

ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	<u>2003-05 Biennium</u>	<u>2005-07 Biennium</u>
Beginning balance	\$11,767,657	\$9,544,128
Add estimated revenues		
Separate two-cent coal severance tax	\$1,211,437	\$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)	3,407,225	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)	1,324,279	1,350,000
Investment income on Dakota Gasification Company ammonia plant project	44,100	
Interest income	<u>138,321</u>	<u>180,000</u>
Total estimated revenues	<u>6,125,362</u>	<u>6,105,000</u>
Total available	\$17,893,019	\$15,649,128
Less estimated expenditures		
Lignite marketing feasibility study (2003 HB 1015; 2005 SB 2014)	\$1,300,000	\$1,500,000
Administration and development of the lignite research, development, and marketing program (includes funding for clean coal demonstration projects and bond payments) (2003 HB 1015; 2005 SB 2014)	7,048,891 ^{1,2}	13,700,000 ^{1,2}
Total estimated expenditures	<u>8,348,891</u>	<u>15,200,000³</u>
Ending balance	<u>\$9,544,128</u>	<u>\$449,128</u>

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.

¹The 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.

²The Industrial Commission has waived the fund allocation policy and has committed \$10,146,524 through the 2009-11 biennium with \$2,861,524 anticipated to be spent during the 2003-05 biennium, \$2,860,000 anticipated to be spent during the 2005-07 biennium, and the remaining \$4,425,000 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.

³The 2005 Legislative Assembly appropriated \$15,200,000 for lignite research grants; however, at the present time the Industrial Commission anticipates spending \$11,305,000 for lignite research grants during the 2005-07 biennium.