

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1074

2001 HOUSE NATURAL RESOURCES

HB 1074

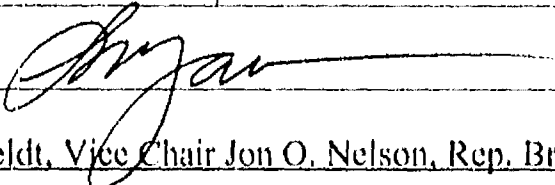
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1074

House Natural Resources Committee

☐ Conference Committee

Hearing Date January 12, 2001

Tape Number	Side A	Side B	Meter #
1	x		1-556
Committee Clerk Signature 			

Minutes: Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. DeKrey, Rep. Drovdal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: I will open the hearing on HB 1074.

Rick Larson - Deputy Land Commissioner: I am here in support of HB 1074. (see attached testimony).

Chairman Rennerfeldt: Are there any questions on the committee? Thank you sir.

Larson: There is one addition, some wording that could be better in this bill that would actually transfer the minerals to the Land and Minerals trust fund, rather than just the proceeds.

Chairman Rennerfeldt: So you are offering an amendment? Do you have one written up?

Larson: I do have an amendment. (See attached proposed amendment to HB 1074).

Chairman Rennerfeldt: I will have you distribute it to the committee.

Rep. Porter: Mr. Chairman.

Chairman Rennerfeldt: Rep. Porter.

Rep. Porter: Thank you Mr. Chairman. Mr. Larson, who holds the minerals if they are not transferred to the trust fund.

Larson: The state of ND. There are no provisions except for the proceeds to be deposited to the general fund as established in 1985. So the Lands and Minerals Trust Fund has provision for management and authorization for specific management of those minerals.

Rep. Porter: Follow up Mr. Chairman.

Chairman Rennerfeldt: Go ahead.

Rep. Porter: Thank you Mr. Chairman. Mr. Larson, are there other minerals rights that you manage and not hold the actual mineral rights in the trust fund? Where it would be the way the original bill was set up? Or are most of the minerals you handle in the trust fund?

Larson: All of the minerals we manage are in a trust fund. About 13 different trusts. This is the only mineral tract we have that is not in a specific fund.

Chairman Rennerfeldt: Rep. Droydal.

Rep. Droydal: Mr. Larson. We currently have a board that administers and leases funds for all hay lands. I believe it is a separate board from that one. I believe that board is already accustomed to leasing can we transfer custody of minerals to them.

Larson: Chairman Rennerfeldt, Rep. Droydal, this is the same board.

Chairman Rennerfeldt: Any others questions of the committee? We will hold your amendments and discuss this later. Is there anyone here to speak in favor of this bill? Anyone in opposition?

The hearing of this bill is closed.

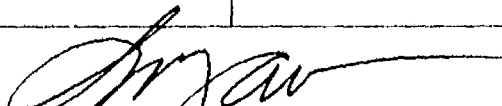
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1074

House Natural Resources Committee

☐ Conference Committee

Hearing Date January 18, 2001

Tape Number	Side A	Side B	Meter #
1	x		769 to 1850
Committee Clerk Signature 			

Minutes:

Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. Drovdal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: We will take action on HB 1074. That was the transfer of revenue of the land and minerals trust fund. Rep. Drovdahl.

Rep. Drovdal: I would like to make a motion to amend HB 1074. If I get a second I will explain what that does.

Rep. Porter: Second.

Rep. Drovdal: The amendment that I passed out, you can read it, but my intent on this amendment is current management of state land and oil and gas reserves. The management goes to I don't know who, but the money from the revenue of our state land goes into a common school trust fund and the interest from the trust fund goes to the school districts each year. My

thought is why don't we put the interest and income off this land into the same fund as all the other state school land. Funding K-12 education is the primary purpose. This would go directly into that funding formula. The amendment would move it into the same category as other school land.

Chairman Rennerfeldt: Did everyone understand that? Rep. Weiler.

Rep. Weiler: Why do they have in here that it should go to the Lands and Minerals Trust Fund if they mean it to go somewhere else.

Rep. Droydal: Currently this bill sends the money to the general fund and I am sending the money to the school trust fund. Management would go to the common school trust fund which does manage most of their land.

Rep. Winrich: In the fiscal note on this bill, the comment says there is no fiscal impact what so ever in the passage of this bill because the bill codifies the current practice for depositing these funds in the Lands and Minerals Trust Fund. Would this amendment change that? Would we need a new fiscal note?

Chairman Rennerfeldt: I would think we would.

Rep. Winrich: Could I ask Rep. Droydal to provide some rationale for the change, why change a current practice?

Rep. Droydal: We heard a lot of testimony on the Education committee on how our state lands are managed. I think we should try to get it all under one umbrella, one management schedule. As long as this is getting transferred, why shouldn't we just transfer it to the education trust fund and help our students. We always seem to be under funding our students in ND, this is one way to get that funding directly to our schools instead of putting it into the general fund. Are they have to fight for it. This was the main purpose of our state land in the first place and this

particular land, I am not sure if it was originally part of the school land, but why not put it back where it should be.

Rep. Winrich: I understand that there are significant amounts of land that deal with the common school trust fund. Are there also significant amounts in the Lands and Mineral Trust Fund or is this kind of an oddball?

Rep. Drovdal: Mr. Chairman, I can't answer that.

Vice Chair Nelson: Rep. Drovdal, when you drew up your amendment did you visit with Mr. Larson, or anyone from that agency to see if they thought this was a friendly amendment?

Rep. Drovdal: No.

Chairman Rennerfeldt: Would there be any way to get that information real quick? Is there any way we could get an estimate on the fiscal note?

Rep. Drovdal: Looking at the fiscal note that was presented before. The difference would be that the money would not be going into the general trust fund but going into the education trust fund. I think we would have to ask Legislative Council to prepare a fiscal note to get the accurate figures.

Chairman Rennerfeldt: Before we take action?

Rep. Drovdal: It would probably be advisable.

Rep. Nottestad: This land has a different history than a lot of school land. It has a connection to the university system and I would want to know before we go this route, I support putting all the funds we can into the school trust fund, but with the history of this land, does this have a significant reason to be the way it is? I would like to have that question answered. And if it doesn't then I certainly support the amendment.

Rep. Klein: This land does have a little bit of history and was purchased by Stark County from the State Board of Higher Education. There is a bill that has gone through the Senate Education Committee for the land to revert back to the State Board of Higher Education.

Chairman Rennerfeldt: Well maybe we can get an answer here this morning. Is there anymore discussion on this bill? We will wait on this one until someone can further enlighten us on this bill.

Rep. Winrich: Mr. Chairman, a point of order. Since there is a motion on the floor, would it be appropriate to table that until we get the information we are looking for, and then remove it from the table?

Chairman Rennerfeldt: He is right. If some could be here shortly or we will table it. (Discussion ensued) We still can't take action. (More discussion) So you would withdraw your motion until we get a fiscal note? I will call you back into order here.

Rep. Drovdal: In order to wait for a fiscal note, I would ask that my motion be withdrawn and action delayed until I can get a fiscal note drawn up.

Rep. Porter: Withdraw my second.

Chairman Rennerfeldt: If you would get that for us tomorrow. Business closed on HB 1074.



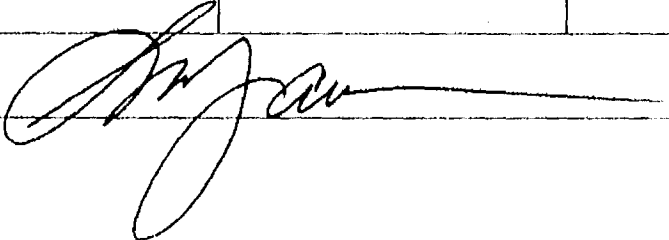
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1074

House Natural Resources Committee

☐ Conference Committee

Hearing Date January 25, 2001

Tape Number	Side A	Side B	Meter #
3	x		2477 to 3500
Committee Clerk Signature 			

Minutes:

Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. DeKrey, Rep. Droydal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich,

Chairman Rennerfeldt: Why don't we do HB 1074.

Rep. Droydal: HB 1074 has to deal with some minerals that the Board of Schools and Universities had and they were changing the responsibility on them. The amendments I am passing out amends the bill so the transfer of funds goes to the College School Trust Fund. The same entity that currently handles our state school lands and our state school minerals and all the revenue that comes from this source would therefore go into the Common School Trust fund per student. This amendment would make sure that these minerals would be dealt with the same as

Page 2

House Natural Resources Committee

Bill/Resolution Number HB '1074

Hearing Date January 25, 2001

the others in the state. So I move a Do Pass. Here is a fiscal note saying we would have \$150,000 that would go into the Common School Trust Fund.

Rep. Keiser: I second.

Rep. Hanson: We have two sets of amendments....

Rep. Drovdal: I am talking about the set I just passed out. Jan. 19.

Rep. Hanson: Disregard those of Jan. 15th?

Rep. Drovdal: We didn't pass those.

Chairman Rennerfeldt: I have a motion by Rep. Drovdal and a second by Rep. Keiser on the amendment. Is there any further discussion on the amendments.

Rep. Drovdal: I did talk to the State Land Department and they thought that was a good use of the funds.

Chairman Rennerfeldt: All those in favor of the amendments. Aye carries.

Rep. Solberg: I recommend a Do Pass of HB 1074 as amended.

Rep. Porter: And a re-referral to appropriations.

Chairman Rennerfeldt: Yes, it would have to be re-referred.

Rep. Keiser: I hate fiscal notes, I don't trust them. I think the net is pretty much zero here. The earnings stay. Goes from the land fund into the schools trust fund.

Chairman Rennerfeldt: I think it goes into the general fund and then the funds go out to the common school trust fund and then just the interest goes into the general fund. Am I correct on that.

Rep. Porter: Currently that money is available to the general fund for expenditures, what we have done now is take the money away from the general fund and put it into the schools trust fund just for use for education. There's going to be a net decrease of general funds of \$120,000.

MORE DISCUSSION

Rep. Droydal: I believe on the State Land Department deal they say in the second paragraph, your amendment will transfer these minerals from the Land and Mineral Trust Fund, not the general fund, to the Common School Trust Fund. So, as Rep. Keiser pointed out it is going from one trust fund to another trust fund and has no effect on the general fund what so ever.

MORE DISCUSSION

Rep. Porter: The note that Rep. Droydal referred to on the second paragraph, the second line it says exactly that right now that this amendment will transfer the minerals from the Lands and Minerals Trust Fund which is available to the general fund to the Common School Trust Fund which is manage exclusively for K-12 grade students. So the money will be coming out of the general fund and going into the Common School Trust Fund. Appropriations doesn't need to see this.

Rep. Keiser: Rep. Porter might be right, however I think it is worth a clarification. The language is, it may be available, it isn't automatic. I am questioning whether appropriations need to actually make the transfer into the general fund, and then it becomes a general fund issue, or do those funds accumulate in that trust funds and at some point the legislature in an appropriations bill transfer those funds. Do you understand the distinction. If they are just there to be used some time in the future then that does not necessarily imply that it has an effect on the general fund in this biennium.

Chairman Rennerfeldt: Do you want clarification on that? MORE DISCUSSION.

Rep. Nottestad: I second that.

Chairman Rennerfeldt: I have a motion on HB 1074 as amended by Rep. Solberg, a second by Rep. Nottestad. It may have to be re-referred to appropriations if necessary. Call the roll.

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House Natural Resources Committee  
Bill/Resolution Number HB '1074  
Hearing Date January 25, 2001

**MOTION FOR A DO PASS AS AMENDED WITH RE-REFERRAL TO  
APPROPRIATIONS**

**YES, 15      NO, 0**

**CARRIED BY REP. NOTTESTAD**

**FISCAL NOTE**  
Requested by Legislative Council  
02/21/2001

Bill/Resolution No.:

Amendment to:       Engrossed  
                          HB 1074

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This amendment eliminates the fiscal impact of this Bill. The minerals were to benefit the General Fund and the Land and Minerals Trust Fund benefits the General Fund.

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

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

No fiscal effect as now amended. Revenues will continue to benefit the General Fund.

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

No additional expenditures are necessary.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No additional appropriation.

<b>Name:</b>	Rick D. Larson	<b>Agency:</b>	Land Department
<b>Phone Number:</b>	328-2800	<b>Date Prepared:</b>	02/22/2001

# FISCAL NOTE

Requested by Legislative Council  
01/30/2001

Bill/Resolution No.:

Amendment to: HB 1074

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	(\$120,000)	\$120,000	(\$90,000)	\$90,000
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$4,800	\$0	\$0	\$13,200

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The proceeds from these minerals currently benefit the General Fund. This Bill as amended would provide that the funds would be added to the Common Schools Trust Fund and would provide for current and future generations of kindergarten through grade 12 students.

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

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

Current oil and gas royalty revenue is approximately \$5,000 per month. This projection assumes the production, as well as oil price, to continue through this biennium. In the 2003-2005 biennium we have assumed a 25% reduction to reflect production decline and lower oil prices. The increase in school districts assumes that we would earn 8% on the funds in the Common Schools Trust Fund.

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

No additional expenditure is expected; we are currently managing these properties.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and*

*appropriations.*

No additional appropriation is required.

<b>Name:</b>	Rick D. Larson	<b>Agency:</b>	Land Department
<b>Phone Number:</b>	8-2800	<b>Date Prepared:</b>	01/31/2001



## FISCAL NOTE

Requested by Legislative Council  
12/14/2000

Bill/Resolution No.: HB 1074

Amendment to:

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

There is no fiscal impact whatsoever from the passage of this bill. The bill codifies the practice that is currently used for depositing this revenue into the lands and minerals trust fund and makes the deposit of these funds unquestionably clear.

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

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

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

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name: Robert J. Olheiser

Agency: Land Department

Phone Number: 8-2800

Date Prepared: 12/14/2000

PROPOSED AMENDMENT TO HOUSE BILL 1074

Page 1, line 6, replace "Deposit" with "Transfer"

Page 1, line 7, replace "revenue. The board of university and school lands may deposit all revenue, from whatever", with "minerals. The minerals owned by state of North Dakota under"

Page 1, line 8, remove "source, derived from its management of"

Page 1, line 9, remove "In" and insert immediately thereafter "are hereby transferred to", after "fund." Insert "All transfers made in accordance with this section are self-executing; no evidence other than the provisions of this chapter may be required to establish the fact of transfer of title."

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1074

Page 1, line 2, replace "the lands and minerals trust fund" with "disposition of revenue from certain land in Stark County"

Page 1, line 6, replace "**Lands and minerals**" with "**Common schools**"

Page 1, line 7, replace "may" with "shall"

Page 1, line 9, replace "lands and minerals" with "common schools"

Renumber accordingly

V12  
1/26/01

**HOUSE AMENDMENTS TO HB 1074**

**HOUSE NATURAL RESOURCES**

1/26/01

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for the transfer of certain mineral interests to the common schools trust fund."

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. Board of university and school lands - Transfer of certain mineral interests to the common schools trust fund.** The board of university and school lands shall transfer the "state addition" and "state second addition" mineral interests in Stark County to the common schools trust fund."

Renumber accordingly

Date: 1-25-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1074

House Natural Resources Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS as amended maybe referred to approp.  
Motion Made By Solberg Seconded By Nottestad

Representatives	Yes	No	Representatives	Yes	No
Earl Rennerfeldt - Chairman	✓		Lyle Hanson	✓	
Jon O. Nelson - Vice Chairman	✓		Scot Kelsh	✓	
Curtis E. Brekke	✓		Lonnie B. Winrich	✓	
Duane DeKrey	✓		Dorvan Solberg	✓	
David Drovdal	✓				
Pat Galvin	✓				
George Keiser	✓				
Frank Klein	✓				
Darrell D. Nottestad	✓				
Todd Porter	✓				
Dave Weiler	✓				

Total (Yes) 15 No 0

Absent \_\_\_\_\_

Floor Assignment Nottestad

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

**REPORT OF STANDING COMMITTEE**

**HB 1074: Natural Resources Committee (Rep. Rennerfeldt, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (15 YEAS, 0 NAYS, ABSENT AND NOT VOTING). HB 1074 was placed on the Sixth order on the calendar.**

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for the transfer of certain mineral interests to the common schools trust fund."

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. Board of university and school lands - Transfer of certain mineral interests to the common schools trust fund.** The board of university and school lands shall transfer the "state addition" and "state second addition" mineral interests in Stark County to the common schools trust fund."

Renumber accordingly

2001 HOUSE APPROPRIATIONS

HB 1074



2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1074

House Appropriations Committee  
Education and Environment Division

☐ Conference Committee

Hearing Date February 06, 2001

Tape Number	Side A	Side B	Meter #
1 of 1	Starting at 1220-2895	Starting at 1800	2,035
Committee Clerk Signature <i>Judy Schock</i>			

Minutes:

Representatives Aarsvold, Boehm, Gulleason, Martinson, Monson, Wald, Wentz

Rick Larson: Representing State Land Department. See fiscal note attachment. See attachment for amendment.

Representative Aarsvold: Explain the State addition and the second State addition.

Rick Larson: These minerals in these additions are part of the old Dickinson experiment station, west of Dickinson. This is a Real Estate description.

Representative Monson: What happened to the land? This is just the mineral rights, correct?

Rick Larson: The land has been sold, and is a development.

Representative Wald: If we put the money in the Common School Trust Fund or the original bill said Land and Mineral Trust Fund. Either way most of it goes to the schools.

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Education and Environment Division  
Bill/Resolution Number HB1074  
Hearing Date February 06, 2001

Rick Larson: No, Land and Mineral Trust Fund is acted upon by the Legislature each session, and it has been for different purposes. It goes basically into the general fund, but some fund different things.

Representative Aarsvold: There must be other situations like this you manage in terms of mineral rights reserved by the State, or is this unique?

Rick Larson: This is unique.

Representative Wald: To me it would make more sense to transfer the 120,000 to the same fund that supports the experiment stations. The oil revenue comes from experiment station land. Committee discussion on HB1074.

Representative Wentz: What are the Committee's wishes on HB1074?

Representative Wald: (1800) I would move a do pass as sent to us by the Natural Resources Committee as amended.

Representative Boehm: I second the motion.

Representative Wentz: Representative Wald, you seem to have some concerns about this setting a precedent?

Representative Wald: I spoke with another Representative. The 120,000 dollars, that revenue is going to keep declining because oil wells will keep decreasing with time.

Seven yes, 0 no, and 0 absent. Representative Wald to carry to the full committee and to the floor.

Representative Wentz:

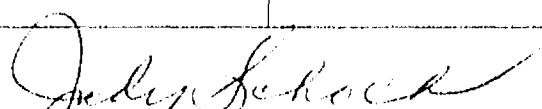
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1074

House Appropriations Committee  
Education and Environment Division

☐ Conference Committee

Hearing Date February 09, 2001

Tape Number	Side A	Side B	Meter #
1 of 1	Starting at 1420		3,470
Committee Clerk Signature 			

Minutes:

Representatives Aarsvold, Boehm, Gulleason, Martinson, Monson, Wald, Wentz.

Discussion on fiscal note. See attached.

Representative Boehm: I think we should go ahead with the recommendation to put it into school trust fund and don't mess with it about purchase of land etc.

Representative Wentz: We thought we could use that money just this biennium and put it toward the purchase of the land at the North Central Experiment Station, there by reduce the cost in the general fund. It would only be done this biennium and the next biennium would be 90,000 projected that would be transferred into the commons school trust fund and there after it would be transferred there.

Representative Wald: Have you or Rep Boehm talked to anyone in the State Land Department? Some times they have land to swap or funds laying around that could be used? Is there any possibility to get money from the Wheat Commission? Some of these commodity groups?

Page 2  
Education and Environment Division  
Bill/Resolution Number HB1074  
Hearing Date February 09, 2001

Representative Boehm: No, I have not. We could sure do that.

Discussion on Fiscal note.

Representative Monson: This is a hog house bill. If you look at it now it is not going to the Land and Mineral Trust Fund but to the Commons School Trust Fund. That is what the Natural Resource committee did. We could delay the effective date.

Representative Wald: On page two see attached. I move to reconsider our action on HB1074.

Representative Monson: I second the motion.

Seven yes 0 no and 0 absent.

Representative Wald: I move a Do Not Pass HB1074.

Representative Monson: I second the motion.

Seven yes 0 no and 0 absent. Representative Wald to carry to the full committee.

Representative Wentz: Committee adjourned.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1074**

House Appropriations Committee

☐ Conference Committee

Hearing Date **February 19, 2001**

Tape Number	Side A	Side B	Meter #
1		x	4888 - 6198
Committee Clerk Signature <i>LT Donahue</i>			

Minutes:

**HOUSE APPROPRIATIONS COMMITTEE ACTION ON HB1074.**

**Rep. Wald:** What HB1074 does, it would have moved the minerals under the state addition which is the land west of west bypass coming off of I-94 and the state addition which is the land west of State Ave. which is the old experiment station. This bill was amended by Bill Doll and I believe his amendments would have transferred, the first engrossment says, the bordering school lands shall transfer the state addition and second state addition minerals to the common schools trust fund. Currently they are in the boarded university and school lands, am I correct in saying that Joe? My suggestion would be to the committee would be to leave the amended boarded university and school lands rather than transfer them. We are talking approximately \$120,000, and those minerals are going to diminish over the years as these wells start to lose production and that's not a whole lot of money going to the common schools trust fund, so my recommendation would be a DO NOT PASS. Rep. Wald moves a DO NOT PASS on HB1074.

Seconded by Rep. Monson.

**Rep. Timm:** Any committee discussion?

**Rep. Delzer:** What are they currently doing with the money? I know it goes to the university school, but is it just in the pot then? What's being done with it? Answer was yes by Rep. Wald.

**Rep. Monson:** I understand that it is currently going to the general fund and it would stay in the general fund if we have a do not pass and this bill dies, and I guess my feeling was that because this was mineral rights that went with the experiment station land and were doing some purchasing of some more experiment station land out of the general fund that I would like to see this money stay in the general fund for another biennium and try to pay for the land that were purchasing.

**Rep. Byerly:** Isn't there, and Joe might be able to answer the question, isn't there a requirement in the constitution that says that all of this stuff has to be in the land and minerals trust fund? If I remember from the old days, and I see the head of DPI back there nodding in agreement, I'm not so sure we don't have to transfer them into the land and minerals trust fund, because they are the custodians of all real property for the State of North Dakota. Before we go to fast on this one, I think that it might be worth finding out the answer to that one, and I suspect that somebody from the Board of University and School lands or maybe or current Land Commissioner could answer that question. But I don't think we have the ability to keep that out.

**Wayne Sanstead, Director Public Instruction:** I am of a mind that is the direction because of the constitutional purpose of the lands was to provide income to the benefactors of the minerals and trust funds which in effect we have a case of here. But you would certainly would want legal consul on that I think.

**Rep. Delzer:** This is experiment station land, this isn't school land, and its currently going into the general fund.

**Joe Morrisettee, Legislative Council:** It is currently going into the general fund, its being managed by the Board of University and School Lands and they are currently managing under the Lands and Minerals trust fund, which the income goes to the general fund and the bill as it was introduced would just put that in code what they are currently doing and it would continue that existing practice. Since these are minerals that are not designated for the common schools trust fund, I'm not sure the constitutional restriction would apply. But maybe the Attorneys office might be better able to answer that.

**Rep. Wald:** The bill is being introduced at the request of the Board of University and School Lands, so what is there rationale for moving the revenue?

**Rep. Byerly:** No, they are moving the lands in the original bill, but I still think there is a constitutional question there that those lands that we have to move the revenue into the common schools trust fund, but I'm not an attorney and I thing that it would be well worthwhile having somebody take a look at that to make sure that we are not doing something that we shouldn't be doing by the amendment.

**Rep. Wald:** Withdraws his motion to amend, Second was withdrawn.

**Rep. Timm:** We will try to get someone here tomorrow from the Land Department to explain to us why they introduced the bill.

**End of Committee action on HB1074.**

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1074A**

House Appropriations Committee

☐ Conference Committee

Hearing Date **February 19, 2001**

Tape Number	Side A	Side B	Meter #
2		x	992 - 1711
Committee Clerk Signature			

Minutes:

**House Appropriations Committee action on HB1074A.**

**Rep. Timm:** I understand we have the acting Land Commissioner in the audience. So we will go back to HB1074. Are you familiar with HB1074 as it is amended? Response was yes.

**Rep. Byerly:** When you originally submitted HB1074, the original version of the bill, this transferred revenues was all that are currently going into the general fund I assume? What was the reasoning behind the transfer request on the original bill, never mind the engrossed bill.

**Land Commissioner:** This piece of land or minerals under this land was, or I should say the management of it was given to Board of University and School lands back in 1885, there was a bond issue from the state for the Dickinson Experiment Station and developing this land as a subdivision to the City of Dickinson, the Board of University and School Lands had borrowed money to the Board of Higher Education to develop that bond issue was issued through the Industrial Commission to pay off the common schools trust fund for that loan and the



management was given to the state of the properties to sell it and reserve the minerals, that was the legislation, and once the bond issue was paid off, the mineral interest was to go to the general fund and that's all the direction that was given. Our bill, The Board of University and School Lands bill was to basically transfer that mineral interest to the Land and Minerals trust fund which is a general fund trust fund. The mineral interests that are in there managed are for the benefit of the general fund. This bill was amended to put the mineral interest into the common schools trust fund.

**Rep. Byerly:** Your bill was basically to clean up the question of where that money was routed to get to the general fund, but the amendment changes the way you wanted the thing resolved. Response was yes.

**Rep. Warner:** Could you give some indication what the annual revenue is from those minerals?

**Land Commissioner:** About \$90,000 per year. \$120,000 this biennium and \$90,000 next biennium.

**Rep. Timm:** Any other questions of Mr. Hanson?

**Rep. Byerly:** I would move that we remove the natural resources committee amendment to HB1074 to put it back into its original state. Seconded by Rep. Wald. That the amendment is removed as adopted by the Natural Resources Committee and go back to the original bill.

**Rep. Timm:** Any discussion on that? All in favor of that amendment say AYE. Voice vote. Motion carried. We are back to the original bill HB1074.

**Rep. Byerly:** I believe that what the Board of University in School Lands would like us to change this to, is that the wording I think would be The Board of University and Schools Lands shall transfer the state addition in state second addition mineral interests and revenues in Stark County to the Land and Minerals Trust fund. We just need to amend line 7.

Page 3

House Appropriations Committee

Bill/Resolution Number HB1074A

Hearing Date February 19, 2001

**Rep. Timm:** Would that satisfy the needs you request? Response was YES.

Does everybody understand that? All those in favor of that amendment say AYE. Voice Vote.

Motion carried and that amendment is adopted.

**Rep. Byerly:** Moves a DO PASS as amended. Seconded by Rep. Glassheim. Any discussion?

Roll Call vote will be taken on HB1074A.(19) YES (0) NO (2) absent and not voting. Motion passed. Rep. Wald will carry to the floor.

**End Committee Action on HB1074A.**

Feb. 6, 01  
Date: HB 1074  
Roll Call Vote #: 1

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. Appropriations Education and Environment Division**

House \_\_\_\_\_ Committee \_\_\_\_\_

☒ Subcommittee on HB 1074  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken No pass HB 1074 as amended

Motion Made By Repr. Wald Seconded By Repr. Boehm

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	<input checked="" type="checkbox"/>				
Rep. James Boehm - Vice Chairman	<input checked="" type="checkbox"/>				
Rep. Ole Aarsvold	<input checked="" type="checkbox"/>				
Rep. Pam Guleson	<input checked="" type="checkbox"/>				
Rep. Bob Martinson	<input checked="" type="checkbox"/>				
Rep. David Monson	<input checked="" type="checkbox"/>				
Rep. Francis J. Wald	<input checked="" type="checkbox"/>				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Repr. Wald to Full

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

Date: Feb 9  
Roll Call Vote #: /

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. Appropriations Education and Environment Division**

House \_\_\_\_\_ Committee \_\_\_\_\_

☒ Subcommittee on HB 1074  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken reconsider per action

Motion Made By Rep. Wald Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	<input checked="" type="checkbox"/>				
Rep. James Boehm - Vice Chairman	<input checked="" type="checkbox"/>				
Rep. Ole Aarsvold	<input checked="" type="checkbox"/>				
Rep. Pam Gulleson	<input checked="" type="checkbox"/>				
Rep. Bob Martinson	<input checked="" type="checkbox"/>				
Rep. David Monson	<input checked="" type="checkbox"/>				
Rep. Francis J. Wald	<input checked="" type="checkbox"/>				

Total (Yes) 7 No 0

Absent 0

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

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

Date: Feb 9  
Roll Call Vote #: 2

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. Appropriations Education and Environment Division**

House \_\_\_\_\_ Committee \_\_\_\_\_

☒ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do not Pass HB 1074

Motion Made By Rep. Wald Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	✓				
Rep. James Boehm - Vice Chairman	✓				
Rep. Ole Aarsvold	✓				
Rep. Pam Gulletson	✓				
Rep. Bob Martinson	✓				
Rep. David Monson	✓				
Rep. Francis J. Wald	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Rep. Wald to full

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

Date: 2/19/01  
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1074 A

House APPROPRIATIONS Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken \_\_\_\_\_

Motion Made By Byerly Seconded  
By GLASSHEIM

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold	✓		Rep - Koppelman		
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer	✓		Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleeson			Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman	✓				
Rep - Kliniske	✓				

Total (Yes) 19 No 0

Absent 2

Floor Assignment REP WALD

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

2001 SENATE NATURAL RESOURCES

HB 1074

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1074

Senate Natural Resources Committee

☐ Conference Committee

Hearing Date 3-9-01

Tape Number	Side A	Side B	Meter #
1	X		20.0 - 30.0
Committee Clerk Signature <i>Janet Garrison</i>			

Minutes:

SENATOR FISCHER opened the hearing on HB 1074.

RICK LARSON the acting State Land Commissioner of the North Dakota State Land Department testified in support of HB 1074, A BILL RELATING TO PROVIDING THE TRANSFER OF CERTAIN MINERAL INTERESTS TO THE LANDS AND MINERALS TRUST FUND. This bill will provide a trust for the minerals managed on behalf of the general fund that has reserved mineral rights of the sold Experiment Station in Dickinson. The minerals were managed by the general fund with the proceeds used to pay off a bond issue for a new experiment station in western North Dakota. The property was sold, the bond has been paid off and the mineral interests need to be put into a trust. The lands and minerals trust fund is a general fund trust and the proceeds for the benefit of the general fund. The legislature tells the land department how to spend the money. (See attached testimony).

SENATOR CHRISTMANN asked to explain the fiscal note.



RICK LARSON explained that the proceeds of the mineral interests were used to pay off the bond issue and now they are looking for a home for the mineral rights and the proceeds would be paid to the general fund either way.

SENATOR CHRISTMANN so it is to get it off the books that nothing is done with anyway and the results would be the same anyway how much it.

RICK LARSON answered that this bill will give the mineral rights a home or a trust and at this point it is \$120,000 in production.

There was no neutral or opposing testimony.

SENATOR FISCHER closed the hearing on HB 1074.

SENATOR TOLLEFSON made a motion for "DO PASS" of HB 1074.

SENATOR EVERY second the motion.

SENATOR FISCHER called for a roll vote indicating 7 YAYS, 0 NAYS, AND 0 ABSENT OR NOT VOTING.

SENATOR CHRISTMANN will carry HB 1074.

Date:

Roll Call Vote #: 3-4-01

## 2001 SENATE STANDING COMMITTEE ROLL CALL VOTES

Senate NATURAL RESOURCES

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number

### Action Taken

**Motion Made By**

## Seconded

By

[illegible]

Total (Yes)

**Absent**

## Floor Assignment

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

**REPORT OF STANDING COMMITTEE (410)**  
March 9, 2001 1:03 p.m.

**Module No: SR-41-5231**  
**Carrier: Christmann**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1074, as reengrossed: Natural Resources Committee (Sen. Fischer, Chairman)**  
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).  
Reengrossed HB 1074 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1074

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North Dakota  
**STATE LAND DEPARTMENT**  
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Bismarck, ND 58506-5523



Robert J. Olheiser  
COMMISSIONER

**TESTIMONY OF Rick D. Larson**  
Deputy Land Commissioner

**IN SUPPORT OF**  
**HOUSE BILL NO. 1074**  
Natural Resources Committee

January 12, 2001

In Chapter 203 of the Session Laws of 1985, the state legislature transferred the management of the State Addition and State Second Addition of Dickinson to the Board of University and School Lands and authorized them to sell those lands. The proceeds from the management and sale were to be applied to an indebtedness owed by the Board of Higher Education. The legislation provided that minerals would be reserved by the State of North Dakota when any land was sold. When the indebtedness was repaid the rents, profits and proceeds would be deposited to the General Fund.

In Chapter 188 of the 1987 Session Laws and Chapter 161 of the 1995 Session Laws, the legislature authorized the Board of University and School Land to sell the above lands to Stark County, but reserve the minerals to the State of North Dakota.

The indebtedness owed by the Board of Higher Education has now been paid, the land has been sold, and the minerals have been reserved to the State. House Bill 1074 authorizes the deposit of the revenue from the reserved minerals under the State Addition and State Second Addition of Dickinson into the Land and Minerals Trust Fund. This money is then distributed at the direction of the legislature.

I respectfully request your support of House Bill 1074.

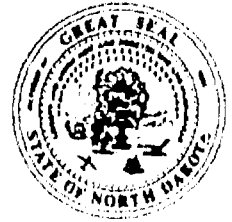
**ANALYSIS OF THE LANDS AND MINERALS TRUST FUND  
FOR THE 1999-2001 AND 2001-03 BIENNIUMS  
(REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)**

	1999-2001 Biennium	2001-03 Biennium
Beginning balance		
Add estimated revenues	\$1,939,481	\$1,512,492
Production royalties	\$2,358,673	\$2,000,000
Mineral leases	151,903	200,000
Oil and gas bonuses	165,436	250,000
Investment earnings	375,880	306,751
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	1,402,551	1,512,415
Total estimated revenues	<u>\$4,454,443</u> <sup>11</sup>	<u>\$4,269,166</u>
Total available	<u>\$6,393,924</u>	<u>\$5,781,658</u>
Less estimated expenditures and transfers		
Payments to common schools trust fund - DD loan fund No. 2 (1999 SB 2012; 2001 HB 1012)	\$822,446	\$1,075,830
Payments to common schools trust fund - DD loan fund No. 3 (1999 SB 2012; 2001 HB 1012)	657,820	964,225
Industrial Commission - Oil and Gas Division	237,515	
Transfer to the general fund (1999 SB 2015; 2001 HB 1015)	3,000,000	3,545,102
Administrative costs/other fees	163,651	196,403
Total estimated expenditures and transfers	<u>\$4,881,432</u>	<u>\$5,781,560</u>
Estimated ending balance	<u>\$1,512,492</u> <sup>12</sup>	<u>\$98</u>

<sup>11</sup> Estimated revenues - 1999-2001 - Revenues are currently anticipated to be \$1.3 million more than estimated at the close of the 1999 legislative session due primarily to an increase in production royalties resulting from higher than anticipated oil prices.


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Robert J. Olheiser  
COMMISSIONER

**MEMORANDUM**

TO: Representative David Drovdal  
FR: Rick D. Larson, Deputy Land Commissioner   
DT: January 18, 2001  
RE: Fiscal Impact of HB1074

You have asked for the fiscal impact of your proposed amendment to HB1074. Currently, we are receiving approximately \$5,000 per month from these minerals. If the price of oil continues at their current prices, we foresee the revenues to be \$120,000 for the next blennium. Two events will cause that amount to decrease over time.. First, production will start decreasing as the reservoir is depleted of oil and as previous mentioned the price of oil probably will drop.

Your amendment will transfer these minerals from the Land and Minerals Trust Fund which is available to the General Fund to the Common Schools Trust Fund, which is managed exclusively for kindergarten through 12<sup>th</sup> grade students.

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**TESTIMONY OF Rick D. Larson**  
**Acting Land Commissioner**

**IN SUPPORT OF**  
**HOUSE BILL NO. 1074**

**Senate Natural Resources Committee**

**March 9, 2001**

In Chapter 203 of the Session Laws of 1985, the state legislature transferred the management of the State Addition and State Second Addition of Dickinson to the Board of University and School Lands and authorized them to sell those lands. The proceeds from the management and sale were to be applied to an indebtedness owed by the Board of Higher Education. The legislation provided that minerals would be reserved by the State of North Dakota when any land was sold. When the indebtedness was repaid the rents, profits and proceeds would be deposited to the General Fund.

In Chapter 188 of the 1987 Session Laws and Chapter 161 of the 1995 Session Laws, the legislature authorized the Board of University and School Land to sell the above lands to Stark County, but reserve the minerals to the State of North Dakota.

The indebtedness owed by the Board of Higher Education has now been paid, the land has been sold, and the minerals have been reserved to the State. House Bill 1074 authorizes the transfer of the reserved minerals under the State Addition and State Second Addition of Dickinson into the Land and Minerals Trust Fund. The Land and Minerals Trust Fund is a fund that benefits the General Fund and contains other minerals owned by the State of North Dakota. The revenue from this fund is distributed at the direction of the Legislature.

I respectfully request your support of House Bill 1074.