

**Industrial Commission
Budget No. 405
Senate Bill No. 2014; House Bill No. 1452**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	108.25	\$51,595,873	\$24,369,185	\$75,965,058
2021-23 base budget	112.25	27,254,198	12,723,790	39,977,988
Legislative increase (decrease) to base budget	(4.00)	\$24,341,675	\$11,645,395	\$35,987,070

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 legislative appropriations	\$26,489,667	\$25,106,206	\$51,595,873
2019-21 legislative appropriations	27,254,198	195,000	27,449,198
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$764,531)	\$24,911,206	\$24,146,675
Percentage increase (decrease) to 2019-21 appropriations	(2.8%)	127.7%	88.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$292,009	\$34,876	\$326,885
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		564,393	38,506	602,899
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		4,845	317	5,162
Removed 1 FTE computer network specialist position (\$222,366), 1 FTE engineering technician position (\$180,551), and 2 FTE contingent positions (\$229,544)	(4.00)	(632,461)		(632,461)
Decreased funding for salaries and wages for anticipated savings from vacant positions and employee turnover		(214,360)		(214,360)
Decreased funding for temporary salaries		(60,000)		(60,000)

Increased salary funding for a position reclassification with the Public Finance Authority		31,000	31,000
Adjusted funding for operating expenses, primarily related to a decrease in travel	(730,400)	8,124	(722,276)
Increased funding for Microsoft Office 365 licensing expenses	11,389	618	12,007
Increased funding for bond payments to provide total funding of \$22,040,271		11,531,954	11,531,954
Added one-time funding from the general fund for paleontology and geological equipment	106,260		106,260
Added one-time funding from the general fund for a transfer to the clean sustainable energy fund (House Bill No. 1452)	25,000,000		25,000,000
Total	(4.00)	\$24,341,675	\$11,645,395

FTE Changes

The Legislative Assembly authorized 108.25 FTE positions for the Industrial Commission for the 2021-23 biennium, a decrease of 4 FTE positions from the 2019-21 biennium authorized level of 112.25 FTE positions. The Legislative Assembly authorized 1 FTE computer network specialist position, 1 FTE engineering technician position, 1 FTE contingent engineering technician position, and 1 FTE contingent petroleum engineering position, the same as the agency's budget request.

Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$71,476,513 of federal coronavirus relief funds to the Industrial Commission for the 2019-21 biennium for plugging and reclaiming abandoned oil wells and for grants to reimburse oil companies for water acquisition and disposal costs associated with the hydraulic fracturing of new oil wells.

One-Time Funding

One-time appropriations for the 2021-23 biennium for the Industrial Commission include \$106,206 from the general fund for paleontology and geological equipment and a transfer of \$25 million from the general fund to the clean sustainable energy fund in House Bill No. 1452.

Lease Payments

The Legislative Assembly provided funds received from agencies for lease payments on outstanding bonded indebtedness as follows:

	2019-21 Biennium	2021-23 Biennium	Increase (Decrease)
Higher education institutions	\$4,959,448	\$17,204,639	\$12,245,191
North Dakota University System energy conservation projects	415,664	415,114	(550)
Department of Corrections and Rehabilitation - State Penitentiary	689,299	492,354	(196,945)
Department of Corrections and Rehabilitation energy conservation projects	16,180	8,181	(7,999)
State Department of Health	644,884	341,365	(303,519)
Job Service North Dakota	434,847	230,600	(204,247)
Office of Management and Budget	567,125	564,515	(2,610)
Attorney General	647,500	648,055	555
State Historical Society	1,177,875	1,179,015	1,140
Parks and Recreation Department	66,875	66,165	(710)
Research and Extension Service	483,337	483,447	110
Veterans' Home	405,733	407,271	1,538
Total	\$10,508,767	\$22,040,721	\$11,531,954

Lignite Research Funding

Lignite research grants - Section 13 of Senate Bill No. 2014 designates \$4.5 million from the lignite research fund for lignite marketing studies, advanced energy technology, or possible lignite-related litigation, which may be spent without industry matching funds.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the lignite research fund.

Public Finance Authority Bonding Authorization

House Bill No. 1431 authorizes the Public Finance Authority to issue up to \$680 million of bonds to support infrastructure projects and programs, and appropriates the bond proceeds to the Bank of North Dakota for distribution. The Public Finance Authority may issue appropriation bonds which are not subject to the bonding limits associated with the Building Authority under North Dakota Century Code Section 54-17.2-23. The term of the bonds is limited to 20 years, and the State Investment Board may purchase the bonds as investments for the funds under its management. The bonds are anticipated to be repaid, subject to legislative appropriations, using legacy fund earnings transferred to a legacy sinking and interest fund. Of the \$680 million of bond proceeds, \$435.5 million is for the Fargo diversion project, \$74.5 million will be transferred to the resources trust fund for repayment of outstanding loans of the Western Area Water Supply Authority, \$50 million is for the infrastructure revolving loan fund, \$70 million will be transferred to the highway fund for highway bridge projects and for matching federal funds, and \$50 million is for a North Dakota State University agriculture products development center, including a Northern Crops Institute project.

Other Sections in Senate Bill No. 2014

Bond payments - Section 3 provides legislative intent for bond payments during the 2021-22 biennium.

Oil and gas research fund - Section 6 transfers \$9.5 million from the strategic investment and improvements fund to the oil and gas research fund. Section 14 designates \$9.5 million from the oil and gas research fund for an underground energy storage study. Section 31 increases 2021-23 biennium oil and gas tax revenue allocations to the oil and gas research fund by \$4.5 million, from \$10 million to \$14.5 million for additional research projects and a hydrogen study.

Administration funding - Section 7 authorizes the Industrial Commission to transfer up to \$1,214,768 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 34 provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2021-23 biennium.

Hydrogen study - Section 15 identifies \$500,000 from the oil and gas research fund for the Energy and Environmental Research Center to conduct a study of hydrogen.

House Bill No. 1431 bonding changes - Section 16 amends Section 6-09-49(1) as amended in House Bill No. 1431 to maintain the interest rates for the infrastructure revolving loan fund at 2 percent rather than increasing them every 5 years up to a maximum rate of 5 percent. Section 18 increases the administrative fee charged by the Bank of North Dakota on certain water loans from one-quarter of 1 percent to one-half of 1 percent. Section 20 clarifies the bonds issued by the Public Finance Authority for infrastructure projects and programs are not a debt of the state. Section 28 clarifies the bond limit applies to the amount authorized for transfer to other funds or programs and does not include bonding costs.

Public Finance Authority administrative agreements - Section 19 clarifies the Public Finance Authority may make administrative agreements when distributing bond proceeds for loans or grants.

State Energy Research Center - Sections 21 and 27 extend the expiration date to June 2027 for the State Energy Research Center and its related funding source from oil and gas tax revenue allocations.

Transmission Authority project bonding - Section 22 allows the Industrial Commission to issue bonds to support Transmission Authority projects with a limit of 30 percent of the total project cost or 30 percent of the appraised value, whichever is greater.

Carbon dioxide storage fees - Sections 23 and 24 clarify the fees for the carbon dioxide storage facility fund and the carbon dioxide trust fund to reflect the impact of a storage facility and the source of carbon dioxide.

North Dakota outdoor heritage fund - Section 30 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from \$20 million per fiscal year to \$7.5 million per fiscal year, but only for the 2021-23 biennium.

Survey review exemption - Section 33 provides an exemption allowing the Industrial Commission to continue unspent prior biennium appropriation authority for a survey review during the 2021-23 biennium.

Long-term care facility debt study - Section 35 provides for a Legislative Management study of long-term care facility debt.

Related Legislation

House Bill No. 1056 - Global positioning system fund and fee - This bill repeals the global positioning system community base station fund and a fee related to the sale of data from the global positioning system community base station.

House Bill No. 1159 - Natural gas and propane infrastructure study - This bill provides for a Legislative Management study of natural gas and propane infrastructure development in the state.

House Bill No. 1395 - Federal coronavirus funding - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

House Bill No. 1452 - Clean Sustainable Energy Authority - This bill transfers \$40 million to a newly created clean sustainable energy fund. A Clean Sustainable Energy Authority recommends financial support from the clean sustainable energy fund for low-emission energy technology projects. The Industrial Commission would administer the fund and have continuing appropriation authority to provide grants, loans, and other financial assistance as recommended by the Clean Sustainable Energy Authority.

Senate Bill No. 2066 - Public fossil dig fees - This bill authorizes the Industrial Commission to deposit fees collected from public fossil digs in the fossil excavation and restoration fund.

Senate Bill No. 2313 - Electric grid resilience report - This bill requires the Transmission Authority to provide a report to the Legislative Council and Industrial Commission regarding the resilience of the state electric grid.