

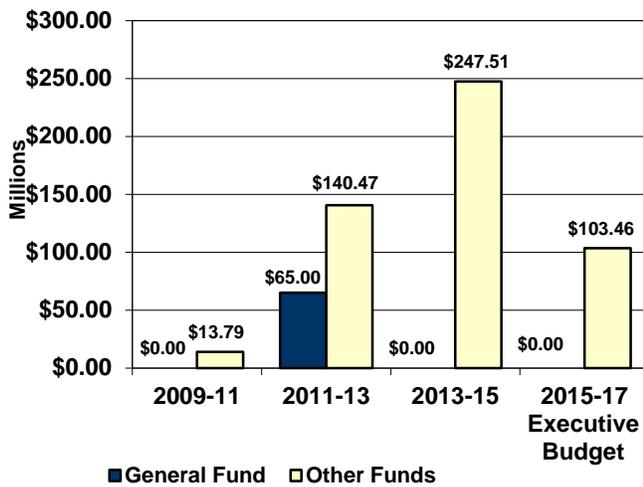
Department 226 - Department of Trust Lands
 House Bill No. 1013

Executive Budget Comparison to Prior Biennium Appropriations

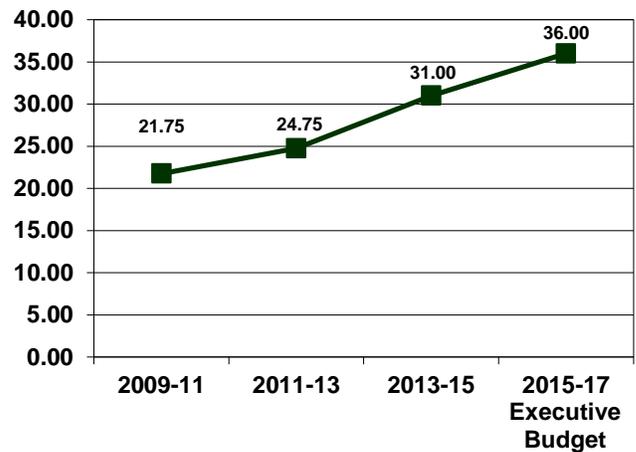
	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget				
House Bill No. 1013	36.00	\$0	\$103,458,424	\$103,458,424
Senate Bill No. 2126	0.00	0	300,000,000	300,000,000
Total 2015-17 Executive Budget	36.00	\$0	\$403,458,424	\$403,458,424
2013-15 Legislative Appropriations ¹	31.00	0	247,506,969	247,506,969
Increase (Decrease)	5.00	\$0	\$155,951,455	\$155,951,455

¹The 2013-15 appropriation amounts include \$239,299,174 of one-time funding from the oil and gas impact grant fund for grants to political subdivisions directly impacted by oil and gas development.

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget			
House Bill No. 1013	\$0	\$103,458,424	\$103,458,424
Senate Bill No. 2126	0	300,000,000	300,000,000
Total 2015-17 Executive Budget	\$0	\$403,458,424	\$403,458,424
2015-17 Base Level	0	8,092,245	8,092,245
Increase (Decrease)	\$0	\$395,366,179	\$395,366,179

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$336,633 relates to performance increases, \$23,757 is for market equity adjustments, \$155,436 is for health insurance increases, and \$34,741 is for retirement contribution increases	\$0	\$550,567	\$550,567
2. Adds funding for 1.00 FTE land management position, of which \$165,013 is for salaries and wages and \$33,265 is for operating expenses	\$0	\$198,278	\$198,278
3. Adds funding for 1.00 FTE public information officer position, of which \$165,013 is for salaries and wages and \$33,265 is for operating expenses	\$0	\$198,278	\$198,278
4. Adds funding for 1.00 FTE compliance officer position, of which \$153,703 is for salaries and wages and \$33,265 is for operating expenses	\$0	\$186,968	\$186,968

5. Adds funding for 1.00 FTE unclaimed property position, of which \$153,703 is for salaries and wages and \$33,265 is for operating expenses	\$0	\$186,968	\$186,968
6. Adds funding for 1.00 FTE fund accountant position, of which \$164,879 is for salaries and wages and \$16,765 is for operating expenses	\$0	\$181,644	\$181,644
7. Adds funding for office space rental	\$0	\$157,400	\$157,400
8. Decreases funding for operating expenses	\$0	(\$162,666)	(\$162,666)
9. Decreases funding for contingencies	\$0	(\$100,000)	(\$100,000)
10. Provides one-time funding of \$300 million from the strategic investment and improvements fund in Senate Bill No. 2126 for allocations to cities in the 10 largest oil-producing counties in state fiscal year 2014	\$0	\$300,000,000	\$300,000,000

Other Sections in Bill

Transfer - Section 3 allows the Commissioner of University and School Lands, upon approval of the Board of University and School Lands, to transfer funding between the various line items, including the contingencies line item. 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:

	2013-15 Legislative Appropriation	2015-17 Executive Budget Recommendation - Corrected ¹	Increase (Decrease)
Common schools	\$130,326,000	\$206,134,000	\$75,808,000
North Dakota State University	2,066,000	3,368,000	1,302,000
University of North Dakota	1,814,000	2,742,000	928,000
Youth Correctional Center	810,000	1,372,000	562,000
School for the Deaf	720,000	1,180,000	460,000
North Dakota State College of Science	731,428	1,066,000	334,572
State Hospital	803,428	1,078,000	274,572
Veterans' Home	325,428	434,000	108,572
Valley City State University	372,000	570,000	198,000
North Dakota Vision Services - School for the Blind	331,428	534,000	202,572
Mayville State University	236,000	382,000	146,000
Dakota College at Bottineau	49,428	78,000	28,572
Dickinson State University	49,428	78,000	28,572
Minot State University	49,428	78,000	28,572
Total	\$138,683,996	\$219,094,000	\$80,410,004

¹The amounts shown reflect the corrected fund distributions. Section 4 of House Bill No. 1013, as introduced, contained a calculation error.

Oil and gas impact grant fund - Section 5 provides the following designations for the \$94 million from the oil and gas impact grant fund:

- \$10 million for distributions to incorporated cities in the seven smallest oil-producing counties in North Dakota, excluding hub cities, on the basis of each incorporated city's 2013 population estimate;
- \$50 million for distributions to airports;
- \$4 million for distributions to institutions of higher education located in oil-producing counties for operating or capital expenses; and
- \$30 million for distributions to school districts based on each school districts share of oil tax revenues.

Senate Bill No. 2003 includes \$24,726,644 from the oil and gas impact grant fund including \$3,965,596 for 19.5 FTE positions, \$761,048 for operating expenses, and \$20,000,000 for grants to law enforcement agencies.

Oil and gas gross production tax allocation formula - Sections 6 and 7 remove the June 30, 2015, expiration date to continue the definitions and formula approved by the 2013 Legislative Assembly, decreases the allocation the oil and gas impact grant fund from \$240 million to \$119 million, and increases the allocation to the North Dakota outdoor heritage fund from 4 percent of oil and gas gross production up to \$15 million per fiscal year to an allocation of \$25 million per fiscal year.

Continuing Appropriations

Unclaimed property - North Dakota Century Code Section 47-30.1-23 - Payments made to owners of unclaimed property.

Investments and farm loans - Sections 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 and 15-07-22 - 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.

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 Brady, Martz & Associates PC during the 2013-14 interim identified no significant audit findings.

Major Related Legislation

House Bill No. 1053 - Requires all state agencies to obtain centralized desktop support services from the Information Technology Department, except the legislative and judicial branches and other large state agencies, based on the results of a hardware relocation and consolidation study.

House Bill No. 1176 - Changes the allocation of oil and gas gross production tax allocations to allocate 60 percent to counties, decreases the allocation to the oil and gas impact grant fund from \$240 million to \$140 million, and excludes eligible school districts' oil and gas tax distributions from the calculation of state school aid payments if the oil and gas tax distributions are used for eligible school construction projects.

Senate Bill No. 2126 - Provides \$300 million from the strategic investment and improvements fund, a transfer of \$550 million from the general fund to the highway fund, and \$23 million from the general fund for allocations to cities in the 10 largest oil-producing counties (\$300 million), allocations to counties, cities, and townships in non-oil-producing counties (\$100 million), state highway projects (\$450 million), the housing incentive fund (\$20 million), and early hires (\$3 million).

Department of Trust Lands - Budget No. 226
House Bill No. 1013
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE			
	Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	31.00	\$0	\$8,092,245	\$8,092,245
2015-17 Ongoing Funding Changes				
Base payroll changes			(\$31,258)	(\$31,258)
Salary increase - Performance			336,633	336,633
Salary increase - Market equity			23,757	23,757
Retirement contribution increase			34,741	34,741
Health insurance increase			155,436	155,436
FTE land management position	1.00		198,278	198,278
FTE public information officer position	1.00		198,278	198,278
FTE compliance officer position	1.00		186,968	186,968
FTE unclaimed property position	1.00		186,968	186,968
FTE fund accountant position	1.00		181,644	181,644
Office space rental			157,400	157,400
Funding for operating expenses			(162,666)	(162,666)
Funding for contingencies			(100,000)	(100,000)
Total ongoing funding changes	5.00	\$0	\$1,366,179	\$1,366,179
One-time funding items				
Oil and gas impact grants			\$94,000,000	\$94,000,000
Total one-time funding changes	0.00	\$0	\$94,000,000	\$94,000,000
Total Changes to Base Level Funding	5.00	\$0	\$95,366,179	\$95,366,179
2015-17 Total Funding	36.00	\$0	\$103,458,424	\$103,458,424

Other Sections in House Bill No. 1013

Line item transfers

Executive Budget Recommendation
 Section 3 allows the Commissioner of University and School Lands, upon approval of the Board of University and School Lands, to transfer funding between the various line items, including the contingencies line item. The Commissioner shall notify the Office of Management and Budget of each transfer made pursuant to this section.

Fund distributions

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Executive Budget Recommendation

Oil and gas impact grant fund

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