NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET SECTION

Wednesday, December 3, 2008
Senate Chamber, State Capitol
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 11:15 a.m.

Members present: Senators Ray Holmberg, Bill Bowman, Randel Christmann, Tom Fischer, Tony S. Grindberg, Ralph L. Kilzer, Aaron Krauter, Karen K. Krebsbach, Elroy N. Lindaas, Tim Mathern, Carolyn Nelson, David O'Connell, Larry J. Robinson, Tom Seymour, Bob Stenehjem, Rich Wardner, John Warner; Representatives Larry Bellew, Merle Boucher, Al Carlson, Jeff Delzer, Mark A. Dosch, Mary Ekstrom, Eliot Glassheim, Kathy Hawken, Lee Kaldor, Keith Kempenich, Matthew M. Klein, Gary Kreidt, Joe Kroeber, Bob Martinson, Shirley Meyer, David Monson, Jon Nelson, Kenton Onstad, Chet Pollert, Bob Skarphol, Ken Svedjan, Blair Thoreson, Don Vigesaa, Francis J. Wald, Alon C. Wieland, Clark Williams

Members absent: Representatives Rick Berg, James Kerzman, Ralph Metcalf

Others present: Jim W. Smith, Legislative Council, Bismarck

See appendix for additional persons present.

STATUS OF THE STATE GENERAL FUND

Chairman Holmberg called on Ms. Pam Sharp, Director, Office of Management and Budget, to report on the status of the general fund. A copy of the information presented is on file in the Legislative Council office.

Ms. Sharp presented the following information on the status of the state general fund for the 2007-09 biennium based on revenue collections through October 2008:

Unobligated general fund balance - July 1, 2007		$295,541,176
Add		
General fund collections through October 2008	$1,764,459,951	
Forecasted general fund revenue for the remainder of the 2007-09 biennium (based on the December 2008 revised forecast)	917,438,844	
Total estimated general fund revenue for the 2007-09 biennium		$2,681,898,795
Total available		$2,977,439,971
Less		
2007-09 biennium general fund ongoing appropriations	($2,317,447,307)	
2007-09 biennium general fund one-time appropriations	(139,526,649)	
Contingent appropriation (Section 50 of Senate Bill No. 2200)	(5,000,000)	
Recommended supplemental appropriations	(22,532,907)[1]	
Total appropriations		($2,484,506,863)
Estimated transfer to the budget stabilization fund[1]		($111,092,167)[2]
Add		
Estimated unspent authority		10,000,000
Estimated general fund balance - June 30, 2009		$391,840,941

[1]Recommended supplemental (deficiency) appropriations include:

Office of Management and Budget	$5,000,000
Attorney General	99,000
University of North Dakota	1,310,955
North Dakota State University	527,842
Veterans Home	12,036,404
Adjutant General	3,422,553
Main Research Center	100,499
Central Grasslands Research Center	13,560
North Central Research Center	22,094
Total recommended supplemental appropriations	$22,532,907

[2]The estimated transfer is based on the required balance in the budget stabilization fund as determined by total appropriations in the Governor's recommended 2009-11 budget.

Ms. Sharp said revenues for the biennium through October 2008 exceed the legislative forecast by $296.3 million or 20 percent. She said because the $71 million statutory cap for the 2007-09 biennium has been reached, no additional oil tax collections will be deposited in the general fund during the 2007-09 biennium, and through October 2008 oil tax collections totaling $343.6 million have been transferred, or are available for transfer, to the permanent oil tax trust fund.

Ms. Sharp presented the following information on the status of the permanent oil tax trust fund for the 2007-09 biennium:

Beginning permanent oil tax trust fund balance - July 1, 2007	$143,270,662
Add	
Revenue collections through October 2008	343,619,952
Forecasted revenues for the remainder of the 2007-09 biennium (based on December 2008 revised forecast)	221,365,074
Total estimated permanent oil tax trust funds available for the 2007-09 biennium	$708,255,688
Less expenditures and transfers	145,716,541
Estimated permanent oil tax trust fund balance - June 30, 2009	$562,539,147

TOBACCO SETTLEMENT PROCEEDS

Ms. Sharp presented information on the status of tobacco settlement proceeds received by North Dakota. She said the state received its tobacco settlement payment in April 2008. She said the total settlement payments received to date are $233.2 million and the next payment is anticipated to be received in April 2009. A copy of the report is on file in the Legislative Council office.

2009-11 EXECUTIVE BUDGET REVENUE FORECAST

Ms. Sharp presented the executive budget revenue forecast for the 2009-11 biennium; one-time revenues, including beginning balance; and proposed statutory changes affecting revenues. She said the estimated June 30, 2009, general fund balance is $391.8 million and 2009-11 general fund revenues are estimated to total $2.8 billion, resulting in an estimated $3.2 billion available for the 2009-11 biennium. She said the recommended general fund appropriations for the 2009-11 biennium total $3.1 billion, of which $2.8 billion relates to ongoing appropriations and $357 million to one-time appropriations. She said the estimated June 30, 2011, general fund balance is $65 million. She said the forecast is based on an increase in the maximum amount of oil revenue that can be deposited in the general fund from $71 million to $110 million. She said for purposes of the forecast, all transfers from the Bank of North Dakota, the Mill and Elevator, the lands and minerals trust fund, and gas tax are considered ongoing revenue. A copy of the report is on file in the Legislative Council office.

Ms. Sharp said permanent oil tax trust fund revenues for the 2009-11 biennium are estimated to total $566 million based on oil prices that range from $50 to $68 and production assumptions that range from 185,000 barrels per day to 215,000 barrels per day through fiscal year 2011. She said the revenues, added to the estimated June 30, 2009, balance of $563 million, would result in funds available in the permanent oil tax trust fund of $1.129 billion. She said a recommended continuing appropriation for property tax relief of $300 million would result in an estimated June 30, 2011, balance of $829 million in the permanent oil tax trust fund.

Ms. Sharp said the Office of Management and Budget will update the revenue forecast for presentation to the 2009 Legislative Assembly on February 9, 2009.

In response to a question from Senator Holmberg, Ms. Sharp said estimated revenues are based on the estimated price of North Dakota oil being discounted by $10 per barrel for additional transportation costs due to limited pipeline capacity. She said the transportation discount has been applied for fiscal years 2009 and 2010, but not fiscal year 2011.

Ms. Sharp presented information regarding statutory changes affecting revenues that will be proposed to the 2009 Legislative Assembly. She said in addition to increasing the maximum amount of oil revenue deposited in the general fund from $71 million to $110 million, statutory changes include a change in the allowable transfer from the budget stabilization fund in the event of a revenue shortfall; eliminating the $5 million transfer from the Mill and Elevator to the general fund for the 2007-09 biennium; an increase in energy impact grants from $6 million to $20 million; a $1 million increase in the maximum annual amount distributed to each oil and gas producing county from the gross production tax; an increase, from $3 million to $5 million, in the maximum amount of oil and gas gross production tax and oil extraction tax revenues deposited in the oil and gas research fund; $300 million in property tax relief; and a reduction in individual income tax. A copy of the report is on file in the Legislative Council office.

APPROPRIATION BILL FORMAT FOR THE 2009 LEGISLATIVE SESSION

Ms. Sharp reviewed a sample of the appropriation bill format for the 2009 legislative session. She presented a three-column format that includes full-time equivalent (FTE) employee amounts. She said the appropriation bill format will include a line item for deferred maintenance and a section authorizing the agency to transfer from the deferred maintenance line item to the capital assets line item as necessary to address extraordinary repair needs without Emergency Commission approval. A copy of the information presented is on file in the Legislative Council office.

In response to a question from Representative Svedjan, Ms. Sharp said the Office of Management and Budget was not planning to identify one-time funding in the appropriation bills. She said one-time funding may be included in multiple line items of an agency's budget.

Representative Svedjan suggested the Office of Management and Budget exclude 2007-09 one-time funding items from agencies' 2009-11 base funding level and identify one-time items in a separate section of the appropriation bill. Ms. Sharp said the Office of Management and Budget may need additional time to prepare the appropriation bills due to this request.

It was moved by Representative Svedjan, seconded by Representative Skarphol, and carried on a roll call vote that the Budget Section, pursuant to North Dakota Century Code Section 54-44.1-07:

1. **Request the Office of Management and Budget to prepare the appropriation bills for introduction to the 2009 Legislative Assembly to reflect:**
   - **The exclusion from the base level funding column of any one-time funding items approved by the 2007 Legislative Assembly; and**
   - **The identification, using a two-column format in a separate section of the bill, of the one-time funding items approved by the 2007 Legislative Assembly and the one-time funding items recommended in the 2009-11 executive budget for each agency.**
2. **Allow the Office of Management and Budget an extension of seven days, until December 17, 2008, to submit appropriation bills to the Legislative Council.**

Senators Holmberg, Bowman, Christmann, Fischer, Grindberg, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Seymour, Wardner, and Warner and Representatives Bellew, Dosch, Ekstrom, Glassheim, Hawken, Kaldor, Kempenich, Klein, Kreidt, Kroeber, Martinson, Meyer, Monson, Nelson, Onstad, Pollert, Skarphol, Svedjan, Vigesaa, Wald, Wieland, and Williams voted "aye." No negative votes were cast.

The Budget Section recessed for lunch at 12:30 p.m. and reconvened at 1:00 p.m.

ECONOMIC OUTLOOK FOR THE UNITED STATES AND NORTH DAKOTA

Chairman Holmberg called on Mr. Steven G. Cochrane, Managing Director, Economy.com, to present information regarding the economic assumptions included in the executive budget revenue forecast for the 2009-11 biennium; the North Dakota economic outlook, including oil prices and agriculture commodity prices; and the impact of the state's oil industry on state revenues. A copy of the information presented is on file in the Legislative Council office.

Mr. Cochrane said two-thirds of the nation is in a recession that began in December 2007 and he has seen no positive indicators nationally. He said North Dakota's economy is still growing, but that growth has slowed. He said North Dakota's housing price index has shown slow, continued growth. He said the state did not experience the large changes in housing values that is causing economic concerns in the majority of other states. He said his company's latest analysis of gross domestic product indicates a longer and more gradual recovery than previous analyses.

Mr. Cochrane said that while increases in wealth generate more spending, it is increasing income that is sustaining the North Dakota economy. He said North Dakota's per capita income has increased over 20 percent in the last year. He said the global recession will most likely result in decreases in demand for North Dakota's manufactured goods and commodities and will slow the state's income growth. He said oil prices are expected to increase during 2009 and 2010, and stabilize at approximately $70 per barrel for West Texas intermediate crude oil through 2013.

AGENCY REQUESTS AUTHORIZED BY THE EMERGENCY COMMISSION

Chairman Holmberg directed the committee to consider agency requests which have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to North Dakota Century Code (NDCC) Sections 54-16-04, 54-16-04.1, and 54-16-04.2. The information relating to the requests is on file in the Legislative Council office.

It was moved by Representative Svedjan, seconded by Senator Robinson, and carried on a roll call vote that, pursuant to NDCC Sections 54-16-04, 54-16-04.1, and 54-16-04.2, the Budget Section approve the following requests, which have been approved by the Emergency Commission:

- **Racing Commission (Request #1687) - To increase special funds spending authority by $76,089 for Attorney General legal fees ($45,634), a contingency for future legal fees ($12,000), and for settlement fees awarded by a district court in a civil case ($18,455).**
- **Public Service Commission (Request #1688) - To increase the operating expenses line item by $100,000 of special funds for expert assistance and other costs associated with analyzing and deciding public utility rate cases for regulated investor-owned utilities.**
- **Department of Commerce (Request #1689) - To increase federal funds spending authority by $19,600,000 for the operating expenses line item ($1,960,000) and grants line item ($17,640,000) to provide financial assistance for the redevelopment of abandoned and foreclosed homes to benefit low-income citizens.**
- **Mill and Elevator (Request #1690) - To increase spending authority by $4 million of other funds for the operating line item ($4 million) for higher than anticipated interest expenses related to market factors requiring a larger than anticipated operating line of credit with the Bank of North Dakota.**
- **State Department of Health (Request #1692) - To increase the women, infants, and**

children (WIC) line item by $2,750,000 to accept federal funds from the United States Department of Agriculture WIC program for increased costs of the program.

- **Veterans Home (Request #1694) - To transfer $300,000 from the salaries and wages line item to the operating expenses line item to provide for increased operating expenses related to contract nursing and other operating costs, including utilities, travel, and supplies.**
- **Secretary of State (Request #1696) - To increase special funds spending authority by $165,520 for the salaries and wages line item ($67,757) and for the operating expenses line item ($97,763) for expenses associated with the agency's data processing information technology project.**

Senators Holmberg, Bowman, Christmann, Grindberg, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Seymour, Wardner, and Warner and Representatives Boucher, Dosch, Ekstrom, Glassheim, Hawken, Kaldor, Kempenich, Klein, Kreidt, Kroeber, Martinson, Meyer, Monson, Nelson, Onstad, Pollert, Skarphol, Svedjan, Vigesaa, Wald, and Wieland voted "aye." No negative votes were cast.

2009-11 EXECUTIVE BUDGET RECOMMENDATIONS

Chairman Holmberg called on Ms. Sheila Peterson, Director, Fiscal Management Division, Office of Management and Budget, to present information regarding the 2009-11 executive budget. She directed the Budget Section members to the detailed budget books provided to legislators. She reported on the 2009-11 executive budget recommendations for information technology, one-time budget investments, state employee compensation and benefits, capital projects, and bonding for capital projects. She said the budget includes funding to continue to pay the full cost of health insurance premiums for state employees. She said the budgeted cost for health insurance is $826 per month per employee, a 25.5 percent increase compared to the 2007-09 biennium rate of $658. She said the recommended state employee compensation package provides a 5 percent average salary increase with a $100 per month minimum, effective July 1, 2009, and a 5 percent average salary increase with a $100 per month minimum, effective July 1, 2010. She said the salary increases are to be based on merit and equity and are not to be given across the board. She said the compensation package also includes $23 million, of which $13 million is from the general fund, to address salary equity issues for certain agencies. She said agencies will have flexibility to use salary equity funding to address salary issues relating to the competitive employment market, salary issues in targeted occupations, and internal agency and interagency salary equity issues.

Ms. Peterson said the executive recommendation for capital projects totals $380.5 million, of which $127.8 million is from the general fund. She said the largest capital project is the $67 million prison expansion project for the Department of Corrections and Rehabilitation.

Ms. Peterson said none of the capital projects recommended in the 2009-11 biennium require bonding. Based on statutory bond payment guidelines, the state could issue bonds of up to $60 million for the 2009-11 biennium and still be within statutory guidelines.

Ms. Peterson said the executive recommendation includes $357.2 million in one-time funding investments. She said the executive recommendation also includes information technology projects that were ranked by the Statewide Information Technology Advisory Committee. She said information technology projects to be paid from the general fund total $12.5 million and are included as one-time investments. A copy of the reports is on file in the Legislative Council office.

Mr. Joe Morrissette, Office of Management and Budget, presented information on the executive budget recommendation for the Department of Public Instruction. He said the North Dakota Commission on Education Improvement recommends formula changes to provide funding for regional education associations, assessments, career advisors, tutors, a state prekindergarten program, and one extra day in the school calendar. He said the recommendation of $837.1 million for state school aid is an increase of $111 million or 15.3 percent from the 2007-09 biennium. He said the recommendation also includes $38.5 million for transportation payments, $15.5 million for special education contracts, and $2.3 million for a new mentoring program to provide training and support for new teachers.

Representative Skarphol asked the Legislative Council staff to provide information on the estimated cost to continue the recommended state aid to schools payment level for the 2011-13 biennium.

Mr. Morrissette discussed the executive budget recommendation for the Department of Career and Technical Education. He said the recommendation provides for $2 million, an increase of $800,000, to continue the virtual area career and technical education center initiative authorized by the 2007 Legislative Assembly. He said the recommendation provides $1.6 million to increase career and technical education program reimbursement rates and equalize reimbursement rates among various programs.

Mr. Morrissette discussed the executive budget recommendation for the Department of Corrections and Rehabilitation. He said the recommendation provides $5.6 million to maintain existing programs and services at contract rates and population levels anticipated for the 2009-11 biennium. He said the recommendation provides an additional 32 FTE

positions, including 21 FTE positions that are currently temporary positions and 11 new FTE positions. He said the 2007 Legislative Assembly appropriated $41 million for the proposed construction and renovation project at the State Penitentiary and with interest the funds available are anticipated to total $44.5 million. He said the recommendation provides an additional $22.5 million from the general fund for a total project cost of $67 million.

Mr. Morrissette discussed the executive budget recommendation for the State Historical Society. He said the recommendation includes $30 million, of which $18 million is from the general fund, for construction of an addition to the Heritage Center.

Mr. Morrissette discussed the executive budget recommendation for the Department of Transportation. He said the recommendation includes $7.5 million to replace the department's drivers records computer system and a one-time $120 million transfer from the general fund to the highway tax distribution fund for infrastructure maintenance, repair, and improvement projects for the state and political subdivisions.

Senator O'Connell asked the Office of Management and Budget to provide information comparing the highway tax distribution fund allocations under current law to the recommended allocations. Mr. Morrissette said he would provide the information.

Ms. Sandy Deis, Office of Management and Budget, presented information on the executive budget recommendation for the North Dakota University System. She said the recommendation includes $614.2 million from the general fund, which is an increase of $145.6 million from the 2007-09 biennium.

Ms. Deis said the recommendation provides:

- $24 million for one-time investments such as emergency preparedness, security, and maintenance and repairs of buildings;
- $50 million for capital projects and the development of campus master plans;
- $49 million for campus parity distributions;
- $10 million for equity payments;
- $40 million for student financial assistance grants from the general fund, an increase of $34 million;
- $2 million for the North Dakota Scholars program;
- $600,000 for the University of North Dakota School of Medicine and Health Sciences for a new scholarship program to encourage students to pursue family medicine careers in rural areas;
- $1.335 million for security staff and coordinators to develop a statewide plan for emergency preparedness and campus security;
- $1.275 million to stabilize the operations of the Bismarck and Minot Centers for Family Medicine;
- $400,000 for the Space Grant Consortium; and
- $800,000 of additional general fund support for the Experimental Program to Stimulate Competitive Research.

Ms. Lori Laschkewitsch, Office of Management and Budget, presented information on the executive budget recommendation for the State Department of Health. She said the recommendation includes $321,910, of which $215,680 is from the general fund, and two FTE positions to conduct life safety inspections for construction and renovation projects of basic care and long-term care facilities. She said the recommendation increases funding for the medical personnel loan program by $195,000 and the dental loan repayment program by $200,000. She said the recommendation also provides a special fund appropriation of $18.6 million for the Comprehensive Tobacco Control Advisory Committee.

Ms. Laschkewitsch presented information on the executive budget recommendation for the Veterans Home. She said the recommendation includes a 2007-09 supplemental appropriation to increase funding for the completion of the new Veterans Home, including furniture, fixtures, and equipment, by $13.3 million, of which $12 million is from the general fund. She said the recommendation includes $110,088 in temporary salaries for a project manager to oversee construction of the new facility, provides $133,600 for e-charting software, and authorizes 14.8 additional FTE positions for the new building.

Ms. Laschkewitsch presented information on the executive budget recommendation for the Department of Human Services. She said the recommendation includes $40.1 million, of which $14.8 million is from the general fund, to rebase payment rates for medical assistance program providers. She said the recommendation also increases the eligibility income limits for the state children's health insurance program at a cost of $1.1 million from the general fund, provides $600,000 from the general fund to establish an aging and disability resource center as a single point of entry for long-term care services for the elderly and disabled, and enhances the funding to senior services providers by $900,000 to assist with the costs of providing meals to the elderly.

Ms. Tammy Dolan, Office of Management and Budget, presented information on the executive budget recommendation for the Adjutant General. She said the recommendation expands the veterans' bonus program by $500,000 from the general fund to address multiple deployments. She said the recommendation also includes a $3.6 million investment in State Radio, including $2.1 million from the general fund, to develop a statewide seamless base map; $1 million from the general fund to enhance computer-aided dispatch; and $500,000 to lease or purchase State Radio tower space in selected areas of the state where radio reception is not adequate.

Ms. Dolan presented information on the executive budget recommendation for the Agricultural

Experiment Station and the Extension Service. She said the recommendation includes $2.7 million from the general fund and seven FTE positions to provide for crop disease management; extension specialist operating support; utilities for the new greenhouse; an increase for extraordinary repairs; and pulse, oilseed, and wheat quality and product evaluation. She said the recommendation includes one-time funding from the general fund for capital projects, including $11.4 million to complete the greenhouse facility, $2.6 million to complete construction of the beef research facility, and $2.9 million for office building additions and renovation projects at the North Central, Williston, Langdon, and Dickinson Research Centers.

Ms. Dolan presented information on the executive budget recommendation for the State Water Commission. She said the recommendation includes two FTE positions--one hydrologist to address the increasing volume of water permits and an engineer technician to operate the Northwest Area Water Supply pipeline--and $433,990, of which $373,213 is from the general fund, to address salary equity issues.

SPECIFIC EXEMPT COMMODITIES AND SERVICES

Chairman Holmberg called on Ms. Sherry Neas, State Procurement Manager, Office of Management and Budget, to report on the specified commodities and services exempted from the procurement requirements of NDCC Chapter 54-44.4. She said the Office of Management and Budget has exempted few commodities and services from the state procurement system. She said the administrative rules related to state procurement--North Dakota Administrative Code Article 4-12--that became effective in August 2004 identify commodities and services that are not procurements, such as professional memberships and grants, and identifies exemptions to the rules. She said the list of exemptions also identifies commodities and services that are subject to other statutes for the procurement or selection process, such as appointments of a special or an assistant attorney general, public improvements, concessions, and engineers. A copy of the information presented is on file in the Legislative Council office.

DEPARTMENT OF HUMAN SERVICES

Chairman Holmberg called on Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, to present information regarding the status of the Medicaid management information system project pursuant to Section 3 of 2007 Senate Bill No. 2024. She said in November 2008, the department agreed to a request by ACS State Healthcare, LLC, for a 10-month delay to the project schedule with the understanding that the state will not be responsible for additional costs resulting from the delay. She provided the following project funding summary:

Description	Budget	Spent Through October 2008	Remaining
General fund	$3,643,133	$1,551,169	$2,091,964
Federal funds	55,218,418	19,720,674	35,497,744
Other funds	3,667,820	1,007,597	2,660,223
Total project	$62,529,371	$22,279,440	$40,249,931

A copy of the report is on file in the Legislative Council office.

VETERANS HOME PROJECT

Chairman Holmberg called on Mr. Mark B. Johnson, Administrator, Veterans Home, to present information regarding the status of the Veterans Home construction project pursuant to Section 4 of 2007 Senate Bill No. 2418. He said construction of the new Veterans Home was approved by the 2007 Legislative Assembly with an appropriation of $21.1 million of state and federal funds. He said subsequent to legislative approval, the scope of the project was changed to meet federal Department of Veterans Affairs guidelines. He said the change increased the size of the facility by 20,000 square feet and resulted in increased construction costs. He said the Veterans Home requested and received Emergency Commission and Budget Section approval to increase the project to $25.6 million in March 2008. He said bids for the Veterans Home construction project were received in September 2008 and totaled $30.8 million. He said the Veterans Home has rejected all of the bids and is rebidding the project. He said the new bids will be opened January 27, 2009. He said a separate appropriation bill totaling $13.3 million, of which $12 million is from the general fund, will be introduced to the 2009 Legislative Assembly to increase funding for completion of the new Veterans Home and that the funding must be approved by both the House of Representatives and the Senate by March 1, 2009, to qualify for federal Department of Veterans Affairs funds.

INDUSTRIAL COMMISSION

Chairman Holmberg called on Mr. Lynn Helms, Director, Department of Mineral Resources, Industrial Commission, to present information regarding revenues and expenditures of the abandoned oil and gas well plugging and site reclamation fund; the geophysical, geothermal, subsurface minerals, and coal exploration fund; and the geologic data preservation fund to date for the biennium beginning July 1, 2007, and ending June 30, 2009, pursuant to Section 7 of 2007 House Bill No. 1060. A copy of the report is on file in the Legislative Council office.

Mr. Helms presented revenue and balance information for the abandoned oil and gas well plugging and site reclamation fund. He said revenue deposited in the fund for the 2007-09 biennium through October 2008 was $239,625, $134,625 more than the anticipated revenue of $105,000. He said the fund balance was $458,350 on October 31, 2008. He

said the increased revenue is due to higher than anticipated drilling activity. He said the fund's outstanding liabilities for the plugging and reclamation of four oil and gas wells in Grenora Field total $250,000. He said possible liabilities include the plugging and reclaiming of three oil and gas wells and one saltwater disposal well in Tioga Field, the cost of which could total an additional $250,000. He said it is likely those wells will be transferred to a new operator interested in returning them to production.

Senator Krauter asked for information on the status of gas production in the state. Mr. Helms said he would provide the information.

Mr. Helms presented revenue and balance information for the geophysical, geothermal, subsurface minerals, and coal exploration fund. He said revenue for the 2007-09 biennium through October 2008 totaled $11,680. He said the fund balance on October 31, 2008, was $12,565. He said the fund has no outstanding liabilities. He said the maximum potential liability, calculated based on percentages and historical costs, would be $498,500 extended over a long period of time.

Mr. Helms presented revenue and balance information for the geologic data preservation fund. He said there has been no activity in the fund and the fund balance is zero as of October 31, 2008. He said federal revenue of $100,000 was anticipated, but the funds were never appropriated by Congress. He said the fund will focus on potential private sector contributions and on developing a subscription service website where oil and gas companies can pay to access information.

GAME AND FISH DEPARTMENT

Chairman Holmberg called on Mr. Roger Rostvet, Deputy Director, Game and Fish Department, to present information regarding a report on the recruitment and retention of hunters in North Dakota pursuant to Section 7 of 2007 Senate Bill No. 2017. He said the department contracted for the study that included telephone surveys of North Dakota residents 18 years of age and older and a separate children's survey. He said the study confirmed youth education and recruitment efforts are working and North Dakota is second only to Montana for active participation in hunting activity. He said data sources examined by researchers indicated that hunting participation in North Dakota has increased, including a substantial increase in out-of-state hunters. He said researchers concluded that women should not be the highest priority for hunting recruitment as they generally showed less interest in hunting and were less responsive to various motivators. He said copies of the full report are available from the department. A copy of the report is on file in the Legislative Council office.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

It was moved by Senator Robinson, seconded by Senator Nelson, and carried on a voice vote that the Budget Section meeting be adjourned subject to the call of the chair.

Chairman Holmberg adjourned the meeting at 4:45 p.m.

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Sheila M. Sandness
Fiscal Analyst

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Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:1