

**Department 405 - Industrial Commission  
 House Bill No. 1014**

**Executive Budget Comparison to Prior Biennium Appropriations**

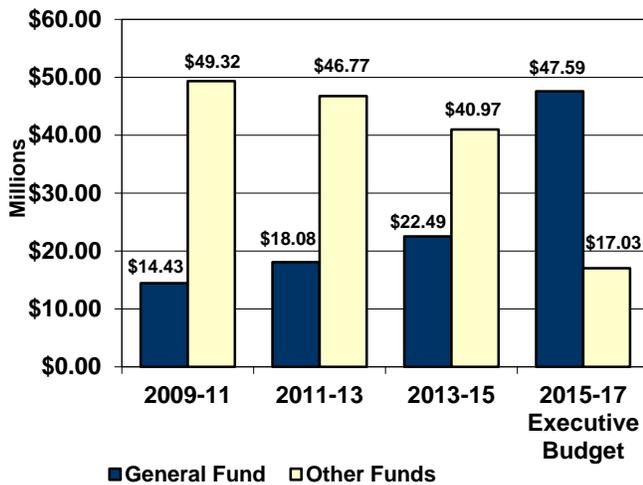
	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	121.75	\$47,590,537	\$17,027,322	\$64,617,859
2013-15 Legislative Appropriations <sup>1</sup>	98.75	22,494,125	40,973,792	63,467,917
Increase (Decrease)	23.00	\$25,096,412	(\$23,946,470)	\$1,149,942

<sup>1</sup>The 2013-15 appropriation amounts do not include general fund allocations of \$400,000 to the agency from the state agency energy impact funding pool for temporary salary adjustments (\$90,966) and rental assistance payments (\$309,034) for agency employees located in areas of the state affected by energy development.

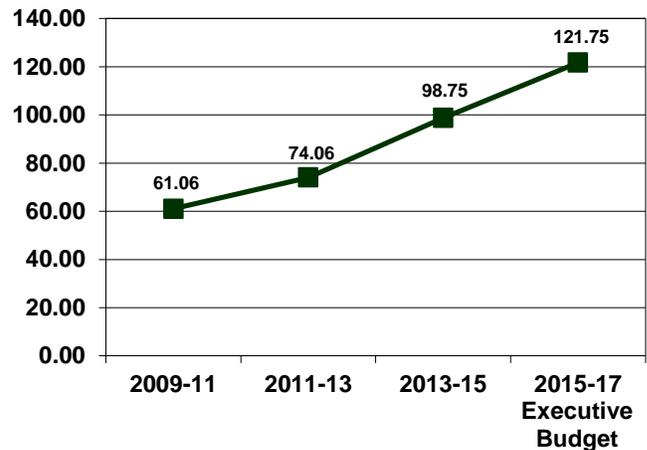
**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	\$27,977,452	\$19,613,085	\$47,590,537
2013-15 Legislative Appropriations	21,333,325	1,160,800	22,494,125
Increase (Decrease)	\$6,644,127	\$18,452,285	\$25,096,412

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$47,590,537	\$17,027,322	\$64,617,859
2015-17 Base Level	21,333,325	40,973,792	62,307,117
Increase (Decrease)	\$26,257,212	(\$23,946,470)	\$2,310,742

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 \$1,137,357 relates to performance increases, \$22,019 is for market equity adjustments, \$513,818 is for health insurance increases, and \$117,592 is for retirement contribution increases	\$1,686,615	\$104,171	\$1,790,786
2. Other 2013-15 salary adjustments	\$157,056	(\$150,000)	\$7,056
3. Adds funding for 9 FTE engineering technician positions, of which \$1,376,449 is for salaries and wages and \$569,088 is for operating expenses	\$1,945,537	\$0	\$1,945,537

4. Adds funding for 1 FTE pipeline engineering technician position, of which \$152,379 is for salaries and wages and \$9,639 is for operating expenses	\$162,018	\$0	\$162,018
5. Adds funding for 1 FTE petroleum engineer position, of which \$168,105 is for salaries and wages and \$54,403 is for operating expenses	\$222,508	\$0	\$222,508
6. Adds funding for 1 FTE safety officer position, of which \$178,078 is for salaries and wages and \$9,639 is for operating expenses	\$187,717	\$0	\$187,717
7. Adds funding for 1 FTE human resources specialist position, of which \$129,741 is for salaries and wages and \$9,639 is for operating expenses	\$139,380	\$0	\$139,380
8. Adds funding for 1 FTE budget specialist position, of which \$164,879 is for salaries and wages and \$9,640 is for operating expenses	\$174,518	\$0	\$174,518
9. Adds funding for 1 FTE reclamation specialist position, of which \$167,679 is for salaries and wages and \$63,232 is for operating expenses	\$230,911	\$0	\$230,911
10. Adds funding for 2 FTE surface geologist positions, of which \$360,902 is for salaries and wages and \$127,482 is for operating expenses	\$488,384	\$0	\$488,384
11. Adds funding for 2 FTE survey engineering technician positions, of which \$304,491 is for salaries and wages and \$19,278 is for operating expenses	\$323,769	\$0	\$323,769
12. Adds funding for 3 FTE engineering technician contingency positions, of which \$458,816 is for salaries and wages and \$189,696 is for operating expenses	\$648,512	\$0	\$648,512
13. Adds funding for 1 FTE industrial water sales position	\$0	\$150,000	\$150,000
14. Decreases funding for bond payments	(\$24,646)	(\$4,744,494)	(\$4,769,140)
15. Removes appropriation authority for lignite grants. The grants will be distributed pursuant to a continuing appropriation authorized for the lignite research fund.	\$0	(\$19,500,000)	(\$19,500,000)
16. Changes to operating expenses primarily related to increased travel costs	\$257,771	\$52,000	\$309,771
17. Adds <b>one-time funding</b> for possible litigation costs related to hydraulic fracturing, gas capture, and flaring reduction	\$3,000,000	\$0	\$3,000,000
18. Adds <b>one-time funding</b> to expand the core library	\$16,033,942	\$0	\$16,033,942
19. Adds <b>one-time funding</b> for an aerial photography project	\$104,143	\$0	\$104,143
20. Adds <b>one-time funding</b> for contract costs related to core analyses	\$125,000	\$0	\$125,000
21. Adds <b>one-time funding</b> for a seismic profile digital conversion project	\$100,000	\$0	\$100,000
22. Adds <b>one-time funding</b> for information technology costs related to programing changes for a risk based management system	\$250,000	\$0	\$250,000

### Other Sections in Bill

**Bond payments** - Section 3 provides legislative intent for bond payments, and Section 5 provides appropriation authority, subject to emergency commission approval, for bond issuances during the 2015-17 biennium.

**Transfer** - Section 6 allows the Industrial Commission to transfer up to \$930,000 from special funds from the entities under the control of the Industrial Commission for administrative services.

**Lignite research** - Section 12 designates \$4.5 million from the lignite research fund for lignite marketing studies, the Lignite Vision 21 program, or possible lignite related litigation.

**Contingency funding - Department of Mineral Resources** - Section 13 provides that \$458,816 included in the salaries and wages line item and \$189,696 in the operating line item in Section 1 of the bill may be used by the oil and gas division to hire 3 FTE positions upon certification to the Office of Management and Budget that the total number of wells in the state capable of production or injection exceeds 20,000.

**North Dakota outdoor heritage fund** - Section 18 allows the Office of Management and Budget to increase the appropriation authority of state agencies that receive grant awards from the North Dakota outdoor heritage fund.

## Continuing Appropriations

**Abandoned oil and gas reclamation fund** - North Dakota Century Code Section 38-08-04.5 - Abandoned oil and gas reclamation.

**Carbon dioxide storage facility administration fund** - Section 38-22-14 - For defraying costs of processing applications for regulating carbon dioxide storage facilities.

**Carbon dioxide storage facility trust fund** - Section 38-22-15 - For costs associated with long-term monitoring and management of a closed carbon dioxide storage facility.

**Cartographic products fund** - Section 54-17.4-10 - Topographic map sales and purchases.

**Cash bond fund** - Section 38-08-04.11 - For defraying costs incurred in plugging and reclamation of abandoned oil and gas wells and related activities.

**Fossil excavation and restoration fund** - Section 54-17.4-09.1 - Excavation and restoration of fossils.

**Geological data preservation fund** - Section 54-17.4-13 - Data preservation.

**Geophysical, geothermal, subsurface minerals, and coal exploration fund** - Section 38-21-03 - Reclamation of orphaned facilities and exploration holes.

**Global positioning system community base station** - Section 54-17.4-12 - For maintenance of base station.

**Lignite research fund** - Section 57-61-01.5 - Research, development, and marketing for lignite industry.

**North Dakota outdoor heritage fund** - Section 54-17.8-02 - For grants to conserve natural areas, restore wildlife and fish habitats, and provide access to sportsmen.

**North Dakota Pipeline Authority administrative fund** - Section 54-17.7-11 - For operations of the Pipeline Authority.

**Oil and gas research fund** - Section 57-51.1-07.3 - Oil and gas research and education.

**Oil and gas reservoir data fund** - Section 38-08-04.6 - Oil and gas reservoir data.

**Renewable energy development fund** - Section 54-63-04 - Renewable energy research, development, and education.

## Significant Audit Findings

The operational audit for the Industrial Commission conducted by the State Auditor's office during the 2013-14 interim identified no significant audit findings.

## Major Related Legislation

**House Bill No. 1032** - Changes the allocation of oil and gas gross production tax collections to the abandoned oil and gas well plugging and site reclamation fund from \$5 million per fiscal year to \$10 million per fiscal year.

**House Bill No. 1179** - Adds the Tax Commissioner and the chairman of the Public Service Commission as members of the Industrial Commission.

**House Bill No. 1187** - Provides that certain rules issued by the Industrial Commission are void beginning January 1, 2016.

**Senate Bill No. 2032** - Creates an oil and gas development strategic planning authority to identify infrastructure needs in areas impacted by oil and gas development and provides a continuing appropriation.

**Senate Bill No. 2034** - Provides a sales and use tax exemption for materials used in the transmission of oil through a gathering pipeline.

**Senate Bill No. 2190** - Allows funding from the abandoned oil and gas well plugging and site reclamation fund to be used to address environmental emergencies.

**Industrial Commission - Budget No. 405**  
**House Bill No. 1014**  
**Base Level Funding Changes**

	<b>Executive Budget Recommendation</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2015-17 Biennium Base Level</b>	98.75	\$21,333,325	\$40,973,792	\$62,307,117
<b>2015-17 Ongoing Funding Changes</b>				
Base payroll changes		\$44,076	\$141,853	\$185,929
Salary increase - Performance		1,073,112	64,245	1,137,357
Salary increase - Market equity		17,758	4,261	22,019
Retirement contribution increase		110,950	6,642	117,592
Health insurance increase		484,795	29,023	513,818
Other 2013-15 salary adjustments		157,056	(150,000)	7,056
FTE engineering technician positions	9.00	1,945,537		1,945,537
FTE pipeline engineering technician position	1.00	162,018		162,018
FTE petroleum engineer position	1.00	222,508		222,508
FTE safety officer position	1.00	187,717		187,717
FTE human resources specialist position	1.00	139,380		139,380
FTE budget specialist position	1.00	174,519		174,519
FTE reclamation specialist position	1.00	230,911		230,911
FTE surface geologist positions	2.00	488,384		488,384
FTE survey engineering technician positions	2.00	323,769		323,769
FTE engineering technician contingency positions	3.00	648,512		648,512
FTE industrial water sales position	1.00		150,000	150,000
Decreases funding for bond payments		(24,646)	(4,744,494)	(4,769,140)
Removes funding for lignite grants			(19,500,000)	(19,500,000)
Changes to operating expenses		257,771	52,000	309,771
<b>Total ongoing funding changes</b>	<b>23.00</b>	<b>\$6,644,127</b>	<b>(\$23,946,470)</b>	<b>(\$17,302,343)</b>
<b>One-time funding items</b>				
Possible litigation		\$3,000,000		\$3,000,000
Core library		16,033,942		16,033,942
Aerial photography		104,143		104,143
Core analyses		125,000		125,000
Seismic profile digital conversion		100,000		100,000
Information technology costs		250,000		250,000
<b>Total one-time funding changes</b>	<b>0.00</b>	<b>\$19,613,085</b>	<b>\$0</b>	<b>\$19,613,085</b>
<b>Total Changes to Base Level Funding</b>	<b>23.00</b>	<b>\$26,257,212</b>	<b>(\$23,946,470)</b>	<b>\$2,310,742</b>
<b>2015-17 Total Funding</b>	<b>121.75</b>	<b>\$47,590,537</b>	<b>\$17,027,322</b>	<b>\$64,617,859</b>

**Other Sections in House Bill No. 1014**

	<b>Executive Budget Recommendation</b>
Bond payments	Section 3 provides legislative intent for bond payments, and Section 5 provides appropriation authority, subject to emergency commission approval, for bond issuances during the 2015-17 biennium.
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**Executive Budget Recommendation**

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Lignite research

Section 12 designates \$4.5 million from the lignite research fund for lignite marketing studies, the Lignite Vision 21 program, or possible lignite related litigation.

Contingency funding - Department of Mineral Resources

Section 13 provides that \$458,816 included in the salaries and wages line item and \$189,696 in the operating line item in Section 1 of the bill may be used by the oil and gas division to hire three full-time equivalent positions upon certification to the Office of Management and Budget that the total number of wells in the state capable of production or injection exceeds 20,000.

North Dakota outdoor heritage fund

Section 18 allows the Office of Management and Budget to increase the appropriation authority of state agencies that receive grant awards from the North Dakota outdoor heritage fund.