GOVERNMENT FINANCE COMMITTEE

The Government Finance Committee was assigned the following responsibilities for the 2025-26 interim:

- Study the costs and benefits of regional correctional facilities pursuant to House Bill 1197 (2025).
- Study the funding needs of fixed-route city transportation networks pursuant to Senate Bill 2254 (2025).
- Study using dedicated funds in the Capitol Building Fund to build a legislative office building pursuant to Senate Concurrent Resolution 4024 (2025).
- Study state agency fees pursuant to North Dakota Century Code Section 54-35-27.
- Approve any agreement between a North Dakota state entity and South Dakota to form a bistate authority pursuant to Section 54-40-01.
- Review and monitor the state budget, including the development of state revenue forecasts, pursuant to Legislative Management directive.

The Legislative Management assigned the committee to receive the following reports:

- A biennial report from the Retirement and Investment Office regarding the amount of Legacy Fund earnings above the percent of market value that would have been transferred to the Legacy Earnings Fund had Senate Bill 2330 (2023) not been passed by the 68th Legislative Assembly (House Bill 1541 (2023 special session)).
- A report from the Department of Commerce regarding the status of the State Radar Data Pathfinder Program (House Bill 1038 (2025)).
- Quarterly reports from the Department of Corrections and Rehabilitation (DOCR) regarding the planning and design of a new minimum security facility (Senate Bill 2015 (2025)).
- A report from the Department of Commerce regarding the status of the Uncrewed Aerial Vehicle Replacement Program (Senate Bill 2018 (2025)).
- Annual reports from DOCR regarding a housing task force (Section 54-23.3-15).
- A report from the Office of Management and Budget (OMB) regarding reports from each executive branch agency related to plans to operate if the state agency's federal funds are reduced by 5 percent or more (Section 54-27-27.1).
- Semiannual reports from the Department of Commerce regarding the Uncrewed Aircraft Systems Test Site Program and the Beyond Visual Line of Sight Uncrewed Aircraft System Program (Sections 54-60-28 and 54-60-29.1).
- A report from each county or city that receives a distribution from the Large Facility Development Fund (Section 57-39.2-26.4).

Committee members were Senators Randy A. Burckhard (Chairman), Jeff Barta, Justin Gerhardt, Richard Marcellais, Donald Schaible, and Chuck Walen and Representatives Bert Anderson, Jason Dockter, Ty Dressler, Austin Foss, Jim Grueneich, Patrick R. Hatlestad, Craig Headland, Lisa Meier, Mike Nathe, Dave Rustebakke, Vicky Steiner, Gregory Stemen, and Kelby Timmons.

Representative Jared C. Hagert was a member of the committee until he resigned from the Legislative Assembly on February 9, 2026.

REGIONAL CORRECTIONAL FACILITIES STUDY

Overview

The study of local jails and regional correctional facilities included current and projected infrastructure needs, the costs and benefits of regional correctional facilities, and the impacts of deferred admission. The study required input from local law enforcement and DOCR.

State correctional facilities include the State Penitentiary for maximum and medium security male inmates, the James River Correctional Center for medium security male inmates, the Missouri River Correctional Center for minimum security male inmates, the Dakota Women's Correctional and Rehabilitation Center for female inmates, and the Heart River Correctional Center for female inmates. Pursuant to Sections 54-23.3-11 and 54-23.3-14, DOCR must develop a prison population management plan and may deny admission to inmates if the department's facilities are beyond capacity. If the plan includes the use of local jails, the department pays a minimum daily rate to the local jail based on a negotiated agreement.

Committee Considerations

The Government Finance - Regional Jail Study Subcommittee was created and assigned the responsibility to gather information regarding the committee's study of regional correctional facilities. Members of the subcommittee were Representatives Gregory Stemen (Chairman), Jason Dockter, Craig Headland, Lisa Meier, Mike Nathe, and Vicky Steiner and Senators Jeff Barta, Richard Marcellais, and Donald Schaible.

The subcommittee received information from DOCR regarding inmate capacity at the department's correctional facilities and the use of local jails to place inmates sentenced to the department. As of July 2025, DOCR had a male inmate population of 1,901 with 1,624 inmates in DOCR facilities and the remaining 277 inmates placed in local jails because the operational capacity of DOCR facilities was limited to 1,624 male inmates. Local jails are short-term holding facilities with limited programs for inmates, while the department's facilities provide long-term rehabilitation, education, and re-entry preparation. The average cost of an inmate in a local jail is $100 per day. The average cost of an inmate in the department's facilities is $155 per day.

The subcommittee received information regarding local jails and regional correctional facilities, including the Burleigh Morton Detention Center and Lake Region Law Enforcement Center. Based on information from the North Dakota Association of Counties, North Dakota has 19 local jail and regional correctional facilities, 16 of which have agreements with DOCR to house inmates sentenced to the department. Regional correctional facilities provide cost-savings through consolidated operations but increase transportation times when local law enforcement needs to transport inmates to the facility from other counties. Since 2017, 11 local jail and regional correctional facilities have been expanded or newly built.

A representative of the Burleigh Morton Detention Center provided information to the subcommittee regarding the center's operations. The center has 555 beds and 93 staff as of December 2025. An agreement between the Burleigh Morton Detention Center and DOCR allows the department to house up to 120 inmates at the facility with security services provided by the center's staff and case management and treatment services provided by DOCR staff.

A representative of the Lake Region Law Enforcement Center provided information to the subcommittee regarding the center's operations. The center has 105 beds and primarily serves the City of Devils Lake and Ramsey, Benson, Nelson, and Eddy Counties. Deferred admissions have not impacted the center's operations. Operational challenges at the center include maintenance issues and space constraints for food preparation, laundry processing, and treatment programs. The center is evaluating options to construct a new facility with an estimated cost of $60 million.

The subcommittee toured the Burleigh Morton Detention Center and provided updates to the committee regarding the information gathered related to the study.

Recommendation

Since DOCR's agreements with local jails and regional correctional facilities address capacity issues for the department and reimburse costs incurred by local jails, the committee made no recommendation regarding the study of regional correctional facilities.

FIXED-ROUTE CITY TRANSPORTATION NETWORKS STUDY

Overview

The study of fixed-route city transportation services funding included a review of fixed-route transportation networks and the impact on workforce and health care needs. The study required the committee to develop a proposed funding formula within the Department of Transportation (DOT) budget.

Funding for transit services includes federal grants, state distributions, and local taxes and fees. During the 2023-25 biennium, DOT administered approximately $13.1 million of federal transit funding each year for the nonurbanized areas with populations of fewer than 50,000, including $7.6 million for statewide rural transportation operations, $1 million for services to support the elderly and individuals with disabilities, and $4.5 million for buses and bus facilities. State aid for public transit funding is distributed by DOT pursuant to continuing appropriation authority based on a formula under Section 39-04.2-04 with approximately $4.05 million distributed each year of the 2023-25 biennium. Local funding is derived from user fees, local option sales and use tax revenue collections, and property tax collections.

Committee Considerations

The committee received information from DOT regarding transit services and funding. As of July 2025, 31 transit providers operate in the state covering all 53 counties with 27 transit providers serving rural areas with a population of fewer than 50,000, 3 transit providers serving small urban areas with populations between 50,000 and 199,999, and 1 transit provider serving a large urban area with a population of at least 200,000. Combined federal and state funding distributed by DOT in fiscal year 2025 to transit providers in urban areas included $3.5 million for Bismarck, $4.9 million for Fargo, $4.8 million for Grand Forks, and $2.6 million for Minot.

The Government Finance - Transportation Study Subcommittee was created and assigned the responsibility to gather information from the Upper Great Plains Transportation Institute and transit service operators regarding fixed-route city transportation services. Members of the subcommittee were Senators Randy A. Burckhard (Chairman), Justin Gerhardt, and Chuck Walen and Representatives Bert Anderson, Ty Dressler, Austin Foss, Jim Grueneich, Patrick R. Hatlestad, and Kelby Timmons.

The subcommittee received information from the Upper Great Plains Transportation Institute regarding transportation networks in other states. Based on the institute's research of transit services in similar sized cities in other Midwest states, transit service operating hours and bus frequency in North Dakota are comparable to the services in other states. However, Montana, Nebraska, and Minnesota have lower operating costs per trip because those states have more ridership than North Dakota.

The subcommittee received information from fixed-route transit service operators regarding an overview of their operations and revenue funding by source as summarized in the schedules below.

Operating Statistics	Bismarck - Bis-Man Transit	Fargo - MATBUS	Grand Forks - Cities Area Transit	Minot - Minot City Transit
Number of routes	6	12	13	8
Riders	138,073 in 2025	1.26 million in 2024	278,195 in 2025	82,000 in 2024
Operating cost per passenger	$15.81 in 2025	$10.37 in 2023	$12.33 in 2025	$19.29 in 2025

Amounts Shown in Millions				
Funding Source	**Bismarck - 2025 Budget**	**Fargo - 2026 Budget**	**Grand Forks - 2026 Budget**	**Minot - 2025 Budget**
Federal	$3.8	$2.9	1.5	$0.9
State	0.5	0.4	0.2	0.1
Local	2.8	0.7	1.8	0.7
Total	**$7.1**	**$4**	**$3.5**	**$1.7**

After receiving updates from the subcommittee, the committee considered a bill draft for a transit grant program. The bill draft would have appropriated $15 million from the General Fund to DOT for distributions to fixed-route transit providers, including a fixed amount for each provider and an amount based on population.

Public comments included support for the bill draft from fixed-route transit providers and support for transit services from the Protection and Advocacy Project because of the importance of the services for individuals with disabilities.

The committee expressed concerns about the amount of state funding needed for the grants and using the General Fund as the funding source for the grant program.

Recommendation

The committee made no recommendation regarding the study of fixed-route city transportation services funding.

LEGISLATIVE OFFICE BUILDING STUDY

Overview

The committee studied using the Capitol Building Fund as a funding source to construct a legislative office building. Revenues deposited in the fund include mineral royalties and proceeds from the sale of certain state lands along with investment earnings. Pursuant to state law, any funding not otherwise appropriated from the Capitol Building Fund is designated for the construction of a legislative building. Appropriations, transfers, and expenditures from the Capitol Building Fund for the 2025-27 biennium totaled $10.39 million, including $3.85 million for a window replacement project, $3 million for Capitol building improvements, $2.35 million for Governor's residence projects, and $1.19 million for repairs and other expenses. The balance of the fund is estimated to be $1.8 million on June 30, 2027.

Committee Considerations

The committee received information from OMB regarding the Capitol grounds master plan and the status of projects on the Capitol grounds. Based on information gathered from state agencies, OMB identified 315,000 square feet of office space leased by state agencies in Bismarck and Mandan for approximately 950 full-time equivalent (FTE) positions at an average lease rate of approximately $16 per square foot per year which amounts to over $5 million of annual lease payments.

The Legislative Council provided information on legislative office buildings in other states, including Alabama, Maine, Connecticut, Utah, and Idaho. A new State House under construction in Alabama has an estimated cost of $400 million and includes legislative chambers, committee rooms, and offices.

The committee received information from the Legislative Council regarding current and future legislative space needs. The Legislative Council is authorized 70 FTE positions, including 25 new FTE positions approved by the 2025 Legislative Assembly to address the upcoming impact of legislative term limits. Legislative workspace and meeting rooms occupy 45,000 square feet in the Capitol with staff offices located on the 2nd and 15th floors, which was remodeled in the spring of 2026 to accommodate the staff expansion.

A lack of available office space in the Capitol may limit future staff expansions, but a new legislative office building and parking facility would accommodate current and future legislative needs with space for committee meeting rooms, legislator workspaces, and staff offices. The existing committee rooms do not accommodate complete federal Americans with Disabilities Act accessibility requirements for legislators, staff, and the public, and generally provide only one exit, which is a safety and security concern. A new building and parking facility would increase the availability of parking on the Capitol grounds and would allow existing legislative space to be repurposed for other state agencies to relocate staff from leased space in Bismarck and Mandan to the Capitol.

The committee received preliminary architectural designs for a new legislative office building and parking facility. The design includes a five-floor building encompassing 343,000 square feet to provide secure parking on the 1st and 2nd floors, committee meeting rooms on the 3rd floor, legislator offices on the 4th floor, and Legislative Council staff offices on the 5th floor. The design includes security improvements, accessibility for individuals with disabilities, modern technology enhancements, and space for future legislative staff needs.

Recommendation

The committee made no recommendation regarding the study of a legislative office building but suggested the architectural plans be made available to the Legislative Assembly for consideration during the 2027 regular legislative session.

STATE AGENCY FEES STUDY

Overview

Section 54-35-27 provides for the study of state agency fees. During the 2021-22 interim, state agencies with 40 or fewer fees were required to submit a report regarding details on each of the agency's fees, and OMB was required to consolidate the reports for submission to the Legislative Management. State agencies with more than 40 fees were required to submit a report during the 2023-24 interim. All state agencies with fees were required to submit reports to the Legislative Council during the 2025-26 interim. The report from each state agency must provide an analysis of each fee, including a comparison of the revenue generated by the fee, costs associated with the fee, and the appropriateness of the fee, and must identify any new fees, changes to existing fees, or the removal of any fees.

Committee Considerations

Based on the fee reports submitted by state agencies with more than 40 fees during the 2023-24 interim, the committee received information from the Secretary of State, Information Technology Department, Attorney General, Department of Health and Human Services, Insurance Commissioner, Department of Financial Institutions, Game and Fish Department, and DOT. The agencies did not recommend any changes to their fees. However, DOT reported the driver's license fee is lower than surrounding states, and the fees collected provide for only 50 percent of the cost to administer the licenses.

In September 2026, the Legislative Council presented a summary of reported state agencies fees, which included 41 state agencies with total fee collections of $1.217 billion from 1,371 fees. Of the $1.2 billion collected, DOT collected $669 million (55 percent), the Information Technology Department collected $194 million (16 percent), and the remaining 39 agencies collected $354 million (29 percent). Since the initial reports, state agencies added 43 fees, removed 31 fees, and made other changes to 34 fees. Due to the timing of the report, the committee deferred the review of the report until the next interim.

The committee considered bill drafts to update the provisions of the state agency fee study and to increase driver's license fees.

Recommendation

The committee recommended a bill draft [27.0173.02000] to clarify the requirements of the state agency fee study. The bill draft changes the timing of agency fee reports from July of even-numbered years to October of odd-numbered years, requires institutions under the control of the State Board of Higher Education to report fee information, and removes provisions for the initial agency fee reports which are no longer necessary.

The committee recommended a bill draft [27.0288.01000] to increase driver's license fees by $10. The bill draft increases the noncommercial driver's license application and renewal fee from $15 to $25, increases the commercial driver's license permit and license fee from $15 to $25, and increases the nonresident commercial driver's license fee from $20 to $30.

AGREEMENTS BETWEEN NORTH DAKOTA AND SOUTH DAKOTA

Overview and Committee Considerations

Section 54-40-01 allows a state agency to enter an agreement with South Dakota to form a bistate authority so the agencies can jointly perform a duty. The agreement is subject to approval by the Legislative Assembly or an interim committee if the Legislative Assembly is not in session. The Government Finance Committee was assigned the responsibility to approve any agreements for the 2025-26 interim.

A joint commission with representatives from North Dakota and South Dakota met in 1996 to discuss opportunities for agencies from both states to collaborate in their duties. The joint commission recommended each state approve legislation to form a bistate authority. However, no agreements have been formed since the authorization was enacted by North Dakota's Legislative Assembly in 1997. As a result, the committee considered a bill draft to remove the authorization to form a bistate authority with South Dakota.

Recommendation

The committee recommended a bill draft [27.0175.01000] to remove the authorization to form a bistate authority with South Dakota. The bill draft removes specific provisions relating to the authorization to form a bistate authority with South Dakota, but other remaining provisions allow any North Dakota governmental unit to form agreements with other governmental units, including governmental units in other states.

STATE BUDGET REVIEW AND MONITORING

State Budget Information

The Office of Management and Budget provided updates on the status of the General Fund and balances of selected state special funds. The June 30, 2025, General Fund balance was $1.33 billion, which was $175 million more than the 2025 legislative forecast primarily due to additional tax and fee revenue collections during the 2023-25 biennium and unspent 2023-25 biennium General Fund appropriations (turnback). As of September 2026, the estimated June 30, 2027, General Fund balance was $340 million based on actual collections through August 31, 2026, and forecasted revenue collections for the remainder of the biennium. The unobligated balance of the Strategic Investment and Improvements Fund was $174 million on May 31, 2026.

The committee received information from the Department of Mineral Resources regarding the status of oil and gas development activities in the state. Approximately 35 percent of oil wells have a 3-mile horizontal segment compared to 65 percent with a 2-mile horizontal segment, which is a significant change from a few years earlier when over 90 percent of oil wells had a 2-mile horizontal segment.

The Tax Department provided information regarding taxable sales and purchases and the estimated fiscal impact of federal income tax changes. Taxable sales and purchases in 2025 totaled $27.16 billion, an increase of $0.07 billion or 0.27 percent, compared to $27.09 billion in 2024. Based on an analysis by the department, state income tax collections are anticipated to decrease by $129 million during the 2025-27 biennium compared to the 2025 legislative forecast due to federal income tax changes approved by Congress as part of the "One Big Beautiful Bill Act" in July 2025, including $74 million related to business income and $55 million related to personal income. The decrease in taxable business income is primarily related to depreciation expenses and research and development expenses while the decrease in taxable personal income is primarily related to overtime pay and increases in the standard deduction.

The Legislative Council provided budget updates to the committee, including the *69th Legislative Assembly State Budget Actions Supplement for the 2025-27 Biennium* and supplement reports, *2025-27 Biennium Report on Compliance with Legislative Intent*, *Analysis of Major Special Funds for the 2023-25 and 2025-27 Bienniums*, *North Dakota Finance Facts* pocket brochures for 2025 and 2026, and state budget flowcharts.

State Revenue Forecasts

The Legislative Assembly is responsible for approving the state budget, including the revenue forecast. To assist with revenue forecasting, the Legislative Council contracted with S&P Global for economic advisory services. As a part of the committee's responsibility to review and monitor the state budget, the committee received information regarding state revenue forecasts.

S&P Global provided a report to the committee regarding economic data, including the national economy, North Dakota's economy, and the oil and agriculture industries. S&P Global's forecasting results for General Fund revenues are shown in the schedule below.

General Fund - Deposits	2025-27 Biennium Revised Forecast			2027-29 Biennium Preliminary Forecast		
	Baseline Forecast	Pessimistic Forecast	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast	Optimistic Forecast
Sales and use tax	$2,657,082,327	$2,450,587,753	$2,766,167,209	$2,922,407,565	$2,594,673,624	$3,105,806,046
Motor vehicle excise tax	170,140,711	150,525,292	183,217,658	192,884,846	163,952,119	212,173,331
Individual income tax	920,883,826	774,109,484	1,060,189,101	1,011,451,914	801,138,505	1,201,012,764
Corporate income tax	469,372,139	434,523,160	509,494,178	513,300,548	452,049,728	586,868,577
Total major tax types	**$4,217,479,003**	**$3,809,745,689**	**$4,519,068,146**	**$4,640,044,873**	**$4,011,813,976**	**$5,105,860,718**

Based on the 2025 legislative revenue forecast, the major sources of General Fund tax and fee revenues for the 2025-27 biennium total $4,128 million, including $2,544 million from sales and use tax collections, $175 million from motor vehicle excise tax collections, $894 million from individual income tax collections, and $515 million from corporate income tax collections. Compared to the 2025 legislative forecast, S&P Global's baseline 2025-27 biennium revised forecast reflects an increase of $89 million, or 2 percent. Compared to the baseline 2025-27 biennium revised forecast, S&P Global's baseline 2027-29 biennium preliminary forecast reflects an increase of $423 million, or 10 percent.

Fire Inspections of State Buildings

In December 2025, the Emergency Commission and Budget Section approved a request from the Insurance Commissioner to increase special funds spending authority by $1.5 million to conduct required fire inspections of state buildings after local fire departments rescinded agreements to conduct the inspections. As a part of the committee's responsibility to monitor the state budget, the committee gathered information regarding the required fire inspections of state buildings.

The Insurance Department provided information regarding the authority of the State Fire Marshal to conduct fire inspections and investigations, the status of fire inspections of state buildings, and the rescinding of agreements by local fire departments. State law allows the State Fire Marshal to delegate the required fire inspection of state buildings to local fire departments. As authorized by the Legislative Assembly, the Insurance Commissioner distributes a portion of insurance premium tax proceeds associated with lines of fire insurance to fire departments to support local fire protection. In 2025, the Insurance Commissioner distributed a total of $3.66 million to Bismarck ($1.20 million), Fargo ($1.79 million), and Minot ($0.67 million), an increase of $1.58 million compared to the total distributions to those cities in 2022.

After fire departments in Bismarck, Fargo, and Minot rescinded their agreements to conduct the required fire inspections of state buildings, the State Fire Marshal needed to complete the required inspections and identified missing or incomplete records for inspections previously conducted at North Dakota State University and Minot State University. Because the Insurance Department could not obtain contract services for the required inspections, the State Fire Marshal completed the required fire inspections of 72 buildings at North Dakota State University in 3 days for a cost of approximately $21,800 based on staff time and travel expenses. Inspections of state buildings in Bismarck and Minot were anticipated to be completed in the fall of 2026. The department has not used any of the $1.5 million approved by the Emergency Commission and Budget Section. Delegating the required fire inspections of state buildings to local fire departments allows for an efficient use of state and local resources, but the inspections must be completed to the minimum applicable standards.

Representatives of the Bismarck Fire Department, Fargo Fire Department, and North Dakota League of Cities identified concerns regarding the construction of certain state buildings that did not follow the local building permit process and differences between state and local fire codes. The local building permit process allows the fire department and city officials to review building plans for any life-safety concerns before construction begins. Based on a review of state law, the scope of responsibility for the State Fire Marshal and local fire departments may be unclear and may conflict with provisions under Title 40 relating to the responsibilities of municipal government. As a result, the fire departments rescinded their agreements to complete the required fire inspections of state buildings.

Representatives of the Attorney General's office and OMB provided information regarding reasons the state is not required to follow the local building permit process. State buildings must be constructed based on the state building code, and municipal building codes and ordinances do not apply to state buildings constructed within city limits based on Attorney General opinions from 1977 and 1998. Some state building construction projects have omitted the local building permit process as a cost-saving measure. Local fire departments and city officials may review construction plans even if a state building is constructed without a local building permit. In consultation with the Attorney General and North Dakota League of Cities, OMB is developing a consistent statewide process regarding local building permits for state buildings.

OTHER COMMITTEE DUTIES

Legacy Fund Earnings Report

The Retirement and Investment Office reported $686.9 million was distributed from the Legacy Fund to the Legacy Earnings Fund on July 1, 2025, which was $388.3 million less than the $1,075.2 million that would have been distributed if the definition of Legacy Fund earnings had not been changed. The $686.9 million distribution was based on a percent of market value calculation using 8 percent of the 5-year average balance of the Legacy Fund. The $1,075.2 million reflects the realized earnings, which includes interest, dividends, and any realized gains and losses, for the Legacy Fund during the 2021-23 biennium.

State Radar Data Pathfinder Program Report

The committee received a report from the Department of Commerce regarding the status of the State Radar Data Pathfinder Program, including expenditures to date. Test flights to demonstrate the use of the radar data are anticipated in fiscal year 2027, and $6,284,905 of $11,000,000 appropriated was spent through June 25, 2026.

Minimum Security Facility Planning Report

The committee received a report from DOCR regarding plans for a new minimum security male inmate facility. The Legislative Assembly appropriated $20 million for planning for the facility. The department considered options to replace the minimum security facilities at the Missouri River Correctional Center and selected a plan for a new facility to be built on the property of the State Penitentiary with capacity for 600 male inmates at an estimated cost of $283 million.

Uncrewed Aerial Vehicle Replacement Program Report

As reported by the Department of Commerce, $511,412 of $9 million appropriated for the Uncrewed Aerial Vehicle Replacement Program was spent through June 25, 2026. The department completed an inventory of noncompliant aerial vehicles and sensors, and vehicle replacements are anticipated to be completed in fiscal year 2027. The amount of funding needed to replace the noncompliant aerial vehicles and sensors is unknown because the department is waiting for bids from vendors.

Housing Task Force Report

As reported by DOCR, the housing task force developed an assessment tool to gather data on barriers to housing for individuals released from incarceration. A lack of housing options puts pressure on transitional housing facilities. Potential recommendations to improve housing options include statewide housing coordination, dedicated housing for high-risk individuals, and funding to increase housing availability.

Federal Funds Report

The committee received a report from OMB regarding agency plans to operate if federal funds received decrease by 5 percent or more. In September 2026, OMB identified 32 executive branch agencies that received federal funds during the 2025-27 biennium, 8 of which anticipate a decrease of 5 percent or more in the 2027-29 biennium. Agencies anticipating a decrease in federal funds include the Secretary of State, Tax Department, Industrial Commission, Aeronautics Commission, Department of Mineral Resources, Highway Patrol, State Historical Society, and Department of Water Resources. Most of the decreases are related to the expiration of one-time federal funding. However, the Secretary of State and Department of Health and Human Services may request additional state funding due to the anticipated decrease in federal funding.

Unmanned Aircraft Systems Status Reports

Pursuant to Sections 54-60-28 and 54-60-29.1, the Department of Commerce reported on the status of the uncrewed aircraft systems test site and the Beyond Visual Line of Sight Uncrewed Aircraft System Program. The Northern Plains Uncrewed Aircraft System Test Site began operations in 2014. The Legislative Assembly has provided $139 million of funding since the 2013-15 biennium for the development of uncrewed aircraft system programs, including $26 million for the 2025-27 biennium. Through June 25, 2026, expenditures include $1,420,885 for the uncrewed aircraft systems test site and $7,202,282 for the Beyond Visual Line of Sight Uncrewed Aircraft System Program.

Large Facility Development Fund Report

Section 57-39.2-26.4 requires a report from each county or city that receives a distribution from the Large Facility Development Fund. The fund receives a portion of the sales tax revenue associated with the construction of an eligible large chemical or fertilizer processing facility for distribution to the county or city in which the facility is constructed. However, no funding was collected or distributed from the fund, and no entities were required to provide a report. The fund expires on June 30, 2027.