WELCOME

Governor Doug Burgum

STATE OF THE STATE
EMPOWER PEOPLE
IMPROVE LIVES
INSPIRE SUCCESS
The State of the State is one of unlimited promise and potential, provided we embrace change, diversify our economy and harness the unstoppable forces of technology.
RESOLVING DAPL

Nov. 26, 2016

July 13, 2017

STATE OF THE STATE
HISTORIC DROUGHT

July 25, 2017

Source: US Drought Monitor
DROUGHT TOWN HALLS
HISTORIC FIRES

July 10, 2017 | MAGPIE FIRE
LITTLE MISSOURI NATIONAL GRASSLAND

State of the State
CHALLENGES REMAIN

Today

Source: US Drought Monitor
FLOOD CHALLENGES
MINOT, 2011
COLLABORATION OVER LITIGATION

FM DIVERSION

STATE OF THE STATE

Photo credit: FM Diversion Authority
BUDGET CHALLENGE
COMMODITY PRICES
ALL OF THE ABOVE ENERGY
OIL PRODUCTION NEARS RECORD HIGH

Average Daily Oil Production (bpd)

2008 - 2018

- 137,642
- 1,227,344
- 942,461
- 1,194,920
OIL REVENUE HIGHLY VARIABLE

Billions

<table>
<thead>
<tr>
<th>Period</th>
<th>Revenue ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-09</td>
<td>$0.8</td>
</tr>
<tr>
<td>2009-11</td>
<td>$1.6</td>
</tr>
<tr>
<td>2011-13</td>
<td>$4.0</td>
</tr>
<tr>
<td>2013-15</td>
<td>$6.0</td>
</tr>
<tr>
<td>2015-17</td>
<td>$2.9</td>
</tr>
<tr>
<td>2017-19</td>
<td>$3.1</td>
</tr>
</tbody>
</table>

Projected revenue for the period 2017-19 is $3.1 billion.
SALES TAX FOLLOWS OIL REVENUE TREND

Billions

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-09</td>
<td>$1.2</td>
</tr>
<tr>
<td>2009-11</td>
<td>$1.4</td>
</tr>
<tr>
<td>2011-13</td>
<td>$2.4</td>
</tr>
<tr>
<td>2013-15</td>
<td>$2.8</td>
</tr>
<tr>
<td>2015-17</td>
<td>$1.9</td>
</tr>
<tr>
<td>2017-19 projected</td>
<td>$1.9</td>
</tr>
</tbody>
</table>
GENERAL FUND APPROPRIATIONS REDUCED
$1.7 BILLION

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Appropriations (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-09</td>
<td>$2.5</td>
</tr>
<tr>
<td>2009-11</td>
<td>$3.2</td>
</tr>
<tr>
<td>2011-13</td>
<td>$4.1</td>
</tr>
<tr>
<td>2013-15</td>
<td>$6.9</td>
</tr>
<tr>
<td>2015-17</td>
<td>$6.0</td>
</tr>
<tr>
<td>2017-19</td>
<td>$4.3</td>
</tr>
</tbody>
</table>
RESERVE FUND BALANCES SIGNIFICANTLY DEPLETED

Millions

- Tax Relief Fund: $657, $300, $182
- Foundation Aid Stabilization Fund unobligated: $618, $370, $105
- Budget Stabilization Fund: $572, $6, $113
- Strategic Investment and Improvement Fund unobligated: $435, $187, $363
- General Fund ending balance: $877, $65, $65

State of the State
LEGACY FUND CONTINUES TO GROW FOR THE FUTURE

Thirty percent of total revenue derived from taxes on oil and gas production goes to the Legacy Fund.

Billions

<table>
<thead>
<tr>
<th>Year</th>
<th>Legacy Fund Balance</th>
<th>Transfer from Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$.4</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$1.2</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$2.2</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$3.3</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$3.8</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$4.6</td>
<td>$.2</td>
</tr>
<tr>
<td>2018</td>
<td>$5.2</td>
<td></td>
</tr>
</tbody>
</table>

PROJECTED
PUBLIC DOLLARS SPENT ON INFRASTRUCTURE: 2017-2019

- ROADS: $768.2
- WATER: $616.0
- AIRPORTS: $40.0

State of the State
STATE CUTS K-12 PROPERTY TAXPAYER SHARE IN HALF
LEGISLATURE PROVIDES $65M ADDITIONAL PROPERTY TAX OFFSET

Millions

Added K-12 Relief $154 + Social Service Transfer $161 - Ending 12% Buy Down $(250) = Net Relief 2017-2019 $65
FEDERAL PARTNERSHIPS

PRESIDENT TRUMP

SEPT. 6 | MANDAN
PARTNERSHIPS WITH CANADA
FEDERAL PARTNERSHIPS
VICE PRESIDENT PENCE
2017 JUDICIAL APPOINTMENTS

WHelan

Clark

Knudsen

Johnson

Hurry

Stiel

State of the State
2017 IN REVIEW
New era driven by powerful global trends

Humongous Data

Incredibly Cheap Storage
Gigabit+ Internet
Ubiquitous, Automatic Sensors
Pervasive Mobility and Digital Imagery

The Magic of Software
Machine Learning & Artificial Intelligence
digital transformation
EMPOWER PEOPLE
IMPROVE LIVES
INSPIRE SUCCESS
STRAEGIC INITIATIVES

- Reinventing Government
- Behavioral Health & Addiction
- Tribal Engagement
- Transforming Education
- Main Street Initiative

STATE OF THE STATE
REINVENTING GOVERNMENT
LISTENING SYSTEMS IMPORTANT DURING TRANSFORMATION
21st CENTURY SYSTEMS & PROCESSES

Category 1
- Run: 91%
- Grow: 9%
- Transform: 0%
BEHAVIORAL HEALTH & ADDICTION

ADDICTION CAN HAPPEN TO ANYONE.
WITH SUPPORT, ANYONE CAN OVERCOME IT.

recoveryreinvented.com
FEDERAL ADVOCACY

ONDCCP DIRECTOR BAUM

FDA COMMISSIONER GOTTLIEB

STATE OF THE STATE
TRIBAL ADDICTION SUMMIT
JULY 21, 2017 | ST. JOHN
STRENGTHENING GOVERNMENT TO GOVERNMENT RELATIONS

JAN. 30-31 | BISMARCK

IndianAffairs.nd.gov

STATE OF THE STATE
SENATE BILL 2186
HIGHER EDUCATION GOVERNANCE TASK FORCE
2018 HIGHER EDUCATION CAMPUS TOURS
MAIN STREET ND

HEALTHY, VIBRANT COMMUNITIES

21ST CENTURY WORKFORCE

SMART, EFFICIENT INFRASTRUCTURE

STATE OF THE STATE
12,800 OPEN JOBS IN ND
STATEGIC INITIATIVES

Reinventing Government
Behavioral Health & Addiction
Tribal Engagement
Transforming Education
Main Street Initiative
CONTINUOUS LEARNING

GROWTH MINDSET

FIXED MINDSET
COURAGE
CURIOSITY
GRATITUDE
“Far and away the best prize that life has to offer is the chance to work hard at work worth doing.”
EMPOWER PEOPLE
IMPROVE LIVES
INSPIRE SUCCESS
THANK YOU