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Lance D. Gaebe, Commissioner

**TESTIMONY OF LANCE GAEBE
COMMISSIONER
North Dakota Department of Trust Lands**

**Unclaimed Property Division
Report on State Agency Unclaimed Property**

**Energy Infrastructure and Impact Office
Report on Use of Oil and Gas Impact Grant Funds**

Budget Section

September 23, 2015

Chairman Lee, and members of the Budget Section, I am Lance Gaebe, I serve as the Commissioner of University and School Lands and on behalf of the Land Board, I oversee the Department of Trust Lands; and I am the director of the Energy Infrastructure and Impact Office. I am here to provide the Budget Section with a list of State Agency unclaimed property that may be released from claim eligibility in accordance with NDCC 47-30.1-24.1.

I am also on the agenda to report to you regarding the oil and gas impact grant fund including amounts awarded, 2015-17 amounts spent to date, and the amounts anticipated to be continued into the 2017-19 biennium pursuant to Section 5 of 2015 House Bill No. 1176.

With the chairman's indulgence, I would like to first address the details on the Energy Infrastructure and Impact Office:

**Energy Infrastructure and Impact Office (EIO)
2015-2017 Biennium Use of Oil and Gas Impact Grant Fund**

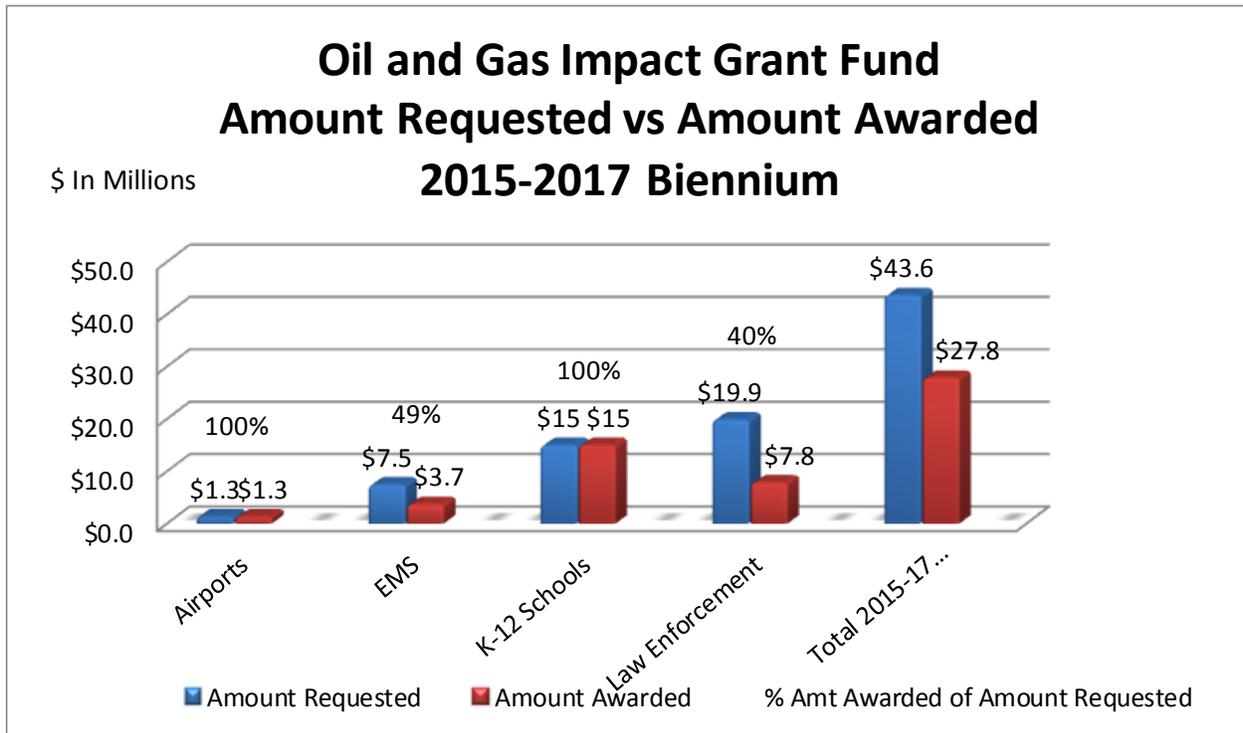
- A Division within the Office of the Commissioner of University and School Lands
- Board of University and School Lands (Land Board) awards and distribute infrastructure and impact grants from the Oil and Gas Impact Grant Fund
- Land Board is made up of:
 - Governor
 - Secretary of State
 - State Treasurer
 - Attorney General
 - Superintendent of Public Instruction

Mission is to assist energy impacted local political subdivisions respond to impacts

- Impacted means actual or anticipated extraordinary expenditures caused by energy development and associated growth
- Coal Development Impact Loans
 - Board makes loans to coal development impacted political subdivisions
 - Loans from the Coal Development Trust Fund
 - Market rate interest, not to exceed six percent
 - Payment made from severance tax collections being distributed to political sub
 - If mining and tax distributions ceases for any reason, loan is forgiven
- Grant program for oil and gas impacted political subdivisions (cities, counties, school districts, other taxing districts)
 - \$100 million authorized by 2011 Legislature
 - \$35 million additional in November 2011 special session
 - The 2013 Legislature authorized \$239.3 million for the 2013-2015 biennium
- Powers and duties of energy infrastructure and impact office director
 - Develop a plan for assistance through grants to counties, cities, school districts, and other political subdivisions in oil and gas development areas.
 - Establish procedures and forms for political subdivisions to apply for impact grants.
 - Make reimbursements for costs to counties, cities, school districts, and other taxing districts of grants awarded by the Land Board.
 - Consider the amount of revenue that the entities receive from taxes on oil and gas plants and from tax or fund distribution formulas, when determining grants
- Oil and Gas Impact funding is from 1% of the 5% of Gross Production Tax collections
- Annual total grants limited to 60% of biennial appropriation
- Application Criteria
 - Need is growth necessitated by or damage caused by oil and gas activity.
 - Related to improving public safety
 - Improve housing related infrastructure
 - Demonstration of both financial need and local commitment to support project
 - Project readiness/ achievability
 - Contribution to sustaining economic development

\$139.3 Million available for energy impact grants 2015-2017 biennium

- 2015 Legislative allotments of grant funds:
 - \$48 Million- Airports (in collaboration with ND Aeronautics Commission)
 - \$30 Million- K-12 School Districts (corresponding with the ratio of 2014 GPT distributions)
 - \$10 Million- Law Enforcement (collaboration with Bureau of Criminal Investigation)
 - \$750,000 Human Trafficking
 - \$250,000 Sexual Assault Examiner Programs
 - \$10 Million- Critical Access Hospitals (collaboration with Dept of Human Services)
 - \$8 Million- Divided equally between Bowman and Divide Counties
 - \$6 Million- Emergency Medical Services
 - \$5 Million- 7 Counties with lower production (Golden Valley, Slope, Mercer, McLean, Ward, McHenry & Renville)
 - \$4 Million- Nursing Homes, basic care facilities and providers of home health services and hospice programs
 - \$3 Million- Fire Protection Districts
 - \$2 Million- Developmental Disabilities service providers (collaboration with Dept. of Human Services)
 - \$2 Million- Domestic Violence and Sexual Assault Organizations
 - \$2 Million- Local District Health Units
 - \$1.7 Million- City of Stanley
 - \$500,000- City of Kenmare
 - \$200,000- City of Berthold
 - \$100,000- City of Burlington
- \$6.8 Million remaining for non-specific awards
- Several advisory committees assist in development of recommendations for awards



Present Status of Oil and Gas Impact Grant Fund

- \$113.1 Million - 2013-15 biennium awarded funds carried into the 2015-17 biennium available to reimburse completed projects

- \$27.8 Million of 2015-17 biennium appropriation awarded to airports, law enforcement, emergency medical services and K-12 schools
- \$6 million recently deposited into the Oil and Gas Impact Grant Fund from Gross Production Tax collection distributions
- \$3.1 Million - Reimbursement requests received for FY 2016 awards awaiting available funds
- \$6 Million - to be retained within the Oil and Gas Impact Grant Fund for legislated January 2016 distributions to critical access hospitals and service providers to the developmentally disabled

- \$65.8 Million – Projection of 2015-17 biennium awarded funds, to be carried into the 2017-19 biennium

- Based on the price of oil declining, it is possible the Oil and Gas Impact Grant Fund may not be fully funded by Gross Production Tax collection distributions
 - If production hold constant at 1.1 million BOPD, but price averages \$45 per barrel, the impact fund would receive about \$127 million.
 - If production remains at 1.1 million BOPD, with as average of \$40 per barrel, the impact fund would receive about \$99 million.

Unclaimed Property Division
Report on State Agency Unclaimed Property

Since 1975 the Land Board has also been responsible for administration of the Uniform Unclaimed Property Act. The North Dakota Department of Trust Lands serves as a centralized custodial repository for unclaimed property (namely financial assets), with the intent to return the property to the rightful owner, their heirs or assigns. Once property is received and posted, the Department is tasked with providing opportunities for the public to become aware of its unclaimed property and initiate the claim process. The Department also supports the Common Schools Trust fund with revenues earned on funds that remain unclaimed.

47-30.1-24.1. Claims by state agencies - Budget section approval and report.
Within one year of receipt of state agency property, the administrator shall notify the agency by certified mail. The commissioner of university and school lands shall present a report to the budget section of the legislative council identifying every state agency that has not submitted a claim for property belonging to that agency within one year of the receipt of the date of the certified mail receipt. Upon approval of the budget section of the legislative council, the agency relinquishes its right to recover its property.

In accordance with this statute, the North Dakota Unclaimed Property Division completed a certified mailing to State agency property holders in June of 2014. The objective of today's appearance is to:

- 1) Report the list of properties held in the names of the agencies that didn't complete the claim process
- 2) Respectfully request that the Budget Section complete the last step outlined in the legislation and designate these properties as ineligible for claim by these respective state agencies

**Requesting "Ineligible" Claim Designation for the Following Properties
(Claim Expiration June 11, 2015)**

ENTITY	# of Properties	Total Claim Value
ND INSURANCE DEPARTMENT	3	\$250.00
ND DEPT OF EMERGENCY SERVICES	1	\$50.00
DEPT OF VETERANS AFFAIRS	1	\$93.60
ND STATE BOARD OF PHARMACY	4	\$689.00
NORTH DAKOTA STATE UNIVERSITY	1	\$740.00
ND DEPT OF HUMAN SERVICES	1	\$14,400.82
UNIVERSITY OF NORTH DAKOTA	1	\$450.00
TOTAL	12	\$16,673.42