

**Department 405 and 470 - Industrial Commission and Department of Mineral Resources**  
**House Bill No. 1014**

**First Chamber Comparison to Base Level**

<b>Industrial Commission</b>			
	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2023-25 First Chamber Version	\$4,424,856	\$156,507,204	\$160,932,060
2023-25 Base Level	0	24,131,181	24,131,181
Increase (Decrease)	\$4,424,856	\$132,376,023	\$136,800,879

<b>Department of Mineral Resources</b>			
	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2023-25 First Chamber Version	\$34,573,066	\$2,568,000	\$37,141,066
2023-25 Base Level	26,489,613	238,004	26,727,617
Increase (Decrease)	\$8,083,453	\$2,329,996	\$10,413,449

**First Chamber Changes**

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget are attached as appendices.

**Selected Bill Sections Included in the First Chamber Version**

**Legacy earnings fund** - Sections 12 transfers \$305 million from the legacy earnings fund to the oil and gas research fund (\$5 million) and the clean sustainable energy fund (\$300 million).

**Strategic investment and improvements fund** - Section 13 transfers \$3 million to the State Energy Research Center fund for a critical minerals study, and Section 14 transfers \$22 million to the State Energy Research Center for a salt cavern research project. Section 15 identifies \$25 million appropriated in Section 1 for a high-voltage direct current transmission line grant.

**Pipeline capacity positions** - Sections 18, 19, 20, and 21 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.

**North Dakota outdoor heritage fund** - Section 25 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 for the 2023-25 biennium, the same as the 2021-23 biennium.

**Oil and gas research fund** - Section 25 increases the allocations to the oil and gas research fund by \$4.5 million, from \$10 million to \$14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.

**Federal State Fiscal Recovery Fund exemption** - Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant (\$20 million) and an abandoned oil well conversion program (\$3.2 million).

**Survey review exemption** - Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.

**Continuing Appropriations**

**Abandoned oil and gas reclamation fund** - North Dakota Century Code Section 38-08-04.5 - Abandoned oil and gas reclamation.

**Carbon dioxide storage facility administration fund** - Section 38-22-14 - For defraying costs of processing applications for regulating carbon dioxide storage facilities.

**Carbon dioxide storage facility trust fund** - Section 38-22-15 - For costs associated with long-term monitoring and management of a closed carbon dioxide storage facility.

**Cartographic products fund** - Section 54-17.4-10 - Topographic map sales and purchases.

**Cash bond fund** - Section 38-08-04.11 - For defraying costs incurred in plugging and reclamation of abandoned oil and gas wells and related activities.

**Fossil excavation and restoration fund** - Section 54-17.4-09.1 - Excavation and restoration of fossils.

**Geological data preservation fund** - Section 54-17.4-13 - Data preservation.

**Geophysical, geothermal, subsurface minerals, and coal exploration fund** - Section 38-21-03 - Reclamation of orphaned facilities and exploration holes.

**Global positioning system community base station** - Section 54-17.4-12 - For maintenance of base station.

**Lignite research fund** - Section 57-61-01.5 - Research, development, and marketing for the lignite industry.

**North Dakota outdoor heritage fund** - Section 54-17.8-02 - For grants to conserve natural areas, restore wildlife and fish habitats, and provide access to sportsmen.

**North Dakota Pipeline Authority administrative fund** - Section 54-17.7-11 - For operations of the North Dakota Pipeline Authority.

**Oil and gas research fund** - Section 57-51.1-07.3 - Oil and gas research and education.

**Oil and gas reservoir data fund** - Section 38-08-04.6 - Oil and gas reservoir data.

**Renewable energy development fund** - Section 54-63-04 - Renewable energy research, development, and education.

**Clean sustainable energy fund** - Section 54-63.1-07 - Grants, loans, and other financial assistance for clean sustainable energy project research and development.

### **Deficiency Appropriations**

House Bill No. 1014 transfers \$15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium and appropriates \$62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.

### **Significant Audit Findings**

The operational audit for the Industrial Commission conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

### **Major Related Legislation**

**House Bill No. 1519** - Appropriates \$250,000 from the federal State Fiscal Recovery Fund to the Industrial Commission for autonomous technology grants to individuals and entities in the oil and gas industry.

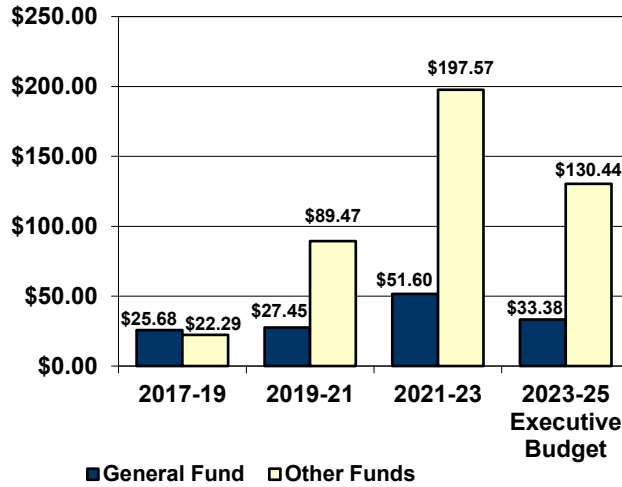
**House Bill No. 1520** - Clarifies the production costs that can be deducted from oil and gas royalties and the information required to be reported on oil and gas royalty statements.

**Senate Bill No. 2059** - 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.

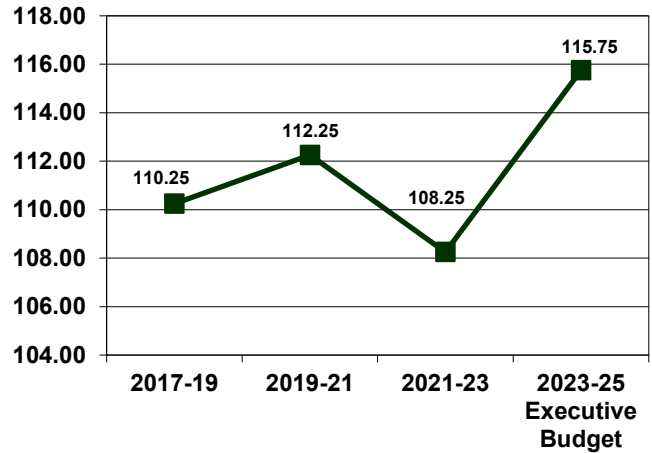
# Historical Appropriations Information

## Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



### Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$24,957,746	\$25,408,987	\$27,254,198	\$26,489,613	\$30,362,191
Increase (decrease) from previous biennium	N/A	\$451,241	\$1,845,211	(\$764,585)	\$3,872,578
Percentage increase (decrease) from previous biennium	N/A	1.8%	7.3%	(2.8%)	14.6%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	1.8%	9.2%	6.1%	21.7%

### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2017-19 Biennium

1. Removed 8.5 FTE positions, including 6.5 FTE engineering technician positions and 2 FTE administrative assistant positions (\$577,999)
2. Added funding for contingent FTE engineering technician positions \$221,737
3. Added funding for operating expenses primarily related to travel, information technology software and services, and professional services \$448,753

#### 2019-21 Biennium

1. Increased funding for 2 FTE positions that were partially funded as contingent positions in the 2017-19 biennium \$40,464
2. Added funding for 2 FTE contingent positions \$229,544
3. Added funding for operating expenses, primarily related to travel, building leases, and information technology costs \$556,254

#### 2021-23 Biennium

1. Removed 1 FTE computer network specialist position (\$222,366), 1 FTE engineering technician position (\$180,551), and 2 FTE contingent positions (\$229,544) (\$632,461)
2. Decreased funding for salaries and wages for anticipated savings from vacant positions and employee turnover (\$214,360)
3. Decreased funding for temporary salaries (\$60,000)
4. Adjusted funding for operating expenses, primarily related to a decrease in travel (\$730,400)

**2023-25 Biennium (Executive Budget Recommendation)**

Adds 7.5 FTE positions, including 3 carbon capture positions, 1 paleontology position, 1 critical minerals position, 1 grant administrator position, 1 deputy director position for the Public Finance Authority, and 0.5 records management position \$1,303,541

**One-Time General Fund Appropriations**

	<b>2015-17</b>	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>	<b>2023-25 Executive Budget</b>
One-time general fund appropriations	\$7,718,143	\$269,408	\$195,000	\$25,106,260	\$3,020,849

**Major One-Time General Fund Appropriations**

**2017-19 Biennium**

Provided a deficiency appropriation for litigation expenses related to various lawsuits associated with oil and gas regulatory disputes and other environmental issues \$269,408

**2019-21 Biennium**

- 1. Added one-time funding for temporary employees who will record historical information to provide guidance to current and future employees \$175,000
- 2. Added one-time funding for a transfer to the high-level radioactive waste fund \$20,000

**2021-23 Biennium**

- 1. Added one-time funding from the general fund for paleontology and geological equipment \$106,260
- 2. Added one-time funding for a transfer to the clean sustainable energy fund pursuant to House Bill No. 1452 (2021) \$25,000,000

**2023-25 Biennium (Executive Budget Recommendation)**

- 1. Adds one-time funding for inflationary costs primarily related to travel expenses \$821,456
- 2. Adds one-time funding for Transmission Authority consulting expenses \$250,000
- 3. Adds one-time funding for a federal electric grid resilience grant and a related match from the general fund \$1,372,227
- 4. Adds one-time funding for a transfer to the fossil restoration fund \$250,000

**Industrial Commission - Budget No. 405**  
**House Bill No. 1014**  
**Base Level Funding Changes**

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2023-25 Biennium Base Level</b>	6.75	\$0	\$24,131,181	\$24,131,181	6.75	\$0	\$24,131,181	\$24,131,181
<b>2023-25 Ongoing Funding Changes</b>								
Cost to continue salary increase			\$8,697	\$8,697			\$8,697	\$8,697
Salary increase			142,561	142,561			107,229	107,229
Health insurance increase			41,146	41,146			42,092	42,092
Adds FTE grant administration position	1.00		182,321	182,321	1.00		182,321	182,321
Adds FTE deputy director position	1.00		132,646	132,646	1.00		132,646	132,646
Adds FTE administrative assistant position				0	1.00		300,943	300,943
Transfers \$97,878 from operating expenses to salaries				0				0
ITD rate increases			1,756	1,756			1,756	1,756
Increases funding for bond payments			97,839,192	97,839,192			97,839,192	97,839,192
Total ongoing funding changes	2.00	\$0	\$98,348,319	\$98,348,319	3.00	\$0	\$98,614,876	\$98,614,876
<b>One-Time Funding Items</b>								
Adds one-time funding for FTE grant administration position			\$1,155	\$1,155			\$1,155	\$1,155
Adds one-time funding for FTE deputy director position			10,955	10,955			10,955	10,955
Adds one-time funding for temporary employees			75,000	75,000				0
Adds one-time funding for inflationary increases			35,688	35,688				0
Adds one-time funding for Transmission Authority consulting		\$250,000		250,000		\$300,000		300,000
Adds one-time funding for computers and software			54,000	54,000				0
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485		1,124,856	7,499,037	8,623,893
Adds one-time funding for lignite litigation				0		3,000,000		3,000,000
Adds one-time funding for a transmission line grant				0			25,000,000	25,000,000
Adds one-time funding for grant management software				0			1,250,000	1,250,000
Total one-time funding changes	0.00	\$1,622,227	\$7,697,056	\$9,319,283	0.00	\$4,424,856	\$33,761,147	\$38,186,003
<b>Total Changes to Base Level Funding</b>	2.00	\$1,622,227	\$106,045,375	\$107,667,602	3.00	\$4,424,856	\$132,376,023	\$136,800,879
<b>2023-25 Total Funding</b>	8.75	\$1,622,227	\$130,176,556	\$131,798,783	9.75	\$4,424,856	\$156,507,204	\$160,932,060
<i>Federal funds included in other funds</i>			\$7,520,258				\$7,499,037	
<i>Total ongoing changes as a percentage of base level</i>	29.6%		407.6%	407.6%	44.4%		408.7%	408.7%
<i>Total changes as a percentage of base level</i>	29.6%		439.5%	446.2%	44.4%		548.6%	566.9%

**Other Sections in Industrial Commission - Budget No. 405**

	Executive Budget Recommendation	House Version
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.	Section 3 provides legislative intent for bond payments during the 2023-25 biennium.

**Other Sections in Industrial Commission - Budget No. 405**

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to \$1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.	Section 8 allows the Industrial Commission to transfer up to \$1,899,877 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. Section 9 allows the Industrial Commission to transfer up to \$250,000 from each of the grant programs to provide a total of \$1,250,000 for new grant management software.
Legacy fund earnings	Sections 12 and 13 would transfer \$55 million from the legacy earnings fund to the oil and gas research fund (\$5 million) and to the clean sustainable energy fund (\$50 million).	Section 12 transfers \$5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program; transfers \$50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of \$50 million for grants, including \$30 million allocated from the legacy earnings fund to the clean sustainable energy fund under current law; and transfers \$250 million to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.
Strategic investment and improvements fund		Section 13 transfers \$3 million from the strategic investment and improvements fund 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. Section 14 transfers \$22 million from the strategic investment and improvements fund to the State Energy Research Center 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 15 identifies \$25 million from the strategic investment and improvements fund for the Industrial Commission to provide a grant, based on the recommendation of the North Dakota Transmission Authority, to an entity for a project to upgrade a high-voltage direct current transmission line.
Lignite research fund		Section 16 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.
Pipeline capacity positions		Sections 18, 19, 20, and 21 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.
Clean sustainable energy projects		Section 22 clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.
Federal State Fiscal Recovery Fund exemption	Sections 20 and 21 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant (\$150 million) and a hydrogen development grant (\$20 million).	Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant (\$20 million).

**Other Sections in Industrial Commission - Budget No. 405**

Emergency clause

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**Executive Budget Recommendation**

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**House Version**

Section 27 provides an emergency clause related to \$3 million of one-time funding from the general fund for lignite litigation.

**Department of Mineral Resources - Budget No. 470**  
**House Bill No. 1014**  
**Base Level Funding Changes**

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2023-25 Biennium Base Level</b>	101.50	\$26,489,613	\$238,004	\$26,727,617	101.50	\$26,489,613	\$238,004	\$26,727,617
<b>2023-25 Ongoing Funding Changes</b>								
Cost to continue salary increase		\$167,219		\$167,219		\$167,219		\$167,219
Salary increase		1,604,665		1,604,665		1,195,296		1,195,296
Health insurance increase		564,010		564,010		576,985		576,985
Adds FTE carbon capture positions	3.00	760,911		760,911	3.00	760,911		760,911
Adds FTE paleontology position	1.00	196,610		196,610	1.00	196,610		196,610
Adds FTE critical minerals position	1.00	276,523		276,523	1.00	276,523		276,523
Adds FTE records management position	0.50	69,497		69,497	0.50	69,497		69,497
Adds FTE subsurface geologist position				0	1.00	137,478		137,478
Adds funding for temporary employees				0		45,000		45,000
Transfers \$6,907 from operating expenses to salaries				0				0
Increases federal funding for salaries and wages			\$29,996	29,996			\$29,996	29,996
ITD rate increases		3,143		3,143		3,143		3,143
Adds funding for computer server transition		230,000		230,000		230,000		230,000
Adds funding for professional membership dues				0		105,000		105,000
Total ongoing funding changes	5.50	\$3,872,578	\$29,996	\$3,902,574	6.50	\$3,763,662	\$29,996	\$3,793,658
<b>One-Time Funding Items</b>								
Adds one-time funding for FTE carbon capture positions		\$31,031		\$31,031		\$31,031		\$31,031
Adds one-time funding for FTE paleontology position		9,234		9,234		9,234		9,234
Adds one-time funding for FTE critical minerals position		20,134		20,134		20,134		20,134
Adds one-time funding for FTE records management position		3,119		3,119		3,119		3,119
Adds one-time funding for FTE subsurface geologist position				0		4,817		4,817
Adds one-time funding for inflationary increases		821,456		821,456		821,456		821,456
Adds one-time funding for core and mineral analysis		100,000		100,000		100,000		100,000
Adds one-time funding for drones and computers		83,648		83,648				0
Adds one-time funding for computer server transition		80,000		80,000		80,000		80,000
Adds one-time funding for fossil restoration		250,000		250,000		250,000		250,000
Adds one-time federal funding for abandoned well reclamation				0			\$2,300,000	2,300,000
Adds one-time funding for oil and gas litigation				0		3,000,000		3,000,000
Total one-time funding changes	0.00	\$1,398,622	\$0	\$1,398,622	0.00	\$4,319,791	\$2,300,000	\$6,619,791
<b>Total Changes to Base Level Funding</b>	5.50	\$5,271,200	\$29,996	\$5,301,196	6.50	\$8,083,453	\$2,329,996	\$10,413,449
<b>2023-25 Total Funding</b>	107.00	\$31,760,813	\$268,000	\$32,028,813	108.00	\$34,573,066	\$2,568,000	\$37,141,066
<i>Federal funds included in other funds</i>			\$268,000				\$2,568,000	
<i>Total ongoing changes as a percentage of base level</i>	5.4%	14.6%	12.6%	14.6%	6.4%	14.2%	12.6%	14.2%
<i>Total changes as a percentage of base level</i>	5.4%	19.9%	12.6%	19.8%	6.4%	30.5%	979.0%	39.0%



Other Sections in Department of Mineral Resources - Budget No. 470

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Early authorization for new FTE positions		Section 5 appropriates \$62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.
Fossil restoration fund		Section 5 transfers \$15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium. Section 6 transfers \$250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.
Strategic investment and improvements fund	Section 14 would transfer \$500 million from the strategic investment and improvements fund to the clean sustainable energy fund including \$250 million prior to the end of the 2021-23 biennium and \$250 million during the 2023-25 biennium.	
North Dakota outdoor heritage fund	Section 15 would decrease 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 for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 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 for the 2023-25 biennium, the same as the 2021-23 biennium.
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by \$4.5 million, from \$10 million to \$14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 increases the allocations to the oil and gas research fund by \$4.5 million, from \$10 million to \$14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
Federal State Fiscal Recovery Fund exemption	Section 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program (\$3.2 million).	Section 25 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program (\$3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.	
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.
Emergency clause		Section 27 includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of \$15,000 to the fossil restoration fund, \$3 million for oil and gas litigation expenses, and \$310,000 for computer server transition.