

FISCAL NOTE
Requested by Legislative Council
12/21/2018

Bill/Resolution No.: SB 2082

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

No fiscal impact. The Department is seeking to repeal outdated statutory language, specifically N.D.C.C. §§ 15-04-02, Lease of Cultivated Lands for Summer Fallow, and 15-04-04, Failure to Summer-Fallow Cultivated Lands Cause for Cancellation of Lease.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Not applicable

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not applicable

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Not applicable

Name: Jodi Smith

Agency: Department of Trust Lands

Telephone: 701-328-2807

Date Prepared: 12/27/2018

2019 SENATE AGRICULTURE

SB 2082

2019 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee
Roosevelt Park Room, State Capitol

SB 2082
1/4/2019
30418

- Subcommittee
 Conference Committee

Committee Clerk: Dan Johnston II

Explanation or reason for introduction of bill/resolution:

Relating to cultivated lands for summer fallow.

Minutes:

1 Attachment.

Chairman Luick: Opens testimony on SB 2082.

Michael Humann, Surface Division Manager, North Dakota Department of Trust Lands:
See attachment #1 for testimony in support of SB 2082.

(7:16)Senator Klein: This is just outdated language, you're not up against some land owner that has said "oh my gosh, I want summer fallow", no, this is just outdated language, right?

Michael Humann: That's right, and actually if you go to the end of this section there's a continuing appropriation to section 150424 which really takes care of this. It allows us to help these people, and to do rent credits if the continuing appropriation for land improvement projects. So we can handle them that way.

Chairman Luick: What would the fiscal note be on this bill?

Michael Humann: There is no fiscal impact.

Chairman Luick: It says non-applicable....

Michael Humann: It means there is no fiscal impact.

Senator Hogan: When was the last time these chapters were used?

Michael Humann: I've been working there for over thirty-one years and we haven't used these chapters.

Senator Larsen: Is the school land trust, that people retain, is that for hunting purposes? Does the person who leases that land get to post it?

Michael Humann: We have a public access policy, which allows our lands to be open to non-vehicular public access and unless posted through our office. So a lessee can post; we have very little that posted. We issue three different signs, I would invited you to visit our website. There is 1 that would require that they contact the lessee first, another that says walking access only and then our third is a posted sign. However, less than two percent of our land is actually post, so for the most part there open.

Senator Larsen: How would a sportsman find all that information?

Michael Humann: The North Dakota Game and Fish PLOTS guide shows all of our tracts.

Senator Hogan: How does land become a part of the NDDTL?

Michael Humann: At Statehood we were granted land for the support of these schools and institutions and they were generally sections 13 and 36. It was approximately 3.2 million acre grant and of that we have the acreage left on that chart(see attachment 1, pg2), but we have a lot more mineral acreage than that. So that's how we got most of it, and then we've also acquired some land over time; we have what's called a farm loan real-estate, which is managed by the bank, but in old days when those loans went bad, then we got that property.

Senator Klein: there was a time when we started disposing of that school property, was there a particular reason we did that.

Michael Humann: there was some land in the 1970 we've kind of gone away because there wasn't that much land left and it is a good investment.

Senator Larsen: What are the funds in the School Land Trust?

Michael Humann: I'm in the surface division; could I differ that and have our investment guy contact you with that information?

Chairman Luick: Please do.

No Further Testimony

Chairman Luick: Opens discussion on SB 2082.

Senator Larsen: Motions a Do Pass on SB 2082

Senator Osland: Seconds.

A Roll Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carries

Senator Larsen will carry the bill

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2082**

Senate Agriculture Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Senator Larsen Seconded By Senator Osland

Senators	Yes	No	Senators	Yes	No
Senator Luick-Chairman	✓		Senator Hogan	✓	
Senator Myrdal-Vice Chair	✓				
Senator Klein	✓				
Senator Larsen	✓				
Senator Osland	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Larsen

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

REPORT OF STANDING COMMITTEE

SB 2082: Agriculture Committee (Sen. Luick, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). None was placed on the
Eleventh order on the calendar.

2019 HOUSE AGRICULTURE

SB 2082

2019 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

SB 2082
3/7/2019
Job #33388

- Subcommittee
 Conference Committee

Committee Clerk: ReMae Kuehn

Explanation or reason for introduction of bill/resolution:

Relating to cultivated lands for summer fallow

Minutes:

Attachment #1

Michael Humann, Surface Division Manager, North Dakota Department of Trust

Lands: (Attachment #1)

(7:02)

Chairman Dennis Johnson: In the past has there been requests for reduced rent to clean up the ground with tillage?

Michael Humann: We haven't had that request.

A new section in the same Chapter 15-04-24 is an appropriation for land expenses. That continuing appropriation allows us to take care of expenses. That is why these statutes are not needed.

Representative Tveit: Under present law do you still require summer fallow on what you rent?

Michael Humann: We don't have a requirement for people to summer fallow.

Chairman Dennis Johnson: If you have a lot of noxious weeds, you can clean it up with tillage or chemicals and negotiate your rent for one year.

Michael Humann: Yes.

Representative McWilliams: This is something not used and taken out of Century Code to clean it up?

Michael Humann: Correct

Representative Skroch: Section 15-04-04 relates to the failure of summer fallow cultivated lands. What if you do have a lessee that is failing to remove a crop or is using bad practices or not paying their rent? Do you have another mechanism to cancel their lease?

Michael Humann: The board has policies that addresses those issues.

Representative Skroch: Removing this section won't prohibit you from responding to a bad actor?

Michael Humann: No.

Opposition: None

Representative Fisher: Moved Do Pass

Representative McWilliams: Seconded the motion

A Roll Call vote was taken: Yes 12, No 0, Absent 2.

Do Pass carries.

Representative Dobervich will carry the bill.

Date: 3/7/2019

Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2082**

House **Agriculture** Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar
- Other Actions:** Reconsider _____

Motion Made By Rep. Fisher Seconded By Rep. McWilliams

Representatives	Yes	No	Representatives	Yes	No
Chairman Dennis Johnson	X		Rep. Ruth Buffalo	X	
Vice Chairman Wayne Trottier	X		Rep. Gretchen Dobervich	X	
Rep. Jake Blum	X				
Rep. Jay Fisher	X				
Rep. Craig Headland	AB				
Rep. Dwight Kiefert	X				
Rep. Aaron McWilliams	X				
Rep. David Richter	X				
Rep. Bernie Satrom	X				
Rep. Cynthia Schreiber Beck	AB				
Rep. Kathy Skroch	X				
Rep. Bill Tveit	X				

Total **Yes** 12 **No** 0

Absent 2

Floor Assignment Representative Dobervich

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

REPORT OF STANDING COMMITTEE

SB 2082: Agriculture Committee (Rep. D. Johnson, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2082 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

SB 2082

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<https://land.nd.gov>



Jodi A. Smith, Commissioner

**TESTIMONY OF MICHAEL HUMANN
Surface Division Manager
North Dakota Department of Trust Lands**

Senate Bill 2082

Senate Agriculture Committee
January 4, 2019

Chairman Luick and members of the Senate Agriculture Committee, I am Michael Humann, Surface Division Manager for the North Dakota Department of Trust Lands (Department). I am here today on behalf of the Department, at the Committee's request, to provide information regarding Senate Bill 2082.

The Department is the administrative arm of the Board of University and School Lands, which has the primary responsibility of managing the Common Schools Trust Fund and 13 other permanent educational trust funds. The beneficiaries of the trust funds include local school districts, various colleges and universities, and other institutions in North Dakota. The Department manages four additional funds: the Strategic Investment and Improvements Fund, the Coal Development Trust Fund, the Capitol Building Fund, and the Indian Cultural Education Trust.

The Department also administers the responsibilities outlined in the Uniform Unclaimed Property Act, N.D.C.C. ch. 47-30.1. In this role the Department collects "unclaimed property" (uncashed checks, unused bank accounts, etc.), and processes owners' claims. This property is held in permanent trust for owners to claim, with the revenue from the investment of the property benefiting the Common Schools Trust Fund. Additionally, the Department operates the Energy Infrastructure and Impact Office (EIIO), which provides financial support to political subdivisions that are affected by energy development. Assistance is provided through both the oil and gas impact grant program and the coal impact loan program. The EIIO also distributes energy and flood grants carried over from prior biennia.

Revenues are generated through the prudent management of trust assets, which assets include approximately 706,600 surface acres and 2.6 million mineral acres. The mineral acres are available for oil, gas, coal, gravel, and scoria leasing. Within the 706,600 surface acres, 15,180 acres are leased as cropland and 5,185 acres are leased as improved hay land. These surface acres are leased to ranchers and farmers. In addition numerous right-of-way applications for trust lands, mostly due to energy development, are processed each year with application fees and negotiated consideration payments for issued right-of-way agreements providing revenue to the various trusts.

Surface Acres by County					
As of June 30, 2017					
County	Acres	County	Acres	County	Acres
Adams	17,097.52	Golden Valley	28,983.55	Ramsey	2,056.50
Barnes	2,803.32	Grant	33,517.76	Ransom	1,120.00
Benson	11,999.60	Griggs	1,741.24	Renville	1,910.12
Billings	30,927.06	Hettinger	9,892.50	Richland	513.68
Bottineau	3,271.94	Kidder	28,643.79	Rolette	6,226.08
Bowman	29,310.48	LaMoure	1,435.72	Sargent	1,128.17
Burke	16,137.16	Logan	9,421.53	Sheridan	25,826.44
Burleigh	27,891.66	McHenry	22,720.56	Sioux	23,411.56
Cass	40.00	McIntosh	6,209.87	Slope	23,605.98
Cavalier	556.47	McKenzie	64,586.70	Stark	6,150.13
Dickey	3,981.51	McLean	20,890.99	Stutsman	15,627.81
Divide	20,791.24	Mercer	15,129.38	Towner	8,076.00
Dunn	25,673.31	Morton	18,101.82	Walsh	160.00
Eddy	10,292.81	Mountrail	32,445.59	Ward	10,798.98
Emmons	13,533.97	Nelson	2,694.45	Wells	5,251.89
Foster	3,111.51	Oliver	7,588.41	Williams	38,380.84
Grand Forks	1,274.77	Pierce	13,664.93	Total	706,607.30

Professional staff work day-to-day on land management projects that result in the generation of surface revenue and land improvement on school trust lands. These projects include:

- Linear easements.
- Oil well pad, saltwater disposal sites, pipeline and road siting and reclamation.
- Developing water wells, pipelines, dams and dugouts for livestock water and wildlife enhancement.
- Grazing management plans for improving range condition and productivity.
- Cooperative trash site clean-up and abandoned water well sealing.
- Gravel and scoria mine site reclamation.
- Noxious weed chemical and biological control.
- Coal mine reclamation.
- Monitoring flood affected tracts.
- Seismic permitting.
- Lessee and right-of-way contracts and public inquiries.

SB 2082

The Department is recommending the repeal of N.D.C.C. §§ 15-04-02 and 15-04-04 relating to cultivated lands for summer-fallow:

CHAPTER 15-04 - LEASES OF ORIGINAL GRANT LANDS FOR AGRICULTURAL PURPOSES

15-04-02. Lease of cultivated lands for summer fallow.

The commissioner of university and school lands may lease cultivated lands in the several counties for a period of two years for the purpose of summer-fallowing during the first year and cropping during the second year, when, in the commissioner's opinion, it is necessary to clear the land of noxious weeds. The lessee in such case shall pay only one year's rent for the land.

15-04-04. Failure to summer-fallow cultivated lands cause for cancellation of lease.

If the lessee renting cultivated land fails or neglects to summer-fallow the land at the proper time, the board of university and school lands may declare the lease canceled and the amount paid as rent must be forfeited.

Summer-fallow is a practice wherein no crop is grown and all plant growth is controlled by cultivation during a season when a crop might normally be grown. Summer-fallow was at one time considered an essential cultural agronomic practice in some dryland areas because there was simply not enough precipitation during the crop growing season to provide sufficient water to produce a crop. The summer-fallow practice was thought to help store water in the soil profile. Summer-fallow has been replaced by reduced tillage practices, cover crops, and chemical fallow. The practice of summer-fallow has become obsolete due to the use of more environmentally friendly and culturally acceptable agronomic practices that maintain cover on the land, collect snow, and reduce surface soil temperatures which allow for greater moisture retention and storage, and improve soil organic matter, soil tilth, and soil microbiology. These factors result in a vast reduction in wind and water erosion. Further, continuous cropping and less tillage is now preferred and seen as the more economically beneficial practice. Because summer-fallow has become an obsolete agronomic land use practice, we are requesting N.D.C.C. §§ 15-04-02 and 15-04-04 be repealed as these statutes are no longer used to manage trust land cropland acres.

The Department respectfully requests support of Senate Bill 2082 to repeal N.D.C.C. §§ 15-04-02 and 15-04-04.

We look forward to working with the Committee on these issues and would be happy to answer any questions.

#1
SB2082
3/7/19

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Jodi A. Smith, Commissioner

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**TESTIMONY OF MICHAEL HUMANN
Surface Division Manager
North Dakota Department of Trust Lands**

Senate Bill 2082

House Agriculture Committee
March 7, 2019

Chairman Johnson and members of the House Agriculture Committee, I am Michael Humann, Surface Division Manager for the North Dakota Department of Trust Lands (Department). I am here today on behalf of the Department, at the Committee's request, to provide information regarding Senate Bill 2082.

The Department is the administrative arm of the Board of University and School Lands, which has the primary responsibility of managing the Common Schools Trust Fund and 13 other permanent educational trust funds. The beneficiaries of the trust funds include local school districts, various colleges and universities, and other institutions in North Dakota. The Department manages four additional funds: the Strategic Investment and Improvements Fund, the Coal Development Trust Fund, the Capitol Building Fund, and the Indian Cultural Education Trust.

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#1
SB2082

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