

ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$9,739,857	\$11,622,382
Add estimated revenues		
Separate two-cent coal severance tax	\$1,239,148	\$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)	3,485,164	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)	1,393,980	1,350,000
Investment income on Dakota Gasification Company ammonia plant project	316,260	1,000,000
Interest income	789,669	360,000
Total estimated revenues	7,224,221	7,285,000
Total available	\$16,964,078	\$18,907,382
Less estimated expenditures		
Lignite marketing feasibility study	\$795,800	\$1,300,000
Administration and development of the lignite research, development, and marketing program (includes funding for clean coal demonstration projects and bond payments)	4,545,896 ¹	15,150,000 ^{1,2}
Total estimated expenditures	5,341,696	16,450,000 ³
Ending balance	\$11,622,382	\$2,457,382

NOTE: 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.

¹ The Industrial Commission has a policy stating 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.

² The Industrial Commission has waived the fund allocation policy and has committed \$20 million through the 2007-09 biennium with \$5,931,210 anticipated to be spent 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.

³ The 2001 Legislative Assembly appropriated \$16,450,000 for lignite research grants; however, at the present time the Industrial Commission anticipates spending approximately \$12.6 million for lignite research grants during the 2001-03 biennium. If the level of spending is \$12.6 million, the ending balance may be \$6.3 million.