

**Industrial Commission
Budget No. 405
Senate Bill No. 2014, House Bill No. 1050**

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	51.37	\$6,861,925	\$43,654,885	\$50,516,810
2005-07 legislative appropriations	<u>51.37</u>¹	<u>6,878,658</u>	<u>43,903,138</u>	<u>50,781,796</u>
Legislative increase (decrease) to executive budget	0.00	\$16,733	\$248,253	\$264,986
Legislative increase (decrease) to 2003-05 appropriations	(7.00) ¹	(\$148,226)	\$6,611,302	\$6,463,076

¹The authorized FTE positions do not include the 2 contingent FTE positions for the Oil and Gas Division that were added by the Legislative Assembly. Section 18 of Senate Bill No. 2014 provides that upon Emergency Commission approval, the Oil and Gas Division of the Industrial Commission may hire up to 2 FTE positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period.

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 House Bill No. 1050.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		\$22,348	\$3,628	\$25,976
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$559.15 to \$553.95 per month per policy		(5,615)	(875)	(6,490)
Added a contingent appropriation from the land and minerals trust fund for the Oil and Gas Division to hire up to 2 FTE positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period			225,000	225,000
Increased special funds spending authority for the Industrial Commission's secretary salary			20,500	20,500
Total	<u>0.00</u>	<u>\$16,733</u>	<u>\$248,253</u>	<u>\$264,986</u>

FTE Changes

The 2005-07 biennium appropriation includes funding for 51.37 FTE positions, a decrease of 7 FTE positions from the 2003-05 biennium authorized level of 58.37 FTE positions. The Legislative Assembly did not change the executive recommendation to eliminate .70 FTE administrative officer I position and 1 FTE office assistant II position from the Oil and Gas Division, and 1 FTE geologic map technician II position, .30 FTE administrative officer I position, 1 FTE appointed position, 1 FTE geologist III position, and 2 FTE geologic map technician II positions from the Geological Survey. The Legislative Assembly also provided a

contingent appropriation and authorized up to 2 additional FTE positions, consisting of 1 FTE field inspector position and 1 FTE plugging and reclamation supervisor position, for the Oil and Gas Division for the 2005-07 biennium.

Lease Payments

The Legislative Assembly did not change the executive recommendation to provide \$27,292,412 for lease payments, an increase of \$7,461,422 from the 2003-05 biennium appropriation of \$19,830,990. The following schedule lists the 2003-05 and 2005-07 bienniums lease payments:

	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)
Higher education institutions	\$12,790,689	\$14,278,141	\$1,487,452
Department of Corrections and Rehabilitation - State Penitentiary	2,117,009	3,038,586	921,577
Department of Corrections and Rehabilitation - Youth Correctional Center	554,598		(554,598)
State Department of Health	387,673	685,309	297,636
Job Service North Dakota	553,594	696,650	143,056
Department of Human Services - Southeast Human Service Center	589,075	571,731	(17,344)
Department of Human Services - State Hospital	547,608	517,634	(29,974)
Department of Human Services - Developmental Center at Westwood Park, Grafton	627,582	593,231	(34,351)
Adjutant General	60,987	59,248	(1,739)
Veterans Home improvement fund	235,050	234,891	(159)
Information Technology Department ConnectND		5,402,163	5,402,163
Subtotal	\$18,463,865	\$26,077,584	\$7,613,719
University System energy conservation projects	1,367,125	1,214,828	(152,297)
Total	\$19,830,990	\$27,292,412	\$7,461,422

Lignite Research Grants

The Legislative Assembly approved the executive recommendation to provide \$15,200,000 for lignite research grants, a decrease of \$1,070,000 from the 2003-05 biennium appropriation of \$16,270,000. The lignite research grant funding consists of:

Anticipated carryover from the 2003-05 biennium	\$9,544,128
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	180,000
Total	\$15,649,128

Section 13 provides that up to \$1,500,000 of the special funds appropriation 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 lignite jobs and economic growth for the general welfare of this state. This section also provides that funds appropriated 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, environmental, or transmission activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Money not needed for these purposes is 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

Contingent Oil and Gas Division funding - Section 18 provides the \$225,000 of special funds appropriated in the Oil and Gas Division contingency line item is from the lands and minerals trust fund and the Oil and Gas Division may use the funds to hire up to 2 FTE positions, upon Emergency Commission approval, if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period.

Oil and Gas Division and Geological Survey merger - Sections 20 through 27 and Sections 30 through 33 provide the statutory changes necessary for the merger of the Oil and Gas Division and the Geological Survey into the Department of Mineral Resources and transfers the State Geologist's functions to the director of mineral resources.

Industrial Commission secretary's salary - Section 29 amends North Dakota Century Code (NDCC) Section 54-17-03 to allow the salary for the secretary of the Industrial Commission to exceed the maximum salary in the grade established for the classification assigned.

Oil put options - Section 34 repeals Section 3 of Chapter 491 of the 2003 Session Laws providing for the expiration of the authorization for the state to purchase oil put options. Section 35 of House Bill No. 1015 provides general fund appropriation authority to the Office of Management and Budget to purchase oil put options through the State Investment Board.

Related Legislation

House Bill No. 1152 provides that the Industrial Commission transfer \$9 million of earnings from the student loan trust fund to the general fund during the 2005-07 biennium.

House Bill No. 1169 creates the North Dakota Transmission Authority to be governed by the Industrial Commission.

Senate Bill No. 2023 provides an appropriation for capital projects and state facility improvement capital projects of various state departments and institutions and authorizes the Industrial Commission to issue and sell evidences of indebtedness for the capital projects.

Senate Bill No. 2074 changes the name of the Municipal Bond Bank to the Public Finance Authority and authorizes the Public Finance Authority to issue bonds or other evidences of indebtedness on behalf of other state agencies.

Senate Bill No. 2130 provides that the Industrial Commission may set the compensation for members of a board, committee, or council that advises the commission.

Senate Bill No. 2150 allows the Building Authority to utilize the most efficient legal arrangement available to complete the financing authorized by the Legislative Assembly.