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House Political Subdivisions Committee
600 E. Boulevard Ave.
Bismarck, ND 58505

RE: Testimony in Support of 2025 SB 2051 – Establishment of Maximum Fee Schedule for Private Investigation and Private Security Industry Participants

Chairman Longmuir and Members of the Committee:

As the North Dakota Private Investigation and Security Board's (hereinafter, NDPI SB) legal counsel, I write today in support of 2025 SB 2051 which proposes a maximum fee ceiling to allow the NDPI SB to more readily adjust fees related to private investigation and private security license holders and industry participants as industry conditions dictate. This measure is critical to ensuring the continued operational stability of the NDPI SB, addressing budgetary shortfalls exacerbated by protracted litigation, and reinforcing the Board's ability to fulfill its mandate of active oversight and regulation of the private security and investigative industries.

The Importance of Adequate Funding for Regulatory Oversight

The NDPI SB plays a crucial role in safeguarding public safety and maintaining industry integrity. Its responsibilities include licensing qualified professionals, enforcing industry standards, guiding industry members, and ensuring compliance with state laws. However, sustained financial challenges have severely hampered the Board's ability to effectively perform these functions. The ongoing budget deficit, worsened by costly legal proceedings, threatens the Board's operational efficacy and its ability to protect both consumers and professionals within the industry.

Justification for Fee Ceiling Increase

1. **Financial Stability and Operational Continuity:** The NDPI SB relies on licensing fees as its exclusive revenue source, unlike some Boards in surrounding states. Without adjustments, the Board faces an imminent risk of budgetary shortfalls to the point of Board insolvency, further delays in licensing processes, and diminished regulatory enforcement.

2. **Enhanced Industry Regulation:** Adequate funding ensures timely background checks, proper vetting of applicants, and swift action against unscrupulous actors in the industry. Insufficient funding will lead to the Board's inability to pursue regulatory enforcement simply because it costs too much money, putting the public at risk and putting a target on North Dakotans from out-of-state actors seeking to exploit the industry without any enforcement mechanism to ensure compliance.
3. **Recovery from Litigation Costs:** The Board has been exceedingly financially conservative and was in a fiscally positive state before protracted DAPL-related litigation and subsequent administrative inquiries drained the Board of funds. The Board attempted to procure a one-time appropriation from the North Dakota DAPL Relief Fund to alleviate substantial fee increases on industry participants, but it was defeated. (*See* 2025 SB 2266). To replenish these funds and restore normal operations, fee adjustments are necessary and reasonable; the proposed fee ceiling increase is the proverbial last-ditch effort to keep the Board solvent and operational.
4. **Comparable Adjustments in Similar Professions:** Other state-regulated industries periodically update their licensing fees to reflect inflation, increased administrative costs, and expanded regulatory needs. The proposed fee increases align with these standard industry practices. Furthermore, the fees imposed on the industry are less than other state counterparts, and in my opinion very nominal for a professional fee. As an exemplar, the current fee to obtain or renew an individual license is only \$30 per year, and the proposed fee to an agency to obtain an agency license is only \$300 for the entire agency. Tersely, an entire agency registration is less than the price of single lawyer to practice law in the state of North Dakota. No one likes paying more money, and I feel we all work harder for proportionally less pay these days, but the reality is the cost of doing business whether is the grocery business, the farm business, the legal business, or the security business increases as well—to assert costs have not increased or fees should not increase is aloof.

Addressing Potential Concerns

While fee increases may impose additional costs on private investigators and security professionals, the long-term benefits far outweigh these concerns. A well-funded regulatory board promotes higher industry standards, enhances public trust, and prevents costly delays or lapses in oversight that could result in greater financial and legal consequences for license holders. Furthermore, a Board who cannot afford to take regulatory action because it does not have the money to engage in litigation is no Board at all; this is entirely unacceptable.

Conclusion

2025 SB 2051 represents a responsible and necessary step toward ensuring the continued effectiveness of the NDPI SB. Without these fee adjustments, the Board risks financial collapse, regulatory inefficiencies, and an inability to properly oversee the private security and investigation sectors. I urge this committee to support and advance 2025 SB 2051 to protect the integrity of these vital industries and promote public safety. Thank you for your time and consideration. I am happy to provide any further information or respond to any questions.

Cordially,



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