

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE JOINT MEETING WITH THE EDUCATION FUNDING AND TAXATION COMMITTEE

Wednesday and Thursday, May 30-31, 2012
Second Floor Library, Stevens Hall, Williston State College
Williston, North Dakota

Senator Rich Wardner, Chairman, called the meeting to order at 1:00 p.m. He said he would chair the first day of the meeting and Representative RaeAnn G. Kelsch, Chairman, Education Funding and Taxation Committee, would chair the second day of the meeting. He said the first day relates to energy impact and the second day mostly relates to education. He said the committees divided into three groups and had toured different areas of oil development in the morning.

Energy Development and Transmission Committee members present: Senators Rich Wardner, John M. Andrist, Lonnie J. Laffen, Stanley W. Lyson, Ryan M. Taylor, John Warner; Representatives Michael D. Brandenburg, Shirley Meyer, Todd Porter, Mike Schatz, Gary R. Sukut

Energy Development and Transmission Committee member absent: Representative Scott Kelsh

Education Funding and Taxation Committee members present: Representatives RaeAnn G. Kelsch, Bette Grande, Craig Headland, Bob Hunskor; Senators Dwight Cook, Tim Flakoll, Joan Heckaman, Gary A. Lee

Others present: Patrick Hatlestad, State Representative, Williston

David S. Rust, State Representative, Tioga
Bob Skarphol, State Representative, Tioga
Vicky Steiner, State Representative, Dickinson
Representative David Drovdal, member of the Legislative Management, was also in attendance.

See [Appendix A](#) for additional persons present.

IMPACT OF OIL AND GAS DEVELOPMENT ON WESTERN NORTH DAKOTA

Mr. Ward Koeser, Mayor, City of Williston, gave a presentation ([Appendix B](#)) on planning, the impact on people, and the hardships created by oil development impact. He said Williston is the center of oil activity.

In response to a question from Representative Meyer, Mr. Koeser said city sales tax applies if the delivery is made within the city. He said if the item is delivered outside the city, the city does not receive city sales tax.

In response to a question from Representative Porter, Mr. Koeser said most new property within the city has been built within the last couple of years, and

the majority of it has not brought increased tax revenue because it takes time to receive property tax after a structure is built.

In response to a question from Representative Porter, Mr. Koeser said the cost of operating the city is increasing, and salaries for the 2011-12 fiscal year have increased \$2.5 million to \$3 million. He said the city had to give 10 percent increases in wages, hire more people, and provide housing allowances.

In response to a question from Representative Porter, Mr. Koeser said the value of property has increased in the city, but the city looks at increasing taxes by a reasonable percentage. He said it is unfair to increase property taxes dramatically on long-term residents. He said property values are increasing dramatically.

In response to a question from Senator Cook, Mr. Koeser said the extraterritorial zoning area is one mile. He said the city tries to minimize the negative impact of annexation. He said the city has a good relationship with the county, and there are some differences, for example, regulation being more intense within the city.

In response to a question from Senator Taylor, Mr. Koeser said the majority of flex PACE money was used for public business expansions. He said some was used for child care facilities. He said there is a shortage of income-based housing in Williston and support for it would be beneficial to the residents of Williston. He said every income level is short on housing in Williston.

In response to a question from Representative Hunskor, Mr. Koeser said infrastructure funding from the state through oil impact funding and funding for the Western Area Water Supply Authority helps the city avoid bonding. He said the city tries to stay away from borrowing so that there is a positive future for the city.

Mr. Dan Kalil, Chairman, Williams County Commission, provided written testimony ([Appendix C](#)) on county sales tax, county highways, the recording office, social services, planning and zoning, water depots, and temporary housing. He said the state needs to determine who owns underground water--the state or certain landowners.

Ms. Jill Edson, Administrator, Williams County Planning and Zoning Department, provided testimony on planning and zoning in Williams County. She said

the oil boom hit at the same time the recession hit the rest of the country. She said through May this year there have been 63 zoning change requests and requests for 10 major subdivisions. She said the agendas for planning and zoning meetings are filled through September. She said there are some undesirable developers that try to intimidate small local government. She said there is a moratorium on temporary housing. She said 9,777 beds had been approved between 2010 and 2012. She said 58 percent has been constructed. She said there is not enough water, and sewage systems are at capacity. She said there is a burden on emergency services. Volunteer emergency service providers are burning out. She said other problems for emergency service providers include vehicles not pulling over for sirens, people not knowing where they live, and people not paying for services.

Ms. Stephanie Vagts, Compliance Officer, Williams County, provided testimony on code enforcement. She said there are garbage, waste, and other building violations. She said people are living in tents. She said people living in abandoned farmsteads and campers do not have a 911 address. She said shops and garages are being used for housing.

In response to a question from Senator Andrist, Mr. Kalil said he did not know whether private water users were observing permit limits, but some private sellers stop selling and some never seem to run out. He said there is a lot of money in selling water.

In response to a question from Representative Meyer, Mr. Kalil said there is a lot of competition for employees, especially for social service employees. He said because the state is providing social service employees an additional \$500 allowance, it will be difficult for the county to compete with the state.

In response to a question from Senator Taylor, Mr. Kalil said an oil company purchased a center-pivot well for frac water. He said he thought this did not violate the corporate farming law because the oil company rented the land out for agriculture.

In response to a question from Senator Cook, Mr. Kalil said Williams County would welcome aid from the state in the form of a state planning office.

In response to a question from Senator Wardner, Mr. Kalil said the county would appreciate help from the state, including help in enforcing zoning laws. He said every developer in the nation is in Williams County because of the difficult economic conditions in the rest of the country.

In response to a question from Senator Heckaman, Mr. Kalil said the state's attorney's office is overwhelmed with enforcing code violations. He said campers are needed for some contractors and are the only place some people have to live, but the county needs to make sure people are living in safe conditions.

In response to a question from Senator Warner, Mr. Kalil said some counties call overweight fees something else and keep the fees.

In response to a question from Senator Warner, Committee Counsel said the state must retain fines in the state school fund, but fees may go elsewhere. He said overweight fees go through district court--a state entity--and would have to be paid out through the State Treasurer back to counties if counties were to retain the fees.

Mr. Kalil said the preponderance of number license plates in the county are from out of state. Mr. Scott Busching, Sheriff, Williams County, provided testimony to the committee. He said he must prioritize the work done by his deputies. He said three deputies quit last week. He said there is very little time to work on motor vehicle registration violations.

In response to a question from Senator Andrist, Sheriff Busching said unlicensed peace officers issue parking tickets and may be able to enforce motor vehicle registration laws. He said he considered having a station on the highway to check registration, but the traffic problems that would be created would not be worth the trouble. He said registration laws are enforced if a person is stopped for another offense. He said the sheriff needs a reasonable or articulable suspicion to stop a motor vehicle for a violation.

Senator Warner said there may be a technological solution to the failure of nonresidents to register motor vehicles. He said radio signals are used for tollroads in California.

Mr. Ron Rankin, Sheriff, McKenzie County, provided a handout ([Appendix D](#)) on monthly calls for service.

Mr. Wayne Biberdorf, Governor's liaison for the petroleum industry, provided information to the committee. He said land use, roads, and water are the main issues. He said there have been approximately 210 rigs in the state for about eight months. He said he expects 10 times more oil wells to come. He said every well is a maintenance issue, so as development rolls into production people will have to live in the area to maintain the wells.

Ms. Carol Christianson, citizen, Bismarck, provided information to the committee. She said the Oil and Gas Division should work with the communities in which the development is taking place to control the number of permits.

Mr. Frank Keil, Granite Peak Development, LLC, provided testimony to the committee. He said Granite Peak Development is privately held and is from Casper, Wyoming. He said Granite Peak Development has built single-family and multifamily subdivisions. He said Granite Peak Development is planning a 700-acre industrial park and recreational vehicle (RV) park for up to 725 units.

In response to a question from Senator Wardner, Mr. Keil said more companies are coming and instead of sprawling out the development along the highway, the industrial park will create an industrial subdivision. He said the 700-acre industrial park is north of the city and will intersect Highway 2 at the new bypass. He said it will have a Love's Travel Stop and a Western

Area Water Supply terminal. He said North Dakota businesses are used for developing these projects.

In response to a question from Senator Cook, Mr. Keil said growth along the bypass will have to compete with the industrial park which has infrastructure in place within city limits.

Mr. Ron Ness, Director, North Dakota Petroleum Council, provided testimony and a handout ([Appendix E](#)). He said roads, housing, crime, and safety are the biggest issues. He said the rig count has stabilized, and production will grow. He said as the play moves from exploration to development, the types of services needed will change and there will be much less traffic. He said this summer might be the busiest in terms of activity in the Bakken. He said pipelines are critical for there to be less road traffic. He said pipelines need to be built early in the oilfield development for pipelines to be economical. He said if pipelines are not allowed by farmers and landowners, then farmers and landowners are stuck with trucks, dust, and unsafe roads. He said there are approximately 2,000 trucks per well, and this number is reduced to 600 to 800 trucks if there is a pipeline system in place. He said the major county roads need to be able to take a 105,500-pound load.

Mr. Ness said Bakken counties are different from other growth areas of the state in four ways. First, he said, the counties are unique because there is only one Bakken, which is a world-class resource. He said the Bakken creates an opportunity for the state to build core infrastructure. Second, he said, the pace of growth is faster than elsewhere in the state. He said infrastructure cannot keep pace with the growth. Third, he said, 30 percent of the traffic in western North Dakota is trucks. He said traffic elsewhere is not this high of a percentage or number of trucks. Finally, he said, the industry will adjust to the conditions. He said if the state does not help cities and counties grow, the oil development will more than likely become like North Slope in Alaska, in which the industry brings in workers and temporary housing.

Mr. Ness said the state needs to fund \$800 million to \$1 billion per year for five years for western North Dakota. He said the state should remove the oil impact grant program because political subdivisions cannot plan on grants. He said the EmPower Commission is looking into the future and not at impact. He said the future is value-added energy opportunities, especially from gas.

In response to a question from Senator Andrist, Mr. Ness said state and county road limits cost the oil industry because the limits close down roads for three months. He said the state should help identify and fund major roads.

Ms. Deanette Piesik, TrainND, Williston State College, provided testimony and handouts ([Appendix F](#)) on TrainND in the northwest portion of the state. She said the program is running out of space. She said there is a proposal to build another building. She said there is a training center that is set up like a well site. She said it was equipped and

donated to the college by industry. She said the next area of instruction will be in maintenance.

In response to a question from Representative Meyer, Ms. Piesik said the program is very close to capacity. She said if there is not enough space on campus, classes are taught at the company. She said evening and weekend classes are offered. She said 12,000 to 13,000 people can be trained each year and the program is flexible. She said there is concern with other schools moving in from out of state because the North Dakota University System is not meeting the needs of industry. She said industry wants the level of service the TrainND program can provide.

In response to a question from Senator Wardner, Ms. Piesik said she needs a 36,000-square-foot building for \$6 million. She said the building is affordable through a Bank of North Dakota loan, training funds, and industry grants. She said generally industry will pay for training but not a building.

Senator Laffen said the training building on campus would be torn down if it were on any other campus. He said there is a large group that needs education, and TrainND needs a plan for education and training to bring to the Legislative Assembly.

In response to a question from Senator Andrist, Ms. Piesik said two employees left because they could be paid more by industry. She said the cost of employees is passed on through the fees charged for training and she is able to find trainers.

In response to a question from Senator Wardner, Ms. Piesik said the training that will be needed in the future is a higher level of training, including training in electronics, electricity, and instrumentation.

In response to a question from Representative Kelsch, Ms. Piesik said there is training offered in Minot for commercial driver's licenses. She said six people may be trained a month. She said a private Wyoming college is locating in Minot to provide commercial driver's license training. She said she could expand in Minot because it is easier to rent space and hotels for training in Minot than Williston. In addition, she said, she can use space at Minot State University.

In response to a question from Senator Flakoll, Ms. Piesik said there is a high demand for a commercial driver's license program. She said in the past six months Williston has become a third-party tester for commercial driver's licenses.

In response to a question from Senator Flakoll, Ms. Piesik said TrainND is divided into four regions, and training is provided based on the businesses provided in each region. She said the whole program trains 14,000 people in all regions. She said she has trained 12,000 people in the last year. She said the program may need more support.

In response to a question from Representative Porter, Ms. Piesik said training revenues stay with the department, and she received \$3.8 million this past year. She said she received \$256,000 from the state.

Mr. Jaret Wirtz, Western Area Water Supply Authority, provided written testimony ([Appendix G](#)) and handouts ([Appendix H](#)) on the current status, the impact on oil production, and the future of the Western Area Water Supply Project. He said the authority has determined the project will need approximately \$80 million in funding in the next biennium to meet the water demands of the region. He said of this \$80 million, approximately \$60 million is estimated to complete the expanded original project, an increase from the \$40 million estimated in 2010. He said an additional \$20 million is needed to build initial rural expansion to meet part of the large increase in rural demands.

In response to a question from Senator Flakoll, Mr. Wirtz said there is more competition on bids, and the price of pipe has gone down.

In response to a question from Senator Cook, Mr. Wirtz said the price of \$20 per 1,000 gallons is the same charged to a commercial user whether from a depot or from the line.

In response to a question from Representative Porter, Mr. Wirtz said because of the increased demand, alternatives in pipe size are presented to the board. He said an increase in a couple of inches results in an increase in a lot of water. He said pump stations add capacity in the system to meet future need.

In response to a question from Senator Andrist, Mr. Wirtz said the Crosby line began in 2011 and will be done by this fall. He said the Ray Treatment Plant is under construction and will be done this summer. He said the line from Williston to Ray will be completed by early fall.

Mr. David Hanson, President, American State Bank and Trust Company, Williston, provided testimony on financing projects in Williston. He said as a local bank, his bank is not interested in exploiting people, but rather in community building. He said there are opportunities for his bank in construction of homes, apartments, and commercial property. He said because housing prices are very high, appraisals are difficult, and finding a purchaser in the secondary market is difficult. He said the Bank of North Dakota has supported the bank and bank customers through its programs. He said many people come to the oilfield with a troubled credit history. He said it is risky to loan to these people. He said it is risky to give ground development loans, and his bank does not give these loans. He said his bank supports local and new businesses. He said it is difficult to find high-level staff and for that staff to find housing. He said the North Dakota housing incentive fund provides a great opportunity, and his bank uses flex PACE.

In response to a question from Representative Brandenburg, Mr. Hanson said credit repair takes time. He said qualifying for credit on the secondary market limits home loans.

In response to a question from Senator Taylor, Mr. Hanson said flex PACE funds are still available.

In response to a question from Senator Taylor, Mr. Hanson said Williston needs more low-cost and moderate-cost housing for teachers, police, and municipal employees.

Mr. Raymond Allen, resident, Williams County, provided information to the committee. He said oil companies use any excuse not to pay royalties to royalty owners. He said his royalties are tied up because of 5 mineral acres out of 480 mineral acres. He said hiring an attorney to solve the problem would consume the royalties.

In response to a question from Senator Wardner, Mr. Allen said although the money is in escrow, there is no interest. He said drilling permits should be suspended until royalty issues are cleared.

Chairman Wardner recessed the meeting at 5:00 p.m. Chairman Kelsch reconvened the meeting at 8:00 a.m. on Thursday, May 31.

Chairman Kelsch said the tour of the area was beneficial. She saw some challenges but also saw some good things. She said the crew camps were well-constructed.

Mr. Shawn Wenko, Assistant Director, Williston Economic Development Office, gave a presentation on the activities on the Williston Economic Development Office. He said day care is critical to the workforce. He said there is a need for day care for 1,200 kids and the capacity is for 400 kids. He said making a day care profitable is difficult and it is difficult to get staff. He said the media focuses on strippers, crime, and trucker bombs. He said his office provides a more positive story. He said the community wants shopping and restaurants.

In response to a question from Representative Porter, Mr. Wenko said communication is the key for Williams County and Williston in addressing the influx of people. He said the city and county can embrace the change or run from the change. He said it will take at least three years for the city to catch up to the needs.

In response to a question from Representative Porter, Mr. Wenko said the county and city have separate planning and zoning commissions and master plans.

In response to a question from Senator Cook, Mr. Wenko said planning for the future is difficult, and any study is out of date as soon as it is done.

In response to a question from Senator Taylor, Mr. Wenko said providing a legislative response every two years is not soon enough. He said change needs to be made every six months, and more support should already have been provided.

In response to a question from Representative Brandenburg, Mr. Wenko said there has been a growth in churches in town.

Mr. Steve Holden, Superintendent, Watford City, provided written testimony ([Appendix I](#)) to the committee on the history of oil and gas production tax and oil impact funding and on coal impact funding.

Dr. Viola LaFontaine, Superintendent, Williston, provided written testimony ([Appendix J](#)) to the

committee on enrollment in the Williston School District.

In response to a question from Representative Kelsch, Dr. LaFontaine said Williston needs a new middle school and a large elementary school. She said a fifth-grade through eighth-grade building would open up grade schools. She said a middle school would open up space in the high school.

In response to a question from Representative Kelsch, Dr. LaFontaine said any changes in taxation are on hold until the vote on measure No. 2.

In response to a question from Representative Kelsch, Dr. LaFontaine said a school may be built in 14 months to 18 months after there is funding.

In response to a question from Senator Lee, Dr. LaFontaine said the school district added 300 students that stayed and another 200 that came and went.

In response to a question from Senator Lee, Dr. LaFontaine said there has been some growth in taxable value but most is not within District No. 1. She said much of the growth is in District No. 8. She said the property tax increase is at 12 percent, but the mills have gone down.

In response to a question from Senator Flakoll, Dr. LaFontaine said it would be acceptable to receive payments for students and, if the students did not stay, to pay back the state. She said at least she would know she would have the funding for teachers ahead of hiring the teachers.

In response to a question from Senator Flakoll, Dr. LaFontaine said the district has looked at capital construction projects but does not have funding to pay back notes at this time.

In response to a question from Representative Schatz, Mr. Holden said busdrivers that have been driving for 30 years receive approximately \$20 per hour. He said new drivers receive between \$15 and \$16 per hour. He said there is retention pay for finishing a school year. He said the job is a part-time job of approximately four hours per day. He said buses are lasting two years to three years because of the mechanical problems due to rough roads. He said there are backup buses so buses can be repaired. He said some bus routes are up to 45 miles, and routes are being added.

In response to a question from Representative Schatz, Mr. Holden said there are not seatbelts in a bus because it is safer not to be buckled up because of the structure of a bus. He said a bus is a relatively safe ride compared to other vehicles.

In response to a question from Senator Taylor, Dr. LaFontaine said the district is in the process of interviewing teachers, and 19 contracts will be offered. She said over 50 staff will need to be hired, including janitors, librarians, and teachers. She said of the 19 contracts offered, 11 teachers have housing. She said the district is recruiting many teachers from Minnesota.

In response to a question from Representative Hunskor, Dr. LaFontaine said the district is part of the

multicounty unit for special needs teachers. She said the unit is short three language and speech teachers. She said the district has 24 limited English proficiency students.

In response to a question from Senator Laffen, Dr. LaFontaine said the debt limit will increase from \$17 million to \$26 million by December, and the district is exploring a vote on bonds.

Senator Laffen said the 5 percent limit of property valuation for debt is not enough and may need to be increased.

In response to a question from Senator Cook, Dr. LaFontaine said the school district owns two 4-plexes which were financed by the rent. She said the rent is based on the payments. She said rent is \$850 for a two-bedroom apartment that houses two teachers.

In response to a question from Senator Heckaman, Dr. LaFontaine said a change in the law providing reciprocity to out-of-state teachers was helpful to the school district.

In response to a question from Senator Heckaman, Mr. Holden said it is still difficult to hire out-of-state special education teachers. He said it is difficult to hire out-of-state busdrivers because the busdrivers need this state's commercial driver's license.

In response to a question from Senator Flakoll, Mr. Holden said the school district and county have discussed bringing farmer and rancher homesteads for farmers and ranchers making more than 50 percent of their income from agriculture onto the tax rolls. He said there has been a 40 percent increase in assessed value countywide. He said mills are around 50 because taxable value is up. He said additional value cannot be captured because of the 12 percent limit.

In response to a question from Representative Porter, Dr. LaFontaine said District No. 8 has education for kindergarten through grade 8. She said the district is 900 square miles. She said high school students from District No. 8 go to the Williston School District. She said the cost is captured from District No. 8 in the amount of approximately \$2,600 for tuition, and Williston receives the foundation aid for a total of about \$9,000 to educate a student. She said this is approximately two-thirds of the cost. She said 98 percent of the students in District No. 8 go to high school in Williston.

In response to a question from Representative Meyer, Mr. Holden said although there is a formula for the projected enrollment based upon home construction growth, it is not very useful in oil country.

In response to a question from Senator Andrist, Dr. LaFontaine said District No. 8 is projecting an increase of 200 students for kindergarten through grade 8. She said District No. 8 has approximately 300 students at present. She said the district is discussing building a high school. She said the district has purchased modulars to house the 300 new students.

Mr. Kent Hjelmstad, Superintendent, Stanley School District, provided written testimony ([Appendix K](#)) on needs and funding needed due to the increased population as a result of oil and gas development. He said there are students from 37 states and four foreign countries in the Stanley School District. He said there are 180 new students projected for next year in Stanley. He said the district needs five new teachers but does not have the money to hire them. He said roads are symbolic of what can happen if nothing is done for schools. He said the roads have become horrendous. He said there is \$7.5 million a day going into the State Treasury, and there is money to address eight areas of need. He said the areas of need include:

1. Building needs;
2. Staffing;
3. Rapid growth grants;
4. Gross production pool for schools;
5. Mechanical assistance - Some bus companies do not want to sell buses in oil country because of the amount of work that needs to be done under warranty;
6. Special education because there are a lot of kids moving in with special needs;
7. Equipment, including desks, computers, and books; and
8. Teacher housing.

Mr. Hjelmstad said one solution is to have a commission like Wyoming's to deal with emergencies. He said oil impact is similar to federal aid due to military impact. He said the commission should be reviewable so that it can terminate if not needed. He said the commission would review proposals and grant money like the feds do for military impact. He said the money could be set aside for schools statewide. He said it is difficult to build schools in North Dakota because a vote of over 60 percent is needed for bonding. He said it is difficult to find busdrivers because it could take five weeks to get a commercial driver's license. He said the competition for commercial drivers is with oil companies that pay \$300 a day. He said it is difficult to find substitute teachers in North Dakota because teachers need a four-year teaching degree. He said a person does not need a four-year teaching degree to substitute teach for two days. He said long-term substitutes do need to be properly trained.

In response to a question from Representative Kelsch, Mr. Hjelmstad said the commission would prioritize based upon severe impact of an industry that generates taxes for the state. He said there needs to be a partnership between the local school districts and the state, but the local school districts are tapped out. He said a commission is needed because otherwise it takes up to 2.5 years to react through the legislative process.

In response to a question from Representative Meyer, Mr. Hjelmstad said schoolbus drivers from other states have to retest in this state. He said the

need for schoolbus drivers is severe, and there needs to be an expedited procedure.

Senator Cook said Air Force bases do not pay property tax and that was the justification for federal impact. He said additional dollars in one part of the state may affect equity and there may be a lawsuit.

In response to a question from Senator Cook, Mr. Hjelmstad said many of the students come from campers and camper owners do not pay property taxes. He said campers and RVs are like Air Force bases. He said this is an unusual circumstance. He said cities like West Fargo with rapid growth have property added as a result of the growth that is on the permanent tax rolls. He said the commission could weigh the equity issues and provide judicious funding.

In response to a question from Senator Andrist, Mr. Hjelmstad said the commission will have to have members with an education background, a legislative background, and a business background. He said it may be quicker and more responsive to have one person instead of a commission, but that is not the history of democracy in North Dakota.

In response to a question from Representative Brandenburg, Mr. Hjelmstad said the schools have moved away from vans because they are not safe. He said schools have small buses that do not require a commercial driver's license. He said these buses hold fewer than 14 people.

Representative Headland said the overly burdensome regulation of teachers and busdrivers has limited growth.

In response to a question from Representative Kelsch, Mr. Hjelmstad said although there would need to be safeguards and oversight for the commission, there needs to be an expedited mechanism for state money to be used for schools.

In response to a question from Senator Flakoll, Mr. Hjelmstad said the district received approximately \$304,000 from rapid growth grants.

In response to a question from Senator Flakoll, Mr. Hjelmstad said the commission would not be comparable to higher education. He said there is a need for the buildings because kids are standing in line to go to school. He said this is not an issue with higher education. He said higher education wants new buildings to specialize in a particular area. He said the severity of need is different.

Mr. Jeff Zarling, President, Dawa Solutions Group, LLC., gave a presentation ([Appendix L](#)) on economic activity in the Williston region; business opportunities; business challenges, including workforce, housing, and day care; and legislative solutions. He said the area is behind but is moving forward. He said state investment is followed by private sector investment to solve problems.

In response to a question from Senator Andrist, Mr. Zarling said closed records create an issue for appraisers. He said this issue was created by a recent change in the law. He said a recent change allows for reciprocity with other states, but the appraisers need to see enough transactions to be

able to sign an appraisal. He said there needs to be open records.

In response to a question from Senator Andrist, Mr. Zarling said it takes three years to five years of understudy to become an appraiser.

Representative Kelsch said there was a bill last year to overhaul the appraisal licensure. She said there is not a lot of new appraisers because the understudy becomes the competition.

In response to a question from Senator Taylor, Mr. Zarling said the return horizon for developers is three years to five years because of perceived risk with the Environmental Protection Agency. He said out-of-state banks need to be educated because developers bring out-of-state resources.

In response to a question from Senator Taylor, Mr. Zarling said if the housing incentive fund would have been directly funded it would be able to be used. He said it has taken time to get money into the fund, and now it is being used. He said there is a need for more money in the fund.

In response to a question from Representative Meyer, Mr. Zarling said there has been communication with the industry, and if there was a plan for day care, there would be industry support.

Mr. Ken Callahan, Montana-Dakota Utilities Company, gave a presentation ([Appendix M](#)) on residential and commercial gas and electric use in Williston.

Mr. Marlyn Vatne, Superintendent, Ray School District, provided information to the committee. He said Ray had a bond issue that passed by 90 percent. He said the bids were high because of the available oil impact money. He said there needs to be day care available for teachers. He said the school district is considering providing day care available in schools. He said buses must travel at slow speeds because of the road conditions. He said more trains create more delays for schoolbuses. He said the wait to get on to Highway 2 can be up to 20 minutes. He said there needs to be money for teacher housing. He said newly hired out-of-state teachers need a place to live. He said the debt limit is an issue.

In response to a question from Senator Andrist, Mr. Vatne said the school district could use the housing incentive fund if there was money in the fund.

Senator Cook said the school district should not be in the housing business. He said it is the purpose of

the local housing authority to create housing. He said his local housing authority can rent to key public employees at low rates and can build housing for these people. He said the housing authority is the proper avenue to use to build, issue bonds, and rent to teachers.

In response to a question from Senator Cook, Mr. Vatne said there is no land the local housing authority can afford to acquire.

Mr. Mike Ames, independent water provider, provided information to the committee. He said independent water providers include 100 individuals supplying frac water to the oil industry. He said independent water providers provide 70 percent of the water needed to the oil industry. He said he had concerns with the Western Area Water Supply Authority. He said there needs to be oversight by the State Water Commission, and the project is heating water for frac jobs which has created direct competition with the independent water providers.

Representative Skarphol provided a handout ([Appendix N](#)) on coal impact funding for schools. He said 28 to 29 percent of the coal taxes were returned to political subdivisions. He said if this is done for oil, it would work well. He said the money should be returned in a form other than grants.

Representative Rust provided information to the committee. He said the state has been in the bricks and mortar business through coal impact. He said the schools received grants and loans which were paid back with tax revenues. He said the state has funded bricks and mortar in the past.

Senator Flakoll said 42 percent of oil money is placed in special funds.

A handout was provided on a comparison of states for allocation to local governments from oil revenues and a handout was provided on historical and forecast information from Mountrail-Williams Electric Cooperative ([Appendix O](#)).

No further business appearing, Chairman Kelsch adjourned the meeting at 12:05 p.m.

Timothy J. Dawson
Committee Counsel

ATTACH:15