the Agricultural Products Developmental Center contained as a part of SB 2297. All of you are very aware of the critical need NDSU ag research serves in the economy of the state. North Dakota agricultural research is world renowned and our farms and ranches provide the best agricultural products in the world. To maintain and increase that standard North Dakota must invest in the facilities necessary to keep pace with the breakneck speed of technology today. Without those facilities we cannot attract the brightest and best to come to North Dakota to the detriment of North Dakota agriculture and the North Dakota economy. We cannot in any way afford that. The new Agricultural Products Developmental Center is a vital addition that is desperately needed today.

However, the Agricultural Products Developmental Center is but a portion of SB 2297. All of the projects contained in the bill i.e. Dunbar Hall, the Valley City State University Communications and Fine Arts building, and Pulver Hall at Dickinson State University all serve critical needs at their respective institutions. Together this is a forward looking package that will stand North Dakota in good stead well into the future.

Therefore, the North Dakota Grain Growers Association would respectfully request the Senate Appropriations Committee give SB 2297 a Do Pass recommendation.

*NDGGA provides a voice for wheat and barley producers on domestic policy issues – such as crop insurance, disaster assistance and the Farm Bill – while serving as a source for agronomic and crop marketing education for its members.*



# U.S. Durum Growers Association

PROMOTING THE PRODUCTION AND MARKETING OF DURUM AND SEMOLINA

P.O. Box 1091 • Bismarck, ND 58502 • (701) 214-3203  
office@durumgrowers.com • www.durumgrowers.com

SB 2297  
1-31-19  
#8

**Testimony of Deana Wiese  
USDGA Executive Director  
In Support of SB 2297**

Chairman Holmberg and members of the committee:

My name is Deana Wiese, and I am the executive director of the United States Durum Growers Association. I am here today in support of SB 2297, specifically as it relates to the North Dakota State University (NDSU) Agricultural Products Development Center and Northern Crops Institute. USDGA recognizes the importance of updated facilities, as well as state-of-the-art technology and equipment to ensuring the growth and strength of the state's number one industry – agriculture.

The current facilities at Harris Hall no longer provide the space or safety needed to carryout research that is vitally important to the producers in our state. The proposed Agricultural Products Development Center and Northern Crops Institute will allow NDSU to continue to deliver research-based solutions needed to ensure North Dakota's farmers and ranchers are able to produce and market superior commodities to global customers.

North Dakota produces 60 percent of the nation's durum, and NDSU's durum breeding program is essential as no significant other public or private breeding programs exist. It is essential that the appropriate facilities exist to continue this research. In addition, Harris Hall hosts annual foreign trade delegations to showcase the quality of the regions crops for worldwide food production. Harris Hall's designation as one of the top two buildings in the poorest condition at NDSU does not provide for a positive "showcase" of North Dakota's high-quality commodities.

Agriculture is and will continue to be the foundation of our state's economy, and these facilities are essential to North Dakota agriculture maintaining its presence in the global marketplace. Therefore, we'd appreciate your support and encourage a Do Pass recommendation of SB 2297.

SB 2297  
1-31-19

#9

**Robert Ferebee  
8447 2nd ST SW  
Halliday, N.D. 58636**

Chairman Holmberg, members of the Senate Appropriations Committee, for the record my name is Robert Ferebee; I am a diversified family farmer from Halliday, North Dakota. I come before you today in support of SB 2297.

Chairman Holmberg, members of the Senate Appropriations Committee, I want to make it clear that I support all of the projects included in SB 2297. All of them are very important to the state of North Dakota; they will provide the infrastructure necessary to keep North Dakota in the leadership position that it is in today. For my testimony today I want to focus on one aspect of SB 2297; that being the Agricultural Products Developmental Center at NDSU.

The Agricultural Products Developmental Center project and its inclusion of the Northern Crops Institute is really an all in one center enveloping grains, livestock, and trade all in one neat package. All of these various aspects of ag research are very important to my farming operation in Halliday. I plant crops, I raise livestock, I sell my products both in foreign and domestic markets; the research that will come out of the Center will help me to compete in the global marketplace. Additionally, the research from the Center will help to support new and existing markets which will provide an economic benefit not only to me and my family but to the state and region as a whole.

Therefore, Chairman Holmberg, members of the Senate Appropriations Committee, I am very pleased that the Agricultural Products Developmental Center is a part of this larger infrastructure package; I support the whole package because of the enormous benefits it will provide for my state.

Robert Ferebee

# NORTH DAKOTA BUILDING AUTHORITY DEBT SERVICE

				2017A						
				2006B/2001A						
	2010B			2006A/2000A/1998A		Other	Energy	Total	10% of \$.01	Available
Biennium	2002A	2010A/B	2012A	2005A	Totals	Source	Conser.	Gen. Fund	Sales Tax*	Debt Ser
2017-19	917,144	504,531	1,809,463	9,894,867	13,126,005	1,146,911	507,785	11,471,309	47,250,320	35,779,011
2019-21	928,088	490,888	1,797,750	7,361,250	10,577,976	1,140,293	431,844	9,005,839	42,095,500	33,089,661
2021-23	492,700	481,056	909,000	6,191,750	8,074,506	840,392	423,295	6,810,819	42,095,500	35,284,681
2023-25	0	465,981	0	2,782,875	3,248,856	499,317	207,649	2,541,890	42,095,500	39,553,610
2025-27	0	448,181	0	0	448,181	448,181	0	0	42,095,500	42,095,500
2027-29	0	425,469	0	0	425,469	425,468	0	0	42,095,500	42,095,500
2029-31	0	174,031	0	0	174,031	174,031	0	0	42,095,500	42,095,500
Totals	2,337,932	2,990,137	4,516,213	26,230,742	36,075,024	4,674,593	1,570,573	29,829,857		
	3.24%	3.33%	1.41%	1.53%						
Revised 11/23/2018										
The statutory limitation is based on the Legislative March 2017 forecast with a 0% increase each subsequent biennium.										

SB 2297  
1-31-19  
#10

SB 2297  
#11

# Bonding

State of North Dakota



## Common Bond Structures

### General Obligation Bonds

- Full Faith and Credit Pledge
- All legally Available Revenues
- Taxing Power
- Not Subject to Appropriation

### Appropriation (Lease) Bonds

- Special Obligation Pledge
- All legally Available Revenues
- No Taxing Power
- Subject to Appropriation

### Revenue Bonds

- Revenue Pledge
- Specifically Defined Revenue Source
- No Property Taxing Power
- Covenants to Ensure Revenue Sufficiency
- Not Subject to Appropriation

### Grant Anticipation Bonds

- Pledge of Future Grant Funding
- Specifically Defined Revenue Source
- No Taxing Power
- Not Subject to Appropriation



## State Agency Debt Paid by Appropriations

State Agency	Rating	Bond Type	Source of Repayment	Outstanding Amount 12-31-18
Building Authority	AA	Lease Revenue/ Appropriation	Biennial appropriations (including General Fund, Local Match Funds, Federal Funds & Lease income)	\$20,855,000
Dept of Transportation	Aa1	Grant Anticipation	Anticipated Federal Highway Grants & Revenue Funds & appropriated State Highway Fund revenues	9,880,000
Total				\$30,735,000

## State Agency Revenue Bonds

These Bonds are not repaid from State appropriations

State Agency	Rating	Source of Repayment	Outstanding Amount 12-31-18
Housing Finance Agency	Aa1	Homeowner Mortgage Loan Repayments	\$1,021,915,000
Public Finance Authority	Aaa SRF AA- CFP	Loan repayments from political subdivisions (\$154,715,000 has moral obligation)	497,705,000
Student Loan Trust	Non-rated	Student Loan payments	1,000,000
University System	Various	Parking Fees, Housing Fees, Student Fees	270,552,548
Total			\$1,791,172,548

# Ratings Impact Bond Interest Rates

- Rating Agencies (Moody's, Standard & Poor's and Fitch) rate both G.O. and Revenue bond credits on a scale in order to rank or categorize the credit worthiness and proximity to default of an Issuer and their obligations
- While many sophisticated Investors do their own credit research, ratings play a critical role in the minds of most market participants and are perceived by the market as a guide of an Issuer's credit worthiness
- Ultimately, credit ratings play a significant role in broadening the investor base for an issuer and usually having a strong rating enhances an Issuer's access to Investors, helping to lower their cost of capital

5

## Rating Scales

- Rating agencies have different rating scales
- Ratings below Baa3/BBB- (Moody's/S&P/Fitch, respectively) are considered "below investment grade" and generally Issuers with such ratings are not considered credit worthy enough for most municipal investors

### Investment Grade Rating Scales

Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
S&P/Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-

SB 2297  
#11

# Standard & Poor's ND Rating

## Rating History

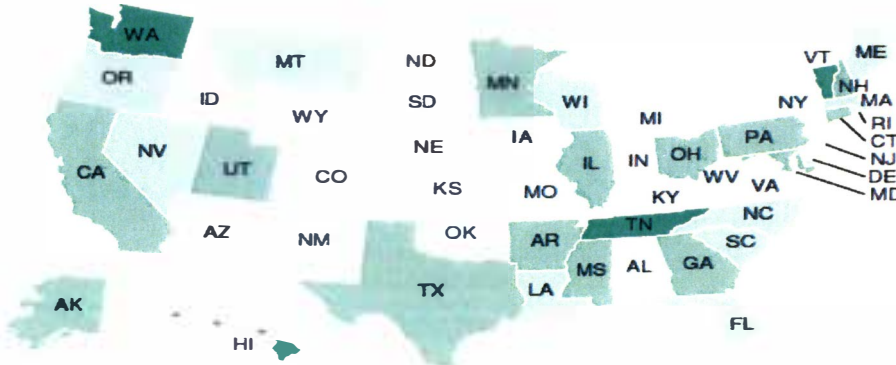
Date	Action	Rating	Outlook
September 26, 2018	Affirmation	AA+	Stable
February 18, 2016	Downgrade	AA+	Stable
December 13, 2013	Upgrade	AAA	Stable
May 12, 2011	Outlook change	AA+	Positive

7

# General Obligation Debt Nationwide

Use of general obligation (GO) debt varies widely by state  
GO debt as % of NTSD

0% 1% - 30% 31% - 60% 61% - 90% More than 90%



Source: Moody's Investors Service  
8

## Net Tax-Supported Debt

### Per Capita & Percentage of Personal Income per Moody's

Net Tax-Supported Debt Per Capita		Rating	Net Tax-Supported Debt as a % of 2016 Personal Income	
1	Connecticut	\$6,544 A1	1	Hawaii 10.4%
2	Massachusetts	\$6,085 Aa1	2	Massachusetts 9.5%
3	Hawaii	\$5,257 Aa1	3	Connecticut 9.5%
4	New Jersey	\$4,281 A3	4	New Jersey 7.0%
5	New York	\$3,082 Aa1	5	Illinois 5.6%
46	Iowa	\$219 Aaa*	46	Iowa 0.5%
47	Montana	\$177 Aa1	47	Montana 0.4%
48	North Dakota	\$133 Aa1*	48	North Dakota 0.2%
49	Wyoming	\$38 NGO**	49	Wyoming 0.1%
50	Nebraska	\$20 Aa1*	50	Nebraska 0.0%

## Relative Debt Ratios

- Moody's calculated ND's Net-Tax Supported Debt (NTSD) as \$100,763,000
- Based upon Moody's comparative analysis of state NTSD the following provides what ND's NTSD would be based upon metrics for surrounding states

State	Moody's Rating	Debt Per Capita	ND Equivalent (in \$000s)	As a % of Personal Income	ND Equivalent (in \$000s)	As a % of State GDP	ND Equivalent (in \$000s)
North Dakota	Aa1*	\$133	\$100,763	0.2%	\$100,763	0.19%	\$100,763
Minnesota	Aa1	\$1,430	\$1,083,392	2.8%	\$1,410,682	2.35%	\$1,246,279
South Dakota	Aaa*	\$694	\$525,786	1.5%	\$755,723	1.25%	\$662,914
Wisconsin	Aa1	\$1,660	\$1,257,643	3.6%	\$1,813,734	3.07%	\$1,628,118
Montana	Aa1	\$177	\$134,098	0.4%	\$201,526	0.40%	\$212,133
Indiana	Aaa*	\$295	\$223,497	0.7%	\$352,671	0.57%	\$302,289
Iowa	Aaa*	\$219	\$165,918	0.5%	\$251,908	0.37%	\$196,223
Idaho	Aa1*	\$482	\$365,171	1.2%	\$604,578	1.21%	\$641,701
Median of All States		\$987	\$747,768	2.3%	\$1,158,775	2.57%	\$1,362,952

\* Issuer credit rating (No GO debt outstanding)

## 2019-2021 Proposed Bonding Create Revolving Loan Funds

Bill	SB 2214	Executive Budget Recommendation	SB 2275	Executive Budget Recommendation
Program Name	School Construction Assistance Revolving Loan Fund	School Construction Assistance Revolving Loan Fund	Infrastructure Revolving Loan Fund	Infrastructure Revolving Loan Fund
Amount of Bonding	\$250,000,000	\$250,000,000	\$500,000,000	\$500,000,000
Biennial Debt Service Maximum	Not Specified	Not Specified	\$55,000,000	\$55,000,000
Repayment Source	Appropriation from Foundation Aid Stabilization Fund (new source of repayment)	General Fund monies derived from Legacy Fund Earnings	General Fund monies derived from Legacy Fund Earnings	General Fund monies derived from Legacy Fund Earnings
Use of Proceeds	School Construction Projects	School Construction Projects	Essential Infrastructure Projects for Political Subdivisions and Institutes of Higher Education	Essential Infrastructure Projects for Political Subdivisions and Institutes of Higher Education
Existing Program NDCC	15.1-36-08	15.1-36-08	6-09-49	6-09-49
Determines Projects	Department of Public Instruction	Department of Public Instruction	Bank of North Dakota	Bank of North Dakota
Administers the Fund	Bank of North Dakota	Bank of North Dakota	Bank of North Dakota	Bank of North Dakota
Issues the Bonds	Public Finance Authority	Public Finance Authority	Public Finance Authority	Public Finance Authority

11

## Overall Goal

Senate Bills 2214 and 2275 will create revolving loan funds, that when mature, will no longer require biennial appropriations. They will continue to lend funds to meet infrastructure needs.

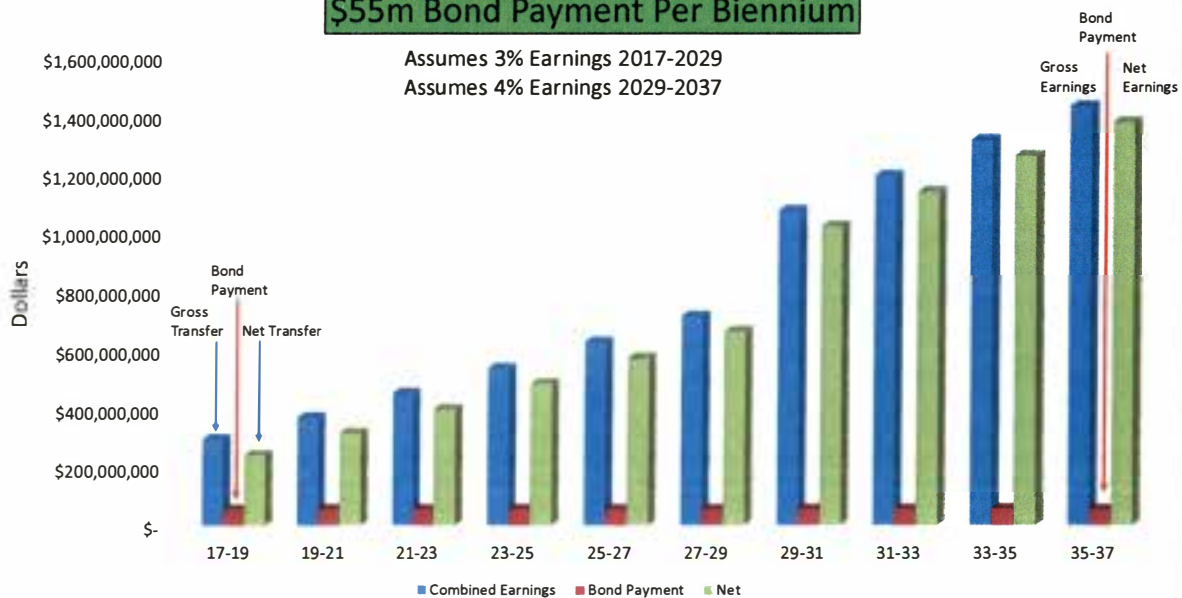
## 2019-2021 Proposed Bonding

Bill	SB 2268	SB 2297
Program Name	Corridors of Commerce	North Dakota Building Authority
Amount of Bonding	\$100,000,000	\$151,700,000
Biennial Debt Service Maximum	\$16,000,000	Not Specified (legislative limit of 10% of \$.01 sales tax)
Repayment Source	General Fund monies derived from Legacy Fund Earnings	Lease Rental Payments from Funding Recipients
Use of Proceeds	State Highway Projects that improve freight transportation and facilitate commerce	Specific Projects listed: NDSU Dunbar Hall, VCSU Communications and Fine Arts Building, NDSU Agriculture Products Development Center and DSU Pulver Hall
Existing Program NDCC	New	54-17.2
Determines Projects	Department of Transportation	Defined in Bill
Administers the Fund	Department of Transportation	ND Building Authority
Issues the Bonds	Public Finance Authority	ND Building Authority

13

### Utilization of Legacy Fund Earnings \$55m Bond Payment Per Biennium

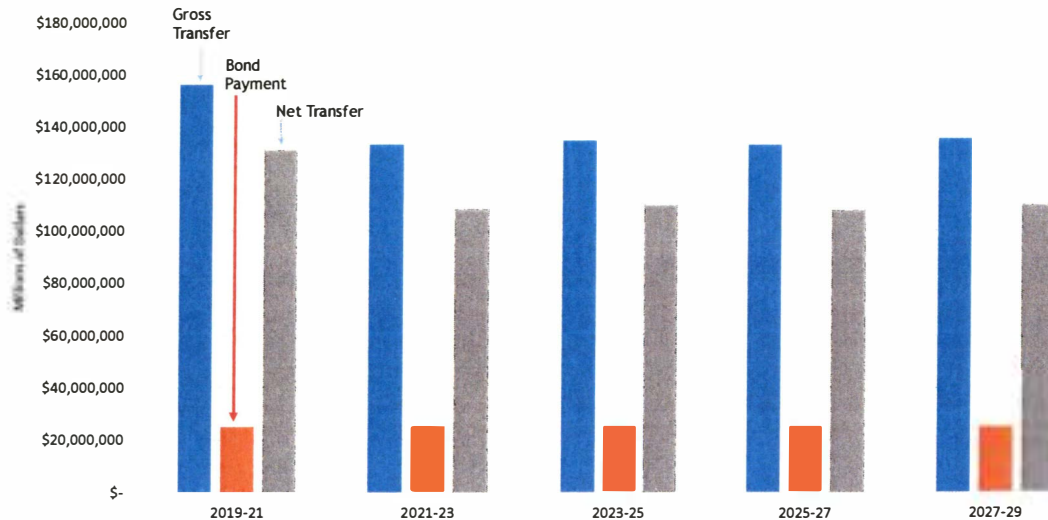
Assumes 3% Earnings 2017-2029  
Assumes 4% Earnings 2029-2037



14

## Foundation Aid Stabilization Fund

Amount for Appropriation after \$25,000,000 Bond Payment



15

## Additional Bonding Information

16

# Moody's ND Credit Opinion December 20, 2018

Rating: Aa1 Stable

## Credit strengths

- » Conservative state fiscal management practices, most recently highlighted by the state's return to structural balance and restoration of budget stabilization funds
- » Substantial reserves, which are budgeted to grow over the next biennium
- » Very low debt, pension and CPEB liabilities lead to low fixed costs that will support continued financial flexibility

## Credit challenges

- » Narrow economy that is concentrated in the energy and agricultural sectors, which are vulnerable to commodity price volatility
- » Very tight labor market
- » Increased reliance on oil and gas tax revenues to support general fund operations
- » Ownership of a bank brings vulnerability to losses, particularly in the event of steep economic deterioration like the recent energy sector contraction

## Rating outlook

The stable outlook reflects the state's progress towards structural balance and rapid restoration of reserves as the economy and revenues continue to recover from the 2016 energy recession. Recent declines in oil prices will likely result in some economic and revenue volatility, however the state's energy economy and financial reserves are well-positioned to weather some short term disruptions at this time.

17

# Moody's ND Credit Opinion December 20, 2018

## Factors that could lead to an upgrade

- » Meaningful diversification of state economy
- » Reduced general fund exposure to oil and gas tax revenues
- » Reduced exposure to Bank of North Dakota

## Factors that could lead to a downgrade

- » Failure to restore structural balance and replenish the budget stabilization fund as currently planned
- » Renewed economic volatility that results in revenue underperformance
- » Depletion of reserves below the previous low
- » A move away from conservative fiscal management

18

# Standard & Poor's ND Rating December 20, 2018

Rating: AA+ Stable

## What We're Watching

- Although the economy is currently showing signs of growth and stability, as a large energy producer, the state is vulnerable to boom-and-bust cycles.
- The continued softness in the agricultural sector, partly due to trade tensions, will also likely limit personal income and economic growth.
- Pension underfunding has increased net pension liabilities; however, the state's proportionate share is manageable, in our view.

## Credit Fundamentals

- Strong executive ability to reduce expenditures and demonstrated willingness of the legislature to realign appropriations with estimated revenue collections.
- Very strong budgetary reserves, including a legacy fund at \$5.86 billion, providing North Dakota with sufficient flexibility to weather economic cycles.
- Low debt burden with rapid amortization and no plans to issue new debt within the current biennium.

19

# Bond Terminology

Bond—Evidence of a Loan	<ul style="list-style-type: none"> <li>Buyer of the Bond is the lender or investor</li> <li>Seller of the Bond is the borrower or issuer</li> </ul>
Principal or Face Amount or Par Amount	<ul style="list-style-type: none"> <li>Amount of loan</li> </ul>
Maturity Date	<ul style="list-style-type: none"> <li>Repayment date of loan</li> </ul>
Nominal or Coupon Rate	<ul style="list-style-type: none"> <li>Interest rate paid periodically on the loan</li> <li>Usually expressed as a percentage of par amount</li> </ul>
Price	<ul style="list-style-type: none"> <li>Amount a lender will lend in consideration of future receipt of principal and interest payments</li> </ul>
Yield	<ul style="list-style-type: none"> <li>Single rate that sets the present value of the principal and interest payments equal to the price</li> </ul>

20

## ND General Obligation Bonds

### Article X, Section 13 of the North Dakota Constitution

The State may not incur general obligation debt unless evidenced by a bond issue authorized by law for clearly defined purposes.

Every law authorizing a general obligation bond issue must:

- Provide for a levying of an annual tax, or make some other provision, sufficient to pay the interest semiannually and the principal within 30 years from the date of issuance.
- Specifically appropriate the proceeds of the tax levy, or such other provision, to the repayment of the principal of and interest on the bonds.

The appropriation referred to above may not be repealed, or the tax or other provision discontinued, until both the principal of and interest on the bonds have been paid.

General obligations bonds in excess of \$2,000,000 must be secured by a first mortgage upon either of the following:

- A first mortgage on real estate for no more than 65% of the value of the real estate.
- A first mortgage on real or personal property of State-owned utilities, enterprises or industries for no more than the value of the utilities, enterprises or industries. The State may not issue or guarantee bonds secured by property of State-owned utilities, enterprises or industries in excess of \$10,000,000.

The State may not issue debt in excess of the limit set out in this section except for one of the following purposes: a) repelling invasion, b) suppressing insurrection, c) defending the State in time of war, and d) providing for the public defense in case of threatened hostilities.

***Currently, there are no outstanding General Obligation Bonds of the State.***

21

## Who Buys Bonds?

### Retail Investors

- Wealthy Individuals—"Mom & Pop"
- Retail Proxies
  - Investment/Financial Advisors
  - Bank Trust Departments

### Institutional Investors

- Mutual Funds—Fidelity Investments, Vanguard
- Insurance Companies—AIG, Allstate, State Farm, USAA
- Banks
- Corporations

22

## Bond Issue Process

- Kick-off meeting or conference calls
- Working group calls to discuss
  - Document drafts, e.g., POS/NOS/OS
  - Ratings presentation (if applicable)
  - Pricing scales
- Rating agency calls
- Publish Preliminary Official Statement (POS) & Notice of Sale (NOS)
- Receive rating
- Pre-Pricing Book (only on negotiated sales)
- Bond marketing and pricing period
- Sell bonds - either competitive or negotiated
- Publish the final Official Statement (OS) (and closing certificates)
- Close the issuance
- Issue closing certificates
- Produce the Financial Advisor Memorandum (FAM)
- Transcript produced and distributed by bond counsel

23

## Taxable vs Tax-Exempt Bonds

### Benefit of Tax-Exempt Bonds

- Cost of financing is generally lower for issuers
- Interest paid to bondholders is not includable in their gross income for federal income tax purposes
- *This tax-exempt status remains throughout the life of the bonds provided that all applicable federal tax laws are satisfied both at the time the bonds are issued and throughout the term of the bonds*
- Interest rate is approximately .5% less than taxable bonds

### Primary Objectives of Federal Laws

- No private activity
- No arbitrage

### Benefit of Taxable Bonds

- No private activity restrictions
- No arbitrage calculations or compliance with other complex regulations

24

## Taxable vs. Tax-Exempt Bonds

Appropriation Bonds are most likely considered:

- *taxable* if the appropriation is tied specifically to investment earnings of the Fund (Legacy Fund, Foundation Stabilization Fund, etc.).
- *tax-exempt* if the appropriation is from the General Fund.

Bond Counsel determines the taxability of the bonds

25



## Moral Obligation

Generally requires that the state agency issuing the bonds must notify the Governor or other executive branch office by a certain date in the fiscal year that a bond reserve fund deficiency exists or is expected to occur.

The Governor or other executive officer is then required to submit in the executive budget a request for an appropriation that will be sufficient to restore or cover the reserve fund deficiency.

The State Legislature then has a moral (but not legal) obligation to provide the requested appropriation to replenish the reserve fund.

26



# Bond Sales

## Competitive vs. Negotiated

**Competitive Sales:** An Issuer and their Financial Advisor procure bids from a variety of Underwriters on the obligations they are planning to issue and select one bid (i.e., the lowest costing bid)

**Negotiated Solicitation:** An Issuer selects an Underwriter or a group of underwriting firms and works with the selected Underwriter(s) to price obligations through negotiation with the Underwriter(s) and Investors

The issuer and financial adviser look at factors such as security type and transaction size typically to help determine the best method of sale to utilize.

27

# Bond Issue Expenses

## Cost of Issuance

- Ratings
- Bond/Tax Counsel
- Financial Advisor
- Registrar/Paying Agent/Trustee
- Printer
- Miscellaneous
- Verification Agent
- Escrow Agent
- Escrow Bidding Agent

## Underwriter's Discount

- Management Fee
- Takedown
- Underwriting Risk
- Expenses
  - Underwriter's Counsel
  - Bond Desk
  - CUSIP
  - DTC
  - Out-of-Pocket

Cost of issuance and underwriter's discount can range from 5 to 7% of the bond issue.

28

## Required Reserves

### General Obligation Bonds

- Reserves are not required

### Appropriation

- Reserve may be required

### Revenue Bonds

- Reserve fund is required
- IRS limits the reserve to the lesser of:
  - 10% of par
  - 125% average annual payment
  - Maximum annual principal and interest payment

29

## Post-Issuance Compliance

### Spend Down Requirements

Pooled bond issuers are required to spend 30% of bond proceeds within 1 year and 95% within 3 years.

### Continuing Disclosure

Issuer covenants to provide ongoing disclosure of both routine financial information on an annual basis and periodic notification upon certain events, e.g., defeasance of bonds

### Arbitrage Rebate

If the bonds are tax-exempt, the Issuer may be required to rebate investment earnings in excess of the bond yield to the federal government every five years

### Rating Maintenance

Issuer may be required to provide ongoing updates to the rating agencies and may be required to pay ongoing surveillance fees for variable rate transactions

30

## Contact Information

Karlene Fine  
ND Industrial Commission  
328-3722  
[kfine@nd.gov](mailto:kfine@nd.gov)

DeAnn Ament  
ND Public Finance Authority  
426-5723  
[dament@nd.gov](mailto:dament@nd.gov)

Kelvin Hullet  
Bank of North Dakota  
[klhullet@nd.gov](mailto:klhullet@nd.gov)

January 21, 2019

SB 2297

2-4-19

#1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2297

Page 1, replace lines 19 and 20 with:

"North Dakota state university agriculture products development center	54,000,000
Northern crops institute project	10,000,000"

Page 1, line 24, remove "and northern crops institute"

Page 2, line 1, replace "\$14,000,000," with "\$6,000,000"

Page 2, after line 3, insert:

"The northern crops institute may obtain and utilize federal and other funds for the northern crops institute project. There is appropriated to the northern crops institute the sum of \$8,000,000, or so much of the sum as may be necessary, from any federal or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment provides separate appropriation authority for the North Dakota State University agriculture products development center and Northern Crops Institute projects rather than providing one appropriation for both projects.

February 5, 2019

#1  
SB 2297  
2-6-2019  
pg 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2297

Page 1, replace lines 18 through 20 with:

"Valley City state university communications and fine arts building project	32,275,000
North Dakota state university agriculture products development center	54,000,000
Northern crops institute project	10,000,000"

Page 1, replace line 22 with:

"Total \$151,975,000"

Page 1, line 23, replace "may" with "shall"

Page 1, line 23, after "utilize" insert "at least \$6,000,000 of"

Page 1, line 24, remove "and northern crops institute"

Page 1, line 24, after "project" insert ", and the funds must be committed and available to be spent before the industrial commission may issue bonds for the project"

Page 2, line 1, replace "\$14,000,000" with "\$6,000,000"

Page 2, line 2, remove "any"

Page 2, after line 3, insert:

"The northern crops institute shall obtain and utilize at least \$8,000,000 of federal and other funds for the northern crops institute project, and the funds must be committed and available to be spent before the industrial commission may issue bonds for the project. There is appropriated to the northern crops institute the sum of \$8,000,000, or so much of the sum as may be necessary, from federal or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Provides separate appropriation authority for the North Dakota State University agriculture products development center and Northern Crops Institute projects rather than providing one appropriation for both projects;
- Increases the bonding and appropriation authority for the Valley City State University communications and fine arts building project by \$275,000, from \$32,000,000 to \$32,275,000; and
- Requires federal and other funds to be available for the North Dakota State University agriculture projects development center and the Northern Crops Institute projects before the Industrial Commission may issue bonds for the projects.

## SENATE BILL 2297

Rich Wardner

## Bonding Bill

Mr. Chairman and House Appropriations Committee.

I bring before you SB 2297 a General Fund Obligation Bonding bill. The following are the proposed projects.

**Dunbar Hall** (Chemistry Building on the campus of NDSU) Cost- \$51,200,000

This building has safety issues. The cost to the State if an accident happened could cost the state more than a new building.

**Ag Development Center and Northern Crops Institute** (Ag Commodity Groups on the campus of NDSU)

**Ag Development Center**

Cost- 54,000,000 bonding and a 6,000,000 match from Ag Commodity Groups.

**Northern Crops Institute**

Cost- 10,000,000 bonding and 8,000,000 match from other sources. (Minnesota, Montana and South Dakota. )

**Communication and Fine Arts Building** on the campus of VCSU. Cost- 32,000,000

Currently this building is on the wrong side of the flood protection dike.

**Pulver Hall Remodel** on the campus of DSU. Cost- 4,500,000

**Summary**

<b>Project</b>	<b>Bonding</b>	<b>Match</b>
Dunbar Hall	51,000,000	
Ag Development Center	54,000,000	6,000,000
North Crops Institute	10,000,000	8,000,000
Communication and Fine Arts	32,000,000	
Pulver Hall Remodel	4,500,000	
<b>Totals</b>	<b>151,700,000</b>	<b>14,000,000</b>

It is my opinion that the Legislature will at some point do these projects, and if we waited the cost will grow to more than, bonding and building now.

A 4.5% interest rate on a 50-million-dollar project paid back over 30 years will cost \$16,320,000 in interest over the thirty years.

Five years of inflation would grow to a higher dollar amount than the 16 plus million and be added on to the cost of the same building project being constructed five years later.

## ADVANCING NDSU'S AGRICULTURAL PRODUCTS DEVELOPMENT CENTER

### An investment in agriculture, food quality and safety

For nearly 70 years, North Dakota State University's Meats Research Laboratory and Harris Hall have been home to world-class agricultural research and scholarship.

The knowledge and discovery that have flowed from the laboratories and classrooms have played a critical role in transforming agriculture production into the diverse, efficient and high-tech industry it is today.

Agriculture's many advancements, however, have also outpaced the capabilities of Harris Hall and the Meats Research Laboratory. Built in the early 1950s, the facilities were constructed in an era when agricultural education and research were delivered very differently than today.

Over the years, NDSU has periodically modified Harris Hall and the Meats Research Laboratory in an ongoing effort to accommodate advances in research and education, address health and safety concerns, and comply with modern-day building codes and health standards.

Facility assessments show that the university has exhausted all options to modify Harris Hall and the Meats Research Laboratory. The facilities can no longer adequately support the education and research programs within the College of Agriculture, Food Systems and Natural Resources.

At stake is the college's ability to continue delivering research-based solutions that advance North Dakota's largest and most important economic sector. Also at stake is the college's competitive strength in securing grant funding and the continued advancement of educational programming and outreach services that helped shape modern agriculture and established NDSU's reputation as a top-tier land-grant, research university.

A rapidly growing world population, global food safety and security concerns, new and invasive pests and antimicrobial resistance are just a few of the many evolving issues that require investment in innovative research and education at NDSU.



#### About Harris Hall

Completed in 1953, Harris Hall includes classrooms and laboratories used by faculty and students to perform quality testing of spring wheat, winter wheat, durum wheat, barley, corn, pulses and other crops. The research is vital to North Dakota's ability to continue producing and marketing superior commodities to worldwide customers. Research at Harris Hall is also important in ensuring food security for the citizens of North Dakota and the greater region.

Every year, Harris Hall's antiquated labs host foreign trade delegations that come to NDSU to learn about the quality of the region's crops and to consider making major purchases for food production. Classrooms and labs also are used to educate and involve undergraduate and graduate students in a wide array of research involving crop science, food safety and food security.

NDSU's Building Condition Report lists Harris Hall as one of two academic buildings in the poorest condition. The building has numerous structural and mechanical deficiencies that impede research and education, including serious issues with the electrical, ventilation, water and sewer systems. Facility experts have determined that renovating the building would be more expensive than new construction.

#### About the Meats Research Laboratory

Completed in 1952, the Meats Research Laboratory is located in Sheppard Arena which also includes classrooms, a livestock arena and holding pens. The Meats Research Laboratory contains areas for slaughter and meat processing.

The livestock industry, with an annual economic impact of more than \$1 billion in North Dakota alone, relies on NDSU to help improve meat quality through research involving nutrition, genetics, handling and husbandry.

Today, the scientific community knows a great deal more about meat production, meat processing, food preparation and food safety than it did when the Meats Research Laboratory was constructed nearly 70 years ago. And many of these advancements have significantly changed how meat processing facilities and meat labs are designed and operated today.

The poor condition of meat processing facilities and labs impede many areas of research. Nearly all of the food-grade labs do not meet current state or federal health standards. Structural problems include a poor ventilation system, inadequate cooler and freezer capacity, and poorly designed research and meat-handling labs.

## SOLVING AGRICULTURE'S EMERGING ISSUES THROUGH DISCOVERY AND SCHOLARSHIP

### A vision for the future

NDSU proposes constructing a new, state-of-the-art facility called the Agricultural Products Development Center to replace Harris Hall and the Meats Research Laboratory and better serve students and the agriculture industry of today and tomorrow.

products. Designed to meet federal and state food processing and food handling regulations, the center's labs will expand research grant opportunities and partnerships with federal and state agencies.



Agriculture producers in North Dakota and the greater region are regarded in both domestic and international markets as the supplier of choice for high-quality commodities. That well-earned reputation, however, is threatened by barriers to research.

The Agricultural Products Development Center will accelerate transformational discovery, empowering faculty scientists, students and the agriculture industry to more effectively tackle some of the most perplexing issues facing crop and livestock production, food systems and the development of new agricultural products.

The center will house analytical laboratories with advanced equipment that will fully support the college's cereal chemistry and crop quality program, one of only two such programs in the nation. It will support a wider range of research involving food science, meat science, muscle biology, food safety, nutrition, consumer sensory traits and the development of new agricultural

Students will benefit from modern learning environments that will better prepare them for 21st-century careers in agriculture and food systems. The agriculture industry seeks graduates who are trained in cutting-edge food science labs with the latest technologies.

The center also will eliminate costly and ongoing maintenance issues as well as safety concerns throughout Harris Hall and the Meats Research Laboratory. Plans are to demolish Harris Hall and repurpose the college's Meats Research Laboratory, which is housed in Sheppard Arena. Sheppard Arena will continue to host the Little International Livestock Show and other events.

Supporting transformative learning experiences and research within NDSU's College of Agriculture, Food Systems and Natural Resources is an investment in agriculture and the common good – an investment that will pay dividends for years to come.

## Testimony of Greg Svenningsen, Vice-Chair, North Dakota Wheat Commission

SB2297

March 11, 2019

Good morning Mr. Chairman and members of the House Appropriations Committee. My name is Greg Svenningsen. I am here today as the Vice-Chairman of the North Dakota Wheat Commission.

The North Dakota Wheat Commission has a long-standing, leveraged research relationship with North Dakota State University's Agricultural Experiment Station. Today we stand in strong support of Senate Bill 2297, which includes a provision for the Agricultural Products Development Center. The Center as proposed will greatly improve research capabilities and required infrastructure directly related to our mission and core programs, primarily promotion and development of production, marketing, and growth opportunities for North Dakota agriculture and the North Dakota wheat industry. The Agricultural Products Development Center will greatly advance the development of, and marketing opportunities for agricultural products and related cutting edge technologies. This will further enhance productivity of all of North Dakota's increasingly diverse agricultural crop and livestock enterprises. As a result, additional economic benefits will accrue to every community and citizen in the state.

Much of our research partnership is currently focused on the improvement of genetics, varieties, plant protection, management practices and customer pleasing traits, all aimed at improving the bottom line of North Dakota wheat and durum producers. The Wheat Commission's average annual budget is about \$4.5 million dollars and is funded solely by North Dakota wheat and durum producers. Approximately one-third of these funds are annually invested in research programs, primarily conducted at North Dakota State University's main station and regional branch station sites, supplementing state and federal research commitments.

An essential element of the wheat research effort is analysis of the quality and performance features of each annual crop, which is in turn used as a promotional aid in the market development arena. Survey data collected during each harvest

is compiled in a comprehensive report illustrating the unique quality characteristics and typically superior performance traits of the annual spring wheat and durum crops when compared to wheat of other origins. Over the past six decades this report has grown to become the hallmark and chief sales tool of the US wheat industry in growing domestic and global markets in more than 50 destination countries. The crop quality report and accompanying seminar series have become the main features of the "technical service package" provided to regular and prospective customers at annual overseas crop quality seminars sponsored by the North Dakota Wheat Commission, our partners in the spring wheat region, and our international partner organization, US Wheat Associates.

These critically important functions and many more wheat quality and performance research programs are performed by world class scientists in Harris Hall, an aging facility located on the NDSU campus. The existing facility cannot support the technology nor the analytical procedures and equipment required in the current market environment and certainly will not meet the expectations of the future.

Replacement of the aging and increasingly deficient facility is one of the important goals addressed in SB 2297. A similar, parallel goal involves replacing the equally important NDSU meats lab facility, while preserving the historic Shepperd Arena, near and dear to North Dakota agriculturalists and livestock producers. Forward looking efforts on behalf of all North Dakota crops such as soybeans, corn, and numerous other high value specialty crops can be similarly addressed through this expanded, much more technology driven facility.

Wheat is one of our state's primary agricultural enterprises, a key component of our state's largest industry and a top revenue generator for our state economy. Spring wheat is very important to our producers and their very quality conscious domestic and global customers. US HRS or "DNS" as our Asian customers refer to it, is marketed at the absolute top values in the global wheat market, due to its unique quality and performance traits. The Agricultural Products Development Center will allow us to extend this premium quality and end-use performance research to the next level which may well include exciting, yet to be exploited nutritional and dietary benefits, and perhaps pharmaceutical applications.

North Dakota Agriculture and our robust wheat industry is indeed a “big deal” in our state, the four-state region, and in the 50 to 60 global markets where more than half of our high quality, high performance production is consumed annually. The benefits of “Branding” or the differentiation of our high quality wheat from wheats of other origins has already provided measurable economic benefits in an increasingly competitive global market.

SB 2297 and the Agricultural Products Development Center which is included in it, provides us a great opportunity to further differentiate our agriculture from the rest of the pack.

Thank you for this opportunity.

If you have questions I will try to answer them.

# U.S. HARD RED SPRING WHEAT “DNS Wheat”

- U.S. HRS < 2% of Total Global Wheat Crop
  - ❖ “Customer Comment”
- Branding/Differentiation
  - ❖ Market Distinction – Premium Quality/End Use-Product Performance
  - ❖ Generates Producer Benefits
  - ❖ Repeat Business
  - ❖ Market Growth
  - ❖ Premium Prices
- Other Classes compete more directly with cheaper Russian medium to lower quality wheats



# U.S. HARD RED SPRING WHEAT

## “DNS Wheat”

- Second largest wheat class produced in U.S.
  - ❖ More than half produced in ND
- Known for:
  - ❖ High protein content
  - ❖ Superior Dough strength, Stability and Large Loaf Volume
- Used Primarily as a “Blending” wheat - to increase Protein, Overall Quality and Performance
- Top End Specialty Bread Products/Asian Noodles
- Specific Applications – Not #2 Yellow Corn or More Generic Wheat of other origins
- “Clean Label Ingredient” for Processors/Bakers
- Highest “Value Wheat” in Global Market

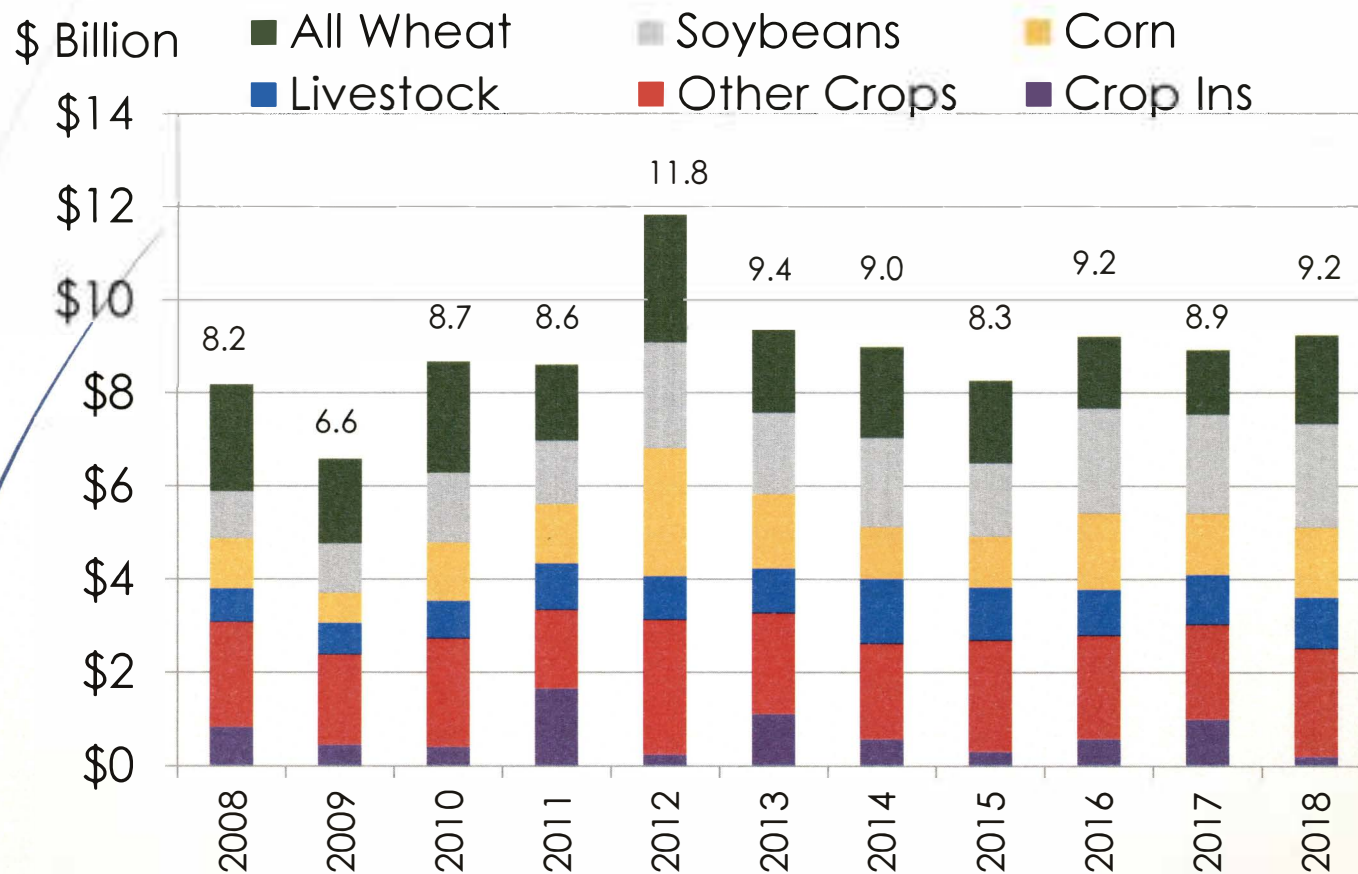
## Why Export and Domestic Customers Buy U.S. Durum

- ▶ Quality strengths include bright yellow semolina and pasta color, high protein, high semolina extraction and strong gluten
- ▶ Produces high quality pasta products
  - ❖ Also used for couscous and bread in limited markets
- ▶ “Improver” of other wheats in mill blends
- ▶ Available year round – providing reliable, stable source of supply
- ▶ One-third of U.S. durum is exported

# ND WHEAT FACTS

- ❖ **“The Wheat State” – (3 of past 5 years)**
- ❖ **Largest U.S. HRS/DNS Crop in 22 years**
- ❖ **Record 48 BPA Yield**
- ❖ **Largest Class of U.S. Wheat Exported – 3 of last 5 yrs.**
- ❖ **ND Wheat Acreage up 20% ≈ 8 million acres in 2018**
  - 2019 Prospects? 5-20%
- ❖ **Great Crop Quality Features** - Grade/Protein/End-Use Performance in 2017 and 2018 – 2 yrs back to back
- ❖ **Value of ND Agriculture** – wheat ≈ \$2 Billion (annual farm gate → Price X Quantity)
- ❖ **ND Ag Enterprise Chart** - \$8-9 Billion cash Value (Farm Gate)
  - Total Economic Impact ≈ \$30-40 Billion – ND Agriculture
  - Greater Diversity 3 Major Crops + Livestock ≈ \$6 + Billion (Farm Gate)  
Big 4 Enterprises (wheat, corn, soybeans & livestock)
  - Additional \$2-3 Billion – High Value Specialty Crops and Hay
- ❖ **Ag Product Development Center Initiative**
  - Capitalize on Future Market Opportunities
  - Transformational Project - New Uses and Applications (Nutritional, Dietary, Pharmaceutical)

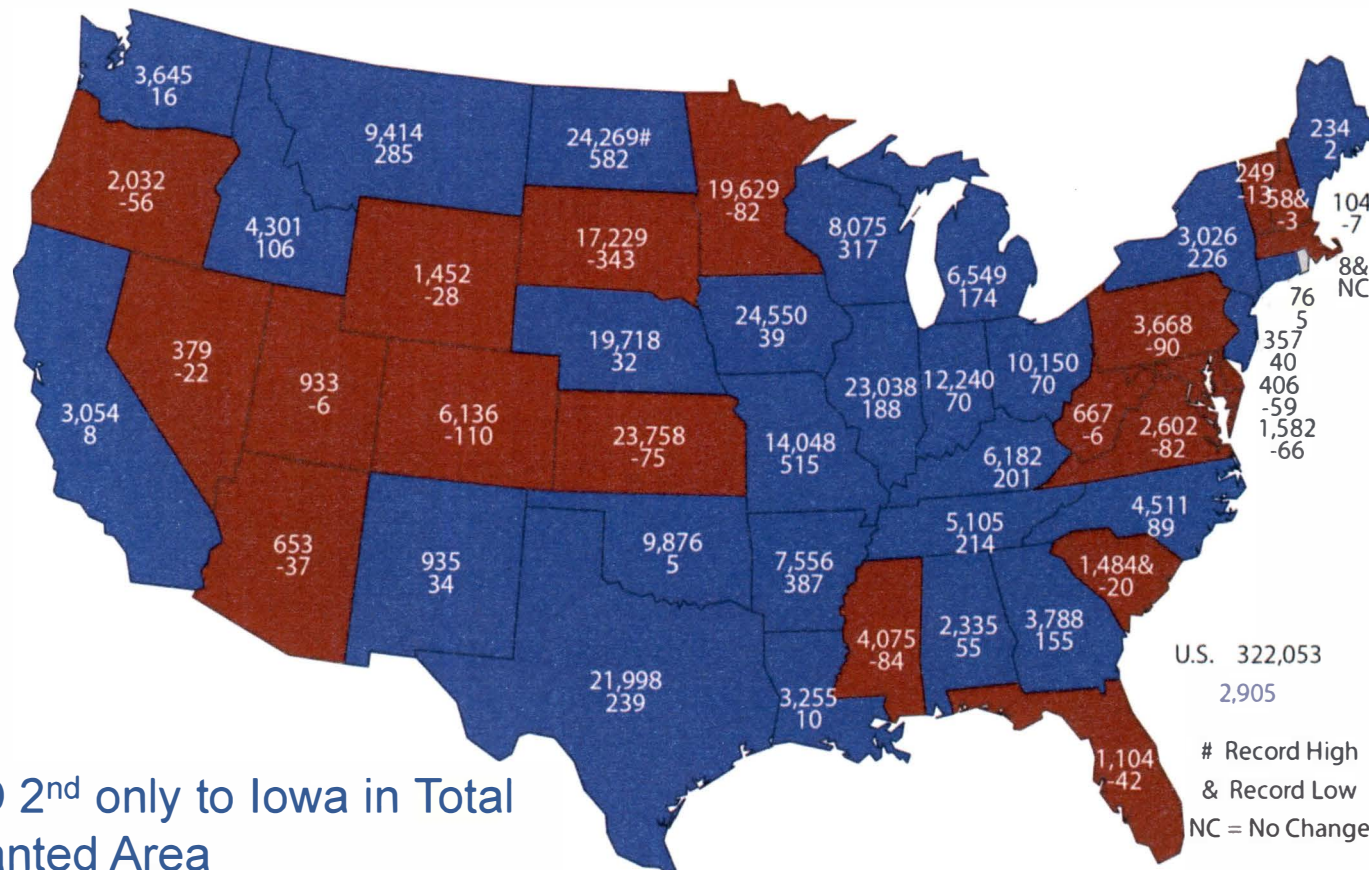
# North Dakota Ag Enterprise Values plus Crop Insurance



# IMPORTANCE OF AGRICULTURE



## 2018 Principal Crops Planted Area (000) Acres and Change From Previous Year



ND 2<sup>nd</sup> only to Iowa in Total  
Planted Area

6/29/18



**North Dakota Grain Growers Association  
Testimony on SB 2297  
House Appropriations Committee  
March 11, 2019**

Chairman Delzer, members of the House Appropriations Committee, for the record my name is Jeff Mertz; I am a diversified family farmer from Hurdsfield, North Dakota and the President of the North Dakota Grain Growers Association (NDGGA). I appear before you in both capacities today in support of SB 2297.

First Chairman Delzer, members of the House Appropriations Committee, I would like to address the need for the Agricultural Products Developmental Center contained as a part of SB 2297. All of you are very aware of the critical need NDSU ag research serves in the economy of the state. North Dakota agricultural research is world renowned and our farms and ranches provide the best agricultural products in the world. To maintain and increase that standard North Dakota must invest in the facilities necessary to keep pace with the breakneck speed of technology today. Without those facilities we cannot attract the brightest and best to come to North Dakota to the detriment of North Dakota agriculture and the North Dakota economy. We cannot in any way afford that. The new Agricultural Products Developmental Center is a vital addition that is desperately needed today.

However, the Agricultural Products Developmental Center is but a portion of SB 2297. All of the projects contained in the bill i.e. Dunbar Hall, the Valley City State University Communications and Fine Arts building, and Pulver Hall at Dickinson State University all serve critical needs at their respective institutions. Together this is a forward looking package that will stand North Dakota in good stead well into the future.

Therefore, the North Dakota Grain Growers Association would respectfully request the House Appropriations Committee give SB 2297 a Do Pass recommendation and would ask that the full House concur.

*NDGGA provides a voice for wheat and barley producers on domestic policy issues – such as crop insurance, disaster assistance and the Farm Bill – while serving as a source for agronomic and crop marketing education for its members.*



## PROPOSED VCSU CAPITAL PROJECT

### Construction of Communication and Fine Arts Building

Valley City State University has an urgent need to construct a new Communication and Fine Arts Building. Permanent flood protection for the VCSU campus has put Foss Hall on the wrong side of the floodwall.

**Estimated Cost: \$32,275,887 (project will eliminate \$2,579,413 in deferred maintenance)**

#### The Proposal

The proposed Communication and Fine Arts Building will replace Foss Hall and consolidate the Art and Music programs in one facility, which will also include the Communication Arts Department.

Every student completing the general

education program at VCSU will take at least 2 courses (6 credits) in this building.

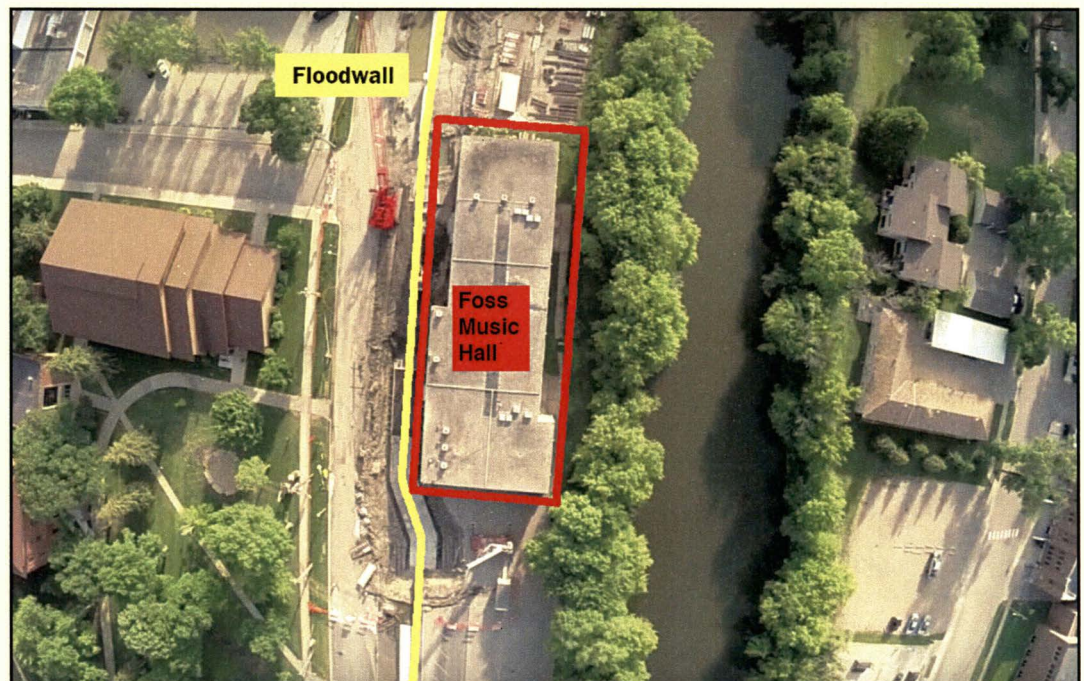
Estimated at slightly less than \$32.3 million, the project is needed because the installation of permanent

flood protection along the river has put Foss Hall on the wrong side of the floodwall. It will also allow VCSU to retire more than \$2.5 million in deferred maintenance by razing Foss Hall.

#### The Need

Foss Hall (built in 1963), VCSU's music building, sits directly on the banks of the Sheyenne River. As the City of Valley City has installed permanent flood protection—protecting the city and the VCSU campus—Foss Hall is located on the wrong side of the floodwall.

To protect students and state assets, Foss Hall must be razed and its functions replaced elsewhere on campus.



## The Benefits



**Foss Hall (behind flood wall)**

- Gather communication and fine arts programs— 5 majors, 5 minors and 4 certificate programs—under one roof, providing students with consolidated, updated facilities.

on campus access to modern classroom facilities and increased exposure to the arts.

- Raze Foss Hall, providing a deferred maintenance savings of \$2.5 million.
- Achieve organizational efficiency through common box office and shared administrative support, and achieve space efficiency through multi-use workrooms and performance areas.
- House at least 2 of VCSU's required general education courses, giving all freshmen

- Provide ADA accessibility (currently lacking in Foss Hall) in the new building with an elevator.
- Create appropriate acoustics in performance and practice space, along with proper climate control to preserve expensive instruments.
- Foster an atmosphere of collaboration and inspiration, an interdisciplinary approach to creative problem-solving and innovation, and a synergy embodying the VCSU core values of innovation and community, by combining the fine arts with the communication arts programs in one building.

March 11th 2019

SB 2297

Attachment 2

## Renovation of McCarthy unworkable for music building



**McCarthy Hall**

is unworkable given its structural limitations and infrastructure deficiencies.

We must always ask ourselves what is best for our students and our university. The outstanding student musicians and future music educators at Valley City State University need a first-rate facility to enhance their educational experience, and the teaching of talented and

dedicated faculty members will be greatly enhanced by a new building, as will the recruiting of new students. The future of music at VCSU depends on looking forward, not just making do.

### McCarthy Hall Renovation Needs

McCarthy Hall would need the following major improvements:

- Asbestos abatement/removal
- Air handling system with duct work
- Piping throughout the building: water lines, sanitary sewer lines, removal of existing steam lines, and installation of water loop and steam converter system

- Penthouse for mechanical systems
- Roofing with insulation, EPDM rubber roofing membrane, and flashing
- Insulation for exterior walls
- Energy-efficient windows
- New electrical wiring and conduit
- Tuckpointing of brickwork
- Elevator to accommodate large instruments such as grand pianos
- Fire-prevention sprinkler system

### Limitations for Special Spaces

The structural design of the building and its footprint cannot accommodate the large open spaces needed for choir and band rehearsal rooms, which require sunken and elevated terraced rooms respectively, along with acoustic features and treatments that both reproduce sound accurately and protect musicians' hearing.

### Conclusion

It doesn't make financial sense to renovate McCarthy Hall for a music building.

The Executive Budget explores a renovation of McCarthy Hall to meet Valley City State University's need to replace Foss Hall. Unfortunately, that possibility is unfeasible.

Built in 1930, McCarthy has remained largely untouched over time, and its deferred maintenance alone far exceeds the Executive Budget figure.

The McCarthy Hall infrastructure and design are from another era. Although extensive renovation might allow it to function as a traditional classroom building, converting it to a modern, functional music building with first-rate space for classes, studios, ensemble rehearsal space and a recital hall



**VALLEY CITY**  
**STATE UNIVERSITY**

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101 College St SW • Valley City, ND 58072  
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## Senate Bill 2297

House Appropriations

March 11, 2019

Laura Nelson, Interim Vice President for Finance and Administration

701.483.2214 | [laura.m.nelson@Dickinsonstate.edu](mailto:laura.m.nelson@Dickinsonstate.edu)

Chair Delzer and Committee Members: My name is Laura Nelson, the Interim Vice President for Finance and Administration at Dickinson State University, and I am here today to testify and provide information on **Senate Bill 2297**. Dickinson State is working on improving the structures and bringing programs onto campus. One of the buildings we are working on improving is Pulver Hall. Dickinson State would like to make a home on campus for the TR digital Center. Over the past ten years the TR Digital Center has become internationally respected and known. They have digitized 50,000 documents as of May 2018, by working out of two offices in the basement of the Dickinson State University library. Another program we have on campus is the TR Honor Program. This program is for bright and hardworking students, they do community service, research, and internships. By renovating Pulver Hall it will create living and working spaces for the TR Honor students. Overall the Pulver Hall project will create a home for the TR Digital Center as well as living and working spaces for the TR Honor Program.

Therefore, we have no objections to this bill and would recommend its approval.

Thank you.

**Comments to the North Dakota House Appropriations Committee**

**Representative Jeff Delzer, Chair**

**Submitted by DeAnna Carlson Zink, Chief Executive Officer**

**University of North Dakota Alumni Association and Foundation**

**March 11, 2019**

**DeAnna Carlson Zink/UND Alumni Association & Foundation CEO:**

Chairman Delzer and Members of the House Appropriations Committee - good afternoon. I am DeAnna Carlson Zink, CEO of the UND Alumni Association and Foundation. Thank you for allowing me the opportunity to appear before you today.

I am here to talk with you about an exciting project at the University of North Dakota that we are engaging donors on at this moment.

The State Board of Higher Education, the North Dakota Legislature, and the UND Alumni Association and Foundation Board of Directors have approved fundraising for a new \$70 million state-of-the-art College of Business & Public Administration building in the heart of the quad at the University of North Dakota. With more than 22,000 alumni from the College of Business & Public Administration and more than 40 percent of these alumni staying in North Dakota to live and work, the economic impact of this project is monumental.

We have been around the region and country in recent months talking with potential donors about this project and we are finding tremendous enthusiasm among our alumni and friends. One thing, though, that we hear time after time is that these potential major six-to-seven to even eight-figure donors want to partner with the state to make this building a reality.

So, we are asking this committee and your fellow lawmakers to consider committing \$20 million in state funds to be matched by \$50 million from our donors.

The current home of the College of Business and Public Administration is more than 50 years old and the college has outgrown it.

I'd like to call on the dean of the college to speak about why this project is so critical to the success of our students. So please allow me to introduce Dean Amy Henley:

**Amy Henley/Dean of the UND College of Business & Public Administration:**

My name is Amy Henley and I am incredibly proud to serve as the Dean of the College of Business and Public Administration at the University of North Dakota.

When our current home was built, half a century ago, Gamble Hall provided an excellent home for our students, staff, and faculty. It has continued to produce leaders in public and private sectors. But a lot has changed over the decades.

As the state's first accredited business college, I am proud to say that we have gained a national reputation for excellence. Our graduates are highly sought after throughout the United States, but we are proud that many choose to stay right here in North Dakota and make a difference in their communities and in our state. As a result of our national reputation, we have seen increasing enrollment that has led us to outgrow our current space.

Also, the space we do have is no longer adequate for the way in which students want to learn. Creativity, emotional intelligence, leadership, and cognitive flexibility are the current must-have skills for the workplace. Tomorrow's students need a place for hands-on learning to interact and hone those skills, not just sit and listen. Many of Gamble Hall's classrooms are designed as lecture halls with tiered levels and inflexible seating. Gamble Hall is no longer equipped to accommodate and attract our current or future students. It doesn't have the interactive and collaborative spaces we need, or an innovation hub to inspire the new ideas for future businesses to benefit the state, nor does it have space where students can come together outside of the classroom for conversations with their classmates, faculty, and inspirational leaders. Instead, they congregate in the only non-classroom space they can find; on old couch under the stairwell.

Our space is not set up with the kind of innovative technology that students will continue to demand in the future. We have had some amazing, engaged donors who have stepped up to help provide our students with access to data such as real-time stock exchange information and lessons from experienced leaders in their fields. When Gamble Hall was built, there was no way to predict how rapidly changing technology would impact future education needs. Not only do faculty need access to rapidly advancing technology changes to aid in their teaching and research, students are continually demanding access to state-of-the-art technology to aid in their learning. A new home for the College of Business and Public Administration would allow us to design a modern space with an infrastructure that would provide maximum flexibility in adapting to changing technological needs and opportunities.

Further, we suggest that the construction of a new home would be a more financially sound path for our future. Experts have determined that the deferred maintenance and capital renewal needs for Gamble Hall will total \$19 million.

A new building equipped to educate the business and public leaders of the future — businessmen and women, accountants, financial experts, economists, government officials — including legislators — will help UND and the State of North Dakota compete with business schools both regionally and nationally for the best and brightest students from North Dakota and beyond.

Finally, I offer that a new College of Business and Public Administration building would help us strengthen our partnerships with alumni and the business community in North Dakota and beyond.

Thank you for the opportunity to share my perspective with you today.

**DeAnna Carlson Zink:**

Given the conversations we've been having with alumni, we are confident that with a state match of \$20 million, our donors will recognize the state's commitment and invest in this project as dedicated partners.

In fact, we have a dedicated alum prepared to give a major lead gift to this capital project with a match from the state.

I'd like to read a letter from this anonymous donor to you:

He writes ...

Dear Chairman Delzer and Members of the House Appropriations Committee,

I am a proud native of the great state of North Dakota and a graduate of the University of North Dakota College of Business & Public Administration. I am extremely proud of my North Dakota roots and very grateful for the strong education I received at UND. The hard work ethic that is instilled within me was developed in North Dakota – it's a trait that has served me both personally and professionally throughout the years.

Because I believe in giving back and investing in the state, people and the University I hold so close to my heart, my wife and I are committing a gift of \$20 million to lead the development of the proposed College of Business & Public Administration building. This gift is conditioned on the state providing a \$20 million match fund for all gifts to its proposed new building project.

I strongly believe the state of North Dakota should financially support the University of North Dakota at the highest level possible through this new College of Business & Public Administration building.

This state-of-the-art building will be a place that produces strong business leaders who will, in turn, invest back into this beautiful state. This new building is essential for UND to recruit, retain and graduate top students that will become our future business leaders, meeting essential workforce needs of the state.

I thank you for your consideration to invest in this monumental project for the University of North Dakota, the state, region, and the world.

My wife and I are committing to make a difference in the lives of students for generations to come and believe this partnership with you is essential in empowering leaders of tomorrow. We ask for your commitment as well.

Sincerely,

Anonymous Donor

Esteemed members of the committee, this anonymous donor is a true North Dakota success story, and he and his wife want to make a difference in the lives of UND students today and for decades into the future by making this lead gift to a new College of Business and Public Administration building.

They, like several other potential donors, are asking for a partnership with the state to make this project happen.

I ask that you strongly consider including a match for this capital building project. With it, you will work hand-in-hand with our donors and investors to build a brighter future for UND students and the great state of North Dakota.

We have some supplemental materials that we are going to leave for you to look at regarding the building proposal. It includes a brochure that we are using as we visit with donors.

And at the bottom of this printed testimony, you can find a link to a video that we show donors as we bring them up to speed on the project.

If you have any questions, Dean Henley and I will be happy to answer them.

Thank you.

CoBPA building video: [www.bit.ly/UND\\_CoBPA](http://www.bit.ly/UND_CoBPA)



COLLEGE OF BUSINESS &  
PUBLIC ADMINISTRATION

TOGETHER, WE BUILD  
THE FUTURE.

# EMPOWER LEADERS

March 11th 2019  
SB 2297  
Attachment 1

We bring the world to our students and  
our students to the world.

The University of North Dakota College of Business and Public Administration is  
embarking on a \$60 million campaign to build a facility for the future.

This is the biggest philanthropic capital project our university has ever undertaken. We  
depend on leaders like you to provide the spark for this transformational facility at North  
Dakota's Flagship University. The countdown to a world-class education starts now.



# \$60 million philanthropic project that will empower the leaders of tomorrow.







# Goal: Increase internships for undergraduates from 40% to 75% of students.

March 11th 2019

SB 2297

Attachment 7

Our new, technologically advanced building will empower the next generation of business leaders by giving them a place for hands-on learning where they can hone their creativity, emotional intelligence, leadership and cognitive flexibility.





# Goal: Grow enrollment to 2,800

When a student sets foot on campus, how long does it take to decide if they want to attend that university? **7 minutes.**

Imagine their reaction when they see a state-of-the-art business and public administration building located at the heart of campus, placed prominently on the quad along University Avenue.





# Goal: Introduce new majors, such as Data Analytics.

In addition to more than 2,000 students, faculty, and staff, at least 15,000 prospective students, families and community members visit the college each year through campus tours, symposia, career fairs, and conferences. This traffic will increase dramatically as our new, cutting-edge facility will be the premier academic building and event venue on campus.



Every one of our students deserves to know you, your story, and what your entrepreneurial spirit means to our University.

A transformational gift to this project would tell your story to the world

UND





# College of Business

## ALUMNI EXCELLENCE

Name A. D.

The years after the 1926 dedication, Liberty Memorial etc.  
the D. Wight, local architect, and Percival Gallagher, Olmstead  
grounds. Plans for the north included a plaza with a 9C  
the Memorial grounds and the Union Station. E  
wall would bear the Liberty Memorial history and  
The Kansas City architectural firm of Wight & V  
at the site dedication were Lieutenant General  
of Franco, General John J. Pershing, and A  
easter, Massachusetts was the sculptor of the  
NO question from John J. Pershing and another by  
Park Conservancy

**CONTACT:**

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**UND** COLLEGE OF BUSINESS & PUBLIC ADMINISTRATION  
UNIVERSITY OF NORTH DAKOTA

**UND** ALUMNI ASSOCIATION  
FOUNDATION  
LEADERS IN ACTION

Chairman Delzer and members of the appropriations committee it is an honor to testify before you for Senate bill 2297 and specifically for replacement of Harris Hall with the Ag Products Development Center.

I'm David Clough a farmer from Fessenden. I served on the North Dakota Wheat Commission for 12 years as a commissioner but I term out last year and now I'm just another North Dakota farmer.

As many of you know Harris Hall is very outdated, with many of the labs having no running water unless you count running to the men's restroom on 3<sup>rd</sup> floor to get water by the pail full. There's not enough power to run all the lab equipment and fuses are still used in Harris Hall, when by the 70's most new construction was using circuit breakers. Some of you younger ones might not know what a fuse is. Going to Harris Hall is to have a history lesson. In fact several years ago a foreign trade team said when they went through Harris Hall they didn't know they were going to tour a working museum.

When I first started farming after college in 1968 I put most of the crop in with an 8 foot plow, packer and pony drill. If I still farmed like that today I would be out of business. But yet we expect our scientists, researchers, teachers and staff to work in these poor conditions.

Spring wheat usually brings a premium of \$1-2 per bushel over winter wheat. We need a cereal science to do the testing to keep that quality of spring wheat up to keep that premium. If we lost \$1-2 per bushel for our wheat what would that do the state budget?

I still remember over 10 years ago I was on a US Wheat board team to Southeast Asia and a miller in Solo, Indonesia said to me "we can buy winter wheat anywhere in the world but we can't buy spring wheat just anywhere".

North Dakota really needs the Ag Products Development Center for Cereal Science, Food Science and Meat Science. Thank you for your attention, are there any questions?

*David Clough*

House Appropriations Committee  
Support: SB 2297  
Mason Rademacher  
NDSU Student Government

Chairman Delzer, members of the House Appropriations Committee, for the record my name is Mason Rademacher and I currently have the pleasure to serve as the Executive Commissioner of External Affairs on behalf of NDSU Student Government. I am here today in support of SB 2297 wanting to share a student perspective on the need for a new Dunbar Hall and a new Ag Products Development Center.

In its current state, Dunbar Hall simply poses a critical safety risk to students, staff, and faculty. Building a new Dunbar Hall has been on the list of capital projects for the last several biennia, but unfortunately, the funding level has never been met to trigger the construction. Originally built in 1963, Dunbar Hall has served thousands of students throughout its life, but it now lacks the basic functions required to teach students. Some of Dunbar's most noticeable needs include a lack of working fume hoods, an outdated HVAC system, poor plumbing, and an overall lack of space.

- When doing experiments expected in a chemistry building, it is imperative to have working fume hoods to ensure hazardous materials are removed from the room. However, Dunbar is filled with fume hoods that do not properly close, thus exposing faculty, staff, and students to dangerous and unhealthy conditions.
- Although it would seem possible to simply replace the outdated and non-working vent hoods, the reality is, because of the state of the HVAC system, this is not possible. The HVAC system has crossed well beyond its useful life and has had many failures which have resulted in multiple disruptions and evacuations. Similarly, to the vent hoods, the HVAC system cannot be simply replaced as this is not feasible while the building is occupied.
- Due to the nature of the building, and the chemicals used during research, Dunbar's plumbing infrastructure has corroded beyond repair. The location of some sections of piping make it impossible to replace it and out of safety concerns, it should arguably no longer even be used.
- A building being utilized for the purpose of chemistry and research should have adequate storage space to properly house all of the dangerous chemicals students and faculty require. However, this is simply not the case. During a fire inspection in June of 2017, the fire marshal deemed Dunbar Hall to be in violation of multiple points of the fire code because of the lack of proper storage space. Faculty and students were forced to store extremely flammable liquids, which have the ability to spontaneously ignite and are

corrosive, on open shelves and in rooms that had no sprinklers. After actions were taken to correct these violations, Dunbar Hall was still not safe. In December of 2017 one of the labs within the building caught fire, and because there was no sprinkler system, caused far more damage to the room, and smoke damage to the rest of the building, than it should have during the 15 minutes of flames.

For NDSU to remain as one of the more respected research institutions in the region, we cannot afford to lose Dunbar Hall due to a fire, and we cannot continue to be restricted to the size of the building which prevents the university from investing in additional research equipment, providing faculty and researchers the space necessary to conduct their work, and students an environment where they can learn successfully.

The Ag Products Development Center, most commonly known on NDSU's campus as Harris Hall, was originally built in 1954 has since endured four additions. However, much like Dunbar Hall, this building's core infrastructure is well beyond its useful life. The building currently suffers from outdated plumbing, poor HVAC systems, and a lack of storage.

- Simply put, the plumbing within the building is inadequate. Rooms all throughout suffer from poor water pressure and easily clogged drains. With the lack of running water, researchers often have to carry buckets of water from other builds, or floors, to conduct their work – which can easily be contaminated during this travel.
- The poor HVAC systems create issues in the building because it cannot adequately handle all of the grain processing that occurs within its walls. In some particular labs, the only ventilation is the air conditioning unit, and even in the winter, has to be utilized to help circulate the air throughout the room.
- Furthermore, the building is not large enough to handle the storage of the grain, flour, and containers needed by researchers to conduct their work. Often times, these items need to overflow into lab and office spaces.

Building a new Dunbar Hall and Ag Products Development Center is no easy task, and is undoubtedly expensive, but if the state sees a strong investment in higher education from its legislative leaders, we as NDSU students, and students across the state, can build on that momentum and truly make North Dakota's colleges destination locations for students not only from the state, but also from around the region, and the country. We as students know the value a new Dunbar Hall would bring to NDSU and also recognize that a new Ag Products Development Center is critical for the future of North Dakota's place in the Agriculture Industry for years to come. Mr. Chairman, members of the committee, I once again urge a do pass recommendation on SB 2297 and thank you for your time this afternoon. I am happy to stand for any questions your committee may have.

**North Dakota Stockmen's Association**  
**Testimony to the House Appropriations Committee on SB 2297**  
**March 11, 2019**

Good morning, Mr. Chairman and members of the House Appropriations Committee. For the record, my name is Julie Ellingson and I represent the North Dakota Stockmen's Association, an 89-year-old beef cattle trade organization representing 3,000 cattle-ranching families.

We stand in support of SB 2297 with respect to the funding for the Agricultural Products Development Center. The Center will include multiple agricultural components. The piece most significant to the state's livestock industry is its updated meats laboratory.

Replacing the existing meats laboratory has long been a priority project of our association and the broader livestock industry, as the current facility is archaic. Built back in the age of poodle skirts and sock hops, the facility has had trouble meeting inspection specs because of its age.

We are blessed to have some of the nation's top meat scientists working at NDSU. They have been a part of game-changing research over the course of their careers that has done everything from identify the most tender muscle in the beef carcass to scientifically refute the commonly held myth that eating beef contributes to premature puberty in adolescents. Still, these world-class scientists are conducting their work in a substandard facility that no longer meets today's rigorous standards. Their resourcefulness and ingenuity can only be expanded with access to an up-to-date and well-equipped facility.

The Agricultural Products Development Center is expected to pay dividends to the agricultural industry and, ultimately, the entire state as its no. 1 industry grows and flourishes. Additionally, it will help us train students in these important areas that will likewise benefit our industry and overall economy.

To demonstrate our commitment to this effort, the Stockmen's Association has committed \$25,000 of its own money to help support this major agricultural endeavor.

Thank you for your consideration of this project.



P.O. Box 1091  
Bismarck, ND 58502  
(701) 355-4458  
FAX (701) 223-4645

**VOTING MEMBERS**

Independent Beef Association  
of ND  
Milk Producers Association of ND  
Minn-Dak Farmers Cooperative  
ND Ag Aviation Association  
ND Agricultural Association  
ND Ag Consultants  
ND Agri-Women  
ND Barley Council  
ND Corn Growers Association  
ND Corn Utilization Council  
ND Crop Improvement & Seed  
Association  
ND Dry Bean Council  
ND Elk Growers  
ND Ethanol Council  
ND Farm Credit Council  
ND Farmers Union  
Grain Dealers Association  
Grain Growers Association  
Irrigation Association  
ND Lamb & Wool Producers  
ND Oilseed Council  
ND Pork Producers Council  
ND Soybean Growers Association  
ND Stockmen's Association  
ND Wheat Commission  
Northern Canola Growers  
Association  
Northern Plains Potato Growers  
Northern Pulse Growers  
Association  
Northwest Landowners  
Association  
Red River Valley Sugarbeet  
Growers  
U.S. Durum Growers Association

**NON-VOTING MEMBERS**

BNSF Railway, Inc.  
Ellingson Companies  
Garrison Diversion Conservancy  
District  
ND Association of Ag Educators  
ND Association of Soil  
Conservation Districts  
Beef Commission  
Department of Ag  
Grazing Lands Coalition  
ND Soybean Council  
ND State Seed Commission  
NDSU Agricultural Affairs

March 11th 2019

SB 2297

Attachment //

**Testimony of Darrell Oswald  
Vice Chairman  
North Dakota Ag Coalition  
In Support of SB 2297**

Chairman Delzer and members of the committee, my name is Darrell Oswald, and I am here today as the Vice Chairman of the North Dakota Ag Coalition in support of SB 2297. The Ag Coalition has provided a unified voice for North Dakota agricultural interests for over 35 years. Today, we represent more than 40 statewide organizations and associations that represent specific commodities or have a direct interest in agriculture. Through the Ag Coalition, our members seek to enhance the climate for North Dakota's agricultural producers.

The Ag Coalition takes a position on a limited number of issues, brought to us by our members, that have significant impact on North Dakota's agriculture industry. The Ag Coalition supports SB 2297, specifically as it relates to the Ag Products Development Center, this project is needed to continue the high-quality research that is essential to the future of North Dakota's crop and livestock producers.

The proposed Ag Products Development Center will serve as a replacement for Harris Hall and the Meats Research Laboratory, which will bring new technology and equipment to ag research at NDSU as well as provide new teaching areas for crops, livestock and food science. The current facilities limit research and education as they can no longer provide the space, safety or technology that researchers and students need to carry out their important work.

The agricultural research facilities at NDSU are the foundation for North Dakota's ag economy. We recommend a Do Pass on SB 2297 as the Ag Products Development Center will significantly enhance research and education for the state's producers and future generations.



March 11th 2019

SB 2297

Attachment 12

**Testimony of Lance Gaebe  
On behalf of the North Dakota Corn Growers Association  
March 11, 2019  
In Support of SB 2297**

Chairman Delzer and members of the House Appropriations Committee:

My name Lance Gaebe, I am appearing before you today on behalf of the North Dakota Corn Growers Association in support of SB 2297, specifically as it relates to the NDSU Agricultural Products Development Center and the Northern Crops Institute. The NDCGA enthusiastically supports the modernization of the buildings and facilities at NDSU to help support the ensuring the research and marketing of agriculture products grown in North Dakota.

Existing facilities are insufficient to support the valued added research and world-class demonstration tools used to market our crops and products that is critical to the farmers and ranchers in our state. The Agricultural Products Development Center will help NDSU to bolster its role in delivering research-based solutions to North Dakota's agriculture producers, and along with the NCI, will serve as a state-of-the art venue to host global customers of our quality commodities.

North Dakota is twelfth in the country in corn production, producing 450 million bushels on 2.9 million acres in 2018. This amazing production is used to feed livestock, in ethanol production and for export markets. NDSU has been instrumental in promoting opportunities in all three areas. It is essential that the appropriate facilities exist to continue the breeding, agronomic, and value-added research— and that the combined operations can serve as a showcase to host foreign trade delegations who travel to North Dakota to learn about our quality food production.

North Dakota's agriculture prowess is world renowned, and along with the remarkable greenhouse facilities that the legislature so generously supported and funded, the processing and marketing facilities will ensure that we maintain our reputation in the global marketplace. Agriculture is and will continue to be the foundation of our state's economy, and these facilities are fundamental to continue that focus. The Corn Growers of North Dakota appreciate your support and encourage a Do Pass recommendation of SB 2297.



# U.S. Durum Growers Association

PROMOTING THE PRODUCTION AND MARKETING OF DURUM AND SEMOLINA

March 11th 2019

SB 2297

Attachment 12

P.O. Box 1091 • Bismarck, ND 58502 • (701) 214-3203  
office@durumgrowers.com • www.durumgrowers.com

**Testimony of Deana Wiese  
USDGA Executive Director  
In Support of SB 2297**

Chairman Delzer and members of the committee:

My name is Deana Wiese, and I am the executive director of the United States Durum Growers Association. I am here today in support of SB 2297, specifically as it relates to the North Dakota State University (NDSU) Agricultural Products Development Center. USDGA recognizes the importance of updated facilities, as well as state-of-the art technology and equipment to ensuring the growth and strength of the state's number one industry – agriculture.

The current facilities at Harris Hall no longer provide the space or safety needed to carryout research that is vitally important to the producers in our state. The proposed Agricultural Products Development Center will allow NDSU to continue to deliver research-based solutions needed to ensure North Dakota's farmers and ranchers are able to produce and market superior commodities to global customers.

North Dakota produces 60 percent of the nation's durum, and NDSU's durum breeding program is essential as no significant other public or private breeding programs exist. It is essential that the appropriate facilities exist to continue this research. In addition, Harris Hall hosts annual foreign trade delegations to showcase the quality of the regions crops for worldwide food production. Harris Hall's designation as one of the top two buildings in the poorest condition at NDSU does not provide for a positive "showcase" of North Dakota's high-quality commodities.

Agriculture is and will continue to be the foundation of our state's economy, and these facilities are essential to North Dakota agriculture maintaining its presence in the global marketplace. Therefore, we'd appreciate your support and encourage a Do Pass recommendation of SB 2297.

**SB2297**

House Appropriations Committee

March 11, 2019

Jed M. Shivers, VP Finance and COO University of North Dakota

(701) 777-3511 | [jed.shivers@und.edu](mailto:jed.shivers@und.edu)

Chair Delzer and Committee Members: My name is Jed M Shivers and I am the VP Finance and COO UND. I am here to provide supplemental information in support of the testimony given by Dean Henley and CEO Carlson Zink related to SB2297. The bill, if amended, would provide UND with \$20 million in State Appropriations to match a \$20 million pledge from a currently anonymous donor. The \$20 million from the state along with the principal gift would materially assist UND in generating an additional \$30 million from significant donors in order to reach a projected total funding of \$65 – 70 million.

Although details related to the gift and the exact timing of the flow of donations need to be determined, the projected funds flow of gifts assuming the \$20 million appropriated match is shown below to illustrate the probable outcome. In this projection we assume that:

- construction begins when we have 50% of the total cash and 95% of the pledges required for construction accumulated;
- the principal donor completes pledge payments over a ten year period and about 50% of our donors complete pledge payments within 5 years and the remainder complete pledge payments in ten years; and,
- a 4.5% interest rate when financing the pledge payments during the ten year period.

Summary of Funding Sources by Fiscal Year  
College of Business Building

Building Cost	\$ 60 000 000
Closing Costs	\$ 250 000
Interest	\$ 4 800 000
	\$ 65 050 000

Funding Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 Total	Future Payment
State	\$ 20 000 000	\$ 1 333 333	\$ 1 333 333	\$ 1 333 333	\$ 1 333 333	\$ 1 333 333	\$ 1 333 333	\$ 1 333 333	\$ 1 333 333	\$ 15 000 000	\$ 5 000 000
Lead Donor	\$ 3 000 000	\$ 3 807 917	\$ 3 807 917	\$ 3 807 917	\$ 3 807 917	\$ 1 563 666	\$ 1 563 666	\$ 1 563 667	\$ 1 563 667	\$ 15 000 000	
Other Donors	\$ 7 000 000	\$ 3 807 917	\$ 3 807 917	\$ 3 807 917	\$ 3 807 917	\$ 1 563 666	\$ 1 563 666	\$ 1 563 667	\$ 1 563 667	\$ 15 000 000	
Annual	\$ 30,000,000	\$ 5,141,250	\$ 5,141,250	\$ 5,141,250	\$ 5,141,250	\$ 2,896,999	\$ 2,896,999	\$ 2,897,000	\$ 2,897,000	\$ 2,897,000	
Cumulative	\$ 30,000,000	\$ 35,141,250	\$ 40,282,500	\$ 45,423,750	\$ 50,565,000	\$ 53,461,999	\$ 56,358,999	\$ 59,255,999	\$ 62,152,999	\$ 65,050,000	

Construction  
Starts

The table below shows a likely funds draw-down scenario including projected interest expenses when financing the pledge payments. Assuming the 4.5% interest rate noted above interest will be about \$4.8 million.

## Line of Credit 4.50% rate

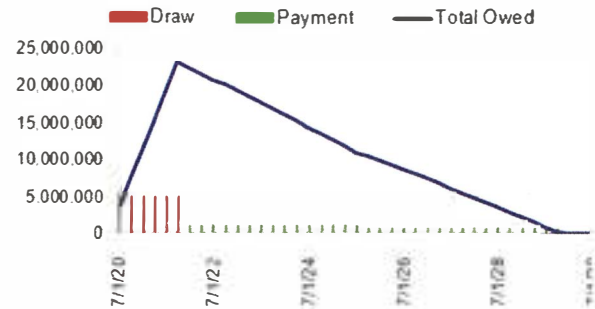
Borrower **University of North Dakota**  
Revolving Credit Line for Business School  
Assumes

[Lender Name]  
[Address City ST ZIP]  
Phone [Phone]

Credit Limit (reference) \$ 25,000,000  
Days in Year (for per diem rate) 365

### Summary To Date

Total Payments	\$ (34,762,781.39)
Total Draws/Disbursements	\$ 30,000,000.00
Total Interest Accrued	\$ 4,762,781.39
Total Interest Paid	\$ 4,762,781.39
<b>Total Currently Owed</b>	<b>\$ 0.00</b>



We respectfully request that you consider adding \$20 million to SB2297 in order to take advantage of this generous principal donation and I am available to answer your questions.

Thank you.

# / SB2297  
4-19-19  
pg 1

# STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2297 - Funding Summary

	Base Budget	Senate Version	House Changes	House Version
University of North Dakota				
Capital assets			\$61,000,000	\$61,000,000
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000
Less estimated income	0	0	61,000,000	61,000,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
North Dakota State University				
Capital assets		\$111,200,000	(\$60,000,000)	\$51,200,000
Total all funds	\$0	\$111,200,000	(\$60,000,000)	\$51,200,000
Less estimated income	0	111,200,000	(60,000,000)	51,200,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Dickinson State University				
Capital assets		\$4,500,000	(\$500,000)	\$4,000,000
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000
Less estimated income	0	4,500,000	(500,000)	4,000,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Valley City State University				
Capital assets		\$32,275,000		\$32,275,000
Total all funds	\$0	\$32,275,000	\$0	\$32,275,000
Less estimated income	0	32,275,000	0	32,275,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Northern Crops Institute				
Capital assets		\$18,000,000	(\$18,000,000)	
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0
Less estimated income	0	18,000,000	(18,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$165,975,000	(\$17,500,000)	\$148,475,000
Less estimated income	0	165,975,000	(17,500,000)	148,475,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

## Senate Bill No. 2297 - University of North Dakota - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets			\$61,000,000	\$61,000,000
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000
Less estimated income	0	0	61,000,000	61,000,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

# / 5B 2297  
4-19-19  
pg 2

## Department 230 - University of North Dakota - Detail of House Changes

	Adds Funding for Gamble Hall Project <sup>1</sup>	Total House Changes
Capital assets	\$61,000,000	\$61,000,000
Total all funds	\$61,000,000	\$61,000,000
Less estimated income	61,000,000	61,000,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Special fund authority of \$61,000,000 is added for the Gamble Hall project from bond proceeds (\$6,000,000) and from funds obtained from fundraising and other local sources (\$55,000,000). A 2017-19 biennium general fund appropriation of \$9,000,000 is also provided for the project for a total project cost of \$70,000,000. The bonding authority and general fund appropriation for the project are available only if the University of North Dakota certifies to the Industrial Commission and Office of Management and Budget that \$55,000,000 of local and other nonstate funds has been obtained for the project.

## Senate Bill No. 2297 - North Dakota State University - Senate Action

This bill appropriates \$51.2 million from bond proceeds to North Dakota State University for the Dunbar Hall replacement project. This bill also appropriates \$54 million from bond proceeds and \$6 million from federal or other funds to North Dakota State University for the agriculture products development center project.

## Senate Bill No. 2297 - North Dakota State University - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$111,200,000	(\$60,000,000)	\$51,200,000
Total all funds	\$0	\$111,200,000	(\$60,000,000)	\$51,200,000
Less estimated income	0	111,200,000	(60,000,000)	51,200,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

## Department 235 - North Dakota State University - Detail of House Changes

	Adjusts Funding for Capital Projects <sup>1</sup>	Total House Changes
Capital assets	(\$60,000,000)	(\$60,000,000)
Total all funds	(\$60,000,000)	(\$60,000,000)
Less estimated income	(60,000,000)	(60,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate for the Dunbar Hall project is adjusted as follows:

	Senate	House	Difference
Bonding	\$51,200,000	\$40,000,000	(\$11,200,000)
Other funds	0	11,200,000	11,200,000
Total	\$51,200,000	\$51,200,000	\$0

This amendment also removes \$60 million of funding from bond proceeds and other funds added by the Senate for the Agriculture Products Development Center project.

### Senate Bill No. 2297 - Dickinson State University - Senate Action

This bill appropriates \$4.5 million from bond proceeds to Dickinson State University for the Pulver Hall renovation project.

### Senate Bill No. 2297 - Dickinson State University - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$4,500,000	(\$500,000)	\$4,000,000
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000
Less estimated income	0	4,500,000	(500,000)	4,000,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

### Department 239 - Dickinson State University - Detail of House Changes

	Adjusts Funding for Pulver Hall Project <sup>1</sup>	Total House Changes
Capital assets	(\$500,000)	(\$500,000)
Total all funds	(\$500,000)	(\$500,000)
Less estimated income	(500,000)	(500,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding from bond proceeds added by the Senate for the Pulver Hall project is reduced from \$4,500,000 to \$4,000,000.

### Senate Bill No. 2297 - Valley City State University - Senate Action

This bill appropriates \$32,275,000 from bond proceeds to Valley City State University for the communications and fine arts building project.

### Senate Bill No. 2297 - Valley City State University - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$32,275,000		\$32,275,000
Total all funds	\$0	\$32,275,000	\$0	\$32,275,000
Less estimated income	0	32,275,000	0	32,275,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

# / SB 2297  
4-19-19  
pg 4

## Department 242 - Valley City State University - Detail of House Changes

	Adjusts Funding for Communications and Fine Arts Building Project <sup>1</sup>	Total House Changes
Capital assets		
Total all funds	\$0	\$0
Less estimated income	0	0
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate for the Communications and Fine Arts Building project is adjusted as follows:

	Senate	House	Difference
Bonding	\$32,275,000	\$30,000,000	(\$2,275,000)
Other funds	0	2,275,000	2,275,000
Total	\$32,275,000	\$32,275,000	\$0

## Senate Bill No. 2297 - Northern Crops Institute - Senate Action

This bill appropriates \$10 million from bond proceeds and \$8 million from federal or other funds to the Northern Crops Institute for a building project.

## Senate Bill No. 2297 - Northern Crops Institute - House Action

	Base Budget	Senate Version	House Changes	House Version
Capital assets		\$18,000,000	(\$18,000,000)	
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0
Less estimated income	0	18,000,000	(18,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

## Department 638 - Northern Crops Institute - Detail of House Changes

	Removes Funding for Building Project <sup>1</sup>	Total House Changes
Capital assets	(\$18,000,000)	(\$18,000,000)
Total all funds	(\$18,000,000)	(\$18,000,000)
Less estimated income	(18,000,000)	(18,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate from bond proceeds and other funds for the Northern Crops Institute building project is removed.

## Senate Bill No. 2297 - Other Changes - House Action

This amendment also provides a 2017-19 biennium general fund appropriation of \$19.9 million for the following projects:

#1 SB 2297  
4-19-19  
pg 5

Bismarck State College nursing building	\$8,900,000
Dakota College at Bottineau dining hall and other projects	1,000,000
University of North Dakota Gamble Hall project	9,000,000
Lake Region State College precision agriculture project	<u>1,000,000</u>
Total general fund	\$19,900,000

Provisions are also added to allow the institutions to continue any unexpended general fund appropriations for the projects into the 2019-21 biennium.

Sixty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2297

Introduced by

Senators Wardner, Robinson, Sorvaag

Representatives Howe, Roers Jones

- 1 A BILL for an Act to provide an appropriation for capital projects of various state departments  
2 and institutions; to authorize the industrial commission to issue and sell evidences of  
3 indebtedness for capital projects; to provide an exemption; and to declare an emergency.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. PROJECT AUTHORIZATIONS - APPROPRIATION.** The Subject to the  
6 provisions of this section, the industrial commission, acting as the North Dakota building  
7 authority, shall arrange for the funding of the projects authorized in this section, declared to be  
8 in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2,  
9 beginning with the effective date of this Act and ending June 30, 2021. The industrial  
10 commission shall issue evidences of indebtedness under this section with the condition that  
11 lease rental payments need not begin until July 1, 2021. The authority of the industrial  
12 commission to issue evidences of indebtedness under this section ends June 30, 2021, but the  
13 industrial commission may continue to exercise all other powers granted to it under chapter  
14 54-17.2 and this Act and comply with any covenants entered before that date. The proceeds of  
15 the evidences of indebtedness and other available funds are appropriated to the agencies listed  
16 in this section, beginning with the effective date of this Act and ending June 30, 2021, for the  
17 following projects:

18	<del>North Dakota state university Dunbar Hall</del>	<del>\$51,200,000</del>
19	<del>Valley City state university communications and fine arts building project</del>	<del>32,275,000</del>
20	<del>North Dakota state university agriculture products development center</del>	<del>54,000,000</del>
21	<del>Northern crops institute project</del>	<del>10,000,000</del>
22	<del>Dickinson state university Pulver Hall project</del>	<del>4,500,000</del>
23	<del>Total</del>	<del>\$151,975,000</del>

~~North Dakota state university shall obtain and utilize at least \$6,000,000 of federal and other funds for the agriculture products development center project, and the funds must be committed and available to be spent before the industrial commission may issue bonds for the project. There is appropriated to North Dakota state university the sum of \$6,000,000, or so much of the sum as may be necessary, from federal or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021.~~

~~The northern crops institute shall obtain and utilize at least \$8,000,000 of federal and other funds for the northern crops institute project, and the funds must be committed and available to be spent before the industrial commission may issue bonds for the project. There is appropriated to the northern crops institute the sum of \$8,000,000, or so much of the sum as may be necessary, from federal or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021.~~

<u>North Dakota state university Dunbar Hall</u>	<u>\$40,000,000</u>
<u>Valley City state university communications and fine arts building project</u>	<u>30,000,000</u>
<u>University of North Dakota Gamble Hall project</u>	<u>6,000,000</u>
<u>Dickinson state university Pulver Hall</u>	<u>4,000,000</u>
<u>Total</u>	<u>\$80,000,000</u>

1. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the Dunbar Hall project. There is appropriated to North Dakota state university the sum of \$11,200,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act and ending June 30, 2021. North Dakota state university shall commence construction on the Dunbar Hall project before July 1, 2020. North Dakota state university shall adjust the scope of the project as necessary to match the amount of cash available for the project on the date construction commences.

2. Valley City state university may obtain and utilize local funds obtained from fundraising or other sources for the communications and fine arts building project. There is appropriated to Valley City state university the sum of \$2,275,000, or so much of the sum as may be necessary, from any local or other funds that may become available

1 for this project for the period beginning with the effective date of this Act and ending  
2 June 30, 2021. Valley City state university must commence construction on the  
3 communications and fine arts building project before July 1, 2020. Valley City state  
4 university shall adjust the scope of the project as necessary to match the amount of  
5 cash available for the project on the date construction commences.

6 3. a. The university of North Dakota may obtain and utilize local funds obtained from  
7 fundraising or other sources for the Gamble Hall project. There is appropriated to  
8 the university of North Dakota the sum of \$55,000,000, or so much of the sum as  
9 may be necessary, from any local or other funds that may become available for  
10 this project for the period beginning with the effective date of this Act and ending  
11 June 30, 2021.

12 b. The industrial commission may issue evidences of indebtedness for the Gamble  
13 Hall project only if the university of North Dakota certifies to the industrial  
14 commission and the director of the office of management and budget that  
15 \$55,000,000 of local and other nonstate funds has been obtained for the project.

16 **SECTION 2. APPROPRIATION - CAPITAL PROJECTS - EXEMPTION.** Subject to the  
17 provisions of this section, the funds provided in this section, or so much of the funds as may be  
18 necessary, are appropriated out of any moneys in the general fund in the state treasury, not  
19 otherwise appropriated, to the following institutions for the identified capital projects, for the  
20 period beginning with the effective date of this Act and ending June 30, 2019, as follows:

21 Bismarck state college nursing building	\$8,900,000
22 Dakota college at Bottineau dining hall and other projects	1,000,000
23 Lake region state college precision agriculture project	1,000,000
24 University of North Dakota Gamble Hall project	<u>9,000,000</u>
25 Total general fund	\$19,900,000

26 Section 54-44.1-11 does not apply to the funding in this section and any funds not spent by  
27 June 30, 2019, may be continued into the biennium beginning July 1, 2019, and ending  
28 June 30, 2021. The appropriation for the Gamble Hall project must be continued into the  
29 biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if the  
30 university of North Dakota certifies to the director of the office of management and budget that  
31 \$55,000,000 of local and other nonstate funds has been obtained for the project.

1      **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2297

That the House recede from its amendments as printed on pages 1582-1586 of the Senate Journal and pages 1748-1752 of the House Journal and that Engrossed Senate Bill No. 2297 be amended as follows:

Page 1, line 3, after the semicolon insert "to provide an exemption;"

Page 1, line 5, replace "The" with "Subject to the provisions of this section, the"

Page 1, remove lines 17 through 24

Page 2 replace lines 1 through 11 with:

"North Dakota state university Dunbar Hall	\$40,000,000
Valley City state university Communications and Fine Arts Building project	30,000,000
North Dakota state university agriculture products development center	20,000,000
University of North Dakota Gamble Hall project	6,000,000
Dickinson state university Pulver Hall	<u>4,000,000</u>
Total	\$100,000,000

1. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the Dunbar Hall project. There is appropriated to North Dakota state university the sum of \$3,200,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.
2.
  - a. North Dakota state university may obtain and utilize local funds obtained from fundraising or other sources for the agriculture products development center project. There is appropriated to North Dakota state university the sum of \$20,000,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.
  - b. The industrial commission may issue evidences of indebtedness for the agriculture products development center project only if North Dakota state university certifies to the industrial commission and the director of the office of management and budget that \$20,000,000 of local and other funds has been obtained for the project or if North Dakota state university receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.
3.
  - a. The university of North Dakota may obtain and utilize local funds obtained from fundraising or other sources for the Gamble Hall project. There is appropriated to the university of North Dakota the sum of \$55,000,000, or so much of the sum as may be necessary, from any local or other funds that may become available for this project for the period beginning with the effective date of this Act, and ending June 30, 2021.

- b. The industrial commission may issue evidences of indebtedness for the Gamble Hall project only if the university of North Dakota certifies to the industrial commission and the director of the office of management and budget that \$55,000,000 of local and other funds has been obtained for the project or if the university of North Dakota receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.

## SECTION 2. APPROPRIATION - CAPITAL PROJECTS - EXEMPTION.

1. Subject to the provisions of this section, the funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the following institutions for the identified capital projects, for the period beginning with the effective date of this Act, and ending June 30, 2019, as follows:

Bismarck state college Nursing Building	\$8,900,000
Dakota college at Bottineau dining hall and other projects	1,000,000
Lake Region state college precision agriculture project	1,000,000
North Dakota state university agriculture products development center project	20,000,000
North Dakota state university Dunbar Hall project	8,000,000
University of North Dakota Gamble Hall project	9,000,000
Valley City state university Communications and Fine Arts Building project	<u>2,000,000</u>
Total general fund	\$49,900,000

In accordance with section 54-44.1-11, any unaccepted funds from these appropriations may be continued into the biennium beginning July 1, 2019, and ending June 30, 2021.

2. The appropriation for the agriculture products development center project must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if North Dakota state university certifies to the industrial commission and the director of the office of management and budget that \$20,000,000 of local and other funds has been obtained for the project or if North Dakota state university receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.
3. The appropriation for the Gamble Hall project must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and is available only if the university of North Dakota certifies to the industrial commission and the director of the office of management and budget that \$55,000,000 of local and other funds has been obtained for the project or if the university of North Dakota receives approval for a change in project scope from the legislative assembly or budget section pursuant to section 48-01.2-25.

**SECTION 3. NORTHERN CROPS INSTITUTE BUILDING PROJECT.** The northern crops institute is authorized to begin fundraising efforts for the northern crops institute building project. The northern crops institute shall develop a proposal for its building project, including locations for the new facility, the proper capacity of the facility to serve future institute needs, and the estimated costs of the building project. The

northern crops institute may seek funding and authorization from the sixty-seventh legislative assembly to proceed with the building project.

Renumber accordingly

# STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2297 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
University of North Dakota						
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000	\$61,000,000	\$0
Less estimated income	0	0	61,000,000	61,000,000	61,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
North Dakota State University						
Total all funds	\$0	\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Less estimated income	0	111,200,000	(28,000,000)	83,200,000	51,200,000	32,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Dickinson State University						
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	\$0
Less estimated income	0	4,500,000	(500,000)	4,000,000	4,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Valley City State University						
Total all funds	\$0	\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Less estimated income	0	32,275,000	(2,275,000)	30,000,000	32,275,000	(2,275,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Northern Crops Institute						
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0	\$0	\$0
Less estimated income	0	18,000,000	(18,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	\$0	\$165,975,000	\$12,225,000	\$178,200,000	\$148,475,000	\$29,725,000
Less estimated income	0	165,975,000	12,225,000	178,200,000	148,475,000	29,725,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

## Senate Bill No. 2297 - University of North Dakota - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets			\$61,000,000	\$61,000,000	\$61,000,000	
Total all funds	\$0	\$0	\$61,000,000	\$61,000,000	\$61,000,000	\$0
Less estimated income	0	0	61,000,000	61,000,000	61,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

## Department 230 - University of North Dakota - Detail of Conference Committee Changes

	Adds Funding for Gamble Hall Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	\$61,000,000	\$61,000,000
Total all funds	\$61,000,000	\$61,000,000
Less estimated income	61,000,000	61,000,000
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Special fund authority of \$61 million is added for the Gamble Hall project from bond proceeds (\$6 million) and from funds obtained from fundraising and other local sources (\$55 million). A 2017-19 biennium general fund appropriation of \$9 million is also provided for the project for a total project cost of \$70 million. The bonding authority and general fund appropriation for the project are available only if the University of North Dakota certifies to the Industrial Commission and the Office of Management and Budget that \$55 million of local and other funds has been obtained for the project or if the university receives approval from the Legislative Assembly or Budget Section for a change in project scope. This is the same amount of funding as provided in the House version.

## Senate Bill No. 2297 - North Dakota State University - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Total all funds	\$0	\$111,200,000	(\$28,000,000)	\$83,200,000	\$51,200,000	\$32,000,000
Less estimated income	0	111,200,000	(28,000,000)	83,200,000	51,200,000	32,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

## Department 235 - North Dakota State University - Detail of Conference Committee Changes

	Adjusts Funding for Dunbar Hall Project <sup>1</sup>	Adjusts Funding for Agriculture Products Development Center Project <sup>2</sup>	Total Conference Committee Changes
Capital assets	(\$8,000,000)	(\$20,000,000)	(\$28,000,000)
Total all funds	(\$8,000,000)	(\$20,000,000)	(\$28,000,000)
Less estimated income	(8,000,000)	(20,000,000)	(28,000,000)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> Funding for the Dunbar Hall project is adjusted as follows:

Dunbar Hall Project	Senate	House	Conference Committee
Bonding	\$51,200,000	\$40,000,000	\$40,000,000
General fund appropriation (2017-19 biennium)	0	0	8,000,000
Other funds	0	11,200,000	3,200,000
Total	\$51,200,000	\$51,200,000	\$51,200,000

The \$8 million reduction shown is due to the general fund appropriation being provided during the 2017-19 biennium.

<sup>2</sup> Funding for the Agriculture Products Development Center is adjusted as follows:

#1 SB 2297  
4-23-19  
pg 5

**Agriculture Products Development Center**

	Senate	House	Conference Committee
Bonding	\$54,000,000	\$0	\$20,000,000
General fund appropriation (2017-19 biennium)	0	0	20,000,000
Other funds	6,000,000	0	20,000,000
Total	\$60,000,000	\$0	\$60,000,000

The \$20 million reduction shown is due to the general fund appropriation being provided during the 2017-19 biennium. Provisions are also added to provide the bonding authority and general fund appropriation for the project are available only if North Dakota State University certifies to the Industrial Commission and the Office of Management and Budget that \$20 million of local and other funds has been obtained for the project or if the university receives approval from the Legislative Assembly or Budget Section for a change in project scope.

**Senate Bill No. 2297 - Dickinson State University - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	
Total all funds	\$0	\$4,500,000	(\$500,000)	\$4,000,000	\$4,000,000	\$0
Less estimated income	0	4,500,000	(500,000)	4,000,000	4,000,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 239 - Dickinson State University - Detail of Conference Committee Changes**

	Adjusts Funding for Pulver Hall Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	(\$500,000)	(\$500,000)
Total all funds	(\$500,000)	(\$500,000)
Less estimated income	(500,000)	(500,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding from bond proceeds added by the Senate for the Pulver Hall project is reduced from \$4.5 million to \$4 million. This is the same level of funding provided in the House version.

**Senate Bill No. 2297 - Valley City State University - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Total all funds	\$0	\$32,275,000	(\$2,275,000)	\$30,000,000	\$32,275,000	(\$2,275,000)
Less estimated income	0	32,275,000	(2,275,000)	30,000,000	32,275,000	(2,275,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 242 - Valley City State University - Detail of Conference Committee Changes**

	Adjusts Funding for Communications and Fine Arts Building Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	(\$2,275,000)	(\$2,275,000)
Total all funds	(\$2,275,000)	(\$2,275,000)
Less estimated income	(2,275,000)	(2,275,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding for the Communications and Fine Arts Building project is adjusted as follows:

Communications and Fine Arts Building Project	Senate	House	Conference Committee
Bonding	\$32,275,000	\$30,000,000	\$30,000,000
General fund appropriation (2017-19 biennium)	0	0	2,000,000
Other funds	0	2,275,000	0
Total	\$32,275,000	\$32,275,000	\$32,000,000

The \$2,275,000 reduction shown is due to the \$2 million general fund appropriation being provided during the 2017-19 biennium and a reduction of \$275,000 in project authorization.

**Senate Bill No. 2297 - Northern Crops Institute - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Capital assets		\$18,000,000	(\$18,000,000)			
Total all funds	\$0	\$18,000,000	(\$18,000,000)	\$0	\$0	\$0
Less estimated income	0	18,000,000	(18,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

**Department 638 - Northern Crops Institute - Detail of Conference Committee Changes**

	Removes Funding for Building Project <sup>1</sup>	Total Conference Committee Changes
Capital assets	(\$18,000,000)	(\$18,000,000)
Total all funds	(\$18,000,000)	(\$18,000,000)
Less estimated income	(18,000,000)	(18,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding added by the Senate from bond proceeds and other funds for the Northern Crops Institute building project is removed. The House also removed this funding. A section is added authorizing the Northern Crops Institute to begin fundraising for the project and to request authorization from the 67th Legislative Assembly to proceed with the project.

**Senate Bill No. 2297 - Other Changes - Conference Committee Action**

This amendment provides a 2017-19 biennium general fund appropriation of \$49.9 million for the following projects:

	<u>Senate</u>	<u>House</u>	<u>Conference Committee</u>
Bismarck State College Nursing Building	\$0	\$8,900,000	\$8,900,000
Dakota College at Bottineau dining hall and other projects	0	1,000,000	1,000,000
Lake Region State College precision agriculture project	0	1,000,000	1,000,000
North Dakota State University Agriculture Products Development Center	0	0	20,000,000
North Dakota State University Dunbar Hall project	0	0	8,000,000
University of North Dakota Gamble Hall project	0	9,000,000	9,000,000
Valley City State University Communications and Fine Arts Building project	0	0	2,000,000
Total general fund - 2017-19 biennium	\$0	\$19,900,000	\$49,900,000

Provisions are also added to allow the institutions to continue any unexpended general fund appropriations for the projects into the 2019-21 biennium.