

ND Legislature's agenda includes focus on western ND

Amy Dalrymple, Forum Communications | The Dickinson Press | Published December 29, 2012

BISMARCK — Adding more manpower to respond to rapid growth in North Dakota's oil country will be a major focus of this year's legislative session.

The oil boom has created unprecedented wealth for the state. As revenue has grown, North Dakota's conservative leadership has focused on one-time projects on not letting state bureaucracy balloon and "create an overly expansive government that burdens future generations," as Gov. Jack Dalrymple said in April when he called for a hold-even budget for state government for the 2013-15 biennium.

But in his budget address earlier this month, the Republican governor also proposed adding people — 162 new positions across the state, with 155 of those jobs targeted to enhance public safety and respond to issues that come with population growth in western North Dakota.

His recommendation includes:

- Fifteen additional highway patrol troopers.
- Twenty-three new positions in the Oil and Gas Division of the Department of Mineral Resources, which consists of 13 more field inspectors and 10 administrative and geology positions.
- Ten new jobs for the North Dakota Department of Health, including environmental scientists and engineers to oversee spill cleanup related to increased oil activity, monitor new drinking water and wastewater facilities in oil-impacted areas and work with air quality compliance.
- Additional staff for the North Dakota Bureau of Criminal Investigation, district courts and others that address public safety.

"These positions are necessary for the public safety and to maintain the proper regulatory oversight that goes along with managing a growing economy," Dalrymple said during his budget address. "We must never lose sight of the fact that public safety is a top priority."

In September, the state was projected to have a nearly \$1.6 billion surplus when the current biennium ends on June 30.

Dalrymple also recommends changes increasing the oil and gas impact grant funding to \$214 million and several other initiatives to address issues faced by communities in the Oil Patch.

Vicky Steiner, executive director of the North Dakota Association of Oil and Gas Producing Counties, said the governor's proposal is a good starting point.

"It's a framework but it's still going to need some tweaking because we've got some extraordinary needs in western North Dakota," said Steiner, also a Republican legislator from Dickinson.

House Minority Leader Kenton Onstad, D-Parshall, also said the governor's proposal is a good template, but he hopes legislators can develop a plan to give communities the ability to plan better beyond the two-year legislative cycle.

"We've been living in this biennium to biennium," Onstad said. "I'm hoping that it can be more of a long-term plan to deal with the real financial stability of our cities, our counties and our schools."

Here's a look at some other issues that will be key for western North Dakota after the session starts Jan. 8:

Oil production tax

A major debate for legislators will be how to change the oil and gas production tax formula to better support the communities that are affected by the intense development.

The oil and gas industry pays a 5 percent gross production tax to the state in lieu of property taxes. A portion of that goes back to counties, cities and schools, but western North Dakota leaders say it's not enough.

Dalrymple recommends changing the formula to more than double the local revenue from \$247 million to \$521 million for the upcoming biennium. The governor's proposal calls for oil counties to receive 100

percent of the first \$5 million in tax revenue each year. Instead of counties' revenue share declining to 10 percent, Dalrymple recommends counties receive a constant 25 percent revenue share without any further caps or reductions.

There will likely be several proposals related to the complex formula.

Onstad said he will support a bill that would send 80 percent of the gross production tax revenue back to the oil-producing counties to allow those communities to catch up.

Roads, highways

The governor's budget recommends \$2.5 billion for statewide transportation upgrades, including \$1 billion in additional one-time funding for the North Dakota Department of Transportation.

The funding would provide \$300 million to convert two-lane highways into four-lane highways, beginning with U.S. Highway 85 between Watford City and Williston, \$390 million for extraordinary highway construction and maintenance projects and \$325 million for interchanges, truck bypass routes and other large transportation projects.

Dalrymple also recommends dedicating \$142 million in one-time funds for counties and townships to repair roads damaged by truck traffic.

Western water projects

The Western Area Water Supply Project will be requesting another \$40 million in loans this session to provide water to underserved and rapidly growing communities.

The project received \$110 million in loans last biennium with the plan to return for an additional \$40 million in loans, which will be repaid through the sales of industrial water, said Jaret Wirtz, executive director.

Due to additional demand for water, Wirtz will request another \$80 million for the project in a combination of grants and loans.

"The reason we need more is the amount of growth that just keeps coming," Wirtz said.

Housing

The governor's budget recommends increasing the state's Housing Incentive Fund to allow for \$20 million in state income tax credits. The proposal also calls for transferring \$30 million from the state's general fund for a direct investment in the Housing Incentive Fund to accelerate the availability of funds for housing development.

Dalrymple also calls for an additional \$12 million in Flex PACE funds that would support an estimated \$125 million in private housing development.

Child care

The governor recommends that the Department of Commerce administer a \$5 million grant program to help develop or expand child care facilities in the state.

Crosby Mayor Les Bakken said his community has significant child care needs, as do other cities in the Oil Patch as well as statewide. Bakken said he doesn't believe the governor's \$5 million proposal will go far enough.

"I think they need to really up that a considerable amount," Bakken said.

Conservation

The governor calls for committing a portion of funds generated by oil production taxes to a newly created conservation fund, with an annual cap of \$10 million.

Dalrymple proposes creating an advisory committee under the direction of the Industrial Commission that will award grants to state agencies and nonprofit groups for conservation practices, wildlife habitat, parks and outdoor recreation.