

**Industrial Commission  
Budget No. 405  
House Bill No. 1014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2023-25 legislative appropriations</b>	<b>9.75</b>	<b>\$4,424,856</b>	<b>\$131,386,713</b>	<b>\$135,811,569</b>
2023-25 base budget <sup>1</sup>	108.25	26,489,613	24,369,185	50,858,798
Legislative increase (decrease) to base budget	(98.50)	(\$22,064,757)	\$107,017,528	\$84,952,771

<sup>1</sup>The 2023 Legislative Assembly provided a separate budget for the Department of Mineral Resources. Prior to the 2023-25 biennium, funding for the Department of Mineral Resources was included with the Industrial Commission.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2023-25 legislative appropriations</b>	<b>\$0</b>	<b>\$4,424,856</b>	<b>\$4,424,856</b>
2021-23 legislative appropriations <sup>1</sup>	26,489,613	25,183,720	51,673,333
2023-25 legislative increase (decrease) to 2021-23 appropriations	(\$26,489,613)	(\$20,758,864)	(\$47,248,477)
Percentage increase (decrease) to 2021-23 appropriations	(100.0%)	(82.4%)	(91.4%)

<sup>1</sup>The 2023 Legislative Assembly provided a separate budget for the Department of Mineral Resources. Prior to the 2023-25 biennium, funding for the Department of Mineral Resources was included with the Industrial Commission. The amounts shown for the 2021-23 biennium reflect deficiency appropriations totaling \$77,460, including \$62,460 of one-time funding from the general fund for 3 FTE carbon capture positions and \$15,000 of one-time funding from the general fund for a transfer to the fossil excavation and restoration fund.

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding to separate the Department of Mineral Resources from the Industrial Commission	(101.50)	(\$26,489,613)	(\$238,004)	(\$26,727,617)
Adjusted funding for base payroll changes			8,697	8,697
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			142,561	142,561

Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			41,146	41,146
Added 1 FTE grant administration position (\$178,958) and related operating expenses (\$3,363)	1.00		182,321	182,321
Added 1 FTE deputy director position for the Public Finance Authority	1.00		132,646	132,646
Added 1 FTE administrative assistant position (\$178,958) and related operating expenses (\$3,363)	1.00		182,321	182,321
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(520,943)	(520,943)
Transferred \$97,878 of other funds appropriation authority from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries			0	0
Added funding for operating expenses, including Information Technology Department rate increases (\$1,756) and software subscriptions (\$74,000)			75,756	75,756
Increased funding for bond payments to provide total funding of \$119,879,913			97,839,192	97,839,192
Added <b>one-time funding</b> for equipment for new FTE positions			12,110	12,110
Added <b>one-time funding</b> for record digitization (\$75,000) and inflationary costs (\$35,688)			110,688	110,688
Added <b>one-time funding</b> from the general fund for North Dakota Transmission Authority consulting expenses		300,000		300,000
Added <b>one-time funding</b> for an electric grid resilience grant, including \$1,124,856 from the general fund and \$7,499,037 from federal funds		1,124,856	7,499,037	8,623,893
Added <b>one-time funding</b> from the general fund for lignite litigation expenses		3,000,000		3,000,000
Added <b>one-time funding</b> for grant management software			1,250,000	1,250,000
Added <b>one-time funding</b> for carbon capture and utilization education and marketing			300,000	300,000
Total		<u>(98.50)</u>	<u>(\$22,064,757)</u>	<u>\$107,017,528</u>
			<u>\$84,952,771</u>	

### FTE Changes

The Legislative Assembly authorized 9.75 FTE positions for the Industrial Commission for the 2023-25 biennium, a decrease of 98.50 FTE positions from the 2021-23 biennium authorized level of 108.25 FTE positions. The Legislative Assembly removed 101.50 FTE positions to separate the Department of Mineral Resources from the Industrial Commission and authorized 1 FTE grant administration position, 1 FTE deputy director position, and 1 FTE administrative assistant position.

### One-Time Funding

One-time appropriations for the 2023-25 biennium for the Industrial Commission include the following:

	General Fund	Other Funds	Total
Equipment for new FTE positions		\$12,110	\$12,110
Operating expenses related to record digitization (\$75,000) and inflationary costs (\$35,688)		110,688	110,688
North Dakota Transmission Authority consulting expenses	\$300,000		300,000
Electric grid resilience grant	1,124,856	7,499,037	8,623,893
Lignite litigation expenses	3,000,000		3,000,000
Grant management software		1,250,000	1,250,000
Carbon capture and utilization education and marketing		300,000	300,000
<b>Total</b>	<b>\$4,424,856</b>	<b>\$9,171,835</b>	<b>\$13,596,691</b>

### Lease Payments

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

	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)
Infrastructure project and program bonds - Legacy sinking and interest fund		\$102,620,461	\$102,620,461
Higher education institutions	\$17,204,639	15,021,771	(2,182,868)
North Dakota University System energy conservation projects	415,114	207,649	(207,465)
Department of Corrections and Rehabilitation - State Penitentiary	492,354	143,375	(348,979)
Department of Corrections and Rehabilitation energy conservation projects	8,181		(8,181)
State Department of Health	341,365		(341,365)
Job Service North Dakota	230,600		(230,600)
Office of Management and Budget	564,515	283,875	(280,640)
Attorney General's office	648,055	330,000	(318,055)
State Historical Society	1,179,015	592,375	(586,640)
Parks and Recreation Department	66,165	30,950	(35,215)
Agriculture Research and Extension Service	483,447	242,205	(241,242)
Veterans' Home	407,271	407,252	(19)
<b>Total</b>	<b>\$22,040,721</b>	<b>\$119,879,913</b>	<b>\$97,839,192</b>

### Lignite Research Funding

**Lignite research grants** - Section 16 of House Bill No. 1014 designates \$4.5 million from the lignite research fund for lignite marketing studies, advanced energy technology, or possible lignite-related litigation and requires the Industrial Commission to provide a report. Section 17 designates \$500,000 from the lignite research fund for a study of future lignite electrical generation facilities.

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

### Other Sections in House Bill No. 1014

**Bond payments** - Section 3 provides legislative intent for bond payments during the 2023-25 biennium.

**Administration funding** - Section 8 allows the Industrial Commission to transfer up to \$1,818,114 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.

**Grant management software** - Section 9 allows the Industrial Commission to transfer up to \$250,000 from each of the grant programs to provide a total of \$1.25 million for new grant management software.

**Carbon capture education** - Section 10 allows the Industrial Commission to transfer up to \$100,000 from certain programs to provide a total of \$300,000 for carbon capture and utilization education and marketing.

**Pipeline leak detection and prevention program** - Section 13 transfers \$3 million from the strategic investment and improvements fund (SIIF) to the oil and gas research fund for a pipeline leak detection and prevention program and \$30 million from SIIF to the clean sustainable energy fund to repay a line of credit.

**Critical minerals study** - Section 14 transfers \$1.5 million from SIIF to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim.

**Underground energy storage research project** - Section 15 transfers \$6 million from SIIF to the State Energy Research Center fund and identifies \$5.3 million from the federal State Fiscal Recovery Fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns. Section 24 amends an appropriation from the State Fiscal Recovery Fund approved during the November 2021 special legislative session to allow the funding to be used for an underground energy storage research project.

**Pipeline capacity positions** - Sections 18, 20, 21, and 22 authorize the North Dakota Pipeline Authority to borrow up to \$60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program. Section 30 provides an effective date of July 1, 2025, for the guarantee of the line of credit.

**Clean sustainable energy fund** - Section 23 increases the line of credit available to support the clean sustainable energy fund by \$140 million, from \$250 million to \$390 million.

**Support for energy projects** - Section 29 provides a statement of legislative intent that the state support energy development projects through the state's energy-related programs.

**Emergency clause** - Section 31 provides an emergency clause related to \$3 million of one-time funding from the general fund for lignite litigation, an amendment of an appropriation from the State Fiscal Recovery Fund, and Senate Bill No. 2165 (2023).

#### **Related Legislation**

**Senate Bill No. 2015 (2023) - Funding pools** - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the Industrial Commission, including the Department of Mineral Resources, is to receive \$134,641, of which \$123,610 is from the general fund and \$11,031 is from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

**Senate Bill No. 2059 (2023)** - Increases the fund balance limit from \$50 million to \$100 million for oil and gas gross production tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund.