

Sixty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1013

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
2 university and school lands; ~~to create and enact a new subdivision to subsection 1 of section~~  
3 ~~21-10-06 of the North Dakota Century Code, relating to the investments of the state investment~~  
4 ~~board; to amend and reenact subsection 2 of section 15-01-02 of the North Dakota Century~~  
5 ~~Code, relating to the investments of the board of university and school lands; to create and~~  
6 ~~enact a new section to chapter 15-02 of the North Dakota Century Code; relating to investment~~  
7 ~~reports; to repeal section 57-51-15.1 of the North Dakota Century Code, relating to the energy~~  
8 ~~impact fund; to provide for transfers; to provide for distributions from permanent funds; to~~  
9 ~~provide an exemption; to provide a report; and to provide an effective date; and to provide a~~  
10 ~~contingent effective date.~~

11 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

12 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
13 as may be necessary, are appropriated from special funds derived from the state lands  
14 maintenance fund and the oil and gas impact grant fund in the state treasury to the  
15 commissioner of university and school lands for the purpose of defraying the expenses of the  
16 commissioner of university and school lands, for the biennium beginning July 1, 2019, and  
17 ending June 30, 2021, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
18			
19			
20	<del>Salaries and wages</del>	<del>\$6,005,550</del>	<del>(\$299,966)</del>
21	<del>Operating expenses</del>	<del>1,775,723</del>	<del>427,957</del>
22	<del>Grants</del>	<del>0</del>	<del>4,000,000</del>
23	<del>Contingencies</del>	<del>100,000</del>	<del>0</del>
24	<del>Total special funds</del>	<del>\$7,881,273</del>	<del>\$4,127,991</del>
			<del>\$5,705,584</del>
			<del>2,203,680</del>
			<del>4,000,000</del>
			<del>100,000</del>
			<del>\$12,009,264</del>

1	Salaries and wages	\$6,005,550	(\$280,171)	\$5,725,379
2	Operating expenses	1,775,723	857,299	2,633,022
3	Grants	0	2,000,000	2,000,000
4	Contingencies	100,000	0	100,000
5	Total special funds	\$7,881,273	\$2,577,128	\$10,458,401
6	Full-time equivalent positions	31.00	(3.00)	28.00

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**

**SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

11	One-Time Funding Description	2017-19	2019-21
12	<del>Information technology replacement project</del>	<del>\$3,600,000</del>	<del>\$0</del>
13	<del>Airport grants</del>	<del>40,000,000</del>	<del>0</del>
14	<del>Mineral revenue repayments</del>	<del>187,000,000</del>	<del>0</del>
15	<del>Oil and gas impact grants</del>	<del>0</del>	<del>4,000,000</del>
16	<del>Mineral valuation study</del>	<del>0</del>	<del>350,000</del>
17	<del>Total special funds</del>	<del>\$230,600,000</del>	<del>\$4,350,000</del>
18	Information technology replacement project	\$3,600,000	\$0
19	Airport grants	40,000,000	0
20	Mineral revenue repayments	187,000,000	0
21	Oil and gas impact grants	0	2,000,000
22	Mineral valuation study	0	350,000
23	Total special funds	\$230,600,000	\$2,350,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The commissioner of university and school lands shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to article IX of the Constitution of North Dakota, the board of university and school lands shall distribute during the biennium beginning July 1, 2019, and ending June 30, 2021, the following amounts, from the permanent funds managed for the benefit of the following entities:

1	Common schools	\$366,756,000
2	North Dakota state university	5,916,000
3	University of North Dakota	4,504,000
4	Youth correctional center	1,864,000
5	School for the deaf	1,898,000
6	North Dakota state college of science	1,736,000
7	State hospital	1,570,000
8	Veterans' home	732,000
9	Valley City state university	1,034,000
10	North Dakota vision services - school for the blind	1,122,000
11	Mayville state university	668,000
12	Dakota college at Bottineau	242,000
13	Dickinson state university	242,000
14	Minot state university	<u>242,000</u>
15	Total	\$388,526,000

16       **SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**  
17 **OIL AND GAS IMPACT GRANT FUND.** The office of management and budget shall transfer  
18 the sum of ~~\$4,000,000~~\$2,000,000 from the strategic investment and improvements fund to the  
19 oil and gas impact grant fund during the biennium beginning July 1, 2019, and ending June 30,  
20 2021.

21       **SECTION 5. TRANSFER - ENERGY IMPACT FUND TO OIL AND GAS IMPACT GRANT**  
22 **FUND.** The commissioner of university and school lands shall transfer any unexpended funds  
23 remaining in the energy impact fund when the fund is repealed on June 30, 2021, to the oil and  
24 gas impact grant fund.

25       ~~**SECTION 6. AMENDMENT.** Subsection 2 of section 15-01-02 of the North Dakota Century~~  
26 ~~Code is amended and reenacted as follows: \_\_\_\_\_~~

27       ~~2. Full control of the investment of the permanent funds derived from the sale of any of~~  
28 ~~the lands described in subsection 1, which must be made under the supervision of the~~  
29 ~~state investment board pursuant to section 21-10-06 subject to the investing authority~~  
30 ~~provided in law relating to state investments.~~

1 ~~SECTION 7. A new subdivision to subsection 1 of section 21-10-06 of the North Dakota~~  
2 ~~Century Code is created and enacted as follows:~~

3 ~~Common schools trust fund and other investments under the control of the board~~  
4 ~~of university and school lands.~~

5 **SECTION 6.** A new section to chapter 15-02 of the North Dakota Century Code is created  
6 and enacted as follows:

7 **Investment reports - Report to budget section.**

8 The commissioner shall prepare annual reports on the investment performance of each  
9 fund under its control. The reports must be comparable to the reports prepared by the state  
10 investment board under section 21-10-06.1. The reports must identify the expenses deducted  
11 from each fund, including details on investment management fees, advisory fees, transaction  
12 fees, the agency's expenses attributed to the fund, and any other costs. The commissioner shall  
13 report at least annually to the budget section on the status of its investment performance.

14 **SECTION 7. REPEAL.** Section 57-51-15.1 of the North Dakota Century Code is repealed.

15 **SECTION 8. OIL AND GAS IMPACT GRANT FUND.** The grants line item and the total  
16 special funds line item in section 1 of this Act include the sum of ~~\$4,000,000~~\$2,000,000 from the  
17 oil and gas impact grant fund for grants to political subdivisions impacted by oil and gas  
18 development activities.

19 **SECTION 9. EXEMPTION - OIL AND GAS IMPACT GRANT FUND.** The amounts  
20 previously appropriated from the oil and gas impact grant fund and identified in section 10 of  
21 chapter 38 of the 2017 Session Laws related to the oil and gas impact grant fund, including  
22 grant awards returned to the fund, are not subject to section 54-44.1-11. Any unexpended funds  
23 are available for grants and administrative costs associated with the fund during the biennium  
24 beginning July 1, 2019, and ending June 30, 2021.

25 **SECTION 10. EXEMPTION - INFORMATION TECHNOLOGY PROJECT - REPORT TO**  
26 **INFORMATION TECHNOLOGY COMMITTEE.** The \$3,600,000 appropriated from the state  
27 lands maintenance fund and identified in sections 1 and 12 of chapter 38 of the 2017 Session  
28 Laws is not subject to section 54-44.1-11, and any unexpended funds are available to complete  
29 the information technology project during the biennium beginning July 1, 2019, and ending  
30 June 30, 2021. During the 2019-20 interim, the commissioner of university and school lands

1 shall provide at least one report to the interim information technology committee regarding the  
2 status of the information technology project.

3 **SECTION 11. EFFECTIVE DATE** ~~CONTINGENT EFFECTIVE DATE~~. Sections 6 and 7 of  
4 this Act become effective on July 1, 2021, or earlier if the commissioner of board and university  
5 and school lands notifies the legislative council that the board of university and school lands  
6 approved, by a majority vote, transferring the board of university and school lands' investments  
7 to the state investment board. Section ~~8~~7 of this Act becomes effective on June 30, 2021.