

# MICROFILM DIVIDER

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SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1074

2001 HOUSE NATURAL RESOURCES

HB 1074

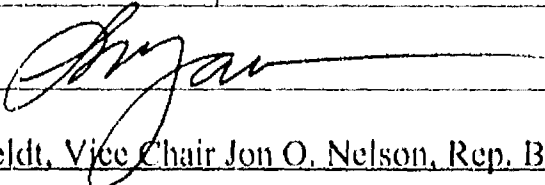
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1074

House Natural Resources Committee

Conference Committee

Hearing Date January 12, 2001

Tape Number	Side A	Side B	Meter #
1	x		1-556
Committee Clerk Signature 			

Minutes: Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. DeKrey, Rep. Droydal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: I will open the hearing on HB 1074.

Rick Larson - Deputy Land Commissioner: I am here in support of HB 1074. (see attached testimony).

Chairman Rennerfeldt: Are there any questions on the committee? Thank you sir.

Larson: There is one addition, some wording that could be better in this bill that would actually transfer the minerals to the Land and Minerals trust fund, rather than just the proceeds.

Chairman Rennerfeldt: So you are offering an amendment? Do you have one written up?

Larson: I do have an amendment. (See attached proposed amendment to HB 1074).

Chairman Rennerfeldt: I will have you distribute it to the committee.

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House Natural Resources Committee

Bill/Resolution Number HB 1074

Hearing Date January 12, 2001

Rep. Porter: Mr. Chairman.

Chairman Rennerfeldt: Rep. Porter.

Rep. Porter: Thank you Mr. Chairman. Mr. Larson, who holds the minerals if they are not transferred to the trust fund.

Larson: The state of ND. There are no provisions except for the proceeds to be deposited to the general fund as established in 1985. So the Lands and Minerals Trust Fund has provision for management and authorization for specific management of those minerals.

Rep. Porter: Follow up Mr. Chairman.

Chairman Rennerfeldt: Go ahead.

Rep. Porter: Thank you Mr. Chairman. Mr. Larson, are there other minerals rights that you manage and not hold the actual mineral rights in the trust fund? Where it would be the way the original bill was set up? Or are most of the minerals you handle in the trust fund?

Larson: All of the minerals we manage are in a trust fund. About 13 different trusts. This is the only mineral tract we have that is not in a specific fund.

Chairman Rennerfeldt: Rep. Droydal.

Rep. Droydal: Mr. Larson. We currently have a board that administers and leases funds for all hay lands. I believe it is a separate board from that one. I believe that board is already accustomed to leasing can we transfer custody of minerals to them.

Larson: Chairman Rennerfeldt, Rep. Droydal, this is the same board.

Chairman Rennerfeldt: Any others questions of the committee? We will hold your amendments and discuss this later. Is there anyone here to speak in favor of this bill? Anyone in opposition?

The hearing of this bill is closed.

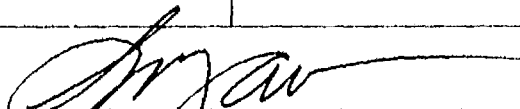
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1074

House Natural Resources Committee

Conference Committee

Hearing Date January 18, 2001

Tape Number	Side A	Side B	Meter #
1	x		769 to 1850
Committee Clerk Signature 			

Minutes:

Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. Drovdal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: We will take action on HB 1074. That was the transfer of revenue of the land and minerals trust fund. Rep. Drovdahl.

Rep. Drovdal: I would like to make a motion to amend HB 1074. If I get a second I will explain what that does.

Rep. Porter: Second.

Rep. Drovdal: The amendment that I passed out, you can read it, but my intent on this amendment is current management of state land and oil and gas reserves. The management goes to I don't know who, but the money from the revenue of our state land goes into a common school trust fund and the interest from the trust fund goes to the school districts each year. My

thought is why don't we put the interest and income off this land into the same fund as all the other state school land. Funding K-12 education is the primary purpose. This would go directly into that funding formula. The amendment would move it into the same category as other school land.

Chairman Rennerfeldt: Did everyone understand that? Rep. Weiler.

Rep. Weiler: Why do they have in here that it should go to the Lands and Minerals Trust Fund if they mean it to go somewhere else.

Rep. Droydal: Currently this bill sends the money to the general fund and I am sending the money to the school trust fund. Management would go to the common school trust fund which does manage most of their land.

Rep. Winrich: In the fiscal note on this bill, the comment says there is no fiscal impact what so ever in the passage of this bill because the bill codifies the current practice for depositing these funds in the Lands and Minerals Trust Fund. Would this amendment change that? Would we need a new fiscal note?

Chairman Rennerfeldt: I would think we would.

Rep. Winrich: Could I ask Rep. Droydal to provide some rationale for the change, why change a current practice?

Rep. Droydal: We heard a lot of testimony on the Education committee on how our state lands are managed. I think we should try to get it all under one umbrella, one management schedule. As long as this is getting transferred, why shouldn't we just transfer it to the education trust fund and help our students. We always seem to be under funding our students in ND, this is one way to get that funding directly to our schools instead of putting it into the general fund. Then they have to fight for it. This was the main purpose of our state land in the first place and this

particular land, I am not sure if it was originally part of the school land, but why not put it back where it should be.

Rep. Winrich: I understand that there are significant amounts of land that deal with the common school trust fund. Are there also significant amounts in the Lands and Mineral Trust Fund or is this kind of an oddball?

Rep. Droydal: Mr. Chairman, I can't answer that.

Vice Chair Nelson: Rep. Droydal, when you drew up your amendment did you visit with Mr. Larson, or anyone from that agency to see if they thought this was a friendly amendment?

Rep. Droydal: No.

Chairman Rennerfeldt: Would there be any way to get that information real quick? Is there any way we could get an estimate on the fiscal note?

Rep. Droydal: Looking at the fiscal note that was presented before. The difference would be that the money would not be going into the general trust fund but going into the education trust fund. I think we would have to ask Legislative Council to prepare a fiscal note to get the accurate figures.

Chairman Rennerfeldt: Before we take action?

Rep. Droydal: It would probably be advisable.

Rep. Nottestad: This land has a different history than a lot of school land. It has a connection to the university system and I would want to know before we go this route, I support putting all the funds we can into the school trust fund, but with the history of this land, does this have a significant reason to be the way it is? I would like to have that question answered. And if it doesn't then I certainly support the amendment.

Rep. Klein: This land does have a little bit of history and was purchased by Stark County from the State Board of Higher Education. There is a bill that has gone through the Senate Education Committee for the land to revert back to the State Board of Higher Education.

Chairman Rennerfeldt: Well maybe we can get an answer here this morning. Is there anymore discussion on this bill? We will wait on this one until someone can further enlighten us on this bill.

Rep. Winrich: Mr. Chairman, a point of order. Since there is a motion on the floor, would it be appropriate to table that until we get the information we are looking for, and then remove it from the table?

Chairman Rennerfeldt: He is right. If some could be here shortly or we will table it. (Discussion ensued) We still can't take action. (More discussion) So you would withdraw your motion until we get a fiscal note? I will call you back into order here.

Rep. Drovdal: In order to wait for a fiscal note, I would ask that my motion be withdrawn and action delayed until I can get a fiscal note drawn up.

Rep. Porter: Withdraw my second.

Chairman Rennerfeldt: If you would get that for us tomorrow. Business closed on HB 1074.



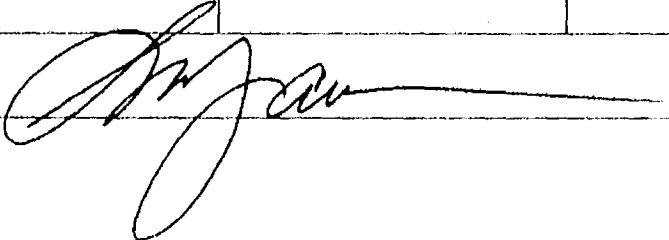
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1074

House Natural Resources Committee

Conference Committee

Hearing Date January 25, 2001

Tape Number	Side A	Side B	Meter #
3	x		2477 to 3500
Committee Clerk Signature 			

Minutes:

Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. DeKrey, Rep. Droydal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: Why don't we do HB 1074.

Rep. Droydal: HB 1074 has to deal with some minerals that the Board of Schools and Universities had and they were changing the responsibility on them. The amendments I am passing out amends the bill so the transfer of funds goes to the College School Trust Fund. The same entity that currently handles our state school lands and our state school minerals and all the revenue that comes from this source would therefore go into the Common School Trust fund per student. This amendment would make sure that these minerals would be dealt with the same as

the others in the state. So I move a Do Pass. Here is a fiscal note saying we would have \$150,000 that would go into the Common School Trust Fund.

Rep. Keiser: I second.

Rep. Hanson: We have two sets of amendments....

Rep. Drovdal: I am talking about the set I just passed out. Jan. 19.

Rep. Hanson: Disregard those of Jan. 15th?

Rep. Drovdal: We didn't pass those.

Chairman Rennerfeldt: I have a motion by Rep. Drovdal and a second by Rep. Keiser on the amendment. Is there any further discussion on the amendments.

Rep. Drovdal: I did talk to the State Land Department and they thought that was a good use of the funds.

Chairman Rennerfeldt: All those in favor of the amendments. Aye carries.

Rep. Solberg: I recommend a Do Pass of HB 1074 as amended.

Rep. Porter: And a re-referral to appropriations.

Chairman Rennerfeldt: Yes, it would have to be re-referred.

Rep. Keiser: I hate fiscal notes, I don't trust them. I think the net is pretty much zero here. The earnings stay. Goes from the land fund into the schools trust fund.

Chairman Rennerfeldt: I think it goes into the general fund and then the funds go out to the common school trust fund and then just the interest goes into the general fund. Am I correct on that.

Rep. Porter: Currently that money is available to the general fund for expenditures, what we have done now is take the money away from the general fund and put it into the schools trust fund just for use for education. There's going to be a net decrease of general funds of \$120,000.

MORE DISCUSSION

Rep. Droydal: I believe on the State Land Department deal they say in the second paragraph, your amendment will transfer these minerals from the Land and Mineral Trust Fund, not the general fund, to the Common School Trust Fund. So, as Rep. Keiser pointed out it is going from one trust fund to another trust fund and has no effect on the general fund what so ever.

MORE DISCUSSION

Rep. Porter: The note that Rep. Droydal referred to on the second paragraph, the second line it says exactly that right now that this amendment will transfer the minerals from the Lands and Minerals Trust Fund which is available to the general fund to the Common School Trust Fund which is manage exclusively for K-12 grade students. So the money will be coming out of the general fund and going into the Common School Trust Fund. Appropriations doesn't need to see this.

Rep. Keiser: Rep. Porter might be right, however I think it is worth a clarification. The language is, it may be available, it isn't automatic. I am questioning whether appropriations need to actually make the transfer into the general fund, and then it becomes a general fund issue, or do those funds accumulate in that trust funds and at some point the legislature in an appropriations bill transfer those funds. Do you understand the distinction. If they are just there to be used some time in the future then that does not necessarily imply that it has an effect on the general fund in this biennium.

Chairman Rennerfeldt: Do you want clarification on that? MORE DISCUSSION.

Rep. Nottestad: I second that.

Chairman Rennerfeldt: I have a motion on HB 1074 as amended by Rep. Solberg, a second by Rep. Nottestad. It may have to be re-referred to appropriations if necessary. Call the roll.

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House Natural Resources Committee  
Bill/Resolution Number HB '1074  
Hearing Date January 25, 2001

**MOTION FOR A DO PASS AS AMENDED WITH RE-REFERRAL TO  
APPROPRIATIONS**

**YES, 15      NO, 0**

**CARRIED BY REP. NOTTESTAD**

