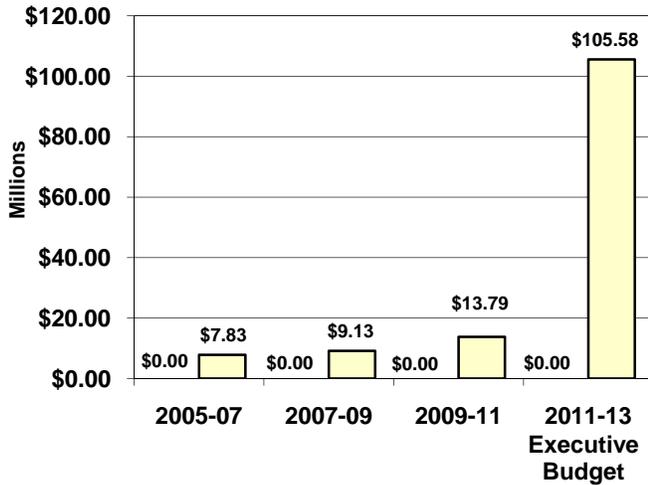


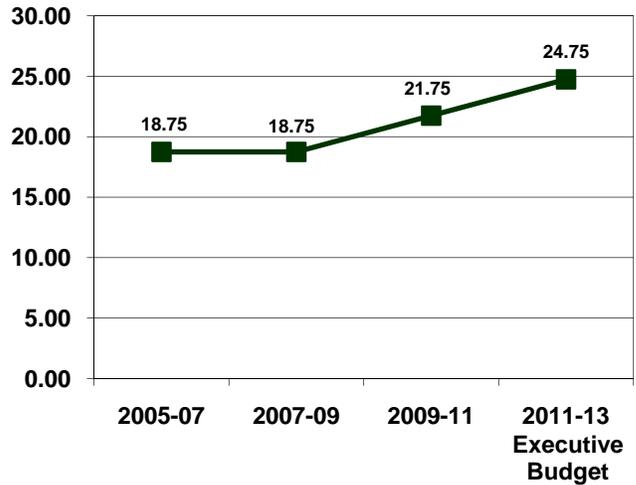
**Department 226 - Land Department
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	24.75	\$0	\$105,575,020	\$105,575,020
2009-11 Legislative Appropriations	21.75	0	13,792,561	13,792,561
Increase (Decrease)	3.00	\$0	\$91,782,459	\$91,782,459

Agency Funding



FTE Positions



■ General Fund □ Other Funds

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 Executive Budget	\$0	\$0	\$0
2009-11 Legislative Appropriations	0	0	0
Increase (Decrease)	\$0	\$0	\$0

First House Action

Attached is a summary of first house changes.

**Executive Budget Highlights
(With First House Changes in Bold)**

- | | General Fund | Other Funds | Total |
|---|--------------|---------------|---------------|
| 1. Adds funding for 3 FTE positions--auditor III (minerals royalty auditor) (\$157,684), accounting budget specialist (\$115,395), and office assistant III (\$90,189)--and associated operating expenses (\$134,889). The House changed the funding source for the office assistant III position (\$90,189) and related operating expenses (\$19,642) included in the executive budget from the Land Department maintenance fund to the oil and gas impact grant fund. This change results in less funding being available for energy infrastructure and impact grants. | | \$498,157 | \$498,157 |
| 2. Reduces the \$10 million appropriated in 2009 Senate Bill No. 2013 for energy development impact grants by \$2 million to reflect the actual amount available for these grants in the 2009-11 biennium of \$8 million pursuant to provisions of 2009 House Bill No. 1304, which provided an \$8 million statutory maximum for oil and gas gross production tax revenues deposited in the oil and gas tax impact grant fund | | (\$2,000,000) | (\$2,000,000) |

3. Adds funding to increase the statutory cap on oil and gas gross production tax allocations to the oil and gas impact grant fund from the current level of \$8 million per biennium to \$100 million per biennium to expand the energy development impact grant program	\$92,000,000	\$92,000,000
4. Adds funding for increased operating costs relating to expansion of the Land Department operations as a result of oil activity	\$453,080	\$453,080
5. Adds funding for additional temporary staff to perform initial site inspections and reclamation inspections on state lands	\$132,108	\$132,108
6. Adds funding for salary reclassifications of several staffing positions due to increased technical skills and responsibilities required	\$52,800	\$52,800
7. Adds funding to increase the contingency fund line item to provide flexibility to the board to adjust spending and allocate resources as demands change due to the expansion of Land Department operations as a result of oil activity	\$50,000	\$50,000
8. Adds funding for office equipment and information technology-related costs relating to increased costs due to the Office of Administrative Hearings vacating the Land Department's building as of July 1, 2011	\$37,360	\$37,360
9. Adds funding for building repairs and maintenance	\$20,000	\$20,000

Other Sections in Bill

Section 2 allows unexpended appropriations made for energy infrastructure and impact grants to continue into the 2013-15 biennium. This exemption was also included in 2009 Senate Bill No. 2013, providing any unexpended appropriations made for energy development and impact grants to continue into the 2011-13 biennium.

Section 3 provides, upon approval of the Board of University and School Lands, the commissioner of University and School Lands may transfer from the contingencies line items to all other line items. The commissioner shall notify the Office of Management and Budget of each transfer made pursuant to this section.

Section 4 provides permanent fund income distributions to state institutions as follows:

	2009-11 Legislative Appropriation	2011-13 Executive Budget Recommendation	Increase (Decrease)
Common schools	\$77,000,000	\$92,514,000	\$15,514,000
North Dakota State University	1,230,000	1,424,000	194,000
University of North Dakota	1,114,000	1,310,000	196,000
Youth Correctional Center	438,000	528,000	90,000
School for the Deaf	356,000	454,000	98,000
State College of Science	410,000	523,429	113,429
State Hospital	480,000	603,429	123,429
Veterans' Home	276,000	279,429	3,429
Valley City State University	260,000	286,000	26,000
North Dakota Vision Services - School for the Blind	234,000	247,429	13,429
Mayville State University	178,000	184,000	6,000
Dakota College at Bottineau	28,000	31,429	3,429
Dickinson State University	28,000	31,429	3,429
Minot State University	28,000	31,429	3,429
Total	\$82,060,000	\$98,448,003	\$16,388,003

Section 5 provides authority to the board to award and distribute energy infrastructure and impact grants from money deposited in the oil and gas impact grant fund. Annual distributions may not exceed 60 percent of the biennial appropriation for energy infrastructure and impact grants. The board is provided authority to create an advisory committee to assist in making grant award determinations.

Sections 6, 7, 8, 9, and 10 update language to change the name of the Energy Development Impact Office to the Energy Infrastructure and Impact Office.

Section 6 increases the maximum amount of oil and gas tax revenues that may be deposited in the oil and gas impact grant fund by \$92 million per biennium, from \$8 million to \$100 million. The fund is used for providing energy infrastructure and impact grants and the administration of the oil and gas development impact grant program.

Section 8 removes the continuing appropriation for money in the oil and gas impact grant fund.

Section 10 adds the following items to the powers and duties of the Energy Infrastructure and Impact Office director:

- Receive and review applications for impact assistance.

- Make recommendations at least quarterly to the Board of University and School Lands on grants to counties, cities, school districts, and other political subdivisions in oil and gas development impact areas.
- Recommendations are to provide 35 percent of money available in the oil and gas impact fund to incorporated cities with a population of 10,000 or more. An incorporated city may not receive more than 60 percent of the funds available.
- Recommendations are to provide 65 percent of money available in the oil and gas impact fund to cities not otherwise eligible for funding under this section, counties, school districts, and other political subdivisions impacted by oil and gas development.

Section 12 provides that Sections 5, 7, 8, 9, 10, and 11 are declared an emergency measure.

Continuing Appropriations

Unclaimed property - North Dakota Century Code Section 47-30.1-23 - Payments made to owners of unclaimed property.

Investments and farm loans - Sections 15-03-13 and 15-03-04.1 - Money manager and custodial fees and loan administration fees to maintain and enhance income earning potential of trusts' financial assets.

County services - Section 15-04-23 - Payments made to counties for various services provided that benefit school trust lands.

Land expenses - Sections 15-04-24 and 15-07-22 - Payments for appraisal fees, survey costs, surface lease refunds, weed and insect control, cleanup costs, capital improvement rent credits, fire protection, land rent, value survey costs, and other expenses.

In lieu of taxes - Section 57-02.3-07 - Payments made in lieu of property taxes.

Developmentally disabled loan fund program - Section 15-08.1-09 - Repayment of developmentally disabled loan fund program Nos. 2 and 3 from the lands and minerals trust fund to the common schools trust fund.

Significant Audit Findings

None.

Major Related Legislation

House Bill No. 1466 - Authority to accept Lake Sakakawea lands. This bill provides authority to the Board of University and School Lands to accept lands around Lake Sakakawea on behalf of the state if federal legislation returns the land.

Senate Bill No. 2121 - Developmentally disabled facility revolving loan fund - Authority to sell loans - Transfers. This bill provides that the Department of Human Services sell loans in the developmentally disabled facility revolving loan fund to the Bank of North Dakota with the proceeds to be deposited in the common schools trust fund. The bill affects the repayment of developmentally disabled loan fund program Nos. 2 and 3 which are currently paid from the lands and minerals trust fund to the common schools trust fund.

Senate Bill No. 2132 - Impact grants for smaller cities or counties. This bill designates \$8 million of the oil and gas impact grant fund for grants to cities of fewer than 7,500 population or counties of fewer than 10,000 population. Grants are limited to not more than \$500,000 for any city or county per biennium. The bill requires a city or county to provide \$1 matching funds for each \$1 awarded.

ATTACH:1