

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2013

2001 SENATE APPROPRIATIONS

SB 2013

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2013

Senate Appropriations Committee

Conference Committee

Hearing Date January 23, 2001

Tape Number	Side A	Side B	Meter #
1	Land Dept.		0.0-39.8
Committee Clerk Signature <i>Debra A. Shover</i>			

Minutes:

Tape #1, Side A, meter 0.0

Senator Nething opened the hearing on SB 2013, ND State Land Department.

Robert Olheiser, Director ND State Land Department, gave a slide presentation (attached) for their appropriation. Board of University and School Lands; no General Fund money used, allowed to spend 10% money generated; Agencies mission to fund public education; comparison of original land grant to current ownership; Major Asset classes; Surface Management 7.57 FTEs; Minerals Management 2.99 FTEs; Unclaimed Property 5.08 FTEs; Permanent Education Trust Investments by asset class after June 30, 2000 rebalancing; Investments 1.95 FTEs; Total Trust equity as of June 30, 2000; Permanent Education Trust income and distributions. Their investment strategy for next two years is at 6%.

Senator Grindberg: The \$719 million; where is that invested; any in ND?

Robert Olheiser: Not in ND businesses; but in the Farm Loan Pool Program.

Page 2

Senate Appropriations Committee

Bill/Resolution Number 2013

Hearing Date January 23, 2001

Senator Grindberg: Can you give us a description of where these funds are invested if not in ND?

Robert Olheiser: We do have that information and a copy will be given to the committee for their review. Note that when you receive this information the significant difference of asset classes.

Rick Larsen, Energy Development Impact, spoke on rest handout from Land Department. The Energy Development Impact Office .91 FTE; the objection of EDIO; criteria for projects funded; source of funding figures.

Senator Andrist: Explain the 6 2/3 of 5% oil tax impact; why only 3 1/2 % last biennium?

Rick Larsen: Because 6 2/3 represents the production tax.

Vicky Steiner, Executive Director, ND Association of Oil and Gas Producing Counties, spoke support of the bill and the funding. (Testimony attached with Needs Assessment List).

Ward Kooser, City of Williston, gave an overview of statistical information (copy attached) showing the impact the oil boom had on Williston and the benefits to the town. Debts will be paid in 2002 and we will then begin investing.

Senator Solberg: Looking at IT budget book; explain the amount differences from your budget.

Robert Olheiser: This amount in IT book includes salaries.

Senator Solberg: The 169 acres of agricultural land; where did this come from?

Robert Olheiser: It was a gift from the Hedland family to use for education; this occurred about 13 months ago.

Senator Solberg: We have been told that OMB will be inventorying all investments; can you do this?

Page 3

Senate Appropriations Committee

Bill/Resolution Number 2013

Hearing Date January 23, 2001

Robert Olheiser: Value of land is \$100 million; the methodology was done with each county by tracts and the productivity index. Cheapest way to arrive at the value.

Senator Andrist: The land portfolios; wouldn't it be better to look at other assets besides land?

Robert Olheiser: Not true; Our first performing asset class was in 1960; it has appreciated 4% every year with 3 1/2% cash flows equaling 7 1/2% return; we have kept the pace of inflation with equity.

Senator Solberg: Will you furnish us with a list showing the value of land per county?

Robert Olheiser: Yes I can furnish that to you.

Senator Andrist: Are payments made to the counties where the state land is owned?

Robert Olheiser: Payments are now paid to county where trust lands are located as asked by the last legislature; 5% rental payment is given back to the counties.

Senator Kringstad: The \$60 million; where does the interest go?

Robert Olheiser: It goes to two parts; 8 1/2% to Farm Pool Loan Program and 9 1/2% to development of mentally disabled.

With no opposition to the bill, hearing was closed. Tape #1, Side A, meter 39.8.

Full Committee - February 7, 2001 (Tape #1, Side B, Meter No. 32.1-39.9)

Senator Nething reopened the hearing on SB2013.

Senator Bowman, Chair of the Land Department Subcommittee, submitted proposed amendments. He moved for adoption; Senator Tallackson seconded. Motion carried.

Senator Nething: Why didn't they sell land the last time?

Senator Bowman: No answer given -- only legislative intent.

Senator Tallackson: It is my understanding that the Board wouldn't agree to sell.

Senator Bowman: These are odd pieces -- no land value.

Senator Heitkamp: Back to the tax roll?

Senator Bowman: Yes.

Senator Bowman: FTE's on based on the number of acres of land. Legislative Council can explain dollars.

Joe Morrissette, Legislative Council Analyst: Could include additional work load personnel --- surveying etc. associated with the cost of selling --- may need more individuals when preparing the sale--all of which will be considered expenses of sale--none appropriated dollars.

No additional discussion. Senator Bowman moved a DO PASS AS AMENDED (18039.0102); seconded by Senator Tallackson. Roll Call Vote taken: 9 yes; 0 no; and 5 absent and not voting.

Senator Bowman accepted the floor assignment.

**PROPOSED AMENDMENTS TO SENATE BILL NO. 2013**

Page 1, line 6, replace "lands and minerals trust" with "oil and gas impact grant"

Page 1, line 7, remove "and other income"

Page 1, after line 22, insert:

**"SECTION 4. LEGISLATIVE INTENT - SALE OF CERTAIN TRUST LANDS.** It is the intent of the fifty-seventh legislative assembly that the board of university and school lands evaluate all parcels of land owned by the common schools trust fund and other educational trust funds to determine if individual parcels are producing a positive annual rate of return, excluding appreciation in value. It is the intent of the fifty-seventh legislative assembly that the board sell, during the biennium beginning July 1, 2001, and ending June 30, 2003, those parcels which are not producing a positive annual rate of return."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2013 - Land Department - Senate Action**

This amendment adds a section of legislative intent to provide that during the 2001-03 biennium the Board of University and School Lands evaluate land owned by the common schools trust fund and other educational trust funds and sell those parcels not producing a positive annual rate of return.

Date: 2-7-01

Roll Call Vote #: 1

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2013**

Senate Appropriations Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

Legislative Council Amendment Number 18039.0102

Action Taken Do pass as amended

Motion Made By Sen Bowman Seconded By Sen Tallackson

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman					
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac					
Joel C. Heitkamp	✓				
Tony Grindberg	✓				
Russell T. Thane					
Ed Kringstad					
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist					

Total Yes 9 No 0

Absent 5

Floor Assignment Senator Bowman

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



**REPORT OF STANDING COMMITTEE**

**SB 2013: Appropriations Committee (Sen. Nething, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (9 YEAS, 0 NAYS, 5 ABSENT AND NOT VOTING). SB 2013 was placed on the Sixth order on the calendar.**

Page 1, line 6, replace "lands and minerals trust" with "oil and gas impact grant"

Page 1, line 7, remove "and other income"

Page 1, after line 22, insert:

**"SECTION 4. LEGISLATIVE INTENT - SALE OF CERTAIN TRUST LANDS.**

It is the intent of the fifty-seventh legislative assembly that the board of university and school lands evaluate all parcels of land owned by the common schools trust fund and other educational trust funds to determine if individual parcels are producing a positive annual rate of return, excluding appreciation in value. It is the intent of the fifty-seventh legislative assembly that the board sell, during the biennium beginning July 1, 2001, and ending June 30, 2003, those parcels which are not producing a positive annual rate of return."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2013 - Land Department - Senate Action**

This amendment adds a section of legislative intent to provide that during the 2001-03 biennium the Board of University and School Lands evaluate land owned by the common schools trust fund and other educational trust funds and sell those parcels not producing a positive annual rate of return.

2001 HOUSE APPROPRIATIONS

SB 2013

