

**2025 HOUSE EDUCATION**

**HCR 3035**

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Education Committee Coteau AB Room, State Capitol

HCR 3035  
3/10/2025

Relating to distributions from the common schools trust fund.
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9:29 a.m. Chairman Heinert called the hearing to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

### Discussion Topics:

- Rural school districts
- School funding
- General Funds

9:30 a.m. Representative Murphy introduced the bill and submitted testimony. #39881

9:55 a.m. Joseph Heringer, Commissioner, ND Department of Trust Lands, submitted testified in opposition and submitted testimony. #39775 #39934

10:19 a.m. Aimee Copas, Executive Director, ND Council of Educational Leaders, testified in opposition and submitted testimony. #39830

10:24 a.m. Michael Heilman, ND Small organized Schools, testified in opposition and submitted testimony. #39884

10:26 a.m. Chairman closed the hearing.

10:26 a.m. Representative Hauck moved a Do Pass and rereferred to the Appropriations committee.

10:26 a.m. Representative Morton seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	N
Representative Cynthia Schreiber-Beck	N
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	Y
Representative Matthew Heilman	N
Representative Jim Jonas	Y
Representative Donald W. Longmuir	N
Representative Roger A. Maki	Y
Representative Andrew Marschall	Y
Representative Desiree Morton	Y
Representative Anna S. Novak	Y
Representative Doug Osowski	N

House Education Committee  
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Motion carried: 9-5-0

Bill Carrier: Representative Hauck

10:35 a.m. Chairman Heinert closed the hearing.

*Leah Kuball, Committee Clerk*

**REPORT OF STANDING COMMITTEE**  
**HCR 3035 ([25.3103.01000](#))**

**Education Committee (Rep. Heinert, Chairman)** recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (9 YEAS, 5 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). HCR 3035 was rereferred to the **Appropriations Committee**.





**TESTIMONY OF  
JOSEPH HERINGER COMMISSIONER  
North Dakota Department of Trust Lands**

**House Concurrent Resolution 3035**

House Education Committee  
March 10, 2025

Chairman Heinert and members of the Committee, I am Joseph Heringer, North Dakota Commissioner of University and School Lands. I am here to testify in opposition to HCR 3035 for two primary reasons: 1) its long-term negative impact on K-12 education funding and the 13 perpetual trust funds that support numerous state institutions, and 2) the constitutional conflicts it creates by diverting funds away from beneficiary organizations and all K-12 schools, to only specifically chosen school construction projects.

Please note that due to the late introduction of this resolution and the short hearing notice, I was not able to bring this issue before the Land Board, so this testimony is mine only and not a formal position of the Board.

The Board of University and School Lands (Board), established by the North Dakota Constitution, manages state trust lands and invests the resulting revenue to ensure long-term funding for trust beneficiaries. The Board is comprised of the Governor (Chairman), Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department of Trust Lands (Department), which I lead, administers these efforts under the Board's authority.

The Department oversees 2.5 million mineral acres with approximately 8,700 oil, gas, and coal leases, and 700,000 surface acres with about 4,400 agricultural leases. Revenues from these leases, along with bonuses, easements, and other payments, are invested into 13 perpetual trusts.

These trusts support K-12 education, colleges, universities, and state institutions. Below are their projected 2025-27 distributions:

Common Schools	\$584,677,350
North Dakota State University	\$8,770,000
University of North Dakota	\$6,948,000
Youth Correctional Center	\$3,136,000
School for the Deaf	\$2,388,000
North Dakota State College of Science	\$2,570,284
State Hospital	\$1,976,284
Veterans' Home	\$994,284
Valley City State University	\$1,566,000
North Dakota Vision Services - School for the Blind	\$1,936,284
Mayville State University	\$1,102,000
Dakota College at Bottineau	\$406,284
Dickinson State University	\$406,284
Minot State University	<u>\$406,284</u>
Total	\$617,283,338

## 1. Negative Financial Impacts

HCR 3035 mandates \$3 billion from the perpetual trusts over ten years for school construction. Our projections show this would reduce the funds' balance by **-\$5.7 billion** over 30 years (from \$26.6 billion to \$20.9 billion) and cut total distributions by **-\$4.4 billion** (from \$22.4 billion to \$18 billion), assuming a 6.27% annual return. This is akin to taking a large, premature distribution from your retirement account, sacrificing years of compounded growth. The current endowment structure wisely ensures perpetual support for beneficiaries. For instance, the Common Schools Trust Fund is projected to cover 24% of the state's K-12 funding share in 2025-27—a share that will grow over time. Diverting these funds will shrink future distributions, increasing reliance on other revenue sources.

## **2. Constitutional Conflicts**

HCR 3025 creates two constitutional conflicts.

Article IX, Section 2, Paragraph 1 of the North Dakota Constitution states that funds of the Common Schools Trust cannot be diverted from the benefit of the common schools of North Dakota. HCR 3025 diverts funds from the general financial support of **all** schools to the funding of specifically chosen construction projects, effectively making distribution winners and losers. This is contrary to the original intention of Article IX and the language in Paragraph 1 that would remain even if this resolution passed.

Article IX, Section 2, Paragraph 1 of the North Dakota Constitution further states that funds of a specific organization's trust cannot be diverted from the exclusive benefit of that organization. HCR 3025 conflicts with this provision by diverting funds from beneficiary organizations to school construction projects.

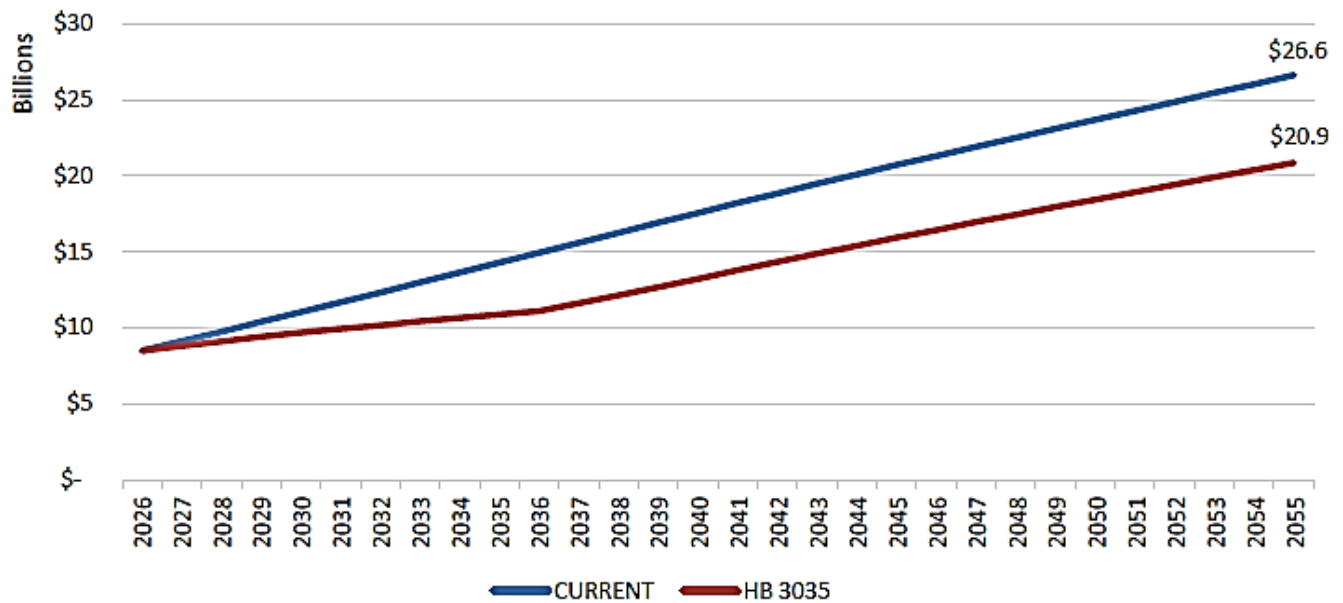
### **Conclusion**

HCR 3035 creates significant financial and constitutional risks, making it a clear candidate for a DO NOT PASS recommendation.

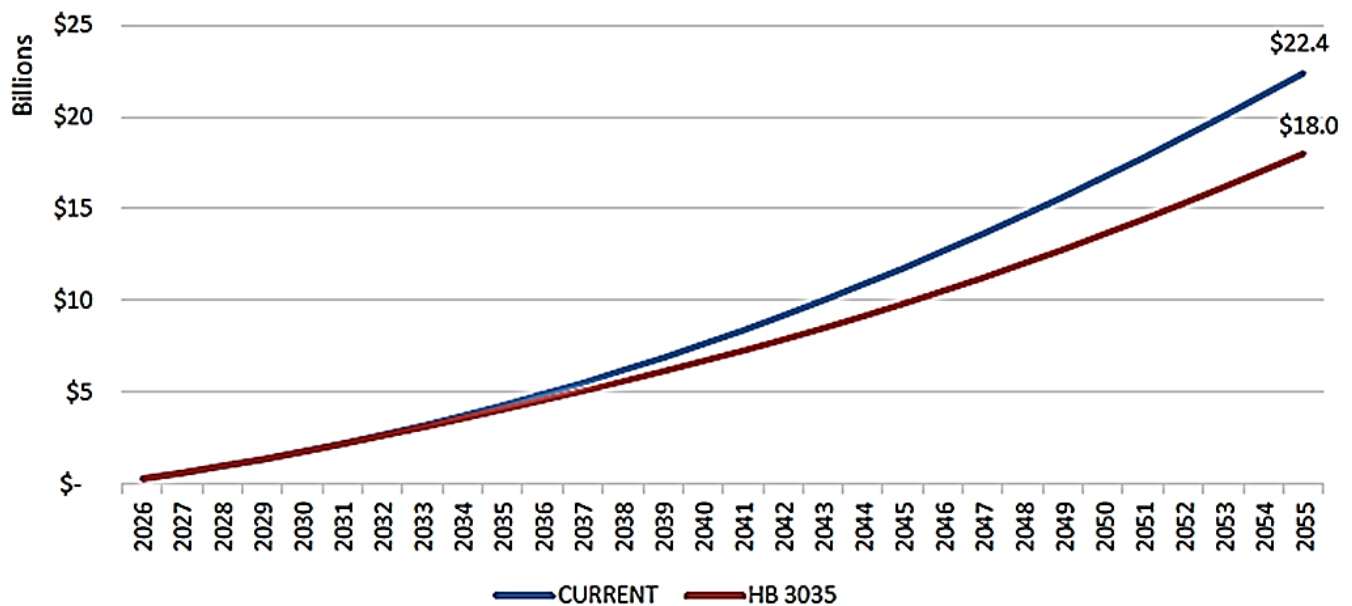
Thank you for your time and consideration. I would be happy to answer any questions the Committee may have.

30 YR Projection	Current	HCR 3035	Impact
Ending Assets	\$26.60	\$20.90	\$5.70
Total Distributions	\$22.40	\$18.00	\$4.40
Combined Impact			<b>\$10.10</b>

Ending Fund Balance  
30-Year Projection



Cumulative Distributions  
30-Year Projection



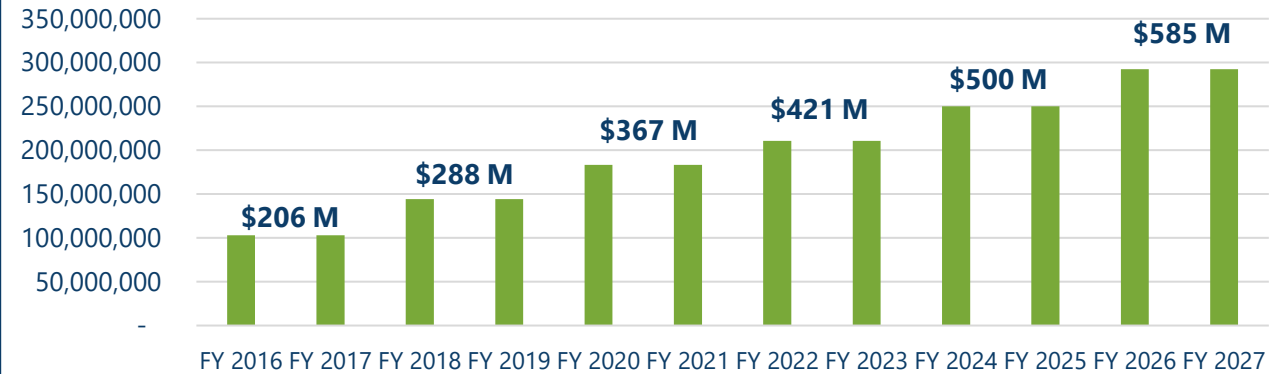
# COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

## CSTF ASSET BALANCE as of 11/30/2024 (unaudited)

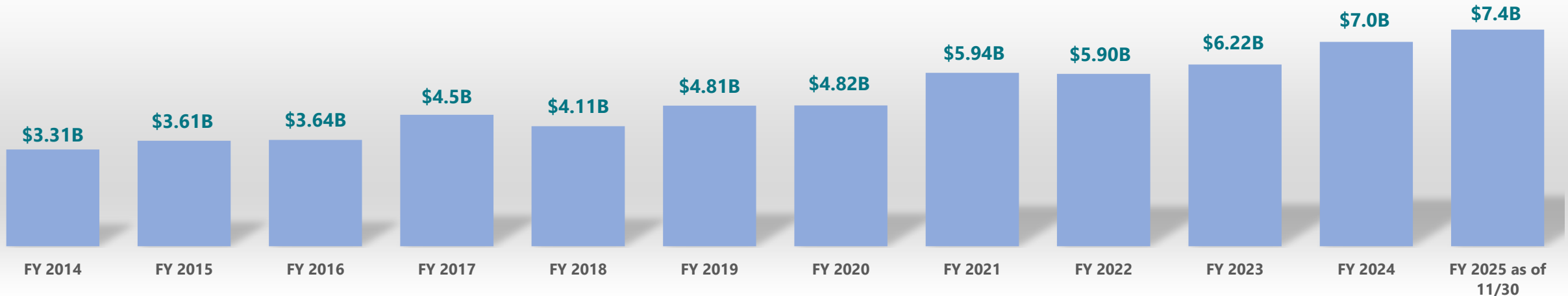
**\$7,417,654,799**

**+\$1.05 billion year-over-year from 11/30/2023  
balance of \$6.37 billion**

## CSTF DISTRIBUTION HISTORY PER BIENNIUM



## CSTF ASSET BALANCE HISTORY





# COMMON SCHOOLS TRUST FUND 2023-25 (CSTF) DISTRIBUTIONS

Monthly Distribution to the State Tuition Fund for the 2023-25 Biennium      \$27,770,000  
Multiplied by 9 months per year      = \$250,000,000  
Divided by 115,740 students      = \$2,160/student per year

North Dakota Cost to Educate Per Student      \$13,778/year  
75.7% State Funding Share      = \$10,430  
\$2,160 CSTF per Student Annual Distribution      **=21% of state funding share**





# COMMON SCHOOLS TRUST FUND 2025-27 (CSTF) DISTRIBUTIONS

Monthly Distribution to the State Tuition Fund for the 2025-27 Biennium      \$32,500,000  
Multiplied by 9 months per year      = \$292,500,000  
Divided by 116,598 students      = \$2,508/student per year

North Dakota Cost to Educate Per Student      \$13,778/year  
75.7% State Funding Share      = \$10,430  
\$2,508 CSTF per Student Annual Distribution      **=24% of state funding share**



## COMMON SCHOOLS TRUST FUND (CSTF)



**\$7 BILLION VALUE AS  
OF FISCAL YEAR 25**

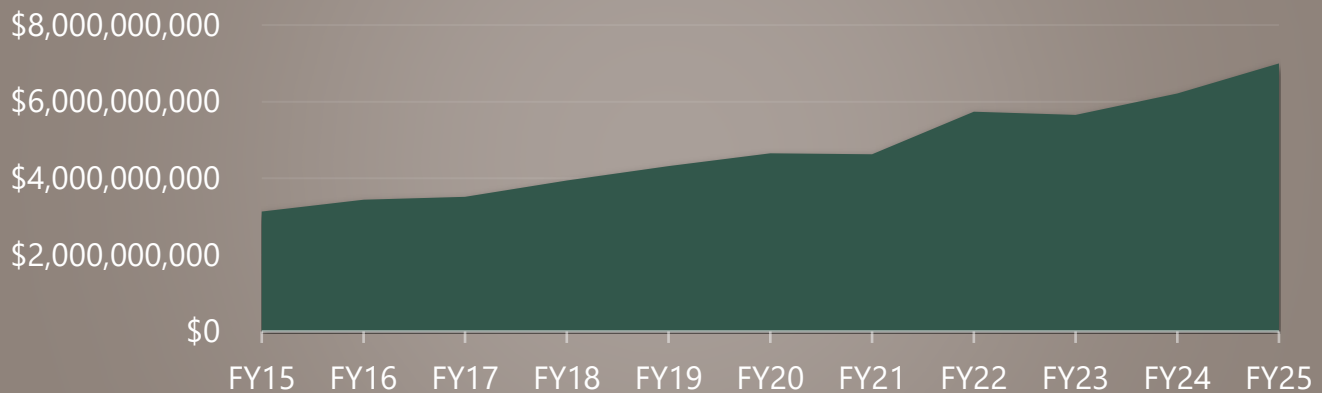


**\$585 MILLION TO BE  
DISTRIBUTED IN  
2025-27 BIENNIUM**



**17% INCREASE IN  
DISTRIBUTION OVER  
LAST BIENNIUM**

### COMMON SCHOOLS FUND GROWTH



**\$2.2 BILLION IN K-12 DISTRIBUTIONS FROM 2018 - 2027 DIRECTLY  
OFFSETTING THE LEVEL OF FINANCIAL RESPONSIBILITY REQUIRED OF THE  
GENERAL FUND AND PROPERTY TAXES.**

### DEPARTMENT OF TRUST LANDS REVENUE STREAMS CONTRIBUTING TO CSTF

#### MINERALS

- 10% OF THE OIL EXTRACTION TAX
- MINERAL LEASE BONUSES
- ROYALTY REVENUE



#### SURFACE

- RIGHTS OF WAY INCOME
- SURFACE RENTAL INCOME
- AGGREGATE LEASING



### COMMON SCHOOLS TRUST FUND DISTRIBUTION CALCULATION

**10% OF FIVE-YEAR  
AVERAGE VALUE OF TRUST  
INVESTMENTS (N.D.  
CONST ART. 9, SEC. 2)**

**3.17% NET AVERAGE  
ANNUAL DISTRIBUTION  
OVER PAST 10 YEARS**

**PERCENTAGE OF ROLLING  
AVERAGE VALUE FORMULA  
SMOOTHS DISTRIBUTIONS  
FOR LONG-TERM GROWTH**

**\* LOWER FUND VALUES IN THE EARLY YEARS OF THE FORMULA PERIOD RESULTS IN A NET  
ANNUAL DISTRIBUTION OF LESS THAN 5%**



## NDCEL Testimony in Opposition to the Proposed Amendment to Article IX, Section 2 of the North Dakota Constitution

I am here today to testify in strong opposition to the proposed constitutional amendment that would divert distributions from the Common Schools Trust Fund to school construction projects. While I recognize the importance of investing in school facilities, I urge you to consider the long-term ramifications of this proposal on our state's ability to adequately fund K-12 education.

### **The Common Schools Trust Fund: A Critical Source of K-12 Operational Funding**

The Common Schools Trust Fund exists to ensure stable, constitutionally protected funding for our K-12 education system. Currently, distributions from this fund directly support the per-pupil payment, which is the foundation of our state's commitment to providing a quality education for every student. This payment supports teacher salaries, classroom resources, student programs, and the overall educational experience. The proposed amendment would divert \$3 billion over ten years—\$300 million annually—for school construction. This reallocation represents a fundamental shift in the purpose of the Common Schools Trust Fund and threatens the financial sustainability of the per-pupil payment, which is already challenged by increasing costs and enrollment fluctuations.

### **The Per-Pupil Payment is Already Under Pressure**

The per-pupil payment is the primary funding mechanism for school districts across North Dakota. At a time when schools are grappling with inflationary pressures, rising operational costs, and workforce shortages, we must protect, not weaken, the financial foundation that allows our schools to operate effectively. Even with the outstanding support the Common Schools Trust fund currently supplies, over the past 12 years public schools have only had an average 1.85% increase over the past 12 years, and our teachers have only seen a 1.68% average pay increase over that time as well.

Diverting distributions from the Common Schools Trust Fund to school construction would result in significant funding and budgeting shifts when considering how to fund K12 education. If these distributions are reduced, the burden will inevitably shift to the state's general fund or local property taxes to make up the difference—placing increased pressure on taxpayers while creating financial uncertainty for school districts. We are currently only at a 2% increase for schools, no increase in EL and no increase in SPED factor - the future would become even more bleak.

The Common Schools Trust Fund was established with a clear purpose: to provide a steady, constitutionally protected funding stream for K-12 education. The proposed amendment undermines that intent by reallocating critical funds away from operational needs.

I urge you to reject this amendment and instead pursue school construction funding solutions that do not compromise the educational resources that our students, teachers, and schools rely upon.

**HCR3035**  
**Bill Testimony**  
**Rep. Eric J. Murphy**  
**District 43, Grand Forks**

Chairman Heinert and my honorable colleagues of the House Education Committee. HCR3035 is a constitutional measure that would allow for up to \$300M per year to be used from the Common Schools Trust Fund for K12 school construction across the State of North Dakota. This is the accompanying funding mechanism for HB1604.

If HCR3035 is placed on the general election ballot in 2026 and if the will of the electorate is to change the North Dakota Constitution, funding would begin on 1 July 2027 and sunset 10 years later.

You are well aware of the need to replace many of our rural schools as their physical plants reach the end of their life cycle. This is compounded by many of our rural communities having a mill rate that will not support new school construction. This initiative is a bold one and it grew out of our work during the interim on the K12 School Funding Task Force. It became clear to me that we needed a new path forward, one that blends a mix of funds on a sliding scale including grants from the state as well as the opportunity for low-cost loans. But many of our rural school districts will have difficulty with debt maintenance on low-cost loans, they need another path. This House Concurrent Resolution provides that path.

Further, it is critically important to protect the Common Schools Trust Fund, and I recognize that need. But I also understand that the fund is projected to grow to \$8.744B by 2027 (see projections on the next page from a Legislative Council analyst). In Scenario 1, It is expected that a total of \$5.260B will be removed over the 10 years, through 2037, to offset the costs of the school aid payment to public K12 school districts. During this time, the fund is expected to grow to \$15.011B.

In Scenario 2, \$300M is removed starting in 2028 and going through 2037. The K12 state aid payments are slightly reduced beginning in 2030 by \$3M, in 2032 this grows to about \$18M, in 2034 it grows to about \$48M and then in 2036 to about \$84M. So, there is a reduction in the state aid payment that will need to be compensated for other funds or alternatively the \$300M for construction reduced, which is a viable alternative. Why? Because the potential cost of \$3B for school construction is an assumption based on limited data.

Hence, it would be better to keep the K12 state aid payment fixed and vary the money available for construction. However, let's examine the Fund Balance projected in Scenario 2, which is \$11.399B. This is a difference of about \$3.6B to replace rural schools throughout the state and spending up to \$3B to do so.

Is this worthwhile? I argue yes, it is, because we have a constitutional responsibility to provide for a public K12 education across the state. This responsibility also includes providing safe school buildings in which we educate our children. At what cost? About \$3.6B plus an

additional \$0.310B in state aid payments. With a sunset clause, this will force any changes to withdraw money from the Common School Trust Fund in the future to undergo the same process of being approved by the electorate as for school construction, protecting the Fund and allowing for the will of the electorate to be heard.

I urge a do pass on this House Concurrent Resolution.

Common Schools Trust Fund Scenario 1 - Projected Balance, Revenues, and Distributions Under Current Provisions									
Biennium	Fiscal Year	Fund Balance	Oil Deposits	Royalties and Rents	Unclaimed Property	Other Income	Estimated Earnings (6%)	Regular Distribution	Supplemental Distribution
2025-27	2026	8,143,734,590	110,000,000	275,000,000	5,000,000	2,500,000	466,405,100	(292,338,675)	
	2027	8,744,295,015	110,000,000	275,000,000	5,000,000	2,500,000	500,399,100	(292,338,675)	
2027-29	2028	9,327,326,465	110,000,000	275,000,000	5,000,000	2,500,000	536,432,700	(345,901,250)	
	2029	9,945,339,815	110,000,000	275,000,000	5,000,000	2,500,000	571,414,600	(345,901,250)	
2029-31	2030	10,538,431,925	110,000,000	275,000,000	5,000,000	2,500,000	608,495,400	(407,903,290)	
	2031	11,167,109,535	110,000,000	275,000,000	5,000,000	2,500,000	644,080,900	(407,903,290)	
2031-33	2032	11,774,419,855	110,000,000	275,000,000	5,000,000	2,500,000	681,801,600	(466,991,280)	
	2033	12,418,168,775	110,000,000	275,000,000	5,000,000	2,500,000	718,240,200	(466,991,280)	
2033-35	2034	13,040,007,595	110,000,000	275,000,000	5,000,000	2,500,000	756,865,100	(527,526,280)	
	2035	13,699,156,815	110,000,000	275,000,000	5,000,000	2,500,000	794,175,500	(527,526,280)	
2035-37	2036	14,335,999,835	110,000,000	275,000,000	5,000,000	2,500,000	833,724,400	(589,381,380)	
	2037	15,011,053,455	110,000,000	275,000,000	5,000,000	2,500,000	871,935,000	(589,381,380)	
Total Distributions								(5,260,084,310)	

Common Schools Trust Fund Scenario 2 - Projected Balance, Revenues, and Distributions Under Proposed Changes									
Biennium	Fiscal Year	Fund Balance	Oil Deposits	Royalties and Rents	Unclaimed Property	Other Income	Estimated Earnings (6%)	Regular Distribution	Supplemental Distribution
2025-27	2026	8,143,734,590	110,000,000	275,000,000	5,000,000	2,500,000	466,405,100	(292,338,675)	
	2027	8,744,295,015	110,000,000	275,000,000	5,000,000	2,500,000	500,399,100	(292,338,675)	
2027-29	2028	9,027,326,465	110,000,000	275,000,000	5,000,000	2,500,000	536,432,700	(345,901,250)	(300,000,000)
	2029	9,327,339,815	110,000,000	275,000,000	5,000,000	2,500,000	553,414,600	(345,901,250)	(300,000,000)
2029-31	2030	9,586,351,925	110,000,000	275,000,000	5,000,000	2,500,000	571,415,400	(404,903,290)	(300,000,000)
	2031	9,860,904,735	110,000,000	275,000,000	5,000,000	2,500,000	586,956,100	(404,903,290)	(300,000,000)
2031-33	2032	10,108,543,555	110,000,000	275,000,000	5,000,000	2,500,000	603,429,300	(448,290,480)	(300,000,000)
	2033	10,371,040,675	110,000,000	275,000,000	5,000,000	2,500,000	618,287,600	(448,290,480)	(300,000,000)
2033-35	2034	10,618,473,415	110,000,000	275,000,000	5,000,000	2,500,000	634,037,400	(479,104,660)	(300,000,000)
	2035	10,880,752,155	110,000,000	275,000,000	5,000,000	2,500,000	648,883,400	(479,104,660)	(300,000,000)
2035-37	2036	11,132,419,115	110,000,000	275,000,000	5,000,000	2,500,000	664,620,100	(505,453,140)	(300,000,000)
	2037	11,399,186,075	110,000,000	275,000,000	5,000,000	2,500,000	679,720,100	(505,453,140)	(300,000,000)
Total Distributions								(4,951,982,990)	(3,000,000,000)



# North Dakota Small Organized Schools

Mr. Michael Heilman  
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Chairman Heinert and Members of the House Education Committee,

I am writing to express my opposition to the proposed use of the North Dakota Common Schools Trust Fund for school construction, as outlined in subsection 4 of the proposed amendment to Section 2, Article IX of the Constitution of North Dakota. While addressing school infrastructure needs is vital, diverting funds intended for the ongoing maintenance and support of common schools sets a dangerous precedent and undermines the long-term stability of North Dakota's public education system.

The Common Schools Trust Fund was established to provide a stable, perpetual funding source for the operational needs of schools, ensuring quality education for generations to come. Using these funds for school construction—even temporarily—risks depleting an essential financial resource that is meant to support student learning, teacher salaries, and classroom resources. This proposal could lead to unintended consequences, such as reduced distributions for school operations in the future.

Furthermore, school construction is a long-term capital expense that should be addressed through dedicated infrastructure funding sources, such as state bonding mechanisms or targeted appropriations, rather than drawing from a trust designed to provide annual educational support. Redirecting these funds would erode the financial security of school districts and create future fiscal uncertainty.

I urge lawmakers to seek alternative funding solutions for school construction that do not compromise the integrity and sustainability of the Common Schools Trust Fund. Protecting this fund ensures that North Dakota's students continue to benefit from a strong, well-supported education system for years to come.

Mr. Michael Heilman – Executive Director  
North Dakota Small Organized Schools  
[mheilmanndsos@gmail.com](mailto:mheilmanndsos@gmail.com)  
701.527.4621

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**The mission of NDSOS is to provide leadership for the small/rural schools in North Dakota and to support legislation favorable to their philosophy while opposing legislation that is harmful.**

YEAR	ANNUAL DISTRIBUTIONS		CUMULATIVE DISTRIBUTIONS			ENDING BALANCE		
	CURRENT	HB 3035	CURRENT	HB 3035	IMPACT	CURRENT	HB 3035	IMPACT
2026	\$ 308,642,000	\$ 308,642,000	\$ 308,642,000	\$ 308,642,000	\$ -	\$ 8,503,094,220	\$ 8,503,094,220	\$ -
2027	\$ 308,642,000	\$ 308,642,000	\$ 617,284,000	\$ 617,284,000	\$ -	\$ 9,123,427,006	\$ 8,813,347,006	\$ (310,080,000)
2028	\$ 363,568,000	\$ 363,568,000	\$ 980,852,000	\$ 980,852,000	\$ -	\$ 9,746,507,305	\$ 9,105,509,929	\$ (640,997,376)
2029	\$ 363,568,000	\$ 363,568,000	\$ 1,344,420,000	\$ 1,344,420,000	\$ -	\$ 10,416,715,132	\$ 9,422,562,733	\$ (994,152,400)
2030	\$ 426,937,000	\$ 417,426,000	\$ 1,771,357,000	\$ 1,761,846,000	\$ (9,511,000)	\$ 11,045,343,837	\$ 9,684,134,965	\$ (1,361,208,871)
2031	\$ 426,937,000	\$ 417,426,000	\$ 2,198,294,000	\$ 2,179,272,000	\$ (19,022,000)	\$ 11,687,634,449	\$ 9,934,702,911	\$ (1,752,931,538)
2032	\$ 488,351,000	\$ 455,286,000	\$ 2,686,645,000	\$ 2,634,558,000	\$ (52,087,000)	\$ 12,316,855,225	\$ 10,170,222,671	\$ (2,146,632,553)
2033	\$ 488,351,000	\$ 455,286,000	\$ 3,174,996,000	\$ 3,089,844,000	\$ (85,152,000)	\$ 12,991,932,405	\$ 10,425,142,129	\$ (2,566,790,277)
2034	\$ 552,131,000	\$ 483,171,000	\$ 3,727,127,000	\$ 3,573,015,000	\$ (154,112,000)	\$ 13,636,253,069	\$ 10,658,171,542	\$ (2,978,081,527)
2035	\$ 552,131,000	\$ 483,171,000	\$ 4,279,258,000	\$ 4,056,186,000	\$ (223,072,000)	\$ 14,301,006,459	\$ 10,883,994,909	\$ (3,417,011,550)
2036	\$ 616,780,000	\$ 508,724,000	\$ 4,896,038,000	\$ 4,564,910,000	\$ (331,128,000)	\$ 14,945,121,146	\$ 11,100,093,102	\$ (3,845,028,045)
2037	\$ 616,780,000	\$ 508,724,000	\$ 5,512,818,000	\$ 5,073,634,000	\$ (439,184,000)	\$ 15,604,222,374	\$ 11,612,495,126	\$ (3,991,727,248)
2038	\$ 681,912,000	\$ 532,376,000	\$ 6,194,730,000	\$ 5,606,010,000	\$ (588,720,000)	\$ 16,245,928,048	\$ 12,140,517,138	\$ (4,105,410,909)
2039	\$ 681,912,000	\$ 532,376,000	\$ 6,876,642,000	\$ 6,138,386,000	\$ (738,256,000)	\$ 16,912,807,154	\$ 12,686,073,042	\$ (4,226,734,113)
2040	\$ 747,325,000	\$ 563,953,000	\$ 7,623,967,000	\$ 6,702,339,000	\$ (921,628,000)	\$ 17,542,450,037	\$ 13,221,212,691	\$ (4,321,237,346)
2041	\$ 747,325,000	\$ 563,953,000	\$ 8,371,292,000	\$ 7,266,292,000	\$ (1,105,000,000)	\$ 18,213,279,742	\$ 13,791,188,546	\$ (4,422,091,196)
2042	\$ 812,505,000	\$ 607,604,000	\$ 9,183,797,000	\$ 7,873,896,000	\$ (1,309,901,000)	\$ 18,837,626,304	\$ 14,330,156,253	\$ (4,507,470,051)
2043	\$ 812,505,000	\$ 607,604,000	\$ 9,996,302,000	\$ 8,481,500,000	\$ (1,514,802,000)	\$ 19,479,789,591	\$ 14,881,203,227	\$ (4,598,586,365)
2044	\$ 877,521,000	\$ 661,691,000	\$ 10,873,823,000	\$ 9,143,191,000	\$ (1,730,632,000)	\$ 20,081,509,110	\$ 15,396,979,630	\$ (4,684,529,480)
2045	\$ 877,521,000	\$ 661,691,000	\$ 11,751,344,000	\$ 9,804,882,000	\$ (1,946,462,000)	\$ 20,707,649,605	\$ 15,931,401,632	\$ (4,776,247,974)
2046	\$ 941,547,000	\$ 716,207,000	\$ 12,692,891,000	\$ 10,521,089,000	\$ (2,171,802,000)	\$ 21,297,759,503	\$ 16,433,459,090	\$ (4,864,300,413)
2047	\$ 941,547,000	\$ 716,207,000	\$ 13,634,438,000	\$ 11,237,296,000	\$ (2,397,142,000)	\$ 21,915,358,931	\$ 16,957,088,954	\$ (4,958,269,977)
2048	\$ 1,004,043,000	\$ 769,732,000	\$ 14,638,481,000	\$ 12,007,028,000	\$ (2,631,453,000)	\$ 22,494,236,851	\$ 17,444,954,981	\$ (5,049,281,870)
2049	\$ 1,004,043,000	\$ 769,732,000	\$ 15,642,524,000	\$ 12,776,760,000	\$ (2,865,764,000)	\$ 23,098,916,313	\$ 17,952,506,550	\$ (5,146,409,762)
2050	\$ 1,064,965,000	\$ 821,639,000	\$ 16,707,489,000	\$ 13,598,399,000	\$ (3,109,090,000)	\$ 23,670,552,351	\$ 18,429,805,607	\$ (5,240,746,744)
2051	\$ 1,064,965,000	\$ 821,639,000	\$ 17,772,454,000	\$ 14,420,038,000	\$ (3,352,416,000)	\$ 24,271,100,787	\$ 18,929,677,615	\$ (5,341,423,172)
2052	\$ 1,124,768,000	\$ 872,178,000	\$ 18,897,222,000	\$ 15,292,216,000	\$ (3,605,006,000)	\$ 24,841,904,076	\$ 19,402,614,291	\$ (5,439,289,785)
2053	\$ 1,124,768,000	\$ 872,178,000	\$ 20,021,990,000	\$ 16,164,394,000	\$ (3,857,596,000)	\$ 25,443,034,852	\$ 19,899,301,818	\$ (5,543,733,035)
2054	\$ 1,183,767,000	\$ 921,596,000	\$ 21,205,757,000	\$ 17,085,990,000	\$ (4,119,767,000)	\$ 26,016,380,895	\$ 20,371,088,946	\$ (5,645,291,949)
2055	\$ 1,183,767,000	\$ 921,596,000	\$ 22,389,524,000	\$ 18,007,586,000	\$ (4,381,938,000)	\$ 26,621,509,886	\$ 20,867,834,263	\$ (5,753,675,623)

**Assumptions:**

6.72% annual investment return based on strategic asset allocation and capital markets assumptions.

Cash inflows based on Mineral Tracker projections.

**2025 HOUSE APPROPRIATIONS**

**HCR 3035**



# 2025 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

HCR 3035  
3/20/2025

A concurrent resolution to amend and reenact section 2 of article IX of the Constitution of North Dakota, relating to distributions from the common schools trust fund.

8:34 a.m. Chairman Vigesaa called the meeting to order.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

### Discussion Topics:

- School Trust Fund Distribution of Funds
- Notification of School Projects
- Grant Programs
- ND Land Board

8:35 a.m. Representative Pat Heinert introduced the bill and answered questions.

8:47 a.m. Joseph Heringer, ND Land Commissioner, ND Department of Trust Lands answered questions, testimony #43241.

9:02 a.m. Representative J. Nelson moved Do Not Pass.

9:02 a.m. Representative Bosch seconded the motion.

9:02 a.m. Representative Bosch withdrew the second.

9:03 a.m. Representative J. Nelson withdrew the motion Do Not Pass.

9:03 a.m. Representative Murphy introduced amendment LC #25.3103.01001, #43225.

9:06 a.m. Representative Murphy moved to adopt amendment LC #25.3103.01001.

9:06 a.m. Representative Kempenich seconded the motion.

### Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	N
Representative Keith Kempenich	Y
Representative Bert Anderson	N
Representative Mike Berg	N
Representative Glenn Bosch	N

Representative Mike Brandenburg	N
Representative Jay Fisher	N
Representative Karla Rose Hanson	Y
Representative Scott Louser	N
Representative Bob Martinson	N
Representative Lisa Meier	N
Representative Alisa Mitskog	Y
Representative David Monson	N
Representative Eric J. Murphy	Y
Representative Mike Nathe	N
Representative Jon O. Nelson	Y
Representative Emily O'Brien	N
Representative Brandy L. Pyle	N
Representative David Richter	N
Representative Mark Sanford	N
Representative Gregory Stemen	Y
Representative Steve Swiontek	N
Representative Scott Wagner	Y

Motion failed 7-16-0.

9:18 a.m. Representative J. Nelson moved Do Not Pass.

9:18 a.m. Representative Bosch seconded the motion.

#### Roll Call Vote

<b>Representatives</b>	<b>Vote</b>
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	N
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y



Representative Steve Swiontek	Y
Representative Scott Wagner	Y

Motion passed 22-1-0.

9:19 a.m. Representative Bosch will carry.

9:19 a.m. Chairman Vigesaa closed the meeting.

*Krystal Eberle, Committee Clerk*

**REPORT OF STANDING COMMITTEE**  
**HCR 3035 ([25.3103.01000](#))**

**Appropriations Committee (Rep. Vigesaa, Chairman)** recommends **DO NOT PASS** (22 YEAS, 1 NAY, 0 ABSENT OR EXCUSED AND NOT VOTING). HCR 3035 was placed on the Eleventh order on the calendar.

**HCR3035**  
**Bill Testimony**  
**Rep. Eric J. Murphy**  
**District 43, Grand Forks**

Chairman Heinert and my honorable colleagues of the House Education Committee. HCR3035 is a constitutional measure that would allow for up to \$300M per year to be used from the Common Schools Trust Fund for K12 school construction across the State of North Dakota. This is the accompanying funding mechanism for HB1604.

If HCR3035 is placed on the general election ballot in 2026 and if the will of the electorate is to change the North Dakota Constitution, funding would begin on 1 July 2027 and sunset 10 years later.

You are well aware of the need to replace many of our rural schools as their physical plants reach the end of their life cycle. This is compounded by many of our rural communities having a mill rate that will not support new school construction. This initiative is a bold one and it grew out of our work during the interim on the K12 School Funding Task Force. It became clear to me that we needed a new path forward, one that blends a mix of funds on a sliding scale including grants from the state as well as the opportunity for low-cost loans. But many of our rural school districts will have difficulty with debt maintenance on low-cost loans, they need another path. This House Concurrent Resolution provides that path.

Further, it is critically important to protect the Common Schools Trust Fund, and I recognize that need. But I also understand that the fund is projected to grow to \$8.744B by 2027 (see projections on the next page from a Legislative Council analyst). In Scenario 1, It is expected that a total of \$5.260B will be removed over the 10 years, through 2037, to offset the costs of the school aid payment to public K12 school districts. During this time, the fund is expected to grow to \$15.011B.

In Scenario 2, \$300M is removed starting in 2028 and going through 2037. The K12 state aid payments are slightly reduced beginning in 2030 by \$3M, in 2032 this grows to about \$18M, in 2034 it grows to about \$48M and then in 2036 to about \$84M. So, there is a reduction in the state aid payment that will need to be compensated for other funds or alternatively the \$300M for construction reduced, which is a viable alternative. Why? Because the potential cost of \$3B for school construction is an assumption based on limited data.

Hence, it would be better to keep the K12 state aid payment fixed and vary the money available for construction. However, let's examine the Fund Balance projected in Scenario 2, which is \$11.399B. This is a difference of about \$3.6B to replace rural schools throughout the state and spending up to \$3B to do so.

Is this worthwhile? I argue yes, it is, because we have a constitutional responsibility to provide for a public K12 education across the state. This responsibility also includes providing safe school buildings in which we educate our children. At what cost? About \$3.6B plus an



additional \$0.310B in state aid payments. With a sunset clause, this will force any changes to withdraw money from the Common School Trust Fund in the future to undergo the same process of being approved by the electorate as for school construction, protecting the Fund and allowing for the will of the electorate to be heard.

I urge a do pass on this House Concurrent Resolution.

Common Schools Trust Fund Scenario 1 - Projected Balance, Revenues, and Distributions Under Current Provisions									
Biennium	Fiscal Year	Fund Balance	Oil Deposits	Royalties and Rents	Unclaimed Property	Other Income	Estimated Earnings (6%)	Regular Distribution	Supplemental Distribution
2025-27	2026	8,143,734,590	110,000,000	275,000,000	5,000,000	2,500,000	466,405,100	(292,338,675)	
	2027	8,744,295,015	110,000,000	275,000,000	5,000,000	2,500,000	500,399,100	(292,338,675)	
2027-29	2028	9,327,326,465	110,000,000	275,000,000	5,000,000	2,500,000	536,432,700	(345,901,250)	
	2029	9,945,339,815	110,000,000	275,000,000	5,000,000	2,500,000	571,414,600	(345,901,250)	
2029-31	2030	10,538,431,925	110,000,000	275,000,000	5,000,000	2,500,000	608,495,400	(407,903,290)	
	2031	11,167,109,535	110,000,000	275,000,000	5,000,000	2,500,000	644,080,900	(407,903,290)	
2031-33	2032	11,774,419,855	110,000,000	275,000,000	5,000,000	2,500,000	681,801,600	(466,991,280)	
	2033	12,418,168,775	110,000,000	275,000,000	5,000,000	2,500,000	718,240,200	(466,991,280)	
2033-35	2034	13,040,007,595	110,000,000	275,000,000	5,000,000	2,500,000	756,865,100	(527,526,280)	
	2035	13,699,156,815	110,000,000	275,000,000	5,000,000	2,500,000	794,175,500	(527,526,280)	
2035-37	2036	14,335,999,835	110,000,000	275,000,000	5,000,000	2,500,000	833,724,400	(589,381,380)	
	2037	15,011,053,455	110,000,000	275,000,000	5,000,000	2,500,000	871,935,000	(589,381,380)	
Total Distributions								(5,260,084,310)	

Common Schools Trust Fund Scenario 2 - Projected Balance, Revenues, and Distributions Under Proposed Changes									
Biennium	Fiscal Year	Fund Balance	Oil Deposits	Royalties and Rents	Unclaimed Property	Other Income	Estimated Earnings (6%)	Regular Distribution	Supplemental Distribution
2025-27	2026	8,143,734,590	110,000,000	275,000,000	5,000,000	2,500,000	466,405,100	(292,338,675)	
	2027	8,744,295,015	110,000,000	275,000,000	5,000,000	2,500,000	500,399,100	(292,338,675)	
2027-29	2028	9,027,326,465	110,000,000	275,000,000	5,000,000	2,500,000	536,432,700	(345,901,250)	(300,000,000)
	2029	9,327,339,815	110,000,000	275,000,000	5,000,000	2,500,000	553,414,600	(345,901,250)	(300,000,000)
2029-31	2030	9,586,351,925	110,000,000	275,000,000	5,000,000	2,500,000	571,415,400	(404,903,290)	(300,000,000)
	2031	9,860,904,735	110,000,000	275,000,000	5,000,000	2,500,000	586,956,100	(404,903,290)	(300,000,000)
2031-33	2032	10,108,543,555	110,000,000	275,000,000	5,000,000	2,500,000	603,429,300	(448,290,480)	(300,000,000)
	2033	10,371,040,675	110,000,000	275,000,000	5,000,000	2,500,000	618,287,600	(448,290,480)	(300,000,000)
2033-35	2034	10,618,473,415	110,000,000	275,000,000	5,000,000	2,500,000	634,037,400	(479,104,660)	(300,000,000)
	2035	10,880,752,155	110,000,000	275,000,000	5,000,000	2,500,000	648,883,400	(479,104,660)	(300,000,000)
2035-37	2036	11,132,419,115	110,000,000	275,000,000	5,000,000	2,500,000	664,620,100	(505,453,140)	(300,000,000)
	2037	11,399,186,075	110,000,000	275,000,000	5,000,000	2,500,000	679,720,100	(505,453,140)	(300,000,000)
Total Distributions								(4,951,982,990)	(3,000,000,000)

Δ to 15 years not to exceed \$3B  
\$1

Δ to \$250,000  
per year

Δ running to  
~~2037~~ 15  
years.

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

Introduced by

### HOUSE CONCURRENT RESOLUTION NO. 3035

Representatives Murphy, Hager, Novak, Jonas, Weisz, Conmy

1 A concurrent resolution to amend and reenact section 2 of article IX of the Constitution of North  
2 Dakota, relating to distributions from the common schools trust fund.

#### 3 STATEMENT OF INTENT

4 This measure permits the funding of school construction across the state with distributions from  
5 the common schools trust fund ~~totaling of up to six hundred million dollars per biennium as~~  
6 determined by the legislative assembly limited to a cumulative total of up to three billion dollars  
7 ~~over ten years, at a rate of three hundred million dollars per year.~~

8 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE  
9 SENATE CONCURRING THEREIN:

10 That the following proposed amendment to section 2 of article IX of the Constitution of  
11 North Dakota is agreed to and must be submitted to the qualified electors of North Dakota at the  
12 general election to be held in 2026, in accordance with section 16 of article IV of the  
13 Constitution of North Dakota.

14 SECTION 1. AMENDMENT. Section 2 of article IX of the Constitution of North Dakota is  
15 amended and reenacted as follows:

#### 16 Section 2.

17 1. Distributions from the common schools trust fund, together with the net proceeds of all  
18 fines for violation of state laws and all other sums which may be added by law, must  
19 be faithfully used and applied each year for the benefit of the common schools of the  
20 state and no part of the fund ~~must~~may ever be diverted, even temporarily, from this  
21 purpose or used for any purpose other than the maintenance of common schools as  
22 provided by law.



1       2. Distributions from an educational or charitable institution's trust fund must be faithfully  
2       used and applied each year for the benefit of the institution and no part of the fund  
3       may ever be diverted, even temporarily, from this purpose or used for any purpose  
4       other than the maintenance of the institution, as provided by law.

5       ~~For the biennium during which this amendment takes effect, distributions from the perpetual~~  
6       ~~trust funds must be the greater of the amount distributed in the preceding biennium or ten~~  
7       ~~percent of the five-year average value of trust assets, excluding the value of lands and~~  
8       ~~minerals. Thereafter, biennial~~

9       3. Biennial distributions from the perpetual trust funds must be ten percent of the  
10       five-year average value of trust assets, excluding the value of lands and minerals. The  
11       average value of trust assets is determined by using the assets' ending value for the  
12       fiscal year that ends one year before the beginning of the biennium and the assets'  
13       ending value for the four preceding fiscal years. Equal amounts must be distributed  
14       during each year of the biennium.

15       4. In addition to the distributions under subsection 3. ~~for beginning with the 2027-29~~  
16       ~~through 2035-37 bienniums~~biennium, biennial distributions from the ~~perpetual common~~  
17       ~~schools trust funds~~fund must include up to an additional six hundred million dollars,  
18       ~~equally distributed during each year of the biennium~~as determined by the legislative  
19       ~~assembly, to fund school construction statewide in accordance with the statutory state-~~  
20       ~~funded construction program. The cumulative distributions under this subsection may~~  
21       ~~not exceed three billion dollars. The state aid payment for kindergarten through grade~~  
22       ~~twelve schools may not be reduced as a result of distributions under this subsection.~~



**TESTIMONY OF  
JOSEPH HERINGER COMMISSIONER  
North Dakota Department of Trust Lands**

**House Concurrent Resolution 3035**

House Education Committee  
March 10, 2025

Chairman Heinert and members of the Committee, I am Joseph Heringer, North Dakota Commissioner of University and School Lands. I am here to testify in opposition to HCR 3035 for two primary reasons: 1) its long-term negative impact on K-12 education funding and the 13 perpetual trust funds that support numerous state institutions, and 2) the constitutional conflicts it creates by diverting funds away from beneficiary organizations and all K-12 schools, to only specifically chosen school construction projects.

Please note that due to the late introduction of this resolution and the short hearing notice, I was not able to bring this issue before the Land Board, so this testimony is mine only and not a formal position of the Board.

The Board of University and School Lands (Board), established by the North Dakota Constitution, manages state trust lands and invests the resulting revenue to ensure long-term funding for trust beneficiaries. The Board is comprised of the Governor (Chairman), Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department of Trust Lands (Department), which I lead, administers these efforts under the Board's authority.

The Department oversees 2.5 million mineral acres with approximately 8,700 oil, gas, and coal leases, and 700,000 surface acres with about 4,400 agricultural leases. Revenues from these leases, along with bonuses, easements, and other payments, are invested into 13 perpetual trusts.



These trusts support K-12 education, colleges, universities, and state institutions. Below are their projected 2025-27 distributions:

Common Schools	\$584,677,350
North Dakota State University	\$8,770,000
University of North Dakota	\$6,948,000
Youth Correctional Center	\$3,136,000
School for the Deaf	\$2,388,000
North Dakota State College of Science	\$2,570,284
State Hospital	\$1,976,284
Veterans' Home	\$994,284
Valley City State University	\$1,566,000
North Dakota Vision Services - School for the Blind	\$1,936,284
Mayville State University	\$1,102,000
Dakota College at Bottineau	\$406,284
Dickinson State University	\$406,284
Minot State University	<u>\$406,284</u>
Total	\$617,283,338

### 1. Negative Financial Impacts

HCR 3035 mandates \$3 billion from the perpetual trusts over ten years for school construction. Our projections show this would reduce the funds' balance by **-\$5.7 billion** over 30 years (from \$26.6 billion to \$20.9 billion) and cut total distributions by **-\$4.4 billion** (from \$22.4 billion to \$18 billion), assuming a 6.27% annual return. This is akin to taking a large, premature distribution from your retirement account, sacrificing years of compounded growth. The current endowment structure wisely ensures perpetual support for beneficiaries. For instance, the Common Schools Trust Fund is projected to cover 24% of the state's K-12 funding share in 2025-27—a share that will grow over time. Diverting these funds will shrink future distributions, increasing reliance on other revenue sources.



## **2. Constitutional Conflicts**

HCR 3025 creates two constitutional conflicts.

Article IX, Section 2, Paragraph 1 of the North Dakota Constitution states that funds of the Common Schools Trust cannot be diverted from the benefit of the common schools of North Dakota. HCR 3025 diverts funds from the general financial support of **all** schools to the funding of specifically chosen construction projects, effectively making distribution winners and losers. This is contrary to the original intention of Article IX and the language in Paragraph 1 that would remain even if this resolution passed.

Article IX, Section 2, Paragraph 1 of the North Dakota Constitution further states that funds of a specific organization's trust cannot be diverted from the exclusive benefit of that organization. HCR 3025 conflicts with this provision by diverting funds from beneficiary organizations to school construction projects.

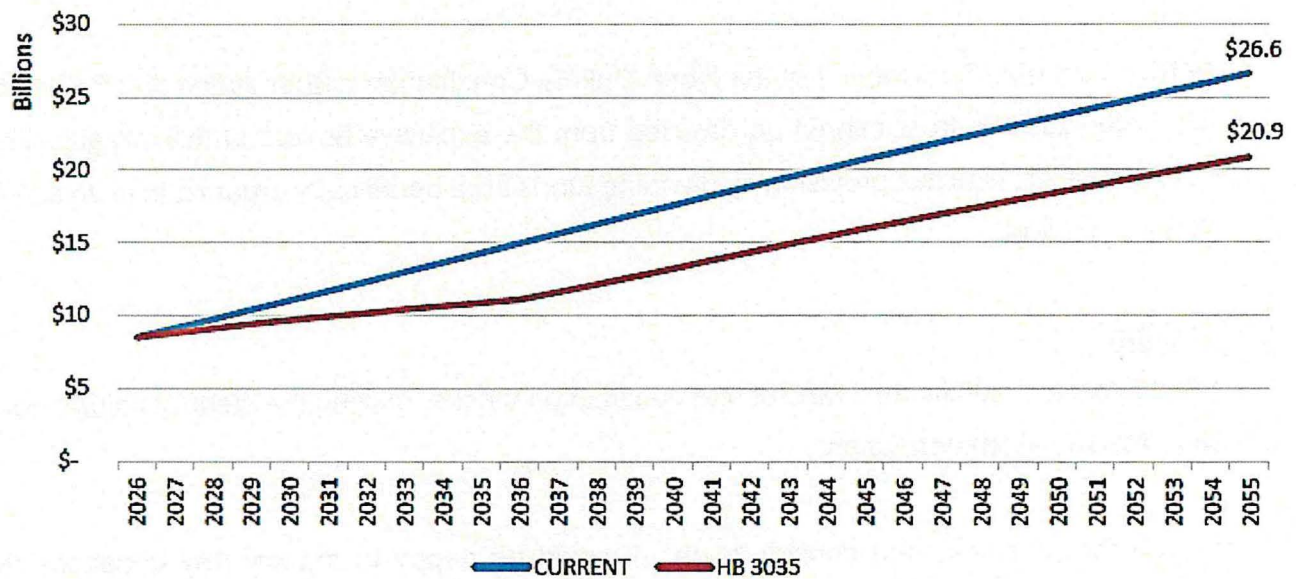
### **Conclusion**

HCR 3035 creates significant financial and constitutional risks, making it a clear candidate for a DO NOT PASS recommendation.

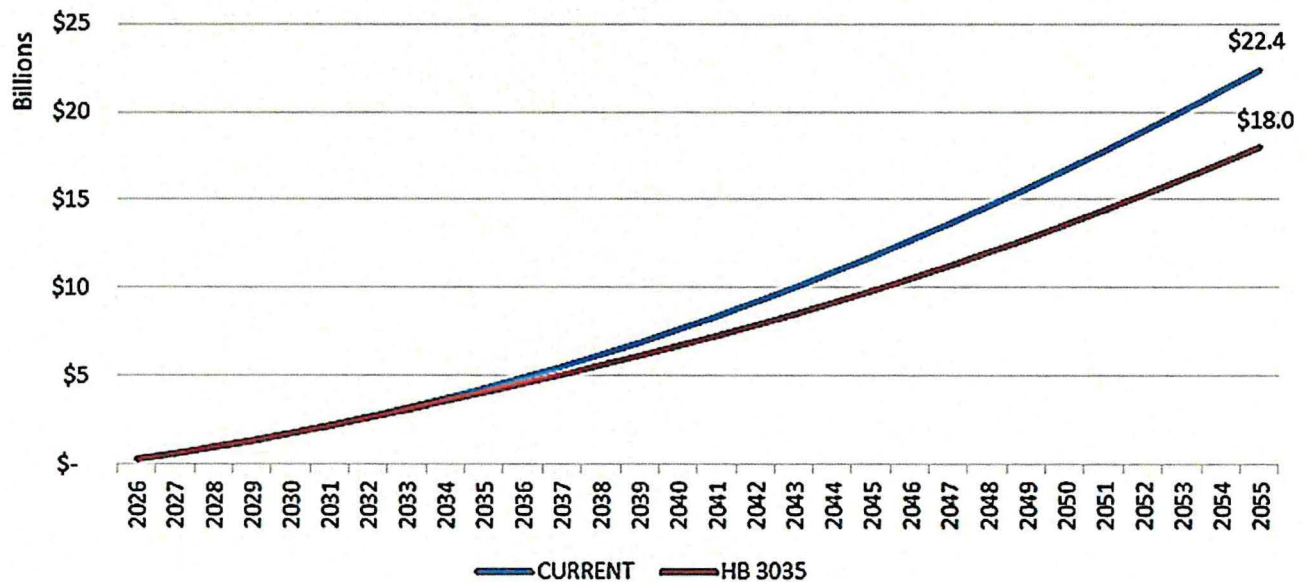
Thank you for your time and consideration. I would be happy to answer any questions the Committee may have.

30 YR Projection	Current	HCR 3035	Impact
Ending Assets	\$26.60	\$20.90	\$5.70
Total Distributions	\$22.40	\$18.00	\$4.40
Combined Impact			\$10.10

Ending Fund Balance  
30-Year Projection



Cumulative Distributions  
30-Year Projection





# COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

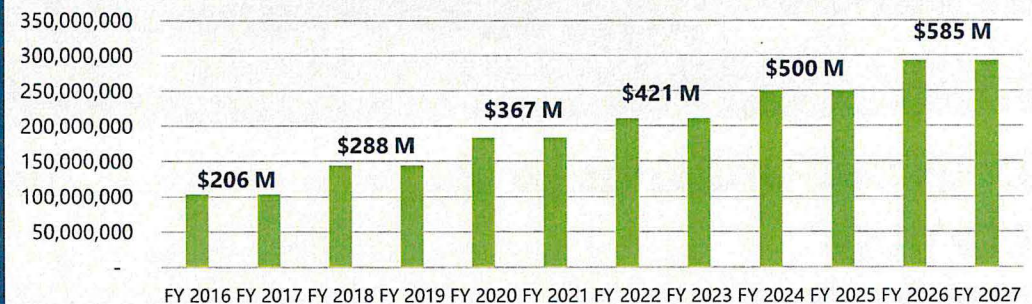
NORTH  
**Dakota** | Trust Lands  
Be Legendary.™

**CSTF ASSET BALANCE as of 11/30/2024  
(unaudited)**

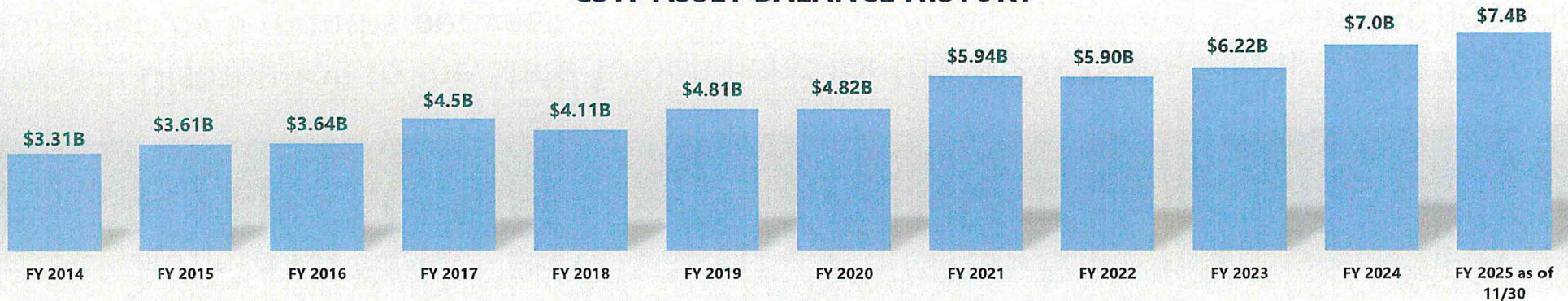
**\$7,417,654,799**

**+\$1.05 billion year-over-year from 11/30/2023  
balance of \$6.37 billion**

**CSTF DISTRIBUTION HISTORY PER BIENNIUM**



**CSTF ASSET BALANCE HISTORY**



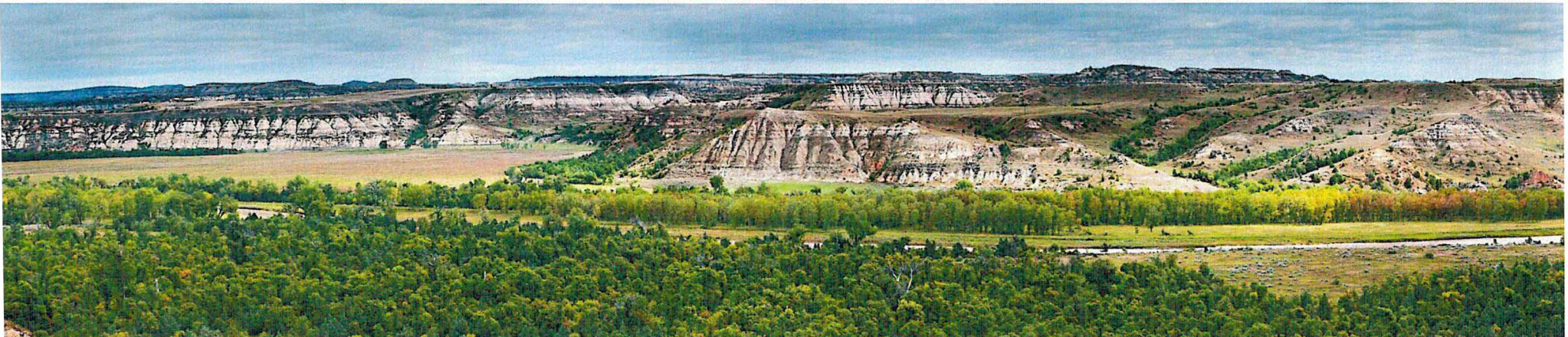


# COMMON SCHOOLS TRUST FUND 2023-25 (CSTF) DISTRIBUTIONS

NORTH  
**Dakota** | Trust Lands  
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Monthly Distribution to the State Tuition Fund for the 2023-25 Biennium      \$27,770,000  
Multiplied by 9 months per year      = \$250,000,000  
Divided by 115,740 students      = \$2,160/student per year

North Dakota Cost to Educate Per Student      \$13,778/year  
75.7% State Funding Share      = \$10,430  
\$2,160 CSTF per Student Annual Distribution      **=21% of state funding share**



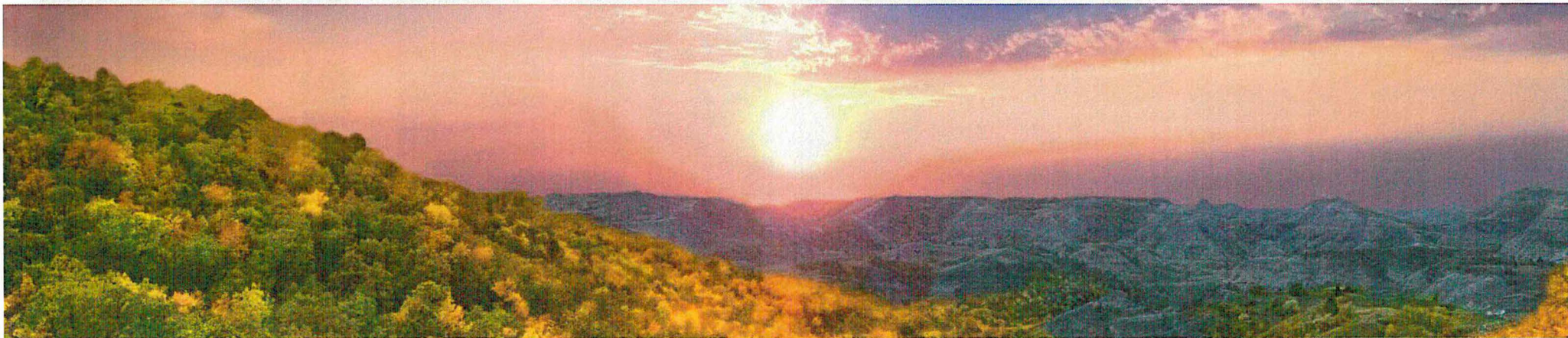


# COMMON SCHOOLS TRUST FUND 2025-27 (CSTF) DISTRIBUTIONS

NORTH  
**Dakota** | Trust Lands  
Be Legendary.™

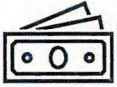
Monthly Distribution to the State Tuition Fund for the 2025-27 Biennium      \$32,500,000  
Multiplied by 9 months per year      = \$292,500,000  
Divided by 116,598 students      = \$2,508/student per year

North Dakota Cost to Educate Per Student      \$13,778/year  
75.7% State Funding Share      = \$10,430  
\$2,508 CSTF per Student Annual Distribution      **=24% of state funding share**

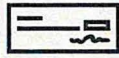




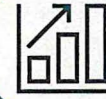
## COMMON SCHOOLS TRUST FUND (CSTF)



**\$7 BILLION VALUE AS  
OF FISCAL YEAR 25**

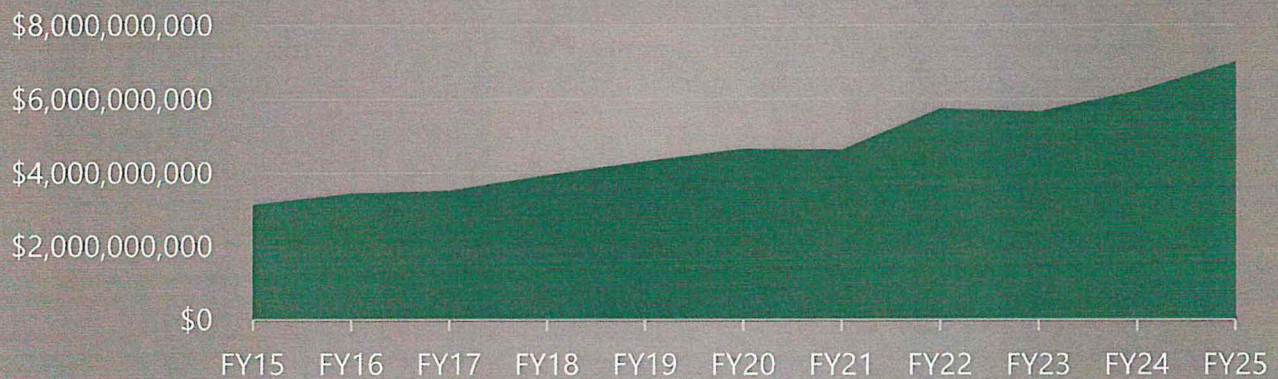


**\$585 MILLION TO BE  
DISTRIBUTED IN  
2025-27 BIENNIUM**



**17% INCREASE IN  
DISTRIBUTION OVER  
LAST BIENNIUM**

### COMMON SCHOOLS FUND GROWTH



**\$2.2 BILLION IN K-12 DISTRIBUTIONS FROM 2018 - 2027 DIRECTLY  
OFFSETTING THE LEVEL OF FINANCIAL RESPONSIBILITY REQUIRED OF THE  
GENERAL FUND AND PROPERTY TAXES.**

### DEPARTMENT OF TRUST LANDS REVENUE STREAMS CONTRIBUTING TO CSTF

#### MINERALS

- 10% OF THE OIL EXTRACTION TAX
- MINERAL LEASE BONUSES
- ROYALTY REVENUE



#### SURFACE

- RIGHTS OF WAY INCOME
- SURFACE RENTAL INCOME
- AGGREGATE LEASING



### COMMON SCHOOLS TRUST FUND DISTRIBUTION CALCULATION

**10% OF FIVE-YEAR  
AVERAGE VALUE OF TRUST  
INVESTMENTS (N.D.  
CONST ART. 9, SEC. 2)**

**3.17% NET AVERAGE  
ANNUAL DISTRIBUTION  
OVER PAST 10 YEARS**

**PERCENTAGE OF ROLLING  
AVERAGE VALUE FORMULA  
SMOOTHS DISTRIBUTIONS  
FOR LONG-TERM GROWTH**

**\* LOWER FUND VALUES IN THE EARLY YEARS OF THE FORMULA PERIOD RESULTS IN A NET  
ANNUAL DISTRIBUTION OF LESS THAN 5%**



## COMMON SCHOOLS TRUST FUND SHARE OF STATE SCHOOL PAYMENTS

The distribution of funds from the Common School Trust Fund (CSTF) has experienced a significant increase over the past 25 years.

In 1999-2001, the total distribution from the Trust Fund was \$47,550,000. Fast forward to the years 2025-2027 and we will distribute an astonishing \$585,000,000 – more than 12 times the previous amount.

Since the 2013-15 biennium, the CSTF share of state aid payments to schools has risen from 8 percent to 25.2 percent. These funds have replaced money that would normally come from the general fund.

The CSTF has provided almost \$2 billion (\$1.987B) in state aid to schools. (2013-15 through 2023-25).

Biennium	Formula Payment	Common Schools Trust Fund	Percentage of Formula	Increase
2013-15	\$1,752,100,000	\$140,326,000	8 percent	\$38,688,000
2015-17	\$1,916,640,000	\$219,134,000	11.4 percent	\$78,808,000
2017-19	\$1,935,204,163	\$305,546,905	15.8 percent	\$86,412,905
2019-21	\$2,098,202,429	\$377,764,000	18 percent	\$72,217,095
2021-23	\$2,131,825,000	\$433,020,000	20.3 Percent	\$55,256,000
2023-25	\$2,299,674,851	\$510,860,000	22.2 Percent	\$77,840,000
2025-27	\$2,359,674,851	\$595,677,350	25.2 Percent	\$84,817,350

“Formula payment” is listed in the Legislative Council’s budget details as “Integrated Formula Payment.” This is, by far, the largest source of state support for K-12 education.

The “Common Schools” expenditures are listed in the Legislative Council’s budget documents as money from the “Tuition Fund.” The Tuition Fund expenditures include money from state fines along with the Common Schools Trust Fund distributions. The trust fund distributions make up almost all of the “tuition fund” money.

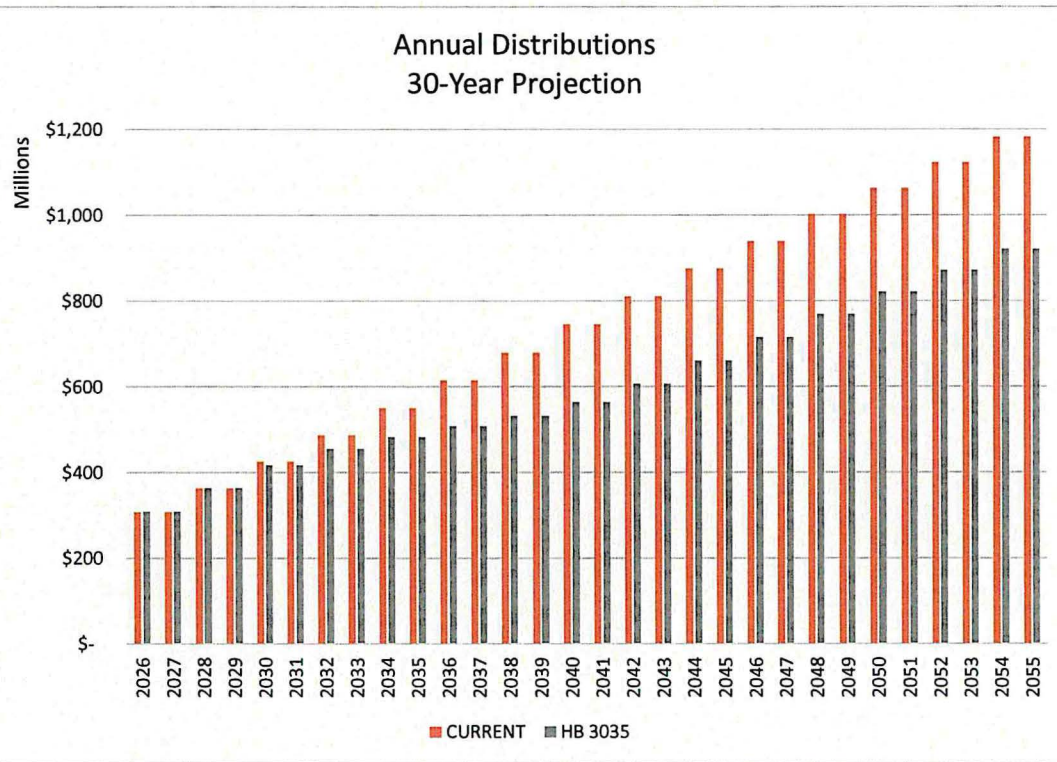
**Updated March 7, 2025 with information provided by the Department of Public Instruction**

# NORTH Dakota

Be Legendary.™

## Trust Lands

YEAR	ANNUAL DISTRIBUTIONS		BIENNIAL IMPACT
	CURRENT	HB 3035	
2026	\$ 308,642,000	\$ 308,642,000	
2027	\$ 308,642,000	\$ 308,642,000	\$ -
2028	\$ 363,568,000	\$ 363,568,000	
2029	\$ 363,568,000	\$ 363,568,000	\$ -
2030	\$ 426,937,000	\$ 417,426,000	
2031	\$ 426,937,000	\$ 417,426,000	\$ (19,022,000)
2032	\$ 488,351,000	\$ 455,286,000	
2033	\$ 488,351,000	\$ 455,286,000	\$ (66,130,000)
2034	\$ 552,131,000	\$ 483,171,000	
2035	\$ 552,131,000	\$ 483,171,000	\$ (137,920,000)
2036	\$ 616,780,000	\$ 508,724,000	
2037	\$ 616,780,000	\$ 508,724,000	\$ (216,112,000)
2038	\$ 681,912,000	\$ 532,376,000	
2039	\$ 681,912,000	\$ 532,376,000	\$ (299,072,000)
2040	\$ 747,325,000	\$ 563,953,000	
2041	\$ 747,325,000	\$ 563,953,000	\$ (366,744,000)
2042	\$ 812,505,000	\$ 607,604,000	
2043	\$ 812,505,000	\$ 607,604,000	\$ (409,802,000)
2044	\$ 877,521,000	\$ 661,691,000	
2045	\$ 877,521,000	\$ 661,691,000	\$ (431,660,000)
2046	\$ 941,547,000	\$ 716,207,000	
2047	\$ 941,547,000	\$ 716,207,000	\$ (450,680,000)
2048	\$ 1,004,043,000	\$ 769,732,000	
2049	\$ 1,004,043,000	\$ 769,732,000	\$ (468,622,000)
2050	\$ 1,064,965,000	\$ 821,639,000	
2051	\$ 1,064,965,000	\$ 821,639,000	\$ (486,652,000)
2052	\$ 1,124,768,000	\$ 872,178,000	
2053	\$ 1,124,768,000	\$ 872,178,000	\$ (505,180,000)
2054	\$ 1,183,767,000	\$ 921,596,000	
2055	\$ 1,183,767,000	\$ 921,596,000	\$ (524,342,000)



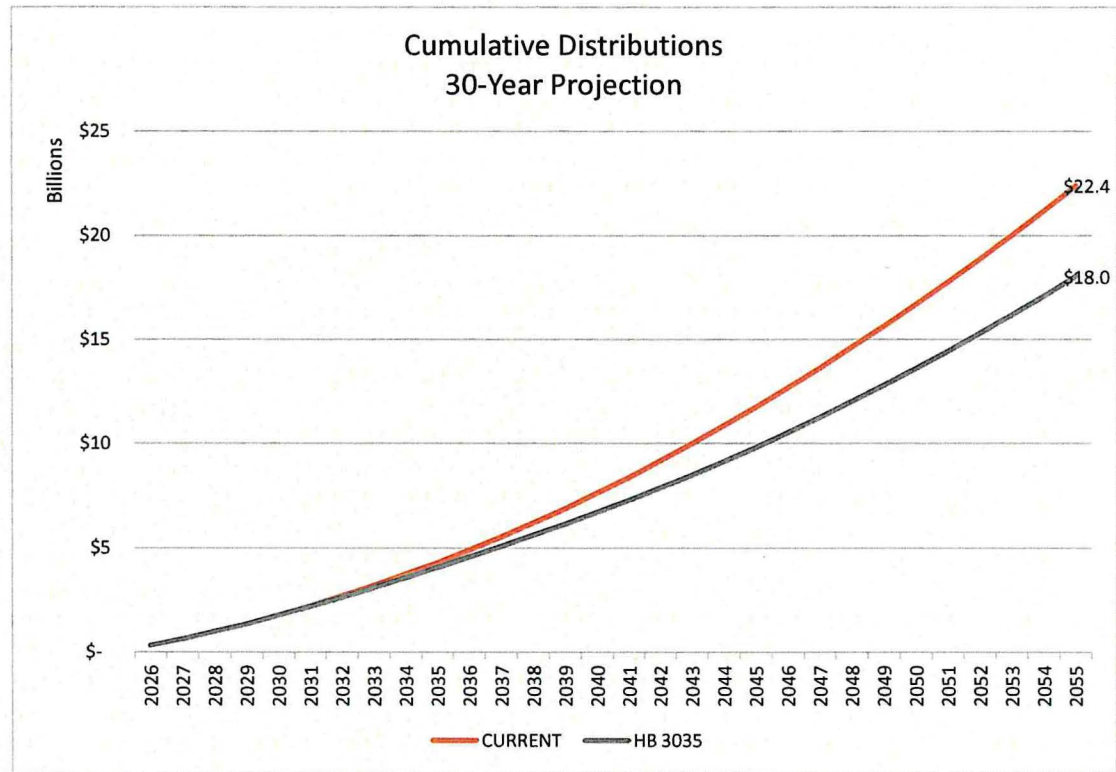
### Assumptions:

6.72% annual investment return based on strategic asset allocation and capital markets assumptions.

Cash inflows based on Mineral Tracker projections.



CUMULATIVE DISTRIBUTIONS			IMPACT
YEAR	CURRENT	HB 3035	
2026	\$ 308,642,000	\$ 308,642,000	\$ -
2027	\$ 617,284,000	\$ 617,284,000	\$ -
2028	\$ 980,852,000	\$ 980,852,000	\$ -
2029	\$ 1,344,420,000	\$ 1,344,420,000	\$ -
2030	\$ 1,771,357,000	\$ 1,761,846,000	\$ (9,511,000)
2031	\$ 2,198,294,000	\$ 2,179,272,000	\$ (19,022,000)
2032	\$ 2,686,645,000	\$ 2,634,558,000	\$ (52,087,000)
2033	\$ 3,174,996,000	\$ 3,089,844,000	\$ (85,152,000)
2034	\$ 3,727,127,000	\$ 3,573,015,000	\$ (154,112,000)
2035	\$ 4,279,258,000	\$ 4,056,186,000	\$ (223,072,000)
2036	\$ 4,896,038,000	\$ 4,564,910,000	\$ (331,128,000)
2037	\$ 5,512,818,000	\$ 5,073,634,000	\$ (439,184,000)
2038	\$ 6,194,730,000	\$ 5,606,010,000	\$ (588,720,000)
2039	\$ 6,876,642,000	\$ 6,138,386,000	\$ (738,256,000)
2040	\$ 7,623,967,000	\$ 6,702,339,000	\$ (921,628,000)
2041	\$ 8,371,292,000	\$ 7,266,292,000	\$ (1,105,000,000)
2042	\$ 9,183,797,000	\$ 7,873,896,000	\$ (1,309,901,000)
2043	\$ 9,996,302,000	\$ 8,481,500,000	\$ (1,514,802,000)
2044	\$ 10,873,823,000	\$ 9,143,191,000	\$ (1,730,632,000)
2045	\$ 11,751,344,000	\$ 9,804,882,000	\$ (1,946,462,000)
2046	\$ 12,692,891,000	\$ 10,521,089,000	\$ (2,171,802,000)
2047	\$ 13,634,438,000	\$ 11,237,296,000	\$ (2,397,142,000)
2048	\$ 14,638,481,000	\$ 12,007,028,000	\$ (2,631,453,000)
2049	\$ 15,642,524,000	\$ 12,776,760,000	\$ (2,865,764,000)
2050	\$ 16,707,489,000	\$ 13,598,399,000	\$ (3,109,090,000)
2051	\$ 17,772,454,000	\$ 14,420,038,000	\$ (3,352,416,000)
2052	\$ 18,897,222,000	\$ 15,292,216,000	\$ (3,605,006,000)
2053	\$ 20,021,990,000	\$ 16,164,394,000	\$ (3,857,596,000)
2054	\$ 21,205,757,000	\$ 17,085,990,000	\$ (4,119,767,000)
2055	\$ 22,389,524,000	\$ 18,007,586,000	\$ (4,381,938,000)

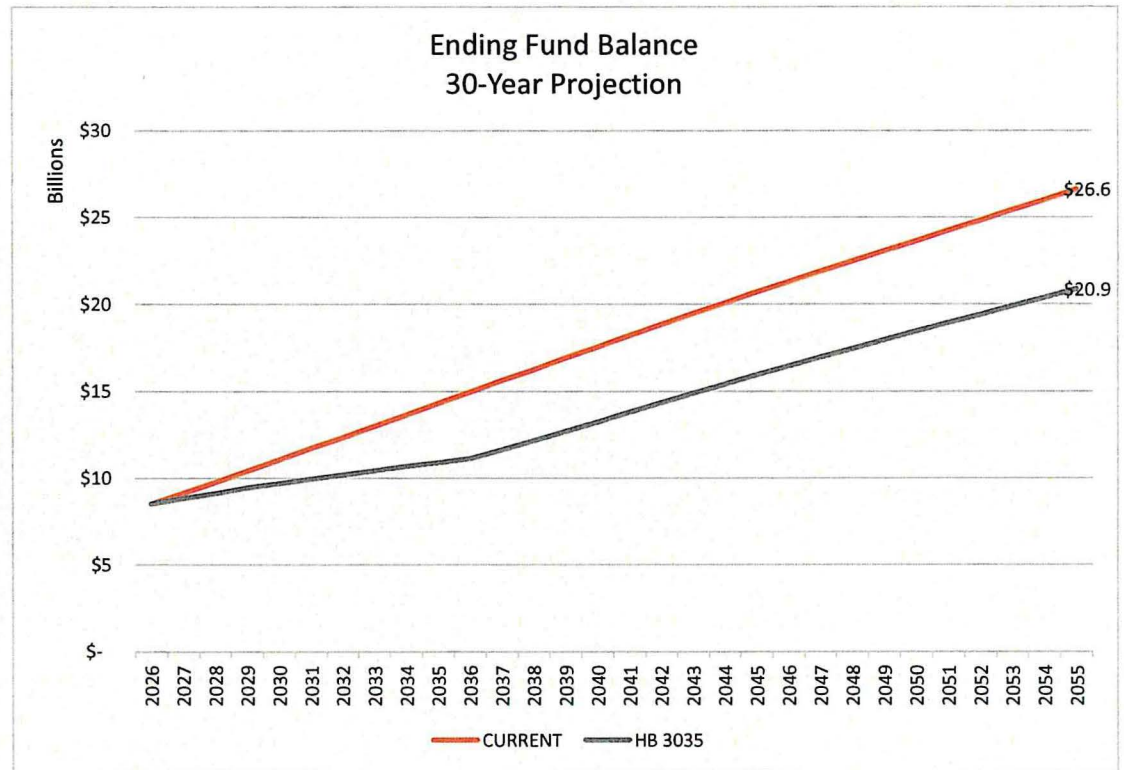


**Assumptions:**

6.72% annual investment return based on strategic asset allocation and capital markets assumptions.

Cash inflows based on Mineral Tracker projections.

ENDING FUND BALANCE			IMPACT
YEAR	CURRENT	HB 3035	
2026	\$ 8,503,094,220	\$ 8,503,094,220	\$ -
2027	\$ 9,123,427,006	\$ 8,813,347,006	\$ (310,080,000)
2028	\$ 9,746,507,305	\$ 9,105,509,929	\$ (640,997,376)
2029	\$ 10,416,715,132	\$ 9,422,562,733	\$ (994,152,400)
2030	\$ 11,045,343,837	\$ 9,684,134,965	\$ (1,361,208,871)
2031	\$ 11,687,634,449	\$ 9,934,702,911	\$ (1,752,931,538)
2032	\$ 12,316,855,225	\$ 10,170,222,671	\$ (2,146,632,553)
2033	\$ 12,991,932,405	\$ 10,425,142,129	\$ (2,566,790,277)
2034	\$ 13,636,253,069	\$ 10,658,171,542	\$ (2,978,081,527)
2035	\$ 14,301,006,459	\$ 10,883,994,909	\$ (3,417,011,550)
2036	\$ 14,945,121,146	\$ 11,100,093,102	\$ (3,845,028,045)
2037	\$ 15,604,222,374	\$ 11,612,495,126	\$ (3,991,727,248)
2038	\$ 16,245,928,048	\$ 12,140,517,138	\$ (4,105,410,909)
2039	\$ 16,912,807,154	\$ 12,686,073,042	\$ (4,226,734,113)
2040	\$ 17,542,450,037	\$ 13,221,212,691	\$ (4,321,237,346)
2041	\$ 18,213,279,742	\$ 13,791,188,546	\$ (4,422,091,196)
2042	\$ 18,837,626,304	\$ 14,330,156,253	\$ (4,507,470,051)
2043	\$ 19,479,789,591	\$ 14,881,203,227	\$ (4,598,586,365)
2044	\$ 20,081,509,110	\$ 15,396,979,630	\$ (4,684,529,480)
2045	\$ 20,707,649,605	\$ 15,931,401,632	\$ (4,776,247,974)
2046	\$ 21,297,759,503	\$ 16,433,459,090	\$ (4,864,300,413)
2047	\$ 21,915,358,931	\$ 16,957,088,954	\$ (4,958,269,977)
2048	\$ 22,494,236,851	\$ 17,444,954,981	\$ (5,049,281,870)
2049	\$ 23,098,916,313	\$ 17,952,506,550	\$ (5,146,409,762)
2050	\$ 23,670,552,351	\$ 18,429,805,607	\$ (5,240,746,744)
2051	\$ 24,271,100,787	\$ 18,929,677,615	\$ (5,341,423,172)
2052	\$ 24,841,904,076	\$ 19,402,614,291	\$ (5,439,289,785)
2053	\$ 25,443,034,852	\$ 19,899,301,818	\$ (5,543,733,035)
2054	\$ 26,016,380,895	\$ 20,371,088,946	\$ (5,645,291,949)
2055	\$ 26,621,509,886	\$ 20,867,834,263	\$ (5,753,675,623)



**Assumptions:**

6.72% annual investment return based on strategic asset allocation and capital markets assumptions.

Cash inflows based on Mineral Tracker projections.