

2025 SENATE INDUSTRY AND BUSINESS

SB 2266

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2266
2/5/2025

A bill for an act to provide and appropriation to the office of management and budget for a grant; and to declare an emergency.

9:30 a.m. Chairman Barta called the meeting to order.

Members present: Chairman Barta, Vice-Chairman Boehm, Senator Klein, Senator Enget

Members absent: Senator Kessel

Discussion Topics:

- Private Investigation and Security Board and role
- Dakota Access Pipeline and protest
- Emergency clause
- DAPL litigation and incurred expenses
- Fiscal responsibility
- Law conformity
- Licensing fees and certifications
- Office of the Attorney General and Vogel Law Firm
- Tiger-Swan vs the State
- Unlicensed security activity and danger
- Energy Transfer Partners (ETP) and redaction
- Public records mandate
- Regulatory process

9:30 a.m. Senator Jose Castaneda, District 40, testified in favor and introduced the bill.

9:33 a.m. Chris Redmann, Special Assistant Attorney General, testified in favor.

9:41 a.m. John J. Shorey III, Executive Director of the ND Private Investigation, testified in favor and submitted testimony #34907.

9:53 a.m. Steve Lundin, Vice Chairman, North Dakota Private Investigative and Security Board, testified in favor and submitted testimony #35267.

10:00 a.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

Testimony of the North Dakota Private Investigative and Security Board (NDPISB)

Senate Bill No. 2266
Senate Industry and Business Committee
February 5th, 2025

Chairman Barta and members of the Committee, thank you for the opportunity to comment on Senate Bill 2266. My name is John Shorey, Executive Director of the North Dakota Private Investigative and Security Board, otherwise known as the NDPISB. My public testimony today is advocating for passage of Senate Bill 2266 and to answer any questions the Committee may have.

COMMENTS ON BILL DRAFT

The NDPISB is a Governor appointed Board that licenses and regulates the private security and private investigative industries in North Dakota. The Board is one of the few occupational licensing Boards in North Dakota that has jurisdiction over unlicensed activity. The Board regards unlicensed activity as a major public safety concern and responds accordingly. This includes initiating investigations and taking enforcement action when appropriate.

The Board experienced out-of-ordinary legal, investigative, and operating expenses directly related to the Dakota Access Pipeline (DAPL) protests. This included the investigation of unlicensed activities of private investigative and private security providers, responding to numerous open records requests and media inquiries, initiation of administrative actions and litigation against unlicensed providers, referrals for criminal prosecution, numerous special meetings, and increased Board-staff time devoted to these activities, to name a few.

Spun from one of these litigations was the requirement of the Board to review and redact 61,988 pages of documents for exempt and confidential information under North Dakota Law, prior to the documents being released in response to open records requests. It took the Board 440.2 hours to complete the initial redactions of those documents. This does not include other Board staff time and resources spent regarding the redactions of the documents and the accompanying litigation. That litigation remains ongoing, and is currently before an Administrative Law Judge.

As the Committee is likely aware, the Board does not receive annual appropriations to fund its operations. All funding is derived from the licensing and certification fees the Board assesses. This bill reflects the direct expenses of the Board's related to the DAPL protest that were incurred after any settlement/stipulations the Board entered into. These expenses are itemized below:

Legal Fees:	\$29,726.87
Unfunded Board Staff time redaction of documents:	\$6006.25
Office of Administrative Hearings:	\$525.00
External Hard Drive for Documents:	\$59.99
Total:	<u>\$36,318.11</u>

It should be noted that this does not fully document the substantial Board staff time, resources, and other costs associated with the Board's response to the DAPL situation.

The Board is currently facing a projected shortfall before its license renewal season, which has a deadline of September 30th, 2025. Senate Bill 2266 would reimburse the Board for these DAPL expenses by way of a grant, and support continued Board administrative functions.

Thank you again for the opportunity to present this testimony. We, the North Dakota Private Investigative and Security Board, urge you to issue a do pass recommendation on Senate Bill 2266. I would stand for any questions you may have.

John Shorey,
Executive Director, North Dakota Private Investigative and Security Board.

Testimony of Steve Lundin
Senate Bill No. 2266
Senate Industry and Business Committee
February 5th, 2025

Chairman Barta and members of the Committee, thank you for the opportunity to comment on Senate Bill 2266. My name is Steve Lundin, I am a retired Sergeant from the Bismarck Police Department. I currently own a private investigations and security company that is licensed in North Dakota; and I was appointed by Governor Burgum to the North Dakota Private Investigative and Security Board in 2020, where I currently have the privilege of serving as the Vice-Chairman of the NDPISB. I am here today to respectfully ask the members of this committee to make a “Do Pass” recommendation on SB 2266, and to answer any questions you may have as a Board member of the NDPISB, as well as a member of the industry that the NDPISB is mandated to regulate.

COMMENTS ON BILL DRAFT

As Mr. Shorey previously stated, the NDPISB is one of the few occupational licensing Boards in North Dakota that have jurisdiction over unlicensed activity. The Board regards unlicensed activity as a major public safety concern and responds accordingly. This includes initiating investigations and taking enforcement action when appropriate. The Board does not receive annual appropriations to fund our ordinary business operations. All funding is derived from licensing and certification fees the Board assesses licensed security and investigations providers in the State of North Dakota. Unfortunately, the financial aftermath of the DAPL protest was anything but ordinary Board expenses. It was extraordinary.

First, I would like to comment on what I feel is the necessity of the mandate that the NDPISB has been given. Through our licensing and certification, and investigative and regulatory functions we are often the last line of defense to prevent unlicensed security and investigations from happening in our communities. This unlicensed activity often includes companies and individuals that will attempt to carry firearms while conducting unlicensed activity, presenting a clear and present danger to our communities, and law enforcement officers that may be called upon to make contact with these individuals. During the DAPL protests I saw firsthand the “worst case scenario” to unlicensed security and investigations activity in our State. The national attention that the DAPL protest situation received made North Dakota the focal point for security companies from all over the country who only sought to make a quick profit off a tragic situation in our community, with no regard to following our licensing laws and regulations. As a licensed security company owner heavily involved in providing legitimate services during the DAPL protest, I saw firsthand how many companies attempted to come into North Dakota with no regard to our licensing requirements. I also saw firsthand other companies that came in and worked with the NDPISB to properly comply with our licensing requirements. And I have no doubt that countless others made the decision not to even attempt to provide services in North Dakota because of the mandate that the industry knows the NDPISB has to investigate unlicensed activity.

Prior to the financial impact and burden the Board experienced from carrying out its mandated functions during the DAPL protests the Board was operating with a surplus of funding in savings. Fees and certification revenue was sufficient to ensure the solvency of the Board under ordinary operating conditions. The DAPL protests ended in 2017, however, even when I joined the Board in May of 2020 the Board was still heavily engaged with the legal aftermath of that situation. I have seen firsthand the hundreds of hours that Mr. Shorey and fellow Board members were required to commit outside of their ordinary duties to work with outside agencies and legal counsels to find remedies to ongoing litigation and administrative actions. I participated in Board decisions that required us to utilize our funds kept in savings to continue to deal with the final impact of these on-going litigations and administrative actions. The funds that Mr. Shorey has outlined today, and that we are asking for in a one-time grant appropriation in SB 2266, are only a small portion of the financial impact the Board has truly suffered.

During the 69th Legislative Assembly the Board is taking a proactive approach to ensure future solvency in addition to the funds requested in SB 2266; including SB 2051 which I provided comments to this committee on previously that received a “Do Pass” recommendation from this committee in January, and HB 1045 which received a “Do Pass” recommendation from the House Industry and Business Committee in January. While these other pieces of legislation will help to ensure the long-term solvency of the Board without the need for future appropriations, the funds we are requesting in SB 2266 are a necessary short-term action that will help the Board recover some of the funds spent on the extraordinary expenses caused by the DAPL protest and its legal aftermath. These funds will ensure Mr. Shorey has the resources required to continue to provide our mandatory regulatory services until we can realize the additional funding that will be generated from our long-term solutions. The Board feels that with the appropriation of these funds the Board will be able to overcome the projected short-term financial shortfall. And we believe strongly that because of the extraordinary financial impact that the DAPL protest situation placed on the Board, that the State Disaster Relief Fund would be an appropriate funding mechanism for this one-time grant appropriation.

remedy.

I am proud to serve as a Board member of the NDPISB. I remain committed to fulfilling the mandate that the State of North Dakota has given us in regulating the security and investigations industry operating in our State. I hope you will join me in re-affirming the State's commitment to protecting the citizens of North Dakota from unregulated security and investigations activities in our communities; and encouraging others to not be afraid to serve our State on these occupational licensing boards by voting for a "Do Pass" recommendation on SB 2266.

Chairman Barta and members of the Committee, thank you for the opportunity to participate in the legislative process and appear before this committee again to provide testimony in support of SB 2266. Thank you for your service to the citizens of North Dakota. I would be happy to answer any additional questions you may have.

A handwritten signature in black ink, appearing to read "Steve Lundin".

Steve Lundin

Vice-Chairman, North Dakota Private Investigative and Security Board

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Industry and Business Committee Fort Union Room, State Capitol

SB 2266
2/10/2025

A bill for an act to provide an appropriation to the office of management and budget for a grant; and to declare an emergency.

9:19 a.m. Chairman Barta opened the hearing.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Klein, Senator Kessel, Senator Enget

Discussion Topics:

- Fee increase
- Additional funding
- State pediatricists
- Dakota Access Pipeline protests
- Redaction and litigation

9:24 a.m. Senator Kessel moved a Do Not Pass.

9:24 a.m. Senator Klein seconded the motion.

Senators	Vote
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Mark Enget	Y
Senator Greg Kessel	Y
Senator Jerry Klein	Y

Motion passed 5-0-0.

Senator Klein will carry the bill.

9:25 a.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

REPORT OF STANDING COMMITTEE
SB 2266 ([25.1232.01000](#))

Industry and Business Committee (Sen. Barta, Chairman) recommends **DO NOT PASS** (5 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). SB 2266 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.