

**Industrial Commission  
Budget 405  
Senate Bill No. 2014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2013-15 legislative appropriation	98.75 <sup>1</sup>	\$22,674,125 <sup>2</sup>	\$40,973,792	\$63,647,917
2011-13 legislative appropriation	74.06	18,075,613	46,766,756	64,842,369
2013-15 appropriation increase (decrease) to 2011-13 appropriation	24.69	\$4,598,512	(\$5,792,964)	(\$1,194,452)

<sup>1</sup>The 2013-15 authorized FTE positions include 3 FTE positions for the Oil and Gas Division that are authorized in Section 19 of Senate Bill No. 2014 by the Legislative Assembly for the 2013-15 biennium. See the **Contingent FTE positions** section below for additional information.

<sup>2</sup>Includes one-time funding. The agency's ongoing general fund appropriation is \$21,333,325.

**NOTE:** The 2013-15 biennium legislative appropriations amounts include \$180,000 from the general fund for the agency's share of the \$8.5 million funding pool appropriated to the Office of Management and Budget for state agency needs resulting from energy development.

**Item Description**

**FTE changes** - The 2013-15 biennium appropriation includes funding for 98.75 FTE positions, an increase of 24.69 FTE positions from the 2011-13 biennium authorized level of 74.06 FTE positions. The Legislative Assembly removed 1 FTE carbon dioxide storage facility administrator and added the following FTE positions:

- 8 engineering technicians.
- 1 geology analyst position.
- 1 account budget specialist.
- 1 geologist to conduct waste disposal site reviews.
- 3 petroleum engineer field inspectors.
- 3 engineering technician field inspectors.
- 1 engineering technician position for the core library.
- 1 petroleum engineer production supervisor.
- 1 engineering technician measurement analyst.
- 1 administrative assistant for legal and audit duties.
- 1 administrative assistant for filing and receptionist duties.
- .69 administrative position.
- 3 contingent engineering technician field inspectors.

**Contingent FTE positions** - The Legislative Assembly provided a contingent appropriation and authorized up to 3 additional FTE positions for the Department of Mineral Resources for the 2013-15 biennium. The appropriation and positions are contingent upon the total number of oil wells capable of production or injection in the state exceeding 15,000.

**Status/Result**

As of April 2014, the Industrial Commission has filled 20.69 of the 24.69 FTE positions authorized for the 2013-15 biennium. The Industrial Commission removed the 1 FTE carbon dioxide storage facility administrator position in July 2013. The Industrial Commission has not filled 2 FTE engineering field inspector positions but anticipates the positions will be filled by the end of the 2013-15 biennium. The agency anticipates requesting the 3 contingent engineering technician field inspectors in July 2014 and anticipates filling the positions by the end of the 2013-15 biennium.

The Industrial Commission anticipates exceeding 15,000 wells in July 2014 and will request the 3 FTE positions at that time.

**Accrued leave payments** - In Section 1 of Senate Bill No. 2014, the Legislative Assembly identified \$347,696, of which \$323,357 is from the general fund and \$24,339 is from other funds, for accrued leave payments.

**One-time funding** - In Section 2 of Senate Bill No. 2014, the Legislative Assembly identified \$1,160,800 from the general fund as one-time funding, of which \$1 million is for possible federal agency litigation, \$80,000 is for an oil-bearing rock study, \$50,000 is for a temperature profile study, \$25,000 is for architect services for the core library, and \$5,800 is for a wide-bed plotter.

**North Dakota Building Authority lease payments limitation** - North Dakota Century Code Section 54-17.2-23 limits the general fund amount of lease payments associated with capital construction projects financed by the building authority for a biennium to 10 percent of an amount collected from an equivalent 1 percent sales, use, and motor vehicle excise tax.

The Industrial Commission has spent \$4,759 from the accrued leave payments line item for accrued leave through March 2014. The Industrial Commission has not yet determined if transferring funds from the accrued leave payments line item to the salaries and wages line item will be necessary.

The following is a summary of the status of the Industrial Commission's one-time funding:

Possible litigation related to hydraulic fracturing - \$1 million	The Environmental Protection Agency issued its finalized guidelines related to hydraulic fracturing in February 2014. The Industrial Commission does not anticipate spending any of the \$1 million.
Oil-bearing rock study - \$80,000	Through April 2014, the department has spent approximately \$10,000 and anticipates spending all remaining funds by the end of the biennium.
Temperature profile study - \$50,000	The Industrial Commission is in the process of starting the study and anticipates spending the entire \$50,000 by the end of the biennium.
Architect services for core library - \$25,000	The department contracted with EAPC Architects at a cost of \$24,400. The plans were completed in April 2014.
Wide-bed plotter - \$5,800	The department has not purchased a wide-bed plotter (printer) as of April 2014 but anticipates spending the entire \$5,800 by the end of the biennium.

Based on the 2013 legislative forecast for projected sales, use, and motor vehicle excise tax collections for the 2013-15 biennium, the maximum statutory general fund amount of lease payments for the 2013-15 biennium is approximately \$57 million, and the estimated limit for the 2015-17 biennium is approximately \$59 million. The estimated general fund debt service requirement for the 2015-17 biennium is approximately \$15.6 million, which is \$41.4 million less than the legal limit of debt service. The general fund debt service requirement for the 2013-15 biennium is estimated to be approximately \$13.5 million, which is \$45.5 million less than the legal limit. This amount will change with the revenue forecast for the 2015-17 biennium.

The 2013 Legislative Assembly did not provide for any capital projects funded through bonded indebtedness that affect the bonding limit for the 2013-15 biennium.

The North Dakota Building Authority refunded certain bond issues during the 2011-13 biennium resulting in present value savings of \$1,802,317.

**Lignite research grants** - Section 17 of Senate Bill No. 2014 provides that up to \$4.5 million of the \$19.5 million appropriated for lignite research grants is for contracting for an independent, nonmatching, lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and jobs or that will lead to increased development of lignite and its products and create new lignite jobs and economic growth for the general welfare of this state. This section also provides that funds appropriated may also be used for the purpose of contracting for nonmatching studies and activities in support of the Lignite Vision 21 Project; for litigation that may be necessary to protect and promote the continued development of lignite resources; for nonmatching externality studies and activities in externality proceedings; or other marketing, environmental, or transmission activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Money not needed for these purposes is available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

**Western Area Water Supply Authority** - In 2013 Senate Bill No. 2233, the Legislative Assembly provided for the following:

- Industrial water sales are to be reported monthly to the Industrial Commission.
- Industrial water rates are subject to Industrial Commission approval.
- Additional debt that may form the basis of a claim for territorial or franchise protection for industrial water sales is subject to Industrial Commission approval.
- Revision of loan repayments if industrial water sales are insufficient.

Section 19 of Senate Bill No. 2233 provides that the Western Area Water Supply Authority is to apply the first \$150,000 of revenue per biennium from industrial water sales to the Industrial Commission for 1 FTE position. The Legislative Assembly did not provide additional spending authority or authorize an additional FTE position for this purpose.

The Industrial Commission has contracted with the Lignite Energy Council to assist with management of the Lignite Vision 21 Project. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. Consultants from the Lignite Energy Council have also been used to serve as North Dakota Transmission Authority Director. Of the \$4.5 million of nonmatching funding, \$1.5 million has been designated for the 2013-15 biennium for expenses associated with litigation to protect and promote the continued development of lignite resources. The remaining \$3 million has been designated for project management of the Lignite Vision 21 Project and other planning services. Through April 2014, the commission has spent \$300,000 of the \$4.5 million related to project management.

As of March 31, 2014, the Industrial Commission had received \$150,000 from the Western Area Water Supply Authority. The Industrial Commission does not anticipate requesting Emergency Commission and Budget Section approval for an additional FTE position, unless industrial water sales change significantly. The duties have been assigned to an existing FTE position, and a portion of that FTE position is being paid from industrial water sales revenue. The Industrial Commission has spent approximately \$10,000 through April 2014.