

## ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2001-03 BIENNIUM<sup>1</sup>

Beginning balance - July 1, 2001		\$11,812,939
Add estimated receipts		
Separate two cent coal severance tax	\$1,200,000	
Fifty percent of coal severance taxes deposited in the coal development trust fund (result of passage of measure No. 3 in June 1990)	3,375,000	
Twenty percent of coal severance taxes deposited in the coal development trust fund (committed to clean coal projects) (result of passage of constitutional amendment passed by voters in June 1994)	1,350,000	
Investment income on Dakota Gasification Company ammonia plant	103,189	
Interest income	<u>360,000</u>	
Total estimated receipts		<u>\$6,388,189</u>
Total available		\$18,201,128
Less estimated expenditures		
Administration	\$400,000	
Lignite marketing feasibility studies	1,360,000 <sup>2,3</sup>	
Small research projects	2,371,772 <sup>2,3</sup>	
Demonstration projects	<u>9,520,853<sup>2,3</sup></u>	
Total estimated expenditures		<u>\$13,652,625</u>
Estimated ending balance - June 30, 2003		<u><u>\$4,548,503</u></u>

<sup>1</sup> North Dakota Century Code Section 57-61-01.5(2) and Article X, Section 21, of the Constitution of North Dakota provide for 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions.

<sup>2</sup> The Industrial Commission has a policy that 45 percent of lignite research fund income will be used for small research projects and 55 percent for large demonstration research projects. The commission has further directed that no single large demonstration project can receive more than 37.5 percent of available funds.

<sup>3</sup> The Industrial Commission has waived the fund allocation policy and has committed \$20,000,000 through the 2007-09 biennium with \$5,430,750 in demonstration project expenditures anticipated during the 2001-03 biennium for the Lignite Vision 21 Project. The object of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota.

**NOTE:** The estimated June 30, 2003, balance made at the end of the 2001 legislative session was \$2,457,382. The increase in the estimated balance of \$2,091,121 is due to the actual July 1, 2001, balance of \$11,812,939 being \$190,557 more than the July 1, 2001, balance estimated at the close of the 2001 Legislative Assembly of \$11,622,382, and 2001-03 biennium estimated expenditures of \$13,652,625 being \$2,797,375 less than the previous estimate of \$16,450,000. The 2001-03 biennium estimated expenditures are less than previously estimated due to less anticipated expenditures relating to the demonstration projects.