

**ANALYSIS OF THE LANDS AND MINERALS TRUST FUND  
FOR THE 2007-09 AND 2009-11 BIENNIUMS**

	2007-09 Biennium		2009-11 Biennium	
	Actual		Estimated	
Beginning balance - July 1, 2009		\$14,056,683		\$32,586,643
Add estimated revenues				
Production royalties	\$23,017,314		\$44,636,219	
Mineral leases	382,874		440,874	
Oil and gas bonuses	10,915,471		106,223,197	
Investment earnings	1,416,649		5,186,431	
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	953,784		697,400	
Total estimated revenues		36,686,092		157,184,121
Total available		\$50,742,775		\$189,770,764
Less estimated expenditures and transfers				
Payments to common schools trust fund - Developmentally disabled loan fund Nos. 2 and 3 (2005 SB 2013 - continuing appropriation)	\$1,417,504 <sup>1</sup>		\$697,354 <sup>1</sup>	
Industrial Commission - Oil and Gas Division contingency (2007 HB 1014; 2009 SB 2014)	248,186 <sup>2</sup>		515,207 <sup>2</sup>	
Transfer to the general fund (2007 HB 1014; 2009 SB 2013)	15,000,000		35,000,000	
Office of Management and Budget - Heritage Center expansion (2007 SB 2341)	1,000,164 <sup>3</sup>		499,835 <sup>3</sup>	
State Historical Society - Cold War missile sites (2007 SB 2018)	250,000			
Administrative costs/other fees	240,278		997,075	
Restricted fund income			13,199,731 <sup>4</sup>	
Total estimated expenditures and transfers		18,156,132		50,909,202
Estimated ending balance - June 30, 2011		<u>\$32,586,643</u>		<u>\$138,861,562</u>

<sup>1</sup>Payments to common schools trust fund - North Dakota Century Code Section 15-08.1-09 provides an annual continuing appropriation from the lands and minerals trust fund of the amount necessary to make payments of principal and interest to the common schools trust fund for loans made to developmentally disabled loan fund Nos. 2 and 3.

<sup>2</sup>Industrial Commission - Department of Mineral Resources contingency - House Bill No. 1014 (2007) provides a \$285,000 contingency appropriation from the lands and minerals trust fund to the Oil and Gas Division for the purpose of hiring, upon Emergency Commission approval, up to 2 FTE positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period. The Emergency Commission approved a transfer of \$285,000 at its March 14, 2008, meeting. The division spent \$248,186 of the \$285,000 available for the 2007-09 biennium. Senate Bill No. 2014 (2009) provides a \$515,207 contingency appropriation from the lands and minerals trust fund. If funds are required due to the average drilling rig count exceeding 100 active rigs for each month in any consecutive three-month period, the Oil and Gas Division may spend \$319,041 of these funds and hire up to 2 FTE positions, upon Emergency Commission approval. If funds are required due to receipt of an application for solution mining of potash or uranium, the Geological Survey Division may spend \$196,166 of these funds and hire up to 1 FTE position, upon Emergency Commission approval. The division anticipates spending \$515,207 for the 2009-11 biennium.

<sup>3</sup>Office of Management and Budget - Senate Bill No. 2341 (2007) provided a contingent appropriation of \$1.5 million from the lands and minerals trust fund to the Office of Management and Budget for the Heritage Center expansion project. The appropriation was only available when the State Historical Society certified to the Office of Management and Budget that \$1.5 million of other funds had been received or pledged for the project. The State Historical Society certified to the Office of Management and Budget in May 2007 that \$1.5 million of other funds had been received or pledged for the project. The Office of Management and Budget spent \$1,000,164 of the \$1.5 million for the Heritage Center expansion project during the 2007-09 biennium and anticipates spending the remainder of \$499,835 on the project during the 2009-11 biennium, as permitted in Section 54-44.1-11.

<sup>4</sup>These funds represent oil and gas bonus received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Based on the outcome of legal settlements, these funds may need to be returned.

**NOTE:** The estimated June 30, 2011, balance made at the end of the 2009 legislative session was \$3,684,907. The increase in the estimated balance of \$135,139,841 is primarily due to a \$103,936,040 increase in oil and gas bonuses and a \$35,747,211 in production royalties.

#### **FUND HISTORY**

The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests. All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the lands and minerals trust fund, pursuant to North Dakota Century Code Section 15-08.1-08. The principal and interest of the trust fund may be used only for purposes approved by the Legislative Assembly.