

**Department of Trust Lands  
Budget No. 226  
Senate Bill No. 2013, House Bill No. 1358**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2013-15 executive budget (bills as introduced)	31.00	\$0	\$221,504,286	\$221,504,286
<b>2013-15 legislative appropriations</b>	<b>31.00</b>	<b>0</b>	<b>247,506,969</b>	<b>247,506,969</b>
Legislative increase (decrease) to executive budget	0.00	\$0	\$26,002,683	\$26,002,683
Legislative increase (decrease) to 2011-13 appropriations	6.25	(\$65,000,000)	\$107,041,780	\$42,041,780

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2011-13 legislative appropriations	\$0	\$65,000,000	\$65,000,000
<b>2013-15 legislative appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$0	(\$65,000,000)	(\$65,000,000)
Percentage increase (decrease) to 2011-13 appropriations	N/A	(100.0%)	(100.0%)
2013-15 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

**SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS**

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Department of Trust Lands is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$108,541) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$47,317)	(\$47,317)
Added funding from the strategic investment and improvements fund to conduct a study included in House Bill No. 1338 of private lands owned adjacent to lands under the control of the United States Corps of Engineers.			50,000	50,000

Increased funding for oil and gas impact grants for a total of \$240 million (House Bill No. 1358).			26,000,000	26,000,000
Total	0.00	\$0	\$26,002,683	\$26,002,683

### FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 31 FTE positions, an increase of 6.25 FTE positions from the 2011-13 biennium level of 24.75 FTE positions. New FTE positions authorized by the Legislative Assembly include 1 land manager, 1 mineral titlist, 1 audit technician, and 1.25 administrative assistants for lands and minerals management and 1 grants administrator and 1 account budget specialist to administer the energy impact grant program.

### Increased Costs Relating to Oil Activity

The Legislative Assembly did not change the executive recommendation to provide additional funding for the Department of Trust Lands for the following increased costs relating to expansion of the Department of Trust Lands operations as a result of increasing oil activity in the state:

	Funding Increase
Operating costs	\$494,767
Additional FTE positions for lands and minerals management (4.25 FTE positions) and the energy impact grant program (2 FTE positions)	1,035,578
Increase in the contingency fund line item to provide flexibility to the Board of University and School Lands to adjust spending and allocate resources as demands change	100,000
Total special funds appropriation increase	\$1,630,345

### Other Sections in Bill

**Unexpended appropriations - Energy infrastructure and impact grants** - Section 3 allows unexpended appropriations made for energy infrastructure and impact grants to continue into the 2015-17 biennium. This exemption was also included in 2011 House Bill No. 1013, providing any unexpended appropriations made for energy development and impact grants to continue into the 2013-15 biennium.

**Unexpended appropriations - Flood-impacted political subdivision infrastructure grants** - Section 4 allows unexpended appropriations made for flood-impacted political subdivision infrastructure development grants to continue into the 2015-17 biennium.

**Transfer from contingencies line item** - Section 5 provides, upon approval of the Board of University and School Lands, the Commissioner of University and School Lands may transfer from the contingencies line item to all other line items. 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:

	2011-13 Legislative Appropriation	2013-15 Legislative Appropriation	Increase (Decrease)
Common schools	\$92,514,000	\$130,326,000	\$37,812,000
North Dakota State University	1,424,000	2,066,000	642,000
University of North Dakota	1,310,000	1,814,000	504,000
Youth Correctional Center	528,000	810,000	282,000
School for the Deaf	454,000	720,000	266,000
North Dakota State College of Science	523,429	731,428	207,999
State Hospital	603,429	803,428	199,999
Veterans' Home	279,429	325,428	45,999
Valley City State University	286,000	372,000	86,000
North Dakota Vision Services - School for the Blind	247,429	331,428	83,999

Mayville State University	184,000	236,000	52,000
Dakota College at Bottineau	31,429	49,428	17,999
Dickinson State University	31,429	49,428	17,999
Minot State University	31,429	49,428	17,999
<b>Total</b>	<b>\$98,448,003</b>	<b>\$138,683,996</b>	<b>\$40,235,993</b>

**Appeals board** - Section 8 removes the Board of University and School Lands' responsibility to serve as an appeals board to reconsider grant applications denied by the Director of the Energy Infrastructure and Impact Office.

**Dust control study** - Section 9 authorizes the Board of University and School Lands to approve up to \$3 million of additional oil and gas impact grants to counties for dust control if the dust control project provided for in House Bill No. 1358 is deemed effective by the Director of the Energy Infrastructure and Impact Office.

**Oil and gas impact grant distribution - Other uses** - Section 10 authorizes the Director of the Energy Infrastructure and Impact Office to include within recommendations to the Board of University and School Lands for oil and gas impact grants up to \$5 million of the funds designated for counties experiencing oil and gas development in House Bill No. 1358 to any eligible political subdivision if, by January 1, 2015, the funds have not been committed to counties meeting the eligibility requirements for this funding, under provisions of House Bill No. 1358.

#### Related Legislation

**House Bill No. 1358** includes the following provisions relating to the Board of University and School Lands:

- Section 2 increases the allocation of oil and gas gross production taxes to the oil and gas impact grant fund from \$100 million to \$240 million for the 2013-15 biennium. The allocation to the oil and gas impact grant fund will return to \$100 million after the 2013-15 biennium.
- Section 3 amends North Dakota Century Code Section 57-62-05 to remove the requirements that 35 percent of money in the oil and gas impact grant fund be awarded to incorporated cities with a population of 10,000 or more and 65 percent of funds available be awarded to counties, school districts, and other political subdivisions impacted by oil and gas development.
- Section 9 appropriates \$239,299,174 (\$240,000,000 less \$700,826 appropriated for administrative costs in Senate Bill No. 2013) from the oil and gas impact grant fund to the board for oil and gas impact grants for the 2013-15 biennium and includes provisions relating to the designation of \$103,500,000 of the funds appropriated as follows:

\$5 million for grants to eligible counties experiencing new oil and gas development activities.

\$60 million for grants to airports impacted by oil and gas development.

\$4 million in grants to public institutions of higher education impacted by oil and gas development.

\$3 million for grants of \$1 million each to three counties in oil-impacted areas for a pilot project for dust control.

\$7 million for grants to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.

\$7 million for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact.

\$3.5 million for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact.

\$14 million for grants to hub cities to be distributed as follows--\$2 million to the hub city (Williston) receiving the greatest percentage of allocations to hub cities from oil and gas gross production tax revenue, \$7 million to the hub city (Dickinson) receiving the second greatest percentage of allocations, and \$5 million to the hub city (Minot) receiving the third greatest percentage of allocations.

**Senate Bill No. 2312** removes the statutory royalty minimums for coal and permits the Board of University and School Lands to negotiate a royalty rate. The bill also permits the board to renegotiate existing coal leases on trust or state land.