

ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

| | 2001-03 Biennium | 2003-05 Biennium |
|--|--------------------------|---------------------------|
| Beginning balance | \$11,812,939 | \$10,105,000 |
| Add estimated revenues | | |
| Separate two-cent coal severance tax | \$1,237,023 | \$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) | 3,479,195 | 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) | 1,391,584 | 1,350,000 |
| Investment income on Dakota Gasification Company ammonia plant project | 97,860 | |
| Interest income | 273,182 | 240,000 |
| Total estimated revenues | 6,478,844 | 6,165,000 |
| Total available | \$18,291,783 | \$16,270,000 |
| Less estimated expenditures | | |
| Lignite marketing feasibility study | \$1,360,000 | \$1,300,000 |
| Administration and development of the lignite research, development, and marketing program (includes funding for clean coal demonstration projects and bond payments) | 6,826,783 ^{1,2} | 14,970,000 ^{1,2} |
| Total estimated expenditures | 8,186,783 | 16,270,000 ³ |
| Ending balance | \$10,105,000 | \$0 |

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 30 percent of lignite research fund income will be used for small research projects and 70 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 \$11,572,540 through the 2007-09 biennium with \$2,235,040 anticipated to be spent during the 2001-03 biennium, \$1,537,500 anticipated to be spent during the 2003-05 biennium, and the remaining \$7,800,000 during 2005-07 biennium for the Lignite Vision 21 program. The object of the Lignite Vision 21 program is to construct new lignite-fired power plants in North Dakota.

³ The 2003 Legislative Assembly appropriated \$16,270,000 for lignite research grants; however, at the present time the Industrial Commission anticipates spending \$10,256,502 for lignite research grants during the 2003-05 biennium.