

**2023 SENATE STATE AND LOCAL GOVERNMENT**

**SB 2049**

# 2023 SENATE STANDING COMMITTEE MINUTES

State and Local Government Committee  
Room JW216, State Capitol

SB 2049  
1/5/2023

Relating to the leasing & administration of lands managed by the Board of University/School Lands.
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9:30 am Chairman Roers called the meeting to order. Present: Chair K Roers, Vice Chair Barta, Sen Cleary, Sen Estenson, Sen J Lee, and Sen Braunberger.

### Discussion Topics:

- Trust funds
- Updates
- Additional language
- Beehives

9:32 am Joseph Stegmiller, Surface Director, ND Dept of Trust Lands, testified in support. #12410

9:47 am Julie Ellingson, ND Stockmans Assoc., testified in support #12442.

9:52 am Senator Lee moved to pass amendment. Senator Cleary seconded. Voice Vote taken and passed Amendment #23.8027.01001

Senator Lee moved a Do Pass as Amended. Senator Barta seconded.

Senators	Vote
Senator Kristin Roers	Y
Senator Jeff Barta	Y
Senator Ryan Braunberger	Y
Senator Sean Cleary	Y
Senator Judy Estenson	Y
Senator Judy Lee	Y

Vote: YES - 6 NO - 0 Absent - 0 Passed

Senator J Lee will carry the bill.

9:55 am Senator Roers closed the hearing.

*Pam Dever, Committee Clerk*

23.8027.01001  
Title.02000

Adopted by the Senate State and Local  
Government Committee  
January 9, 2023

KU  
1-9-23  
(1-1)

PROPOSED AMENDMENTS TO SENATE BILL NO. 2049

Page 2, line 18, after "commissioner" insert "after consultation with the lessee if the lands are leased"

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**SB 2049: State and Local Government Committee (Sen. K. Roers, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2049 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 2, line 18, after "commissioner" insert "after consultation with the lessee if the lands are leased"

Renumber accordingly

**2023 HOUSE GOVERNMENT AND VETERANS AFFAIRS**

**SB 2049**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Government and Veterans Affairs Committee Pioneer Room, State Capitol

SB 2049  
3/3/2023

Relating to the leasing and administration of lands managed by the board of university and school lands.
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Chairman Schauer called the meeting to order at 9:26 AM.

Chairman Austen Schauer, Vice Chairman Bernie Satrom, Reps. Landon Bahl, Claire Cory, Jorin Johnson, Karen Karls, Scott Louser, Carrie McLeod, Karen M. Rohr, Vicky Steiner, Steve Vetter, and Mary Schneider present. Rep. Jeff A. Hoverson not present.

### **Discussion Topics:**

- Agricultural leases
- Management of state trust lands

Joseph Stegmiller, Surface Director with the North Dakota Department of Trust Lands, introduced SB 2049 with supportive testimony (#21817).

Chairman Schauer adjourned the meeting at 9:47 AM.

*Phillip Jacobs, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Government and Veterans Affairs Committee Pioneer Room, State Capitol

SB 2049  
3/10/2023

Relating to the leasing and administration of lands managed by the board of university and school lands.
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Chairman Schauer called the meeting to order at 11:08 AM.

Chairman Austen Schauer, Vice Chairman Bernie Satrom, Claire Cory, Jeff A. Hoverson, Jorin Johnson, Karen Karls, Scott Louser, Carrie McLeod, Karen M. Rohr, Steve Vetter, and Mary Schneider present. Reps. Landon Bahl and Vicky Steiner not present.

### Discussion Topics:

- Committee work

Chairman Schauer called for a discussion on SB 2049.

Rep. McLeod moved a do pass on SB 2049.

Seconded by Rep. Vetter.

Roll Call Vote:

Representatives	Vote
Representative Austen Schauer	Y
Representative Bernie Satrom	Y
Representative Landon Bahl	AB
Representative Claire Cory	Y
Representative Jeff A. Hoverson	Y
Representative Jorin Johnson	Y
Representative Karen Karls	Y
Representative Scott Louser	Y
Representative Carrie McLeod	Y
Representative Karen M. Rohr	Y
Representative Mary Schneider	Y
Representative Vicky Steiner	AB
Representative Steve Vetter	Y

Motion carries 11-0-2.

Carried by Rep. McLeod.

Chairman Schauer adjourned the meeting at 11:11 AM.

*Phillip Jacobs, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2049, as engrossed: Government and Veterans Affairs Committee (Rep. Schauer, Chairman) recommends DO PASS (11 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).** Engrossed SB 2049 was placed on the Fourteenth order on the calendar.



**TESTIMONY**

**SB 2049**



**TESTIMONY OF JOSEPH STEGMILLER  
SURFACE DIRECTOR  
North Dakota Department of Trust Lands**

**Senate Bill 2049**

Senate State and Local Government Committee  
January 5, 2023

Madame Chair Roers and members of the Senate State and Local Government Committee, I am Joseph Stegmiller, the Surface Director with the North Dakota Department of Trust Lands (Department). I am here to testify in favor of Senate Bill 2049.

The Board of University and School Lands (Board), as established by the North Dakota Constitution, is charged with overseeing the management of state trust lands and investing the revenue generated therefrom to grow as a source of long-term income for the support of certain trust beneficiaries. The Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department is the administrative arm of the Board, serving under the direction and authority of the Board. The Department is a special fund agency, operating off its own revenues and investments, and as such does not receive state general funds.

The Department manages approximately 2.6 million mineral acres with their approximate 8,300 associated oil & gas leases, and over 700,000 surface acres with their approximate 4,400 associated agricultural leases. Revenues generated from these leases, along with payments received from other income sources such as oil & gas lease bonus payments and easements granted for pipelines, roads, and well pads, are deposited into 13 permanent trust funds and invested to provide long-term income for trust beneficiaries. Beneficiaries of these trust funds include public K-12 education, various colleges and universities, and other state institutions throughout North Dakota. The largest trust fund is the Common Schools Trust Fund (CSTF) which had a balance of roughly \$5.65 billion as of June 30, 2022.

Senate Bill 2049 intends to update chapters 15-04 and 15-08 of the North Dakota Century Code with more modern language and requirements. These chapters of the century code relate to agricultural leasing and the management of trust lands, which are leased to farmers and ranchers for pasture and meadow purposes. These agricultural leases run for 5 years and are offered at public auction in the county seat. The following changes are proposed to update chapters 15-04 and 15-08.

Section 1. Amendment. N.D.C.C. § 15-04-09:

The first proposed change is to amend N.D.C.C § 15-04-09. This statute relates to the requirements for advertising of surface lease auctions. The statute requires the Department to notify the county treasurer ten days prior to an auction with the list of tracts that will be auctioned off. This is a remnant from when the county treasurers were more involved with the auctions. Early in the state's history, the county treasurer was responsible for conducting local auctions for trust lands and collecting annual lease payments on behalf of the Department. The Department now handles all auctions and leasing internally. Previous statutes involving county treasurers' responsibilities for auctions were repealed in 1995. However, this portion of the statute still serves an outdated purpose and imposes unnecessary burden on the Department.

Repeal of this part of the statute would save the Department both time and money while preventing exposure of the Department to unnecessary legal liability.

Section 2. Amendment N.D.C.C. § 15-04-19 & Section 5. Repeal. N.D.C.C. § 15-04-18:

The next two proposed changes deal with timber harvesting on trust lands. During the 2021 session, the Legislature passed N.D.C.C. § 15-08-19.4 which provides a more up-to-date pathway for timber harvesting on trust lands. While a more up to date statute was passed, the outdated statute has not yet been repealed. This outdated statute allows lessees of trust lands to cut enough timber to heat their homes. An avenue for timber harvesting is still available, but as stated in the more up to date 15-08-19.4, timber harvesting on trust lands needs written permission from the Land Commissioner. A repeal of N.D.C.C. § 15-04-18, would also require an amendment to N.D.C.C. § 15-04-19 to remove a reference to N.D.C.C. § 15-04-18.

The proposed repeal of N.D.C.C. § 15-04-18 and amendment to N.D.C.C. § 15-04-19 would reduce confusion on what is permissible for timber harvesting on trust lands.

Section 3. Amendment. N.D.C.C. § 15-08-19.1:

This proposed amendment would remove the authority of the surface lessees of trust lands to deny organized events on trust lands. The way the statute is written, the surface lessee has sole authority of what organized events can take place on trust lands. The Department agrees that the lessee should have a say in the matter of organized events since the lessee has a right to occupy and utilize trust lands based on the surface agricultural lease. However, while considering the rights of the lessee, the Commissioner, on behalf of the Board, should be the decision-maker for what occurs on trust lands. Examples of organized events on trust lands in the past have been bird watching groups and filming movies.

After the Department submitted the draft proposal on December 8th, 2022, the Department has been in contact with North Dakota Stockmen's Association about the proposed changes and the Stockmen's Association requested additional language be included that the lessee be consulted. The Department is happy to accommodate this request and would like to propose a change in the language for Section 3 of Senate Bill 2049 as follows:

- e. Has been approved in writing by the ~~current surface land lessee, if the trust lands are leased~~ commissioner after consultation with the lessee if the lands are leased.

This proposed change will ensure the authority of managing trust lands is held by the Commissioner as the Board's agent, while taking into consideration a lessee's utilization of the land.

Section 4. Amendment. N.D.C.C. § 15-08-19.4:

This proposed amendment would allow for more flexibility by the Department to approve beehives located on trust lands. Currently, for beehives to be legally placed on trust lands, the beekeeper must be named as a party to the surface lease which is drafted primarily for grazing livestock. Its language does not address all the concerns of keeping beehives on trust lands. The Department believes that beehives would be better handled with a separate permit which

would not only benefit the Department, but also provide an easier avenue for beekeepers to utilize trust lands.

Thank you for your time and consideration, I look forward to answering any questions you may have.

**SB 2049**  
**Senate State and Local Government Committee**  
**Jan. 5, 2023**

Good morning, Chairwoman Roers and members of the Senate State and Local Government Committee. For the record, my name is Julie Ellingson and I represent the North Dakota Stockmen's Association. For those of you who are not familiar with the Stockmen's Association, it is a 93-year-old trade organization representing the state's beef cattle producers. Many of those producers also are state school land lessees and utilize those lands to sustain their beef herds – hence the reason our organization has an interest in SB 2049.

I am grateful to Mr. Stegmiller of the North Dakota Department of Trust Lands for flagging this bill for us even before the session began to give us a chance to provide the Department with our feedback and suggestions for improvement.

For the most part, the changes presented here seem reasonable and we can appreciate what the Department is asking for you to consider. The only reservation we have, as Mr. Stegmiller noted, is in 1e of Section 15-08-19.1 regarding organized events. While we can understand the Department's interest in being the permission grant for such events, we believe it is essential that those decisions are made in concert with the lessee. It would not be appropriate for the lessee to be left in the dark about such an event on his or her leased pasture and not have the chance to weigh in on it. Depending on the nature of the event, it could very well disrupt the lessee's operations and cause him or her – or the animals grazing there – a hardship. Including the lessee on the decision of whether an organized event can take place there will help maintain an effective communication channel and relationship between the Department and the lessee. The Department has indicated that that sort of lessee consultation is part of its regular practice, and we are so glad to hear that. Still, we think it will go a long way to codify this practice so the expectations are crystal clear.

We worked with the Department in crafting the language we believe captures the shared sentiment and would urge you to adopt the proposed amendment when you advance the bill. *(The suggested language for 1e is: "Has been approved in writing by the commissioner after consultation with the lessee if the lands are leased.")*

Thank you for your consideration and for allowing me to present this morning. I will stand for any questions you have.



**TESTIMONY OF JOSEPH STEGMILLER  
SURFACE DIRECTOR  
North Dakota Department of Trust Lands**

**Senate Bill 2049**

House Government and Veterans Affairs Committee  
March 3, 2023

Chairman Schauer and members of the House Government and Veterans Affairs Committee, I am Joseph Stegmiller, the Surface Director with the North Dakota Department of Trust Lands (Department). I am here to testify in favor of Senate Bill 2049.

The Board of University and School Lands (Board), as established by the North Dakota Constitution, is charged with overseeing the management of state trust lands and investing the revenue generated therefrom to grow as a source of long-term income for the support of certain trust beneficiaries. The Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department is the administrative arm of the Board, serving under the direction and authority of the Board. The Department is a special fund agency, operating off its own revenues and investments, and as such does not receive state general funds.

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Section 1. Amendment. N.D.C.C. § 15-04-09:

The first proposed change is to amend N.D.C.C § 15-04-09. This statute relates to the requirements for advertising of surface lease auctions. The statute requires the Department to notify the county treasurer ten days prior to an auction with the list of tracts that will be auctioned off. This is a remnant from when the county treasurers were more involved with the auctions. Early in the state's history, the county treasurer was responsible for conducting local auctions for trust lands and collecting annual lease payments on behalf of the Department. The Department now handles all auctions and leasing internally. Previous statutes involving county treasurers' responsibilities for auctions were repealed in 1995. However, this portion of the statute still serves an outdated purpose and imposes unnecessary burden on the Department.

Repeal of this part of the statute would save the Department both time and money while preventing exposure of the Department to unnecessary legal liability.

Section 2. Amendment N.D.C.C. § 15-04-19 & Section 5. Repeal. N.D.C.C. § 15-04-18:

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After the Department submitted the draft proposal on December 8th, 2022, the Department had reached out to the North Dakota Stockmen's Association about the proposed changes and the Stockmen's Association requested additional language be included that the lessee be consulted. The Department was happy to accommodate this request and had requested a proposed amendment at the Senate committee hearing. This amendment added that the commissioner would consult the lessee about the potential organized event before approval.

Section 4. Amendment. N.D.C.C. § 15-08-19.4:

This proposed amendment would allow for more flexibility by the Department to approve beehives located on trust lands. Currently, for beehives to be legally placed on trust lands, the beekeeper must be named as a party to the surface lease which is drafted primarily for grazing livestock. Its language does not address all the concerns of keeping beehives on trust lands. The Department believes that beehives would be better handled with a separate permit which would not only benefit the Department, but also provide an easier avenue for beekeepers to utilize trust lands.

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