

**Industrial Commission
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	63.00	\$7,312,581	\$35,585,990	\$42,898,571
2001-03 legislative appropriations	63.00	7,364,181	35,585,990	42,950,171
Legislative increase (decrease) to executive budget	0.00	\$51,600	\$0	\$51,600
Legislative increase (decrease) to 1999-2001 appropriations	(1.00)	(\$13,231,416)	\$21,815,065	\$8,583,649
2001-03 Governor Hoeven's recommendation	63.00	\$7,384,181	\$35,585,990	\$42,970,171
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$20,000)	\$0	(\$20,000)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation increased funding for the Industrial Commission from the general fund by \$71,600 from \$7,312,581 to \$7,384,181 to account for increased lease payments and moving costs for the Oil and Gas Division and Geological Survey.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Industrial Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified employees whose salaries are furthest from their respective salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced salaries and wages funding to reflect anticipated savings from turnover and efficiencies		(\$20,000)		(\$20,000)
Added funding for increased lease payments and moving costs relating to the relocation of the Oil and Gas Division and Geological Survey (Hoeven recommendation)		71,600		71,600
Total	0.00	\$51,600	\$0	\$51,600

FTE Changes

The 2001-03 biennium appropriation includes funding for 63 FTE positions, a decrease of one FTE position from the 1999-2001 biennium authorized level of 64 FTE positions. The legislative action did not change the executive recommendation to add a .5 FTE data coordinator position at both the Oil and Gas Division and the Geological Survey and to eliminate one FTE petroleum engineer II position at the Oil and Gas Division and one FTE drafting technician II position at the Geological Survey.

Lease Payments

The Legislative Assembly approved the executive recommendation to change the funding source for lease payments to appropriate the general fund lease payment amounts to the appropriate agencies and reflect lease payment revenue received from agencies as special funds in the Industrial Commission budget. The legislative action did not change the executive recommendation to provide \$17,956,059 for lease payments. This is an increase of \$2,064,891 from the 1999-2001 biennium appropriation of \$15,891,168. The following schedule lists the 1999-2001 and 2001-03 lease payments:

	1999-2001 Biennium	2001-03 Biennium	Increase (Decrease)
Higher education institutions	\$11,415,429	\$12,730,841	\$1,315,412
Job Service North Dakota	345,330	295,047	(50,283)
Department of Human Services	589,427	577,764	(11,663)
Department of Human Services - State Hospital	434,344	566,500	132,156
Department of Human Services - Developmental Center	497,777	649,234	151,457
Department of Corrections - State Penitentiary	1,962,049	2,250,168	288,119
Department of Corrections - Youth Correctional Center	327,744	541,427	213,683
Adjutant General	48,050	73,950	25,900
Veterans Home	271,018	271,128	110
	\$15,891,168	\$17,956,059	\$2,064,891
Total	\$15,891,168	\$17,956,059	\$2,064,891

The estimated lease payments for the 2001-03 biennium are \$17,933,031, \$23,028 less than the amount appropriated by the Legislative Assembly of \$17,956,059. The difference is the result of a change in the estimated bond issuances for the Williston State College Health and Wellness Center addition and the renovation of Old Main at Minot State University. Please refer to the **Capital Construction** section for a schedule on capital construction lease payments and outstanding principal balances.

Lignite Research Grants

The Legislative Assembly approved the executive recommendation to provide \$16,450,000 for lignite research grants. This is an increase of \$6,000,000 from the 1999-2001 biennium appropriation of \$10,450,000. The lignite grant funding consists of the following:

Anticipated carryover from the 1999-2001 biennium	\$10,165,000
Two-cent per ton coal severance tax for research and development	1,200,000
50% of the coal severance taxes deposited in the coal development trust fund	3,375,000
20% of the coal severance taxes deposited in the coal development trust fund (clean coal projects)	1,350,000
Interest income	360,000
Total	\$16,450,000

Section 10 provides that up to \$1,300,000 of the \$16,450,000 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 jobs and economic growth for the general welfare of this state. The section also provides that funds appropriated for lignite research grants may also be used for the purpose of contracting for nonmatching studies and activities in support of the Lignite Vision 21 Project; for nonmatching externality studies and activities in externality proceedings; or other marketing or environmental activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Moneys not needed for these purposes are available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

Please refer to the **Trust Fund Analyses** section for an analysis of the lignite research fund.

Other Sections in Bill

Information technology shared services - Section 15 provides that the information technology coordinators employed by the Oil and Gas Division and the Geological Survey should share knowledge, expertise, duties, and responsibilities in an effort to increase efficiencies and avoid duplication.

Legislative Council study - Section 16 provides for a Legislative Council study of the mission of the Industrial Commission relating to the responsibilities of the Oil and Gas Division and the Geological Survey and the potential for efficiencies resulting from shared administrative and service delivery functions.

Related Legislation

Abandoned oil and gas well plugging and site reclamation fund - Senate Bill No. 2099 changes the maximum balance of the abandoned oil and gas well plugging and site reclamation fund from \$50,000 to \$250,000 effective July 1, 2003. When the balance of the fund exceeds the limit, any additional fees must be deposited in the general fund. This will result in a \$60,000 general fund revenue loss for the 2003-05 biennium.

General fund lease payment limitation - Senate Bill No. 2165 provides that the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented at the close of the most recently adjourned regular Legislative Assembly.

Meatpacking facilities - House Bill No. 1417 allows the Industrial Commission to issue bonds for the establishment of meatpacking plants.