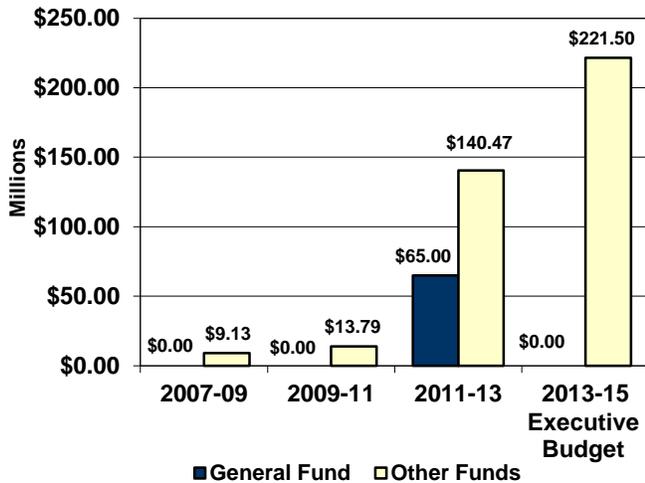


**Department 226 - Department of Trust Lands
 Senate Bill No. 2013**

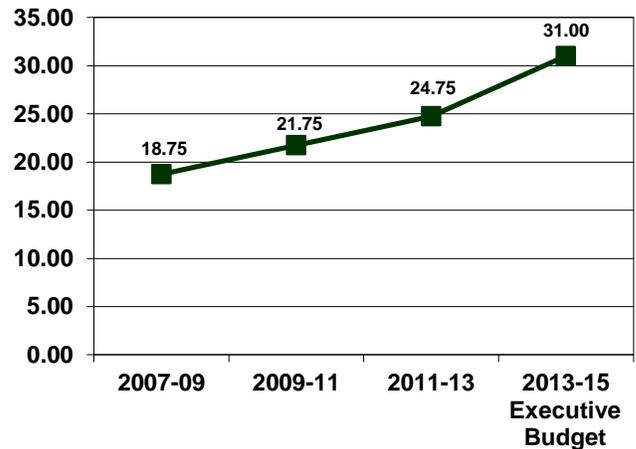
	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	31.00	\$0	\$221,504,286	\$221,504,286
2011-13 Legislative Appropriations	24.75	65,000,000 ¹	140,465,189	205,465,189 ¹
Increase (Decrease)	6.25	(\$65,000,000)	\$81,039,097	\$16,039,097

¹The 2011-13 appropriation amounts include one-time general fund appropriations for flood-impacted political subdivision infrastructure development grants (\$30 million), oil and gas impact grants to new oil and gas-producing counties (\$5 million), and a contingent transfer from the general fund to the oil and gas impact grant fund (\$30 million).

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2013-15 Executive Budget	\$0	\$0	\$0
2011-13 Legislative Appropriations	0	65,000,000	65,000,000
Increase (Decrease)	\$0	(\$65,000,000)	(\$65,000,000)

First House Action

Attached is a summary of the first house changes.

**Executive Budget Highlights
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides one-time funding from oil and gas gross production tax revenue for energy impact grants to airports (\$60 million) and higher education institutions (\$4 million). The Senate added \$10 million from oil and gas gross production tax revenue for energy impact grants to counties to control dust.		\$64,000,000	\$64,000,000
2. Adds funding to increase ongoing oil and gas impact grants from oil and gas gross production tax revenue for a total of \$149,299,174 in grants and \$700,826 in administrative fees		\$50,000,000	\$50,000,000
3. Adds 1 FTE grants administrator position and 1 FTE account budget specialist position to administer the energy impact grant program		\$315,286	\$315,286
4. Adds funding for temporary salaries and operating expenses for the new FTE positions for the energy impact grant program		\$70,736	\$70,736
5. Adds the following 4.25 FTE positions for lands and minerals management:		\$582,529	\$582,529

1 FTE land management specialist		
1 FTE mineral title specialist		
1 FTE audit technician		
1 FTE administrative assistant		
.25 FTE administrative assistant		
6. Adds funding for operating expenses for the new FTE positions for lands and minerals management	\$88,338	\$88,338
7. Provides additional funding to the contingencies line item for temporary salaries for a total of \$200,000	\$100,000	\$100,000
8. Removes one-time funding for oil impact grants (\$35 million) and flood-impacted infrastructure grants (\$30 million)	(\$65,000,000)	(\$65,000,000)
9. Provides funding for state employee salary increases, of which \$270,213 relates to performance increases and \$41,504 is for market equity adjustments. The Senate added \$6,678 to correct the executive compensation package.	\$311,717	\$311,717

Other Sections in Bill

Unexpended appropriations - Energy infrastructure and impact grants - Section 3 allows unexpended appropriations made for energy infrastructure and impact grants to continue into the 2015-17 biennium. This exemption was also included in 2011 House Bill No. 1013, providing any unexpended appropriations made for energy development and impact grants to continue into the 2013-15 biennium.

Unexpended appropriations - Flood-impacted political subdivision infrastructure grants - Section 4 allows unexpended appropriations made for flood-impacted political subdivision infrastructure development grants to continue into the 2015-17 biennium.

Transfer from contingencies line item - Section 5 provides, upon approval of the Board of University and School Lands, the Commissioner of University and School Lands may transfer from the contingencies line items to all other line items. The Commissioner shall notify the Office of Management and Budget of each transfer made pursuant to this section.

Fund distributions - Section 6 provides permanent fund income distributions to state institutions as follows:

	2011-13 Legislative Appropriation	2013-15 Executive Budget Recommendation	Increase (Decrease)
Common schools	\$92,514,000	\$130,326,000	\$37,812,000
North Dakota State University	1,424,000	2,066,000	642,000
University of North Dakota	1,310,000	1,814,000	504,000
Youth Correctional Center	528,000	810,000	282,000
School for the Deaf	454,000	720,000	266,000
North Dakota State College of Science	523,429	731,428	207,999
State Hospital	603,429	803,428	199,999
Veterans' Home	279,429	325,428	45,999
Valley City State University	286,000	372,000	86,000
North Dakota Vision Services - School for the Blind	247,429	331,428	83,999
Mayville State University	184,000	236,000	52,000
Dakota College at Bottineau	31,429	49,428	17,999
Dickinson State University	31,429	49,428	17,999
Minot State University	31,429	49,428	17,999
Total	\$98,448,003	\$138,683,996	\$40,235,993

Impact grants to airports - Section 7 provides authority to the board to award and distribute up to \$60 million in energy infrastructure and impact grants from the oil and gas impact grant fund to airports impacted by oil and gas development. The Director of the Energy Infrastructure and Impact Office may develop grant procedures and requirements necessary for distribution of the grants. Grants distributed under this section are not to be considered in making grant recommendations under North Dakota Century Code Section 57-62-05.

Impact grants for higher education - Section 8 provides authority to the board to award and distribute up to \$4 million in energy infrastructure and impact grants from the oil and gas impact grant fund to public institutions of higher education impacted by oil and gas development. Notwithstanding the provisions of Chapter 57-62, public institutions of higher education are eligible to receive grants under this section. The Director of the Energy Infrastructure and Impact Office may develop grant procedures and requirements necessary for distribution of the grants. The Senate amended this section to require that grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.

Oil and gas impact grant fund through June 30, 2015 - Section 9 amends Section 57-51-15(1) to increase the amount of oil and gas gross production tax revenue deposited in the oil and gas impact grant fund from \$100 million to \$214 million for oil and gas produced through June 30, 2015. The Senate increased the allocation to \$224 million for the 2013-15 biennium.

Oil and gas impact grant fund after June 30, 2015 - Section 10 amends Section 57-51-15(1) to increase the amount of oil and gas gross production tax revenue deposited in the oil and gas impact grant fund from \$100 million to \$150 million for oil and gas produced after June 30, 2015.

Appeals board - Section 11 removes the Board of University and School Lands' responsibility to serve as an appeals board to reconsider grant applications denied by the Director of the Energy Infrastructure and Impact Office.

Dust control pilot project - The Senate added a section as an emergency measure to provide for a pilot project for dust control in Bowman, Dunn, and Mountrail Counties.

Dust control grant program - The Senate added a section for a grant program for dust control if the pilot project identifies products that are successful in controlling dust.

Continuing Appropriations

Unclaimed property - Section 47-30.1-23 - Payments made to owners of unclaimed property

Investments and farm loans - Section 15-03-16 - Money manager and custodial fees and loan administration fees to maintain and enhance income earning potential of trusts' financial assets

County services - Section 15-04-23 - Payments made to counties for various services provided that benefit school trust lands

Land expenses - Sections 15-04-24, 15-05-19, 15-06-22, 15-07-22, and 15-08-04 - Payments for appraisal fees, survey costs, surface lease refunds, weed and insect control, cleanup costs, capital improvement rent credits, fire protection, land rent, value survey costs, and other expenses

Indian cultural education trust - Section 15-68-06 - Payment from net income of trust to designated tribes and for payments in lieu of taxes to county where donated land is located

In lieu of taxes - Section 57-02.3-07 - Payments made in lieu of property taxes

Significant Audit Findings

The financial statement audit for the Department of Trust Lands conducted by Eide Bailly LLP, Certified Public Accountants, during the 2011-12 interim identified no significant audit findings.

Major Related Legislation

House Bill No. 1358 - Provides an appropriation from the oil and gas impact grant fund to the Commissioner of University and School Lands to provide distributions to eligible counties experiencing new oil and gas development activities for the 2013-15 biennium

ATTACH:1