

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2015

**2001 SENATE APPROPRIATIONS**

**SB 2015**


2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2015

Senate Appropriations Committee

Conference Committee

Hearing Date : January 8, 2001

Tape Number	Side A	Side B	Meter #
#3	IND COMM		0.0 - 50.4
		IND COMM	0.0 - 20.5
Committee Clerk Signature 			

Minutes: Tape #3, Side A

Senator Nething opened the hearing on SB 2015.

Karlene Fine, Executive Director and Secretary for the Industrial Commission of ND (testimony attached). She explained that the Industrial Commission is responsible for overseeing Bank of ND, the State Mill, the Municipal Bond Bank, the Oil and Gas Division, the Student Loan Trust, the Geological Survey and the various regulator functions related to subsurface minerals, and the Lignite Research, Development and Marketing Program. In addition the Industrial Commission is the North Dakota Building Authority. Her testimony was on Subdivision I of Senate Bill 2015 or Budget No. 405 and the appropriations for the administrative office. The appropriation funding sources are the General Fund dollars, non-state funds (Job Service dollars, University System building project local match, Lignite Research Fun, Municipal Bond Bank and federal funds. No General Fund dollars are used for the operations of the administrative office. Also the Industrial Commission's proposed budget was submitted to the Office of Management and Budget, and two of the Commission's agencies have been informed that they must relocate as the

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leases will not be renewed. An amendment to SB 2015 will be submitted following testimony of all the agency directors.

Senator Solberg: Bonds that are due, which ones are going off and when?

Karlene Fine: 1986 Refund Bonds and 1998 paid off bonds from 1988, most bonds are for 10 years. Next portion of 1992A were refinanced in 1998.

Senator Solberg: Section 3 Bonds, what area?

Karlene Fine: Student Loan trust.

Tape #3, Side A. 19.5

John Dwyer, Chairman Lignite Research Council, (testimony attached). Summarized future lignite industry environmental issues and how important it is to compete as lignite solves problems with tax revenue, increases development, and research is needed. Lignite exists in an extremely competitive market; environmental issues are impacting competitiveness; other regional factors impacting competitiveness are emission fees, externalities and portfolio generation mandates. Future of ND lignite industry depends on the ability to use lignite more cleanly, more efficiently and more economically. We need research for existing facilities to maintain jobs, economic activity and tax revenue. The lignite Vision 21 Project will promote and utilize state of the art mining technologies; will improve efficiency and reduce emissions and utilize energy growth demands for our region.

Senator Bowman: Are there changes from Washington on the policies on burning coal, etc., any feedback that is beneficial?

John Dwyer: Hopefully the clean technology program with President elect Bush to promote technology. The initial indications was effort from the coal standpoint. The big challenge on

environmental laws and rules are in place and are very significant like the haze rules. We need to reduce emissions from power facilities. The flip side would be to sign a policy with DOE.

Senator Andrist: Will they mandate to improve air and take into consideration the air streams and how they change yearly? Does the air move the standards?

John Dwyer: There are regional air issues. Canada does not have any air standards which is frustrating. With these concerned issues, Congress needs to emphasize neighboring borders to do the same thing.

Senator Nething: On the Project 21, who is matching the \$10,000,000.

John Dwyer: There is an initiative setup for new players or existing players to build the new generating unit. The investors will be given state money of \$6,000,000 for an incentive. 50% from coal trust fund and another 10 cents per ton.

Senator Nething: How much is the fund now?

John Dwyer: \$10,165,000 now.

Senator Nething: On Page 8, carry over funds, the chart on page 4, are these annual revenues?

John Dwyer: Correct. Chart page 4, 4.7 million and 1.2 million.

Senator Nething: Is the time frame of the \$10 million utilized now?

John Dwyer: Yes, That is the strategy right now; if the gas prices go up it will be looked at then.

Senator Nething: Is the trust fund only for this biennium?

John Dwyer: Yes.

Senator Tallackson: Explain any road blocks; transmission power.

John Dwyer: The project transmission challenge is not in ND & SD but in MN; we have 75 miles to the east for the industrial transmission for power to MN; wind generation is the same and can work together. Important issues now are transmission and environmental.

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Senator Nething: Explain the stability tests.

John Dwyer: The stability tests; the opportunity is there less MN terrain, the better big issue in MN right now.

Senator Bowman: Transmission lines; are they designed for heavier lines to put on existing lines; easements.

John Dwyer: It really depends on the easements; it would be much easier with exiting lines.

Senator Tallackson: Regarding Technology-explain environmental issues on new plant.

John Dwyer: This plant is super clean; with technology today, plants will be much cleaner.

Senator Nething: Transmission is shorter to the east; but isn't the demand in the west.

John Dwyer: We have transmission problems with power to the coast; exchange agreements are all changing.

Tape #3, Side A. 32.00

Lynn Helms, Director of the Oil & Gas Division of the Industrial Commission, appeared (testimony attached) on behalf the Industrial Commission. He summarized on the staff and the specific duties involved for the upcoming budget. With the electronic age they are making progress in the Oil & Gave Division mainly: Expanded their web site, electronic filing of forms and data collection, converted half paper files and field inspector data to electronic format, upgrading the engineering and geology hardware and software systems. Also mentioned Amendment to SB 2015 regarding lease.

Senator Bowman: Regarding the amendment, are you looking for space now.

Lynn Helms: Yes we are; location uncertain at this time.

Tape #3, Side A. 42.9

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John Bluemle, State Geologist & Director ND Geological Survey, stated (testimony attached)

that the lease with Basin was canceled and looking for a new location by the Summer of 2001.

Summary of staff and locations. Geology mission: energy resources and research, provide public service and map related information, and administer regulatory programs for ND Industrial Commission.

Tape #3, Side A completed 50.4. Side B started.

John Bluemle continued testimony on oil well core and drilling; coal exploration, geothermal resources, pale ontological resources, subsurface minerals, Class III injection wells and conflict resolution. (Handouts attached.)

Senator Tallackson: Have you located space for lease and what the costs will be?

John Bluemle: The cost to be roughly \$70,000. Average lease is from \$10.50 per foot to \$12.00 per foot, moving costs, network rewiring costs, and telephone.

Tape #3, Side B. 12.00

Tom Tudor, Executive Director Municipal Bond Bank, provided testimony (testimony attached), summarizing bond bank; low cost loans to ND political subdivisions; no money requested from general fund. Present time there are three loan programs: Capital Financing, State Revolving Fund, and the School Construction Financing Loan Program. The Bond Bank is required to establish a debt service reserve; establish a Bond Bank Advisory Committee made up of three members appointed by the Commission. An annual report is provided to the Legislative Council each year of all loans made and bonds issued by the Bond Bank.

Senator Nething: Is the Advisory Committee paid?

Tom Tudor: Yes, they receive \$50 per meeting.

Senator Nething: Any mileage?

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Tom Tudor: There usually is no travel except for once a year; otherwise by telephone.

Senator Tallackson: Is there required school districts?

Tom Tudor: I'm not sure; the Bond Program is in school district; program resolution was just assigned to Industrial Commission.

Senator Schobinger: Who buys the bonds at 2 1/2% rate?

Tom Tudor: Usually investors use investment for earnings to subsidize interest rate around 5%.

Bonds are sold; revolving on a regular basis; competitive sales are regional.

Tape #3, Side B. 20.5

February 6, 2001 Full Committee Action (tape 1, side a: 0.0-54.3)

Senator Holmberg, Chair of the Industrial Commission Subcommittee distributed copies of the proposed amendments (18041.0106). He went through the proposed changes - 71 thousand for the new facility was in both Schafer's and Hoeven's budgets; 20 thousand decrease from the general fund on salary line. Senator Holmberg moved the amendments be accepted; Senator Schobinger seconded the motion.

Discussion: Senator Heitkamp: Stressed that the Bank of North Dakota is comfortable with the 140 million level; and the bank pushed for transfer Among programs (ex: PACE) -- more flexibility here,

Senator Tomac: page 2 -- 20 thousand -- out of a 6 million dollar budget this seems like a very small sum?

Senator Holmberg: This is modest -- and from general funds only -- position that will work with 2 areas --- not from the bank, etc.

No further discussion. Call for the oral vote on amendments; motion carried.



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Senator Holmberg moved a DO PASS AS AMENDED on SB2015; Senator Tomac seconded the motion. No discussion. Roll Call Votes: 14 yes; 0 no, 0 absent. Senator Holmberg accepted the floor assignment.

Hearing on SB2015 closed by Senator Nething.

