



LEGISLATIVE *Report*

P.O. Box 1856
Bismarck, ND 58502-1856
701-258-8864
Fax 701-258-8865
1-800-981-5132
E-mail: usnd@usnd.org
www.usnd.org

Utility Shareholders of North Dakota

Greetings USND Members:

February 16, 2007

Our Legislative Assembly reached crossover yesterday afternoon, February 15, one day ahead of the pre-session estimated schedule. Crossover is the date all bills must be out of the chamber of origination, and “crossed-over” to the other chamber. A total of 417 bills and 33 resolutions have been introduced in the Senate while 521 bills and 64 resolutions have been introduced in the House. This session’s total of 1,035 is up from 961 during the 2005 session, 959 for 2003 and 972 considered during the 2001 session.

Money issues continue to dominate legislative action as spending bills introduced totaled some \$1 billion more than the Governor’s budget plan. By crossover a great number of these ideas were defeated, but total spending for bills still in play are about \$500 million more than the Governor’s budget. It is a safe prediction that spending bills being considered will be greatly reduced before the session is over, bringing total spending for the 2007-2009 biennium closer to the Governor’s budget.

Entering the session with a “surplus” of some \$500 million has enticed legislators to introduce bills on behalf of constituents so pet projects have a chance of getting a bite of the golden apple. Conversely, there has been limited effort by the legislature to cut the state taxes that created the huge surplus. Two attempts to lower personal income taxes have been defeated, and there were no bills introduced to lower corporate income or sales taxes. Attempts to lower taxes in the oil patch have also had difficulty finding solid support.

What’s going to happen? That is difficult to predict. However, it is quite safe to predict there will be some \$110 - \$120 million sent back to political subdivisions to further the state’s efforts to support locally taxed activities, somewhat along the lines of the Governor’s budget. It is believed, at this very early juncture, that any increase in state aid to local political subdivisions will be tied to aid for local school districts. Further, it is predicted that this state largesse will also contain some type of limit on local political subdivisions’ ability to increase local property taxes over and above the state’s new funding. But the most important thing to remember about the legislative session and spending bills is, as Yogi Berra used to say, “It ain’t over til it’s over”.

Bills of interest to USND members:

HB-1028 to create a new interim energy committee passed the House 93-0.

HB-1049 to remove sales taxes on natural gas, coal, propane, and other fuels used for heating purposes passed the House on a 92-0 vote. There is no sales tax on electricity, so all fuels used for heating will be treated the same by state tax policy if this bill becomes law.

HB-1127, which was introduced to provide some confidentiality restrictions for the Transmission Authority that was created by the 2005 Legislature, was amended in committee to allow the Transmission Authority to borrow up to \$6 million from the Bank of North Dakota and passed by the House 92 - 0.

HB-1221 to allow more efficient recovery of federally mandated environmental costs on existing power plants passed the House 78 – 16.

HB-1496 which would have prevented utility companies from recovering North Dakota's share of costs associated with environmental standards forced on Minnesota utilities was soundly defeated on a vote of 14 – 74.

SB-2031 to allow more efficient recovery of costs associated with electricity transmission upgrades passed the Senate 45-0, and should be scheduled for House hearings shortly after crossover.

SB-2298 which, among other things, will allow shareholder owned utility companies to build wind farms under turn-key arrangements and be able to participate in property tax incentives the same as allowed for independent power producers that build wind farms. This bill passed the Senate 42 – 3.

There are also bills of general business interest that the USND has been following, including the many bills to change how injured workers compensation issues are handled.

There have also been bills introduced to deal with “alternative energy” issues that the USND has been following. Most importantly, none of the alternative energy bills contain “mandates”. Rather, the buzzword of the day calls for a renewable “goal”, “target”, or “incentive”. Policy set by the USND Board of Directors is to oppose “mandates”.