

2013 HOUSE ENERGY AND NATURAL RESOURCES

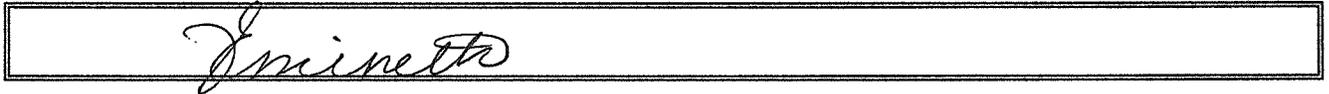
HB 1031

2013 HOUSE STANDING COMMITTEE MINUTES

House Energy and Natural Resources Committee Pioneer Room, State Capitol

HB 1031
Jan 17, 2013
17339

Conference Committee 1 testimony



Relating to the bonding authority of the North Dakota pipeline authority for refineries.

Minutes:

The meeting was called to order on HB 1031. This is an interim bill.

Tim Dawson: I staff the Energy Development and Transmission Committee. I am here to describe the bill. It is one sentence which is refineries for the purposes of issuing evidences of indebtedness and pipeline facilities which relate to the things that the pipeline authority has authority over.

Senator Lyson: I am here to introduce to you some prepared amendments to the bill (See testimony1)

Rep. Porter: The new subsection on the proposed amendment talks about pledging all or any portion reserved funds from the pipeline authority to the payment of a particular evidence of indebtedness the amounts approved by the authority; it appears that it is making the pipeline authority the obligor of the indebtedness and that in turn makes the state of North Dakota responsible as the obligor to the terms of indebtedness. Can you give us more information on the pipeline authorizes rules and responsibilities on this language?

Justin Kringstad: Director of the North Dakota Pipeline Authority: this is the first time I am seeing this I agree with you as far as what it would be doing. The Pipeline Authority has \$800,000.000 authority to issue bonds for pipeline facility projects. At this time the Pipeline Authority has not issued any bonds the private has been available for all pipeline projects there haven't been any pipeline needs or pipeline to date that have needed to come to the Pipeline Authority for financing again.

Rep. Keiser: You do have \$800,000.00 in the authority to bond and that is for the state to stand in place of a project that gets approved we only become liable for those dollars if there is a default. The amendment refers a reserve fund what is the reserve fund?

Justin Kringstad: I am not aware of a reserve fund at this time.

Rep. Porter: If a project is proposed and the state on North Dakota issues revenue bonds then that process goes from the Pipeline Authority to the Industrial Commission for a final approval and the issuance of the revenue bonds, the state of North Dakota has no moral obligation to that revenue bond.

Justin Kringstad: That is my understanding.

Rep. Porter: Carlene Fine would you please explain to us the bonding situation of the revenue bonds and moral obligation and then the implications of this language in the reserve fund.

Karlene Fine: Executive Director for the Industrial Commission: The statute that allows for the Pipeline Authority to issue bonds and the legislature has set a cap that of \$800,000.000 that you talked about. The process you laid out in the statue allows for someone to come forward to indicate that they want to build a pipeline that the Industrial Commission has to do a public notice there has to be an opportunity for the private sector to come in and say "we want to build that pipeline rather than you" the state of North Dakota stepping in and building that pipeline. The bond agencies would look at this and say "you better have a reserve fund you better show that you have set aside enough money to make sure that the bond holders would be paid" and that is where the confusion came when they talked about some amendments and are saying the state of North Dakota is going to pledge some money or provide a reserve fund. The Building Authority does not have any dollars for a reserve fund.

Rep. Porter: With the language talking about a reserve fund does that put the moral obligation of the bond back on to the state of North Dakota?

Carlene Fine: The Industrial Commission Authority couldn't pledge what they didn't have. I am not sure how this amendment would be applicable.

Rep. Keiser: When we created through legislation this process, we modeled it after Wyoming and a couple of other states were struggling getting pipeline systems built. If the state of North Dakota issues a bond with our good name and faith the rate can be a half point or more we try to provide a tool that would enable some projects if they got approved through the process but if was a revenue bond it would have to have that revenue backing as any other bond but if it fails it is a state of North Dakota bond I believe.

Carlene Fine: When you disclose on a bond financing that the state of North Dakota issued the state of North Dakota does not stand behind those even though they say the state of North Dakota they are backed by the mortgages that are held by the bond indenture.

Rep. Porter: The bill as it came out of the interim committee it expends the ability of the Pipeline Authority to bond for refineries. Do you have any comments on that?

Carlen Fine: It would be the same process that you would have to go through authority. There was no wafer of any of those provisions that I talked about before the public notice that the private company could come in and say "we want to build a refinery and need to

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use the state at all " all those provisions stand here. The commission has taken no position on this bill.

Rep. Porter: We have a do pass on HB 1031.

Yes 10 No 0 Absent 3 Motion carried Carrier Rep. Keiser

Date: 1-17-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1031

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Keiser Seconded By Rep. Hofstad

Representatives	Yes	No	Representatives	Yes	No
Chairman Todd Porter	✓		Rep. Bob Hunskor	✓	
Vice Chairman Chuck Damschen	✓		Rep. Scot Kelsh	✓	
Rep. Jim Schmidt	·		Rep. Corey Mock	✓	
Rep. Glen Froseth	✓				
Rep. Curt Hofstad	✓				
Rep. Dick Anderson	✓				
Rep. Peter Silbernagel					
Rep. Mike Nathe	✓				
Rep. Roger Brabandt	✓				
Rep. George Keiser	✓				

Total (Yes) 10 No 0

Absent 3

Floor Assignment Rep. Keiser

If the vote is on an amendment, briefly indicate intent:
Do pass Keiser - Carrier

REPORT OF STANDING COMMITTEE

HB 1031: Energy and Natural Resources Committee (Rep. Porter, Chairman)
recommends **DO PASS** (10 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING).
HB 1031 was placed on the Eleventh order on the calendar.

2013 SENATE AGRICULTURE

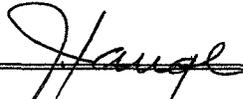
HB 1031

2013 SENATE STANDING COMMITTEE MINUTES

Senate Agriculture Committee
Roosevelt Park Room, State Capitol

HB 1031
March 28, 2013
20590

Conference Committee



Relating to the bonding authority of the North Dakota pipeline authority for refineries

Minutes:

Written testimony

Chairman Miller opened the hearing on HB 1031. All committee members were present.

Justin Kringstad: Director of the North Dakota Pipeline Authority, said at this time the Industrial Commission has not taken a stand for or against HB 1031.

Senator Klein: What are we attempting to do in this Bill that we can't already do?

Justin Kringstad: The Pipeline Authority had bonding capability for pipelines; refineries are not included in the current statute for the Pipeline Authority. This bill would add refineries for the purposes of bonding.

Senator Klein: Is the Industrial Commission asking for this authority.

Justin Kringstad: The Industrial Commission had no part in the drafting of this bill. I believe this bill came from interim. They do have the Pipeline Authority bonding and to date, they have not used that. They have had plenty of private resource and money available for all the pipeline projects.

Chairman Miller asked Justin to explain the process for bonding?

Justin Kringstad: (3:11) Explained.

No further testimony.

Chairman Miller closed the hearing on HB 1031.

Senator Klein moved a **Do Not Pass** on HB 1031.

Senator Larsen seconded.

Roll call vote on a **Do Not Pass: 5-0-0**

Senate Agriculture Committee
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March 28, 2013
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Senator Miller is the carrier.

Chairman Miller adjourned.

Date: March 28, 2013
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1031

Senate Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Klein Seconded By Senator Larsen

Senators	Yes	No	Senator	Yes	No
Chariman Joe Miller	✓				
Vice Chairman Larry Luick	✓				
Senator Jerry Klein	✓				
Senator Oley Larsen	✓				
Senator Joan Heckaman	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment Senator Miller

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1031: Agriculture Committee (Sen. Miller, Chairman) recommends DO NOT PASS
(5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1031 was placed on the
Fourteenth order on the calendar.

2013 TESTIMONY

HB 1031

January 15, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1031

Page 1, line 1, after "to" insert "create and enact a new subsection to section 54-17.7-07 of the North Dakota Century Code, relating to bonding authority of the North Dakota pipeline authority; and to"

Page 1, line 2, remove "the bonding authority of the North Dakota pipeline authority for"

Page 1, line 7, after the fourth comma insert "petroleum refineries."

Page 1, line 9, overstrike "and"

Page 1, line 9, after "delivery" insert ", and petroleum refining"

Page 1, line 11, remove "The term includes"

Page 1, replace line 12 with:

"SECTION 2. A new subsection to section 54-17.7-07 of the North Dakota Century Code is created and enacted as follows:

The authority may pledge all or a portion of any reserve fund exclusively to the payment of particular evidences of indebtedness on the terms and amounts approved in a resolution of the authority."

Renumber accordingly