

**Industrial Commission
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	58.37	\$7,146,771	\$37,302,824	\$44,449,595
2003-05 legislative appropriations	58.37	7,026,884	37,291,836	44,318,720
Legislative increase (decrease) to executive budget	0.00	(\$119,887)	(\$10,988)	(\$130,875)
Legislative increase (decrease) to 2001-03 appropriations	(4.63)	(\$351,743)	\$1,703,883	\$1,352,140

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET 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 Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$62,332)	(\$6,335)	(\$68,667)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,470)	(619)	(6,089)
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent. (See Related Legislation section below)		(38,790)	(4,034)	(42,824)
Restored 1 FTE petroleum engineer IV position which was removed from the Oil and Gas Division in the executive recommendation	1.00	149,376		149,376
Removed funding for a geologist position for the second year of the biennium		(87,671)		(87,671)
Removed 1 FTE undesignated position and related funding from the Geological Survey	(1.00)	(75,000)		(75,000)
Total	0.00	(\$119,887)	(\$10,988)	(\$130,875)

FTE Changes

The 2003-05 biennium appropriation includes funding for 58.37 FTE positions, the same as the executive recommendation. However, the Legislative Assembly restored the petroleum engineer IV position in the Oil and Gas Division that was removed in the executive recommendation, and removed a position in the Geological Survey. The number of FTE positions for the Industrial Commission for the 2003-05 biennium is 4.63 FTE positions less than the 63 FTE positions authorized for the 2001-03 biennium.

Lease Payments

The Legislative Assembly did not change the executive recommendation to provide \$19,830,990 for lease payments, an increase of \$1,874,931 from the 2001-03 biennium appropriation of \$17,956,059. The following schedule lists the 2001-03 and 2003-05 bienniums lease payments:

	2001-03 Biennium	2003-05 Biennium	Increase (Decrease)
Higher education institutions	\$12,730,841	\$12,790,689	\$59,848
Department of Corrections and Rehabilitation - State Penitentiary	2,250,168	2,117,009	(133,159)
Department of Corrections and Rehabilitation - Youth Correctional Center	541,427	554,598	13,171
State Department of Health		387,673	387,673
Job Service North Dakota	295,047	553,594	258,547
Department of Human Services - Southeast Human Service Center	577,764	589,075	11,311
Department of Human Services - State Hospital	566,500	547,608	(18,892)
Department of Human Services - Developmental Center at Westwood Park, Grafton	649,234	627,582	(21,652)
Adjutant General	73,950	60,987	(12,963)
Veterans Home improvement fund	271,128	235,050	(36,078)
	\$17,956,059	\$18,463,865	\$507,806
University System energy conservation projects		1,367,125	1,367,125
Total	\$17,956,059	\$19,830,990	\$1,874,931

Lignite Research Grants

The Legislative Assembly approved the executive recommendation to provide \$16,270,000 for lignite research grants, a decrease of \$180,000 from the 2001-03 biennium appropriation of \$16,450,000. The lignite research grant funding consists of the following:

Anticipated carryover from the 2001-03 biennium	\$10,105,000
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	240,000
Total	\$16,270,000

Section 10 provides that up to \$1,300,000 of the \$16,270,000 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. This 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. Money 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

Industrial Commission review - Section 14 provides for an Industrial Commission review of the implementation of the merger of the Oil and Gas Division and the Geological Survey to be accomplished by July 1, 2005. It provides that the Industrial Commission shall consider allowing the Oil and Gas Division director to appoint the State Geologist, recommend a name change for the merged Oil and Gas Division and Geological Survey, and identify efficiencies and savings that will result from the merger. The Industrial Commission shall report to the Budget Section, before November 1, 2004, regarding the recommendations for the Oil and Gas Division and Geological Survey merger.

Oil and Gas Division and Geological Survey employee positions vetoed - Section 15 provides that any full-time equivalent employee position in the Oil and Gas Division and the Geological Survey that becomes vacant because of an employee retirement or an employee resignation must remain vacant for the remainder of the 2003-05 biennium. (This section was vetoed by Governor Hoeven.)

Related Legislation

Capital projects and state facility energy improvement project - House Bill No. 1023 allows the Industrial Commission to issue bonds for capital projects at the State Department of Health and the Department of Corrections and Rehabilitation, along with a state facility energy improvement project at the Department of Corrections and Rehabilitation.

Cash or property deposit - House Bill No. 1102 allows an election to deposit cash or property in lieu of a bond for coal exploration, subsurface mineral exploration and development, and geothermal production.

Information technology position transfer - House Bill No. 1505 provides for 1 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services to be reduced from the Industrial Commission and transferred to the Information Technology Department.

Special funds transfer - Section 2 of House Bill No. 1505 authorizes the Office of Management and Budget to transfer \$4,034 of special funds reduced from the Industrial Commission's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

Confiscation of production-related equipment and salable oil - Senate Bill No. 2125 allows the commission to confiscate any production-related equipment and salable oil at the well site as compensation for its costs when the commission intends to exercise or has exercised its right to plug a well or reclaim a well site.

Issuance of revenue bonds - Senate Bill No. 2232 provides that whenever the Industrial Commission decides that it is in the public interest to diminish the investment of state funds in United States government guaranteed or reinsured or North Dakota guaranteed student loans, the commission may by plenary resolution authorize preparation, sale, and issuance of revenue bonds of North Dakota. The commission may refund and refinance the bonds as often as it is advantageous and in the public interest to do so, and may determine the terms and provisions of the bonds.

Oil and Gas Research Council; oil and gas research fund continuing appropriation - Senate Bill No. 2311 creates an Oil and Gas Research Council to be operated, managed, and controlled by the Industrial Commission, establishes the oil and gas research fund, and provides a continuing appropriation to the Oil and Gas Research Council from the oil and gas research fund, funded by the first \$50,000 of revenue from the state's oil and gas production tax and oil extraction tax. In the 2003-05 biennium, if actual revenues for the 2001-03 biennium from the state general fund share of the oil and gas production tax and oil extraction tax exceed \$71,064,000, the excess up to \$500,000 must be deposited in the oil and gas research fund. After the 2003-05 biennium, 2 percent of the state's share of the oil and gas gross production tax and oil extraction tax revenues deposited into the state general fund, up to \$1.3 million per biennium, must be deposited into the oil and gas research fund.

State Historical Society projects - Senate Bill No. 2416 authorizes the Industrial Commission to issue \$2 million of bonds for the Chateau de Mores and Fort Abercrombie State Historical Site Interpretive Centers projects. Legislative intent is for \$600,000 of federal, local, or donated funds (\$300,000 for each interpretive center) to be collected before interpretive centers expansion begins.