

ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2003-05 BIENNIUM

Beginning balance - July 1, 2003		\$11,767,657
Add estimated receipts		
Separate two cent coal severance tax	\$1,200,000	
Fifty percent of coal severance taxes deposited in the coal development trust fund (result of passage of measure No. 3 in June 1990)	3,375,000	
Twenty percent of coal severance taxes deposited in the coal development trust fund (committed to clean coal projects) (result of passage of constitutional amendment passed by voters in June 1994)	1,350,000	
Interest income	240,000	
Total estimated receipts		\$6,165,000
Total available		\$17,932,657
Less estimated expenditures		
Administration	\$400,000	
Lignite marketing feasibility studies (nonmatching grants)	1,375,000	
Small research projects	4,731,597 ^{1,2}	
Demonstration projects	5,113,421 ^{1,2}	
Total estimated expenditures		\$11,620,018
Estimated ending balance - June 30, 2005		\$6,312,639 ³

¹The Industrial Commission has a policy that 30 percent of lignite research fund income will be used for small research projects and 70 percent for large demonstration research projects. The commission has further directed that no single large demonstration project can receive more than 37.5 percent of available funds.

²The Industrial Commission has waived the fund allocation policy and has committed an additional \$10,146,524 through the 2007-09 biennium with \$2,996,524 in demonstration project expenditures anticipated during the 2003-05 biennium for the Lignite Vision 21 Project. The remaining \$7,150,000 is committed for payment in the 2005-07 and 2007-09 bienniums. The object of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota.

³The 2003 Legislative Assembly appropriated \$16,270,000 for lignite research grants; however, at present, the Industrial Commission anticipates spending \$11,620,018 for lignite research activities during the 2003-05 biennium. As stated in footnote 2, the Industrial Commission has committed to the expenditure of \$7,150,000 during the 2005-07 and 2007-09 bienniums for the next phases of the Lignite Vision 21 Project.

NOTE: North Dakota Century Code Section 57-61-01.5(2) and Article X, Section 21, of the Constitution of North Dakota provide for 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions.