

## ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2005-07 BIENNIUM AS OF MAY 2006

Beginning balance - July 1, 2005		\$10,362,794
Add estimated revenues		
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	1,350,000	
Interest income	<u>180,000</u>	
Total estimated receipts		<u>7,455,000</u>
Total available		\$17,817,794
Less estimated expenditures <sup>1,2</sup>		
Administration	\$400,000	
Lignite feasibility studies (nonmatching grants)	1,500,000	
Small research grants	2,801,000	
Demonstration projects	<u>7,780,000</u>	
Total estimated expenditures		<u>12,481,000<sup>3</sup></u>
Estimated ending balance - June 30, 2007		<u><u>\$5,336,794<sup>4</sup></u></u>

<sup>1</sup>The Industrial Commission has a policy stating that 18 percent of lignite research fund income will be used for small research projects, 56 percent for large demonstration research projects, 21 percent for marketing projects, and 5 percent for administration. The commission has further directed that no single large demonstration project can receive more than 37.5 percent of available funds.

<sup>2</sup>The Industrial Commission has waived the fund allocation policy and has committed \$20,872,943 through the 2009-11 biennium with \$5,922,943 to be spent during the 2005-07 biennium and the remaining \$14,950,000 during 2007-09 and 2009-11 bienniums 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.

<sup>3</sup>The 2005 Legislative Assembly appropriated \$15,200,000 for lignite research grants; however, the Industrial Commission anticipates spending \$12,481,000 for lignite research grants during the 2005-07 biennium.

<sup>4</sup>The estimated June 30, 2007, balance made at the end of the 2005 legislative session was \$449,128. The increase of \$4,887,666 is primarily due to an increase in revenue from income investment from the Dakota Gasification Company ammonia plant and a decrease in expenditures for grants.

**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.