

**Department of Trust Lands
Budget No. 226
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriation	33.00	\$0	\$14,342,415 ¹	\$14,342,415 ²
2021-23 legislative appropriation	30.00	0	10,402,999 ³	10,402,999
2023-25 appropriation increase (decrease) to 2021-23 appropriation	3.00	\$0	\$3,939,416	\$3,939,416

¹The amount shown includes \$4,954,900 of one-time funding and \$9,387,515 of ongoing funding from other funds.

²The 2023-25 legislative appropriation does not include any transfers of appropriation authority from the Office of Management and Budget funding pools for targeted market equity adjustments, retirement contribution increases, or new and vacant FTE positions.

³The amount shown includes \$1.6 million of one-time funding from other funds for an information technology (IT) project.

Item Description

FTE position changes - The Legislative Assembly approved 33 FTE positions for the Department of Trust Lands for the 2023-25 biennium, an increase of 3 FTE positions from the 2021-23 biennium authorized level of 30 FTE positions. The Legislative Assembly added 1 FTE investment analyst position, 1 FTE mineral specialist position, and 1 FTE unclaimed property position.

Targeted market equity - The Legislative Assembly appropriated \$82.5 million, including \$45.1 million from the general fund and \$37.4 million from other funds, to the Office of Management and Budget for a targeted market equity pool to be distributed to state agencies.

New and vacant FTE funding pool - The Legislative Assembly reduced the 2023-25 biennium other funds appropriation authority for the Department of Trust Lands by \$969,957 for the new and vacant FTE funding pool, of which \$739,732 was reduced for new FTE positions and \$230,225 was reduced for vacant position savings.

Information technology project - The Legislative Assembly provided one-time funding of \$3.6 million from the state lands maintenance fund for an IT project in Senate Bill No. 2013 (2017). The project includes three segments, one for unclaimed property, one for fiscal management and accounting, and one for land management. In Senate Bill No. 2013 (2021), the Legislative Assembly provided an additional \$1.6 million of one-time funding from the state lands maintenance fund for the IT project and provided an exemption to continue unspent funding for the IT project into the 2021-23 biennium. The Legislative Assembly provided \$4.9 million from the state lands maintenance fund to continue the development and enhancement of the information technology project in House Bill No. 1013 (2023). Total funding for the information technology project is \$10.1 million.

Status/Result

The new FTE positions were filled as follows:

- 1 FTE investment analyst position was filled in October 2023.
- 1 FTE mineral specialist position was filled in September 2023.
- 1 FTE unclaimed property position was filled in July 2023.

The Department of Trust Lands received \$458,920 of other funds authority for targeted market equity increases which were provided to 25 employees.

Through January 2024, the Department of Trust Lands received \$818,546 from the new and vacant FTE funding pool for 3 new FTE positions (\$657,388) and 1 vacant FTE position (\$161,158) and reported estimated vacant FTE position savings of \$82,300 related to an average of one vacancy, ranging from none to three vacancies, for the first 7 months of the 2023-25 biennium. Of the \$82,300, the Department of Trust Lands used \$1,500 for bonuses.

The initial \$3.6 million and additional \$1.6 million for the information technology project were spent by the end of the 2021-23 biennium. As of March 2024, the department spent \$178,000 of the \$4.9 million authorized in House Bill No. 1013 (2023). The department anticipates the project will be completed in June 2025 with all the funding spent during the 2023-25 biennium.

One-time funding - In addition to the \$4.9 million of the one-time funding for the information technology project, the Legislative Assembly provided \$54,900 of one-time funding from other funds for information technology equipment (\$5,400) and a utility vehicle and trailer (\$49,500).

State land lease income - The department manages permanent trust assets consisting of approximately 706,000 surface acres and 2.6 million mineral acres. Surface acres are leased to ranchers and farmers across the state, and mineral acres are offered for oil, gas, coal, gravel, and scoria leasing.

The department spent \$5,400 for information technology equipment through March 2024. The department had not spent any of the \$49,500 for a utility vehicle and trailer as of March 31, 2024, but the department is in the process of purchasing a utility vehicle and trailer and anticipates spending the amount by the end of the biennium.

The tables below reflect revenues generated from the lease of state land for fiscal years 2019 through 2023 based on information in the department's financial reports.

Surface Lease Rental Revenue					
Trust Fund	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Capitol building	\$168,241	\$181,155	\$187,671	\$213,587	\$195,270
Permanent trusts					
Common schools	12,214,906	13,254,947	11,769,950	13,589,170	13,143,824
Other permanent	1,080,346	1,059,150	1,069,016	1,131,057	1,159,462
Total	\$13,463,493	\$14,495,252	\$13,026,637	\$14,933,814	\$14,498,556
Percentage increase (decrease)	11.3%	7.7%	(10.1%)	14.6%	(2.9%)

Royalty Revenue					
Trust Fund	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Strategic investment and improvements ¹	\$126,255,533	\$88,216,919	\$109,747,506	\$190,853,663	\$207,090,499
Capitol building	1,971,657	1,007,561	991,389	3,683,206	2,467,434
Permanent trusts					
Common schools	180,821,535	138,156,616	153,825,247	266,787,464	278,482,487
Other permanent	12,859,485	11,059,918	11,618,169	21,667,285	19,994,552
Total	\$321,908,210	\$238,441,014	\$276,182,311	\$482,991,618	\$508,034,972
Percentage increase (decrease)	9.7%	(25.9%)	15.8%	74.9%	5.2%

¹The strategic investment and improvements fund was formerly known as the lands and minerals trust fund.

Lease Bonus Revenue					
Trust Fund	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Strategic investment and improvements ¹	\$2,593,964	\$1,166,894	(\$854,157)	(\$37,769,279)	\$798,490
Capitol building	8,000	802	2,160	0	38,563
Permanent trusts					
Common schools	1,423,851	8,411,282	1,103,212	2,062,168	2,825,120
Other permanent	44,433	21,050	53,095	403,498	214,399
Total	\$4,070,248	\$9,600,028	\$304,310	(\$35,303,613)	\$3,876,572
Percentage increase (decrease)	74.1%	135.9%	(96.8%)	(11,701.2%)	111.0%

¹The strategic investment and improvements fund was formerly known as the lands and minerals trust fund. Negative bonuses reflect repayments to other mineral owners.

Mineral revenue repayments - Senate Bill No. 2134 (2017) defines the ordinary high water mark used to determine sovereign minerals within Missouri River reservoirs and provides for mineral revenue repayments. The sovereign minerals are the minerals located under the navigable waters in the state. All of the revenues associated with the sovereign minerals are deposited in the strategic investment and improvements fund. Discrepancies related to the boundaries of the ordinary high water mark resulted in concerns regarding the ownership interests of the minerals within the Missouri River reservoirs. The Legislative Assembly approved Senate Bill Nos. 2134 (2017) and 2211 (2019) to address the ownership concerns and to provide mineral revenue repayments as needed to private mineral owners.

The department identified and reviewed 495 leases for potential mineral revenue repayments. As of March 2024, 363 of the 495 leases have received total repayments of \$76.6 million, including \$44.9 million of mineral bonuses and \$31.7 million of mineral royalties. The estimated remaining repayments total \$6.9 million subject to the results of pending litigation of ownership disputes with private mineral owners and the federal government.