



GOVERNMENT FINANCE COMMITTEE

Tuesday, March 19, 2024
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Dean Rummel, Chairman, called the meeting to order at 10:00 a.m.

Members present: Senators Dean Rummel, Jeff Barta, Todd Beard, Kristin Roers, Donald Schaible, Ronald Sorvaag, Michael A. Wobbema; Representatives Bert Anderson, Craig Headland, Jeff A. Hoverson, Lisa Meier, Mike Nathe, Emily O'Brien, Brandy Pyle, Paul J. Thomas, Steve Vetter, Don Vigasaa

Member absent: Representative Keith Kempenich

Others present: Senators Brad Bekkedahl, Williston, and Kyle Davison, Fargo, members of the Legislative Management

Allen H. Knudson, Legislative Council, Bismarck

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

It was moved by Representative Vigasaa, seconded by Representative O'Brien, and carried on a voice vote that the minutes of the December 12, 2023, meeting be approved as distributed.

STATE BUDGET INFORMATION

Ms. Susan Sisk, Director, Office of Management and Budget, presented information ([Appendix B](#)) regarding:

- The status of the general fund, which reflects an estimated June 30, 2025, balance of \$599 million based on actual revenue collections through February 29, 2024, and forecasted revenue collections for the remainder of the biennium.
- Selected special fund balances, including the strategic investment and improvements fund which had an uncommitted balance of \$462 million as of December 31, 2023.
- The status of the federal State Fiscal Recovery Fund expenditures, including \$537 million of expenditures through February 29, 2024, and \$471 million of remaining spending authority.

STUDY OF STATE-OWNED AIRCRAFT

State Contract for Air Transportation Services

Mr. Chad Keech, Procurement Officer, Office of Management and Budget, presented information ([Appendix C](#)) regarding any state contracts for air transportation services and the amount spent related to those contracts. He noted:

- The state had a contract from 2017 to 2022 for air transportation services with Aberdeen Flying Service, Bismarck Air Medical, and Executive Air Taxi.
- The Public Service Commission had total expenditures of approximately \$7,600 under the contract for annual mine flyovers with representatives of the federal Office of Surface Mining Reclamation and Enforcement.
- The Department of Commerce had total expenditures of approximately \$60,000 under the contract for air transportation services.

Department of Transportation Aircraft Analysis

Ms. Robin Rehborg, Deputy Director, Driver Safety, Department of Transportation, distributed a market analysis report ([Appendix D](#)) regarding options to replace the department's aircraft and presented information ([Appendix E](#)) regarding recent repairs and in-flight emergencies related to the department's aircraft. She noted:

- The market analysis report recommended replacing the department's aircraft with an upgraded model or with jets which would increase the operating costs but would also increase safety and performance.
- Repairs to the department's aircraft during calendar years 2021 through 2023 totaled approximately \$106,000.
- The department has not experienced any recent in-flight emergencies with its aircraft.

In response to a question from a committee member, Mr. Darko Draganic, Director, State Fleet Services, Department of Transportation, noted upgrading the department's aircraft to jets would increase the department's ongoing variable costs for fuel and maintenance and would require additional training for the pilots to become certified to fly the jets.

Chairman Rummel requested the Legislative Council staff survey state agencies regarding their use of the state contract for air transportation services and their anticipated need for air transportation services.

Committee Tour

The committee traveled to the Bismarck Municipal Airport to view state-owned aircraft. During the tour, Mr. Dennis Gallagher, Pilot, Highway Patrol, distributed information ([Appendix F](#)) regarding the Highway Patrol's use of its aircraft.

DEPARTMENT OF FINANCIAL INSTITUTIONS BUDGET STUDY

Bill Draft

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, presented a bill draft [[25.0060.01000](#)] relating to the budget approval process, a continuing appropriation, and reports for the Department of Financial Institutions. He noted the bill draft provides a continuing appropriation to the Department of Financial Institutions, requires the State Banking Board and State Credit Union Board to approve the budget for the department, and requires the department to report to the Appropriations Committees during each legislative session. He noted the department's biennial budget would no longer be considered and approved by the Legislative Assembly.

Comments

Ms. Lise Kruse, Commissioner, Department of Financial Institutions, provided comments related to the bill draft. She noted the department will review the bill draft and supports the concept of allowing the boards to approve the budget rather than requiring legislative approval each biennium.

AUTONOMOUS TECHNOLOGY GRANT REPORTS

Department of Career and Technical Education

Mr. Wade Sick, Director, Department of Career and Technical Education, presented information ([Appendix G](#)) regarding the status of autonomous technology grants awarded pursuant to House Bill No. 1519 (2023). He noted the department awarded \$475,000 to TrainND Northwest in September 2023, of which approximately \$378,000 was distributed through February 2024.

Mr. Kenley Nebeker, Director, TrainND Northwest, provided comments regarding the use of the autonomous technology grant funding. He noted the grant funding is being used to develop training courses for data analysis, including the use of artificial intelligence, related to data gathered from uncrewed aircraft systems.

Department of Agriculture

Ms. Samantha Brunner, Director, Plant Industries, Department of Agriculture, presented information ([Appendix H](#)) regarding the status of autonomous technology grants awarded pursuant to House Bill No. 1519 (2023). She noted:

- The department awarded one grant of \$274,710 to the Northern Plains Uncrewed Aircraft Systems Test Site for a collaborative project using uncrewed aircraft systems and computer software to detect Palmer amaranth plants, a noxious weed.
- The department will use \$12,500 of grant funding to contract with the National Agricultural Genotyping Center to test field samples of the plants detected in the project to confirm the accuracy of the plants detected in the project.

STATE GUARDIANSHIP PROGRAMS STUDY

Department of Health and Human Services

Mr. Jonathan Alm, Attorney, Department of Health and Human Services, presented information ([Appendix I](#)) regarding the historical reasons for appropriating guardianship funding to the Office of Management and Budget (OMB). He noted funding for public guardians was appropriated to OMB rather than the Department of Health and Human Services (DHHS) to avoid a conflict of interest for DHHS, which provides guardianship services.

Judicial Branch

Ms. Cynthia Feland, Judge, South Central District Court, presented information ([Appendix J](#)) regarding the status of the Guardianship Task Force's study of the guardianship monitoring program. She noted:

- The task force reviewed the guardianship monitoring program and identified the need for a uniform process to submit complaints.
- The guardianship monitoring program is conducting approximately 50 full financial reviews and 40 well-being reviews per year, which exceeds the original estimate of 10 full financial reviews and 20 well-being reviews per year.
- A shortage of guardians limits the availability of guardianship services.

Memorandum

Mr. Mathiak distributed a memorandum entitled [State Guardianship Programs Study - Motion for Consideration](#) regarding a potential recommendation for the 2025 Legislative Assembly to appropriate funding for guardianship grant funding to DHHS rather than OMB.

Comments

Mr. Aaron Birst, Executive Director, North Dakota Association of Counties, provided comments regarding the committee's study of state guardianship programs. He noted the North Dakota Association of Counties provides reimbursements to private agencies and individuals to serve as guardians because counties designated the association as a public administrator on behalf of counties.

Mr. Scott Bernstein, Executive Director, Guardian and Protective Services, provided comments regarding the committee's study of state guardianship programs. He noted guardians are serving more clients than the recommended level due to a shortage of guardians and the need to receive sufficient reimbursements from state funding to cover the cost of services.

Ms. Donna Byzewski, Program Director, Corporate Guardianship Program, Catholic Charities North Dakota, provided comments regarding the committee's study of state guardianship programs. She noted guardians serving individuals with developmental disabilities are reimbursed approximately \$11 per day compared to \$17 per day for public guardians, but individuals with developmental disabilities receive additional services from other programs administered by DHHS.

Ms. Margo Haut, Director, Guardian Angels Inc., provided comments regarding the committee's study of state guardianship programs. She noted additional state funding for guardianship programs may help to address challenges with providing guardianship services and maintaining oversight and accountability of guardians.

STATE AGENCY FEES STUDY

Memorandum

Mr. Mathiak distributed a revised memorandum entitled [Agency Fee Report Summary](#) which was updated to include totals and subtotals for fee collections by state agencies.

Department of Environmental Quality

Mr. Dave Glatt, Director, Department of Environmental Quality, presented information ([Appendix K](#)) regarding the fees collected by the Department of Environmental Quality. He noted:

- The department is reviewing the minor air pollution control permit fee, oil and gas well registration fee, chemistry lab analysis fees, and water and wastewater operator certification fees for potential fee increases.
- The department recommends the antifreeze registration fee be discontinued or transferred to another state agency.

In response to a question from a committee member, Mr. Glatt noted the department assesses penalties for violations, but the penalties are not included in the fee report.

Department of Mineral Resources

Mr. Lynn Helms, Director, Department of Mineral Resources, presented information ([Appendix L](#)) regarding the fees collected by the Department of Mineral Resources. He noted:

- The department's fees primarily are related to geothermal permits, oil and gas oil permits, and carbon dioxide storage administration.
- The department recommends no changes to the fees.

Securities Department

Ms. Karen Tyler, Commissioner, Securities Department, presented information ([Appendix M](#)) regarding the fees collected by the Securities Department. She noted:

- The department collected \$26.2 million of fees during the 2021-23 biennium, of which \$2.8 million was appropriated for the department's budget with the remaining \$23.4 million deposited in the general fund.
- The department's fees primarily are related to the registration or exemption of security offerings, registration of franchise businesses, and registration of industry firms and professionals.
- The department's fee amounts are approximately at the midpoint of all jurisdictions in the United States.

No further business appearing, Chairman Rummel adjourned the meeting at 4:10 p.m.

Adam Mathiak
Senior Fiscal Analyst

ATTACH:13