



North Dakota Legislative Council

Prepared for Government Finance Committee
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September 2025

LEGISLATIVE OFFICE BUILDING STUDY

Senate Concurrent Resolution No. 4024 (2025) ([Appendix A](#)) provides for a Legislative Management study of using the Capitol building fund as a funding source to build a legislative office building. The study is assigned to the Government Finance Committee for the 2025-26 interim.

CAPITOL BUILDING FUND Fund History and Purpose

The Capitol building fund was established at the time of statehood by the federal Enabling Act of 1889. Section 12 of the Enabling Act provided 32,000 acres to North Dakota upon statehood to be sold to finance the construction of state government buildings. The Capitol building fund consists of the proceeds from the sale along with any investment earnings.

In 1957, Congress amended Section 12 of the Enabling Act to expand the fund's use to include repairs, renovations, furnishings, equipment, or other permanent improvements of public buildings at the Capitol. Senate Bill No. 388 (1967) created North Dakota Century Code Section 48-10-02 to designate all money in the Capitol building fund, not otherwise appropriated, for the exclusive purpose of the construction of an addition to the legislative wing.

Capitol Grounds Planning Commission

The Capitol Grounds Planning Commission, established in Chapter 48-10, consists of the Lieutenant Governor (Chairman), two citizens appointed by the Governor, a licensed architect appointed by the Governor, a representative of the State Historical Society appointed by the Governor, two Senators appointed by the President of the Senate, and two Representatives appointed by the Speaker of the House. The current legislative appointees include Senators Mark Enget and Justin Gerhardt and Representatives Ben Koppelman and Bernie Satrom. The commission:

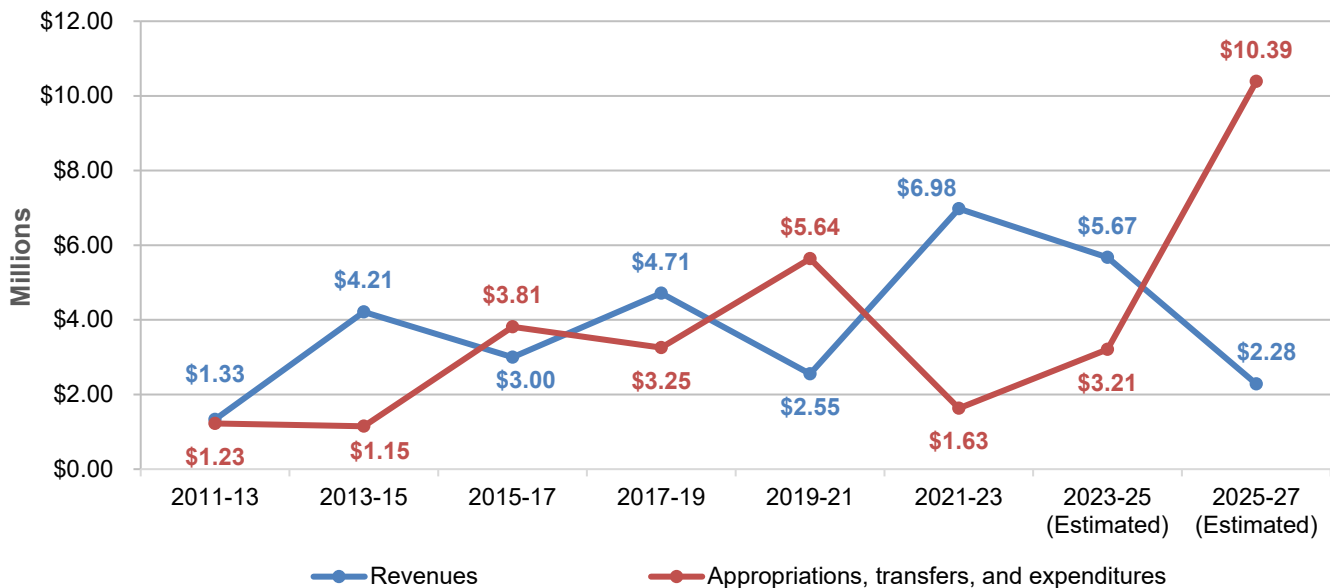
- Meets to consider proposals for major interior changes to the buildings or facilities on the Capitol grounds, including new construction, remodeling, or renovation.
- Must be consulted before the purchase or installation of furniture or fixtures in public areas of the Capitol and other buildings on the Capitol grounds.
- Coordinates with the Council on the Arts to review the artistic value of proposed projects to construct monuments, memorials, and works of art on the Capitol grounds.
- Is responsible for taking steps to accumulate and conserve the money and property in the Capitol building fund for the construction of an addition to the legislative wing.

Financial Information

House Bill No. 1117 (1979) amended Section 48-10-02 to provide for the Board of University and School Lands to invest the fund on behalf of the Capitol Grounds Planning Commission. The section was further amended to provide a continuing appropriation to the Capitol Grounds Planning Commission from the interest and income of the fund not to exceed 50 percent of the unencumbered balance. Originally, the expenditures under the continuing appropriation were limited to \$50,000 per biennium. The Legislative Assembly increased the limit from \$50,000 to \$100,000 in Senate Bill No. 2090 (2007), from \$100,000 to \$175,000 per biennium in House Bill No. 1015 (2013), and from \$175,000 to \$250,000 per biennium in Senate Bill No. 2015 (2019).

Expenditures under the continuing appropriation require approval by two-thirds of the total membership of the commission, and expenditures may be made for projects or planning after consideration of the Capitol grounds master plan. An Attorney General's opinion (93-L-119) dated April 1, 1993, clarified the principal of the Capitol building fund is not required to be kept permanent and may be spent as appropriated by the Legislative Assembly.

The chart below provides information on the revenues of the Capitol building fund as well as the appropriations, transfers, and expenditures from the fund for the 2011-13 biennium through the 2025-27 biennium. The balance of the fund is estimated to be approximately \$1.8 million on June 30, 2027, and major appropriations for the 2023-25 and 2025-27 biennium include \$3.85 million for a Capitol window replacement project, \$3 million for Capitol building improvements, \$2.35 million for Governor's residence projects, and \$800,000 for a building automation project. More detailed information on the 2023-25 and 2025-27 bienniums is included in the trust fund analysis for the Capitol building fund ([Appendix B](#)).



CAPITOL GROUNDS - BUILDINGS

Capitol Building

The original Capitol building was constructed in 1884 but needed to be replaced after a fire in December 1930. Construction on the current Capitol building was completed in 1934 for approximately \$2 million and included the legislative wing with the House and Senate Chambers and the administrative tower. The judicial wing was added in 1981 at a cost of approximately \$10.5 million.

Other Buildings

Other major buildings on the Capitol grounds include:

- The Liberty Memorial Building, which was constructed in 1924. The building houses the State Library, is the oldest facility on the Capitol grounds, and underwent a complete renovation in 1982.
- The Governor's residence, which was constructed on the Capitol grounds in 1960 to replace the original Governor's residence located on Fourth Street. In 2018, the Governor's residence on the Capitol grounds was replaced by a new structure and the 1960's Governor's residence was demolished.
- The Department of Transportation building, which was completed in 1968 to provide office space for the department's staff.
- The Heritage Center, which provides museum and office space for the State Historical Society. The center was constructed in 1981 and expanded in 2014. A new military gallery expansion project is under construction with completion anticipated in 2027.

- A new public health laboratory, which is under construction and is anticipated to be completed in June 2026.

Maintenance

The Facility Management Division of the Office of Management and Budget (OMB) is responsible for the overall daily operations and preservation of the Capitol grounds. Prior to the 2023-25 biennium, the Legislative Assembly appropriated funding from the general fund to OMB for the operations of the Facility Management Division, including salaries and wages and operating expenses. The 2023 Legislative Assembly created a new Capitol space rent model. The model allowed OMB to charge rental payments for space used on the Capitol grounds by executive branch agencies receiving general fund appropriations. As a result, the Legislative Assembly provided general fund appropriations to state agencies for the rental payments, created an operating fund for the collection of the rent payments and operations of the Facility Management Division, and adjusted OMB's appropriation authority by decreasing general fund authority and increasing other funds authority related to the new fund.

PRIOR LEGISLATIVE STUDIES

The 2009-10 interim Government Services Committee studied the utilization of facilities on the State Capitol grounds, including an evaluation of facility needs by state agencies. The committee received information regarding the capacity of facilities on the Capitol grounds and space leased by state agencies in the Bismarck-Mandan area. The committee also received information regarding the cost to house agencies on the Capitol grounds, the costs for agencies to lease space off the Capitol grounds, and the estimated costs to construct a new facility on the Capitol grounds. The committee made no recommendations regarding its study of the utilization of facilities on the Capitol grounds.

The 2013-14 interim Government Services Committee studied facility needs of state agencies in the Bismarck area, including an evaluation of current and projected facility needs of state agencies, facilities on the Capitol grounds, and facilities owned or leased by state agencies not located on the Capitol grounds. The committee received information regarding the Capitol Grounds Planning Commission, the Capitol building fund, and agency space needs. The committee recommended Senate Bill No. 2040 (2015) to provide an appropriation of \$300,000 from the Capitol building fund to OMB to develop a master plan in conjunction with the Capitol Grounds Planning Commission for all state agencies with a physical location in the Bismarck area; however, the bill was not approved.

The 2021-22 interim Government Administration Committee studied the space needs of state agencies and property leased by the state. The committee received information regarding the results of a survey to identify all office, meeting, and storage space leased or owned by state agencies. The committee recommended Senate Bill No. 2349 (2021 special session) to transfer certain space in the judicial wing of the State Capitol to the legislative branch. The bill was approved.

STUDY PLAN

The following is a proposed study plan for the committee's consideration:

1. Receive information from OMB regarding the status of the Capitol building fund, the Capitol grounds master plan, construction costs on the Capitol grounds, state agency space needs, and potential savings and efficiencies if state agencies relocated to legislative spaces that would become vacant in the Capitol if a legislative office building was constructed.
2. Receive information from the Legislative Council regarding legislative space needs and examples of legislative office buildings in other states.
3. Receive comments from interested persons regarding the study of a legislative office building.
4. Develop recommendations and any bill drafts necessary to implement the recommendations.
5. Prepare a final report for submission to the Legislative Management.

ATTACH:2