

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1013

Page 1, line 2, replace the second "and" with "to create and enact a new subdivision to subsection 1 of section 21-10-06 of the North Dakota Century Code, relating to the investments of the state investment board; to amend and reenact subsection 2 of section 15-01-02 of the North Dakota Century Code, relating to the investments of the board of university and school lands; to repeal section 57-51-15.1 of the North Dakota Century Code, relating to the energy impact fund; to provide for transfers;"

Page 1, line 2 after "funds" insert "; to provide an exemption; to provide a report; to provide an effective date; and to provide a contingent effective date"

Page 1, line 6, after "fund" insert "and the oil and gas impact grant fund"

Page 1, replace lines 9 through 15 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$6,005,550	(\$299,966)	\$5,705,584
Operating expenses	1,775,723	427,957	2,203,680
Grants	0	4,000,000	4,000,000
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$7,881,273	\$4,127,991	\$12,009,264
Full-time equivalent positions	31.00	(3.00)	28.00"

Page 1, line 16, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY**"

Page 1, line 17, after "biennium" insert "and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 19 through 22 with:

"Information technology replacement project	\$3,600,000	\$0
Airport grants	40,000,000	0
Mineral revenue repayments	187,000,000	0
Oil and gas impact grants	0	4,000,000
Mineral valuation study	<u>0</u>	<u>350,000</u>
Total special funds	\$230,600,000	\$4,350,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The commissioner of university and school lands shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, after line 17, insert:

"SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS IMPACT GRANT FUND. The office of management and budget shall transfer the sum of \$4,000,000 from the strategic

investment and improvements fund to the oil and gas impact grant fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. TRANSFER - ENERGY IMPACT FUND TO OIL AND GAS IMPACT GRANT FUND. The commissioner of university and school lands shall transfer any unexpended funds remaining in the energy impact fund when the fund is repealed on June 30, 2021, to the oil and gas impact grant fund.

SECTION 6. AMENDMENT. Subsection 2 of section 15-01-02 of the North Dakota Century Code is amended and reenacted as follows:

2. Full control of the investment of the permanent funds derived from the sale of any of the lands described in subsection 1, which must be made under the supervision of the state investment board pursuant to section 21-10-06 subject to the investing authority provided in law relating to state investments.

SECTION 7. A new subdivision to subsection 1 of section 21-10-06 of the North Dakota Century Code is created and enacted as follows:

Common schools trust fund and other investments under the control of the board of university and school lands.

SECTION 8. REPEAL. Section 57-51-15.1 of the North Dakota Century Code is repealed.

SECTION 9. OIL AND GAS IMPACT GRANT FUND. The grants line item and the total special funds line item in section 1 of this Act include the sum of \$4,000,000 from the oil and gas impact grant fund for grants to political subdivisions impacted by oil and gas development activities.

SECTION 10. EXEMPTION - OIL AND GAS IMPACT GRANT FUND. The amounts previously appropriated from the oil and gas impact grant fund and identified in section 10 of chapter 38 of the 2017 Session Laws related to the oil and gas impact grant fund, including grant awards returned to the fund, are not subject to section 54-44.1-11. Any unexpended funds are available for grants and administrative costs associated with the fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 11. EXEMPTION - INFORMATION TECHNOLOGY PROJECT - REPORT TO INFORMATION TECHNOLOGY COMMITTEE. The \$3,600,000 appropriated from the state lands maintenance fund and identified in sections 1 and 12 of chapter 38 of the 2017 Session Laws is not subject to section 54-44.1-11, and any unexpended funds are available to complete the information technology project during the biennium beginning July 1, 2019, and ending June 30, 2021. During the 2019-20 interim, the commissioner of university and school lands shall provide at least one report to the interim information technology committee regarding the status of the information technology project.

SECTION 12. EFFECTIVE DATE - CONTINGENT EFFECTIVE DATE. Sections 6 and 7 of this Act become effective on July 1, 2021, or earlier if the commissioner of board and university and school lands notifies the legislative council that the board of university and school lands approved, by a majority vote, transferring the board of university and school lands' investments to the state investment board. Section 8 of this Act becomes effective on June 30, 2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$6,005,550	(\$299,966)	\$5,705,584
Operating expenses	1,775,723	427,957	2,203,680
Grants		4,000,000	4,000,000
Contingencies	100,000		100,000
Total all funds	\$7,881,273	\$4,127,991	\$12,009,264
Less estimated income	7,881,273	4,127,991	12,009,264
General fund	\$0	\$0	\$0
FTE	31.00	(3.00)	28.00

Department 226 - Department of Trust Lands - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Removes FTE Positions ³	Reduces Funding for Operating Expenses ⁴	Adds Funding for Legal and Audit Costs ⁵	Adds Funding for Financial Software Contracts ⁶
Salaries and wages	(\$293,941)	\$282,838	(\$288,863)			
Operating expenses				(\$504,949)	\$384,564	\$175,000
Grants						
Contingencies						
Total all funds	(\$293,941)	\$282,838	(\$288,863)	(\$504,949)	\$384,564	\$175,000
Less estimated income	(293,941)	282,838	(288,863)	(504,949)	384,564	175,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(3.00)	0.00	0.00	0.00

	Adds Funding for Microsoft Office 365 Licensing ⁷	Adds One-Time Funding for a Mineral Valuation Study ⁸	Adds One-Time Funding for Oil Impact Grants ⁹	Total House Changes
Salaries and wages				(\$299,966)
Operating expenses	\$23,342	\$350,000		427,957
Grants			\$4,000,000	4,000,000
Contingencies				
Total all funds	\$23,342	\$350,000	\$4,000,000	\$4,127,991
Less estimated income	23,342	350,000	4,000,000	4,127,991
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	(3.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	Other Funds
Salary increase	\$148,976
Health insurance increase	133,862
Total	\$282,838

³ Funding and authorization for 3 FTE positions, including 2 administrative assistants and an audit technician, is removed.

⁴ Funding is reduced for operating expenses, primarily related to travel, equipment, information technology costs, professional development, and other services.

⁵ Funding is added for legal and audit costs related to the implementation of administrative rules, compliance requirements for internal controls and fraud risks, and financial statement audits.

⁶ Funding is added for ongoing costs associated with new financial software, including maintenance agreements and subscription fees.

⁷ Funding is added for Microsoft Office 365 licensing expenses.

⁸ One-time funding is added for a mineral valuation study to hire a consultant to estimate the value of the state's mineral resources.

⁹ Funding is added for grants to political subdivisions from the oil and gas impact grant fund. The estimated funding available for oil and gas impact grant funds for the 2019-21 biennium totals \$5.5 million, including \$4 million from the strategic investment and improvements fund and \$1.5 million of unspent prior biennium appropriations.

This amendment also adds sections to:

- Transfer \$4 million from the strategic investment and improvements fund to the oil and gas impact grant fund.
- Transfer any remaining funds in the energy impact fund to the oil and gas impact grant fund, related to the repeal of the fund.
- Provide the statutory changes necessary to require the Board of University and School Lands to make investments through the State Investment Board.
- Repeal the energy impact fund.
- Identify \$4 million of funding from the oil and gas impact grant fund for grants to political subdivisions.
- Provide an exemption to continue unspent prior biennium appropriations related to undesignated oil and gas impact grants and administrative costs of the oil and gas impact grant fund into the 2019-21 biennium.
- Provide an exemption to continue unspent prior biennium appropriations related to an information technology project into the 2019-21 biennium and require the Commissioner of Board and University School Lands to report to the interim Information Technology Committee.
- Provide effective dates, including a contingent effective date, relating to the statutory changes requiring investment through the State Investment Board and the repeal of the energy impact fund.