



# — State of — North Dakota

*Office of the Governor*

John Hoeven  
*Governor*

## LEGISLATIVE HIGHLIGHTS 2009

**Hoeven: Legislature Funds Priorities, Passes Broad Tax Relief, Sets Aside Strong Reserves**

**PROPERTY TAX RELIEF:** Passed a historic **\$400 million broad-based tax relief and reform package** for the people of North Dakota, and achieved the long-sought goal of 70 percent state, 30 percent local funding for education.

- **\$295 million property tax relief** to help homeowners, farmers, ranchers and commercial businesses by reducing the average state levy by 75 mills and capping the rate at 110 mills.
- **\$90 million in individual income tax relief** to make sure all taxpayers share the benefit.
- **\$10 million in corporate income tax reductions** to help stimulate North Dakota's economy and make our state more competitive.
- An increase in the **Homestead Tax Credit** to nearly **\$10 million** to help reduce the burden of taxes on seniors and people with disabilities.

**K-12 EDUCATION FUNDING:** Building on the recommendations of the Governor's Commission on Education Improvement and the Governor's budget recommendation, the Legislature passed far-reaching measures to assure adequacy for K-12 education.

- A record **\$1.3 billion K-12 education funding bill**, with a **nearly \$290 million increase** in state and federal funding. (The ongoing state funding increase is \$120 million; ongoing federal funding increase is \$20 million; and one-time fiscal stimulus funding is \$150 million.)
- **\$825 million in per-pupil payments**, including an increase of \$100 million. At least **70 percent** of all new operating dollars are dedicated to **teacher compensation**.
- **\$85 million** in new funding for **capital projects** and **deferred maintenance**.
- The package also includes increased funding for **mentorships**, additional **counselors**; and **tutors**; and establishes an **Early Childhood Learning Council**.
- A revised curriculum, with **enhanced requirements**, to better prepare students for the jobs of the future.
- A new **Indian Education Advisory Council** to help Native students succeed.
- **\$2.3 million** appropriation for a **Longitudinal Data System** to follow student progress from kindergarten to career in order to improve educational adequacy and meet the needs of the future workforce.

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**HIGHER EDUCATION:** We're continuing to build our universities and colleges to build our economy and train the workforce of the future.

- A total **Higher Education budget of \$795 million, with \$161 million** in additional funding to support students and families; build our campuses; and hold the line on tuition.
- The bill includes more than **\$40 million package to make Higher Education more affordable**, including **more than \$32 million for financial aid**. Within the \$40 million is nearly **\$20 million for ACT-ND**, a needs-based tuition-assistance program; **\$12 million for merit based scholarships** and **Science, Technology, Engineering and Mathematics (STEM)** grants; and **\$8 million** for tuition control.
- A **nearly \$75 million increase** for the campus's ongoing operations and program costs.
- Nearly **\$100 million** in one-time funding for capital projects and deferred maintenance on our campuses, including a new Education Building at UND; a new library at DSU; renovation of Minard Hall at NDSU and Swain Hall at MSU; a new Career and Technology Center at WSC; a new wind project and wind energy training program at Lake Region College; a new center for applied energy research at Bismarck State College; and more.

**INFRASTRUCTURE - TRANSPORTATION AND WATER:** Building a stronger, more competitive North Dakota with landmark legislation for infrastructure enhancements as well as immediate aid to cities, counties and townships for flood recovery.

- A **comprehensive Transportation bill** that will take us from about **\$903 million in the current biennium to about \$1.35 billion in the next**. Combine that with the estimated \$150 million in federal disaster aid, and we will be devoting about \$1.5 billion to transportation, which is almost **\$600 million more to rebuild our roads and help cities, counties and townships recover from statewide flooding**.
- A **revised allocation formula** for the **Highway Tax Distribution Fund** to provide long-term allocations counties, townships, and transit systems.
- A **\$30million increase in state aid to Oil Producing Counties** owing to removal of caps on the oil tax distribution and an increase in the transfer of state revenues to the Oil and Gas Impact Grant Fund.
- A **\$75 million commitment in funding for a Fargo area permanent flood control** project.
- **\$12 million** from stimulus funding for the **Southwest Area Pipeline Project**.

**ECONOMIC DEVELOPMENT, ENERGY AND AGRICULTURE:** We've worked to create a top-notch business climate and real opportunities for our people by **substantially reducing taxes** and creating **strong incentives** for our targeted industries, including agriculture and energy. We continue to make North Dakota a great place for businesses to start or expand.

- A **\$20 million** appropriation for the next round of **Centers of Excellence** awards. The \$39 million in Centers of Excellence funding so far has produced nearly \$170 million in total economic impact to date. These projects will continue to transform and expand North Dakota's economy.

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- A 50 percent increase in funding for **Operation Intern**, and renewed funding for **Workforce Enhancement Grants**, as well increased funding for entrepreneurship programs.
- Increased funding for the **N.D. Trade Office**, which has helped to grow our exports by 35 percent last year, and more than 225 percent since 2000.
- An extended **Property Tax Reduction** and **Sales and Use Tax Exemption for wind power**, as well as an extended **Income Tax Credit for the installation of any Renewable Energy Device**, including geothermal, solar, wind and biomass.
- A new **\$2 million grant program for installation of Blender Pumps** at motor fuel retailers to promote expanded use of ethanol and biodiesel.
- **\$3 million** boos for the **Renewable Energy Fund**.
- **\$1 million in Ag Pace** for disaster relief for ranchers.
- **\$17.6 million** for agriculture research infrastructure, including \$11.4 million for Phase II of the **NDSU Research Greenhouse**, \$3.6 million for a beef research facility, and \$2.9 million for improvements to the Research Extension Centers at Minot, Williston, Dickinson and Langdon.
- A landmark law to regulate **Geological Storage of Carbon Dioxide**, the first in the nation. It establishes a statutory framework for the regulation of long-term geologic storage of carbon dioxide by the North Dakota Industrial Commission.
- A new law to establish **Ownership of Subsurface Pore Space for carbon sequestration**.
- **A carbon credit incentive** against coal conversion privilege taxes to help facilities achieve a required level of carbon dioxide capture, and a new tax incentive for cleaner-burning **beneficiated coal**.
- A streamlined **7 percent** oil extraction tax option to promote exploration and development in the Bakken Reserve.

**LAW ENFORCEMENT:** Building on our position of leadership as one of the safest states in the country, the Legislature authorized a number of measures to help ensure public safety, including:

- **A \$64 million** appropriation to renovate and expand the **State Prison** in Bismarck.
- **Mandatory criminal background checks** for nearly **5,000 childcare workers**.
- **A statewide 24/7 Sobriety Program** under the Attorney General to help combat alcohol abuse and make the roads safer.

**CARING FOR PEOPLE AND QUALITY OF LIFE:** To improve the quality of life for all in North Dakota, we secured funding to help seniors, children, and people with disabilities:

- A total of almost **\$2.3 billion**, which is **\$380 million** increase in the **Department of Human Services** budget to help seniors, children and persons with disabilities.
- A **\$118 million inflationary increase of 6 percent per year, along with additional salary dollars**, to help our hospitals, nursing homes, physicians, DD providers, basic care providers and qualified service providers.
- To advance quality healthcare in North Dakota, we provided **rebasings for health service providers**, which means increased medical payments to hospitals, physicians, dentists, chiropractors and ambulance service providers.

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- A funding increase of **more than \$62 million** for **home and community based care** to help our seniors live more independently.
- A more than **\$5 million loan and grant program for childcare workforce development**, quality improvement and technical assistance to establish and expand safe childcare facilities in North Dakota.
- **Expanded eligibility for SCHIP from 150 to 160 percent net** of the federal poverty level, as well as additional funding for outreach to cover more children.
- **A \$19 million** increase in funding for injured workers through Workforce Safety and Insurance.
- A salary increase of 5 percent the first and 5 percent the second year for North Dakota state employees, as well as a \$16 million equity fund to help retain and attract quality public employees for the people of North Dakota.
- A **\$52 million expansion of the North Dakota Heritage Center**, including \$40 million in state General Funds and \$12 million in private match.
- A new **\$15 million grandstand** for the **North Dakota State Fair** in Minot.

**HONORING OUR MILITARY:** We say thank you to our military in truly tangible ways.

- **A \$32 million** appropriation for construction of a new and modern Veterans Home in Lisbon.
- An **enhanced Veterans Bonus Program** that removes the current caps for both domestic and overseas service, and compensates for actual time served.
- A **Military Service Employer Salary Income Tax Credit** that provides a corporate and individual income tax credit of up to \$1,000 for salaries and certain benefits paid by an employer to a deployed employee.
- A **\$1.4 million** expansion of the **Reintegration Program** that supports all military service members and their families.
- A **Job Protection Measure for Volunteer Emergency Responders** that provides job and wage protection for up to twenty days for National Guard members who volunteer to assist during disasters.
- New **Gold Star License Plates** for surviving family members of soldiers and airmen who died on active duty during a time of conflict.

**BUILDING A RESERVE FOR THE FUTURE:** Our budget keeps expenditures in line with revenues, does not borrow, and sets aside a healthy reserve total of more than **\$700million**, including

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| • <b>Budget Stabilization Fund</b>               | \$325 million        |
| • <b>Oil Tax Trust Fund</b>                      | \$ 52 million        |
| • <b>Property Tax Relief Sustainability Fund</b> | \$295 million        |
| • <b>Ending Fund Balance</b>                     | <u>\$ 30 million</u> |

**TOTAL:** **\$702 million**

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