

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

	FTE Positions	General Fund	Other Funds	Total
<b>2019-21 legislative appropriations</b>	<b>28.00</b>	<b>\$0</b>	<b>\$10,458,401</b>	<b>\$10,458,401</b>
2019-21 base budget	31.00	0	7,881,273	7,881,273
Legislative increase (decrease) to base budget	(3.00)	\$0	\$2,577,128	\$2,577,128

**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.			(\$293,941)	(\$293,941)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			162,882	162,882
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			133,862	133,862
Removed 3 FTE positions, including 2 administrative assistant positions and 1 audit technician position.	(3.00)		(288,863)	(288,863)
Added 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670).	2.00		415,492	415,492
Transferred 2 FTE positions to the Information Technology Department for the information technology unification project, reducing salaries and wages by \$365,933 and increasing operating expenses by \$385,672.	(2.00)		19,739	19,739
Reduced funding for operating expenses, primarily related to travel, equipment, information technology costs, professional development, and other services.			(504,949)	(504,949)
Added funding for legal and audit costs related to the implementation of administrative rules, compliance requirements for internal controls and fraud risks, and financial statement audits.			384,564	384,564

Added funding for ongoing costs associated with new financial software (\$175,000) and Microsoft Office 365 licensing expenses (\$23,342).			198,342	198,342
Added one-time funding from the state lands maintenance fund for a mineral valuation study to hire a consultant to estimate the value of the state's mineral resources.			350,000	350,000
Added one-time funding from the oil and gas impact grant fund for grants to oil-impacted political subdivisions.			2,000,000	2,000,000
Total	<u>(3.00)</u>	<u>\$0</u>	<u>\$2,577,128</u>	<u>\$2,577,128</u>

### FTE Changes

The Legislative Assembly approved 28 FTE positions for the Department of Trust Lands for the 2019-21 biennium, a decrease of 3 FTE positions from the 2017-19 biennium authorized level of 31 FTE positions. The Legislative Assembly removed 2 administrative assistant positions and 1 audit technician position, added 1 administrative assistant position and 1 attorney position, and transferred 2 programmer analyst positions to the Information Technology Department.

### One-Time Funding

One-time appropriations for the 2019-21 biennium for the Department of Trust Lands include \$350,000 from the state lands maintenance fund for a mineral valuation study and \$2 million from the oil and gas impact grant fund for grants to oil-impacted political subdivisions.

### Oil and Gas Impact Grant Fund

North Dakota Century Code Section 57-62-03.1 establishes the oil and gas impact grant fund for grants to oil and gas development-impacted cities, counties, school districts, and other taxing districts. The 2017 Legislative Assembly changed the oil and gas tax allocation formulas to provide an allocation of \$25 million to the oil and gas impact grant fund during the 2017-19 biennium. Of the \$25 million, the 2017 Legislative Assembly designated \$20 million for a grant to the Williston airport and \$5 million for a grant to the Dickinson airport.

In Section 4 of House Bill No. 1013, the 2019 Legislative Assembly transferred \$2 million from the strategic investment and improvements fund to the oil and gas impact grant fund. Section 8 of the bill identifies \$2 million from the oil and gas impact grant fund for grants to political subdivisions. In Section 9 of the bill, the 2019 Legislative Assembly provided an exemption to continue unspent prior biennium appropriations into the 2019-21 biennium for undesignated oil and gas impact grants and administrative costs of the oil and gas impact grant fund.

### Energy Impact Fund

The 2017 Legislative Assembly created an energy impact fund and appropriated \$15 million from the fund to the department for a grant to the Williston airport. The \$15 million available from the fund included \$4 million of oil and gas tax revenue allocations, \$8 million transferred from the political subdivision allocation fund, and \$3 million transferred from the strategic investment and improvements fund.

Section 7 of House Bill No. 1013 repeals the energy impact fund on June 30, 2021, pursuant to an effective date in Section 11 of the bill. Section 5 of House Bill No. 1013 transfers any remaining funds in the energy impact fund to the oil and gas impact grant fund.

### Distributions to State Institutions

Section 3 of House Bill No. 1013 provides the following distributions to state institutions pursuant to Article IX of the Constitution of North Dakota:

	2017-19 Biennium <sup>1</sup>	2019-21 Biennium	Increase (Decrease)
Common schools	\$288,264,000	\$366,756,000	\$78,492,000
North Dakota State University	4,738,000	5,916,000	1,178,000
University of North Dakota	3,662,000	4,504,000	842,000

Youth Correctional Center	800,814	1,864,000	1,063,186
School for the Deaf	1,598,000	1,898,000	300,000
North Dakota State College of Science	1,535,984	1,736,000	200,016
State Hospital	1,459,984	1,570,000	110,016
Veterans' Home	711,984	732,000	20,016
Valley City State University	808,000	1,034,000	226,000
North Dakota Vision Services - School for the Blind	929,984	1,122,000	192,016
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	275,984	242,000	(33,984)
Dickinson State University	275,984	242,000	(33,984)
Minot State University	275,984	242,000	(33,984)
<b>Total</b>	<b>\$305,878,702</b>	<b>\$388,526,000</b>	<b>\$82,647,298</b>

<sup>1</sup>The amounts shown reflect fund distributions as adjusted by the 2017 Legislative Assembly to correct errors identified in a performance audit conducted during the 2015-16 interim.

### Other Sections in House Bill No. 1013

**Investment reporting** - Section 6 creates a new section to Chapter 15-02 requiring the Commissioner of University and School Lands to prepare investment reports in a manner similar to the State Investment Board's reports and to report to the Budget Section annually.

**Information technology project exemption** - Section 10 provides an exemption to continue unspent prior biennium appropriations related to an information technology project into the 2019-21 biennium and requires the department to provide a report to the interim Information Technology Committee regarding the status of the project.

### Related Legislation

**House Bill No. 1392** - Identifies records audited by the department related to royalty payments as confidential records.

**Senate Bill No. 2036** - Repeals an obsolete provision relating to the repayment of developmentally disabled loans from the strategic investment and improvements fund.

**Senate Bill No. 2081** - Allows the Department of Trust Lands to pay building maintenance costs and payments in lieu of taxes pursuant to a continuing appropriation from the trust funds rather than the department's budget.

**Senate Bill No. 2082** - Repeals obsolete provisions that allowed the department to lease fallow state lands at a lower rate.

**Senate Bill No. 2211** - Clarifies the determination of the ordinary high water mark and authorizes the department to contract with an engineering and surveying firm to determine the mineral revenue repayments pursuant to Senate Bill No. 2134 (2017).

**Senate Bill No. 2212** - Authorizes the Department of Trust Lands to impose a penalty if a royalty owner does not provide requested information to the department in a timely manner.

**Senate Bill No. 2264** - Exempts the department from the adjudicative proceeding requirements associated with administrative rules.