

2023 HOUSE APPROPRIATIONS

HB 1013

Department 226 - Department of Trust Lands
House Bill No. 1013

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$0	\$12,744,786	\$12,744,786
2023-25 Base Level	0	8,802,999	8,802,999
Increase (Decrease)	\$0	\$3,941,787	\$3,941,787

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$531,600 is for salary increases and \$159,446 is for health insurance increases	\$0	\$691,046	\$691,046
2. Adds 1 FTE mineral title specialist position	\$0	\$239,104	\$239,104
3. Adds 1 FTE investment analyst position	\$0	\$343,942	\$343,942
4. Transfers \$538,878 from the operating expenses line item to the salaries and wages line item for salary adjustments	\$0	\$0	\$0
5. Increases funding for shared software and service rate changes	\$0	\$49,000	\$49,000
6. Adds one-time funding to continue the development of an IT project. Total project funding is \$7.7 million, including \$5.2 million provided in prior bienniums.	\$0	\$2,500,000	\$2,500,000
7. Adds one-time funding for a utility vehicle and trailer	\$0	\$49,500	\$49,500

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Fund distributions - Section 3 would provide permanent fund income distributions to state institutions as follows:

	2021-23 Legislative Appropriation	2023-25 Executive Budget	Increase (Decrease)
Common schools	\$421,020,000	\$499,860,000	\$78,840,000
North Dakota State University	6,620,000	7,648,000	1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
Youth Correctional Center	2,228,000	2,662,000	434,000
School for the Deaf	2,014,000	2,198,000	184,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
State Hospital	1,673,000	1,835,700	162,700
Veterans' Home	795,000	893,700	98,700
Valley City State University	1,178,000	1,354,000	176,000
North Dakota Vision Services - School for the Blind	1,375,000	1,679,700	304,700
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$445,525,000	\$528,301,900	\$82,776,900

Continuing Appropriations

Unclaimed property - North Dakota Century Code Section 47-30.1-23 - Payments made to owners of unclaimed property.

Investments and farm loans - Section 15-03-16 - Money manager and custodial fees and loan administration fees to maintain and enhance income earning potential of trusts' financial assets.

County services - Section 15-04-23 - Payments made to counties for various services provided that benefit school trust lands.

Land expenses - Sections 15-04-24, 15-06-22, 15-07-22, 15-08-04, and 15-68-06 - Payments for appraisal fees, survey costs, surface lease refunds, weed and insect control, cleanup costs, capital improvement rent credits, fire protection, land rent, value survey costs, and other expenses.

Mineral expenses - Section 15-05-19 - Payments for appraisal fees, consulting fees, refunds, and other expenses to manage the value of the minerals and trust assets.

In lieu of taxes - Section 57-02.3-07 - Payments made in lieu of property taxes on certain state lands managed by the department.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for the Department of Trust Lands conducted by Eide Bailly LLP, Certified Public Accountants, during the 2021-22 interim identified no significant findings.

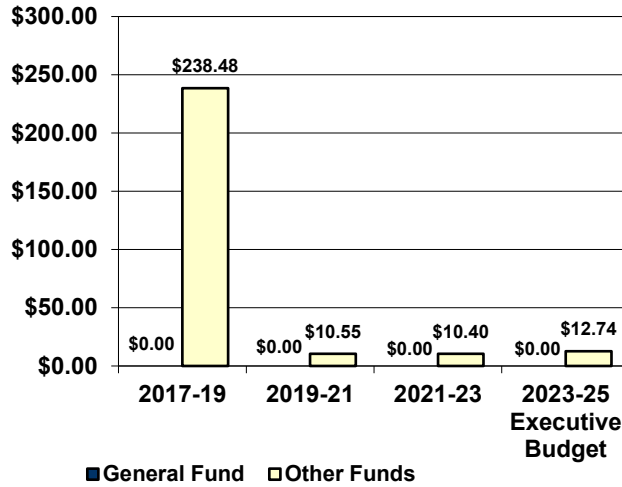
Major Related Legislation

At this time, no major legislation has been introduced affecting this agency.

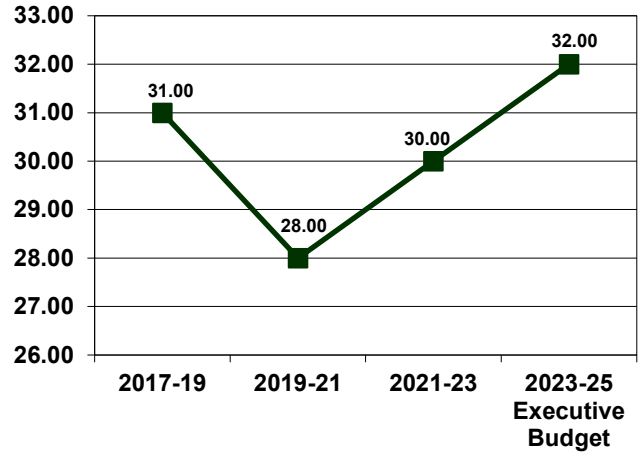
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$108,243,153	\$7,881,273	\$8,108,401	\$8,802,999	\$10,191,686
Increase (decrease) from previous biennium	N/A	(\$100,361,880)	\$227,128	\$694,598	\$1,388,687
Percentage increase (decrease) from previous biennium	N/A	(92.7%)	2.9%	8.6%	15.8%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(92.7%)	(92.5%)	(91.9%)	(90.6%)

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Added 1 FTE geographic information system specialist position, including \$177,080 for salaries and wages and \$23,025 for operating expenses \$200,105
- Removed 3 FTE positions, including 1 FTE energy infrastructure and impact office position (\$151,237), 1 FTE natural resources director position (\$259,307), and 1 FTE project manager position (\$206,550) (\$617,094)
- Adjusted funding for operating expenses, including increases for building maintenance and utility costs (\$93,746); increases for professional development (\$45,000); and decreases for professional development, IT services, and travel (\$405,685) (\$266,939)
- Removed funding for Energy Infrastructure and Impact Office administrative expenses (\$389,217)
- Removed funding for grants to political subdivisions from the oil and gas impact grant fund (\$99,300,000)

2019-21 Biennium

- Removed 3 FTE positions, including 2 administrative assistants and an audit technician (\$288,863)
- Added funding for 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670) \$415,492
- Transferred 2 FTE programmer analyst positions to the Information Technology Department for the IT unification initiative resulting in an increase in operating expenses for the agency \$19,739
- Reduced funding for operating expenses primarily related to travel, equipment, IT costs, professional development, and other services (\$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
- Increased funding for operating expenses associated with new financial software (\$175,000) and Microsoft Office 365 licensing costs (\$23,342) \$198,342

2021-23 Biennium

- 1. Added 2 FTE positions, including a mineral title specialist (\$211,665) and a compliance auditor (\$264,550), and related operating expenses (\$70,900) \$547,115

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds funding for 1 FTE mineral title specialist position (\$239,104) and 1 FTE investment analyst position (\$343,942) \$583,046
- 2. Transfers \$538,878 from the operating expenses line item to the salaries and wages line item for salary adjustments \$0
- 3. Increases funding for shared software and service rate changes \$49,000

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$40,000,000	\$230,600,000	\$2,445,640	\$1,600,000	\$2,553,100

Major One-Time Other Funds Appropriations

2017-19 Biennium

- 1. Added one-time funding for mineral revenue repayments including \$100 million from the strategic investment and improvements fund and \$87 million from a Bank of North Dakota line of credit (Senate Bill No. 2134) \$187,000,000
- 2. Added one-time funding for grants to airports including \$25 million from the oil and gas impact grant fund and \$15 million from the energy impact fund \$40,000,000
- 3. Added one-time funding for an IT system replacement project \$3,600,000

2019-21 Biennium

- 1. Added one-time funding from the oil and gas impact grant fund for grants to oil-impacted political subdivisions \$2,000,000
- 2. 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
- 3. Provided a supplemental appropriation of \$95,640 of federal coronavirus relief funds for service fees associated with an online surface lease auction platform and costs associated with an analysis of oil and gas royalty cashflows due to an increase in shut-in wells \$95,640

2021-23 Biennium

- 1. Added one-time funding from the state lands maintenance fund to complete an IT project \$1,600,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds one-time funding to continue the development of an IT project \$2,500,000
- 2. Adds one-time funding for a utility vehicle and trailer \$49,500

Department of Trust Lands - Budget No. 226
House Bill No. 1013
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	30.00	\$0	\$8,802,999	\$8,802,999
2023-25 Ongoing Funding Changes				
Cost to continue salaries			\$50,995	\$50,995
Salary increase			531,600	531,600
Health insurance increase			159,446	159,446
Adds FTE mineral title specialist position	1.00		253,704	253,704
Adds FTE investment analyst position	1.00		343,942	343,942
Transfers \$538,878 from operating expenses to salaries				0
Increases funding for shared software and service rate changes			49,000	49,000
Total ongoing funding changes	2.00	\$0	\$1,388,687	\$1,388,687
One-time funding items				
Adds one-time funding for IT equipment for new FTE positions			\$3,600	\$3,600
Adds one-time funding to continue the development of an IT project			2,500,000	2,500,000
Adds one-time funding for utility vehicle and trailer			49,500	49,500
Total one-time funding changes	0.00	\$0	\$2,553,100	\$2,553,100
Total Changes to Base Level Funding	2.00	\$0	\$3,941,787	\$3,941,787
2023-25 Total Funding	32.00	\$0	\$12,744,786	\$12,744,786
<i>Federal funds included in other funds</i>			\$0	
<i>Total ongoing changes as a percentage of base level</i>	6.7%		15.8%	15.8%
<i>Total changes as a percentage of base level</i>	6.7%		44.8%	44.8%

Other Sections in Department of Trust Lands - Budget No. 226

	Executive Budget Recommendation
Fund distributions	Section 3 would provide the permanent fund income distributions to state institutions.

**HOUSE BILL NO. 1013
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; to provide for distributions from permanent funds; and to provide exemptions.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from the state lands maintenance fund, to the commissioner of university and school lands for the purpose of defraying the expenses of the commissioner of university and school lands, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$6,473,127	\$ 1,854,865	\$ 8,327,992
Operating Expenses	2,229,872	(462,578)	1,767,294
Contingencies	100,000	0	100,000
Capital Assets	<u>0</u>	<u>2,549,500</u>	<u>2,549,500</u>
Total Special Funds	\$8,802,999	\$3,941,787	\$12,744,786
Full-time Equivalent Positions	30.00	2.00	32.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the grand total appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Land Management System	\$1,600,000	\$2,500,000
Operating Expenses	0	3,600
Utility Terrain Vehicle	0	43,000
Open Utility Trailer	<u>0</u>	<u>6,500</u>
Total Special Funds	\$1,600,000	\$2,553,100

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The commissioner of university and school lands shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. DISTRIBUTIONS TO STATE INSTITUTIONS. Pursuant to section 1 of article IX of the Constitution of North Dakota, the board of university and school lands shall distribute during the biennium beginning July 1, 2023, and ending June 30, 2025, the following amounts, from the permanent funds managed for the benefit of the following entities:

Common Schools	\$499,860,000
North Dakota State University	7,648,000
University of North Dakota	5,986,000
Youth Correctional Center	2,662,000
School for the Deaf	2,198,000

State college of Science	2,259,700
State Hospital	1,835,700
Veterans' Home	893,700
Valley City State University	1,354,000
North Dakota Vision Services - School for the Blind	1,679,700
Mayville State University	894,000
Dakota College at Bottineau	343,700
Dickinson State University	343,700
Minot State University	<u>343,700</u>
Total	\$528,301,900

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB 1013
1/10/2023

<p>A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.</p>

2:03:58 PM Chairman Monson: Opened the hearing on HB1013

Members present: Chairman Monson, Vice Chairman Brandenburg,
Representatives: Bellew, Kempenich, Meier, Pyle, Mock

Discussion Topics:

- Special Funds
- Common Schools Trust Funds
- Goals & Plans

Presenter: Joseph Heringer, Commissioner – ND School and Trust Lands – in favor # 12715

Ron Ness, President, ND Petroleum Council - in favor

3:26:07 PM Chairman Monson Adjourned the meeting

Robyn Engelstad, Committee Clerk by Risa Berube

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

HB1013
1/19/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

2:15 PM Chairman Monson: Opened the hearing on HB 1013

Members present:

Chairman Monson, Vice Chairman Brandenburg, Rep. Bellew, Rep. Meier, Rep. Mock

Not present- Rep. Kempenich,

Discussion Topics:

- Overview
- Updates
- Roles in the department
- Surface Management
- Potential and consideration for a tour in the future

Joseph Heringer, Commissioner – ND School and Trust Lands – testimony
#14557, #14628

Additional testimony:

#14619, #14607

3:39 PM Chairman Monson Adjourned the meeting.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

HB 1013
2/3/2023

BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

Chairman Monson called meeting to order at 8:33 AM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- Ellendale Trust
- Trust Lands
- Base level fund changes

Joseph Heringer, Comminsioner for the ND Department of Trust Lands, (#19026)

Peggy Gudvangen, Director of Accounting department of trust lands, Orally answered questions with Joseph Heringer.

Additional Testimony: #19032

Chairman Monson closes meeting at 9:43 AM

Amy Liepke, Committee Clerk by Leah Kuball

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

HB 1013
2/7/2023

BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

Chairman Monson calls meeting to order at 9:40 AM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- Committee action
- Budget 226

Joseph Heringer, Commissioner Dept. of Trust Lands, verbally answered questions about budget 226 (#19543)

Chairman Monson closed the hearing at 9:50 AM

Representative Kempenich moves to amend HB 1013 (#22221)

Representative Brandenburg Seconds motion

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Larry Bellew	N
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Corey Mock	AB
Representative Brandy Pyle	Y

Motion carries 5-1-1

Representative Kempenich Moved a DO PASS as amended.

Representative Brandenburg seconded motion.

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Larry Bellew	N
Representative Keith Kempenich	Y
Representative Lisa Meier	Y

Representative Corey Mock	AB
Representative Brandy Pyle	Y

Motion carries 5-1-1

Bill carrier: Representative Kempenich

Chairman Monson closes meeting at 10:00 AM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1013
2/15/2023

BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

7:09 PM Chairman Vigesaa- Meeting was called to order and roll call was taken:

All Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Discussion Topics:

- Amendment

Representative Kempenich Give statement of purpose and amendment 23.0242.01002 (#20987)

Representative Kempenich Move to adopt amendment.

Representative Brandenburg Seconds the motion.

Committee discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y

Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 21-2-0

Representative Kempenich Move for a Do Pass as Amended

Representative Monson Second the motion

Committee discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 21-2-0 Rep. Kempenich will carry the bill.

Chairman Vigesaa Closed the meeting for HB 1013 7:18 PM

Risa Berube, Committee Clerk

LA
2-15-23

Fiscal No. 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1013

Page 1, replace lines 9 through 16 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$6,473,127	\$1,553,401	\$8,026,528
Operating expenses	2,229,872	(471,678)	1,758,194
Capital assets	0	4,949,500	4,949,500
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$8,802,999	\$6,031,223	\$14,834,222
Full-time equivalent positions	30.00	2.00	32.00"

Page 1, line 17, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 1, line 18, after "biennium" insert "and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 and 21 with:

"Information technology project	\$1,600,000	\$4,900,000
Information technology equipment	0	3,600
Utility vehicle and trailer	<u>0</u>	<u>49,500</u>
Total special funds	\$1,600,000	\$4,953,100

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The commissioner of university and school lands shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - House Action

	<u>Base Budget</u>	<u>House Changes</u>	<u>House Version</u>
Salaries and wages	\$6,473,127	\$1,553,401	\$8,026,528
Operating expenses	2,229,872	(471,678)	1,758,194
Capital assets		4,949,500	4,949,500
Contingencies	<u>100,000</u>		<u>100,000</u>
Total all funds	\$8,802,999	\$6,031,223	\$14,834,222
Less estimated income	<u>8,802,999</u>	<u>6,031,223</u>	<u>14,834,222</u>
General fund	\$0	\$0	\$0
FTE	30.00	2.00	32.00

Department 226 - Department of Trust Lands - Detail of House Changes

24
2-15-23

	Adds Funding for Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds FTE Positions ³	Transfers Funding from Operating to Salaries ⁴	Adds Funding for Operating Expenses ⁵	Adds One-Time Funding Items ⁶
Salaries and wages	\$50,995	\$558,638	\$404,890	\$538,878		
Operating expenses			14,600	(538,878)	\$49,000	\$3,600
Capital assets						4,949,500
Contingencies						
Total all funds	\$50,995	\$558,638	\$419,490	\$0	\$49,000	\$4,953,100
Less estimated income	50,995	558,638	419,490	0	49,000	4,953,100
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,553,401
Operating expenses	(471,678)
Capital assets	4,949,500
Contingencies	
Total all funds	\$6,031,223
Less estimated income	6,031,223
General fund	\$0
FTE	2.00

¹ Funding is added from other funds, derived from the state lands maintenance fund, for cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$0	\$395,524	\$395,524
Health insurance increase	0	163,114	163,114
Total	\$0	\$558,638	\$558,638

³ Funding of \$419,490 from the state lands maintenance fund is added as follows:

- \$253,704 for 1 FTE mineral specialist position, including \$239,104 for salaries and wages and \$14,600 for operating expenses.
- \$165,786 for 1 FTE unclaimed property position, all of which is for salaries and wages.

⁴ Funding of \$538,878 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries.

⁵ Funding of \$49,000 from the state lands maintenance fund is added for shared software and service rate changes related to information technology expenses.

⁶ One-time funding of \$4,953,100 from the state lands maintenance fund is added for the following:

- \$3,600 for operating expenses related to information technology equipment for new FTE positions.
- \$4,900,000 for capital assets related to the continued development of an information technology project, which provides total project funding of \$10,100,000, including \$5,200,000 appropriated in prior bienniums.
- \$49,500 for capital assets related to the purchase of a utility vehicle and a trailer.

This House version includes a section to provide for the permanent fund income distributions to state institutions, which was included in the base budget.

REPORT OF STANDING COMMITTEE

HB 1013: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1013 was placed on the Sixth order on the calendar.

Page 1, replace lines 9 through 16 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$6,473,127	\$1,553,401	\$8,026,528
Operating expenses	2,229,872	(471,678)	1,758,194
Capital assets	0	4,949,500	4,949,500
Contingencies	100,000	0	100,000
Total special funds	\$8,802,999	\$6,031,223	\$14,834,222
Full-time equivalent positions	30.00	2.00	32.00"

Page 1, line 17, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 1, line 18, after "biennium" insert "and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 and 21 with:

"Information technology project	\$1,600,000	\$4,900,000
Information technology equipment	0	3,600
Utility vehicle and trailer	0	49,500
Total special funds	\$1,600,000	\$4,953,100

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The commissioner of university and school lands shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$6,473,127	\$1,553,401	\$8,026,528
Operating expenses	2,229,872	(471,678)	1,758,194
Capital assets		4,949,500	4,949,500
Contingencies	100,000		100,000
Total all funds	\$8,802,999	\$6,031,223	\$14,834,222
Less estimated income	8,802,999	6,031,223	14,834,222
General fund	\$0	\$0	\$0
FTE	30.00	2.00	32.00

Department 226 - Department of Trust Lands - Detail of House Changes

	Adds Funding for Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds FTE Positions ³	Transfers Funding from Operating to Salaries ⁴	Adds Funding for Operating Expenses ⁵	Adds One- Time Funding Items ⁶
Salaries and wages	\$50,995	\$558,638	\$404,890	\$538,878		
Operating expenses			14,600	(538,878)	\$49,000	\$3,600
Capital assets						4,949,500
Contingencies						
Total all funds	\$50,995	\$558,638	\$419,490	\$0	\$49,000	\$4,953,100
Less estimated income	50,995	558,638	419,490	0	49,000	4,953,100
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,553,401
Operating expenses	(471,678)
Capital assets	4,949,500
Contingencies	
Total all funds	\$6,031,223
Less estimated income	6,031,223
General fund	\$0
FTE	2.00

¹ Funding is added from other funds, derived from the state lands maintenance fund, for cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$0	\$395,524	\$395,524
Health insurance increase	0	163,114	163,114
Total	\$0	\$558,638	\$558,638

³ Funding of \$419,490 from the state lands maintenance fund is added as follows:

- \$253,704 for 1 FTE mineral specialist position, including \$239,104 for salaries and wages and \$14,600 for operating expenses.
- \$165,786 for 1 FTE unclaimed property position, all of which is for salaries and wages.

⁴ Funding of \$538,878 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries.

⁵ Funding of \$49,000 from the state lands maintenance fund is added for shared software and service rate changes related to information technology expenses.

⁶ One-time funding of \$4,953,100 from the state lands maintenance fund is added for the following:

- \$3,600 for operating expenses related to information technology equipment for new FTE positions.
- \$4,900,000 for capital assets related to the continued development of an information technology project, which provides total project funding of \$10,100,000, including \$5,200,000 appropriated in prior bienniums.
- \$49,500 for capital assets related to the purchase of a utility vehicle and a trailer.

This House version includes a section to provide for the permanent fund income distributions

to state institutions, which was included in the base budget.

2023 SENATE APPROPRIATIONS

HB 1013

Department 226 - Department of Trust Lands
House Bill No. 1013

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$0	\$14,834,222	\$14,834,222
2023-25 Base Level	0	8,802,999	8,802,999
Increase (Decrease)	\$0	\$6,031,223	\$6,031,223

First Chamber Changes

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

Selected Bill Sections Included in the First Chamber Version

Fund distributions - Section 3 provides permanent fund income distributions to state institutions as follows:

	2021-23 Legislative Appropriation	2023-25 First Chamber Version	Increase (Decrease)
Common schools	\$421,020,000	\$499,860,000	\$78,840,000
North Dakota State University	6,620,000	7,648,000	1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
Youth Correctional Center	2,228,000	2,662,000	434,000
School for the Deaf	2,014,000	2,198,000	184,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
State Hospital	1,673,000	1,835,700	162,700
Veterans' Home	795,000	893,700	98,700
Valley City State University	1,178,000	1,354,000	176,000
North Dakota Vision Services - School for the Blind	1,375,000	1,679,700	304,700
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$445,525,000	\$528,301,900	\$82,776,900

Continuing Appropriations

Unclaimed property - North Dakota Century Code Section 47-30.1-23 - Payments made to owners of unclaimed property.

Investments and farm loans - Section 15-03-16 - Money manager and custodial fees and loan administration fees to maintain and enhance income earning potential of trusts' financial assets.

County services - Section 15-04-23 - Payments made to counties for various services provided that benefit school trust lands.

Land expenses - Sections 15-04-24, 15-06-22, 15-07-22, 15-08-04, and 15-68-06 - Payments for appraisal fees, survey costs, surface lease refunds, weed and insect control, cleanup costs, capital improvement rent credits, fire protection, land rent, value survey costs, and other expenses.

Mineral expenses - Section 15-05-19 - Payments for appraisal fees, consulting fees, refunds, and other expenses to manage the value of the minerals and trust assets.

In lieu of taxes - Section 57-02.3-07 - Payments made in lieu of property taxes on certain state lands managed by the department.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for the Department of Trust Lands conducted by Eide Bailly LLP, Certified Public Accountants, during the 2021-22 interim identified no significant findings.

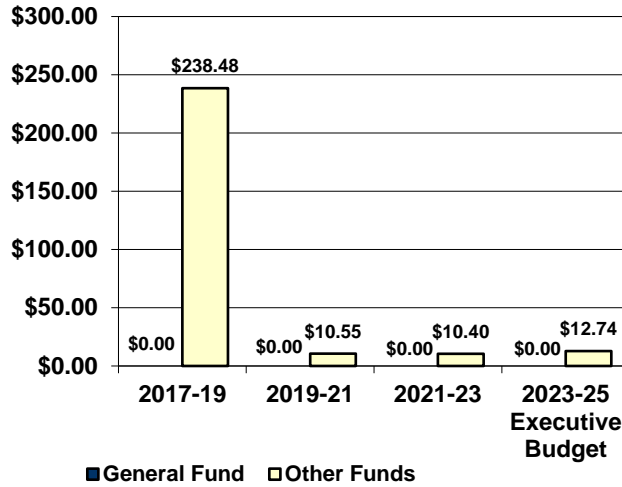
Major Related Legislation

House Bill No. 1360 - Updates provisions relating to unclaimed property to align with revisions approved by the Uniform Laws Commission.

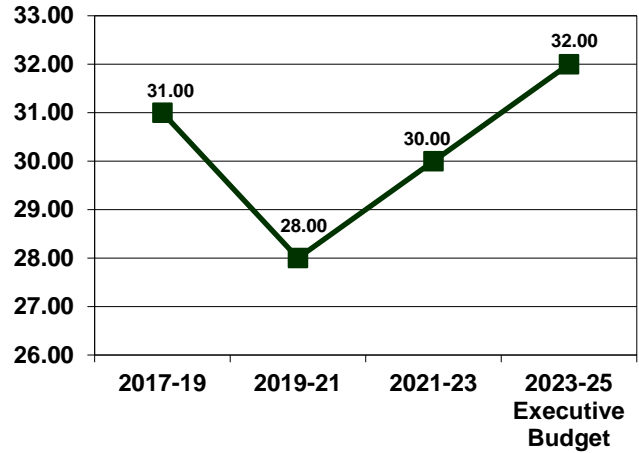
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$108,243,153	\$7,881,273	\$8,108,401	\$8,802,999	\$10,191,686
Increase (decrease) from previous biennium	N/A	(\$100,361,880)	\$227,128	\$694,598	\$1,388,687
Percentage increase (decrease) from previous biennium	N/A	(92.7%)	2.9%	8.6%	15.8%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(92.7%)	(92.5%)	(91.9%)	(90.6%)

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Added 1 FTE geographic information system specialist position, including \$177,080 for salaries and wages and \$23,025 for operating expenses \$200,105
- Removed 3 FTE positions, including 1 FTE energy infrastructure and impact office position (\$151,237), 1 FTE natural resources director position (\$259,307), and 1 FTE project manager position (\$206,550) (\$617,094)
- Adjusted funding for operating expenses, including increases for building maintenance and utility costs (\$93,746); increases for professional development (\$45,000); and decreases for professional development, information technology (IT) services, and travel (\$405,685) (\$266,939)
- Removed funding for Energy Infrastructure and Impact Office administrative expenses (\$389,217)
- Removed funding for grants to political subdivisions from the oil and gas impact grant fund (\$99,300,000)

2019-21 Biennium

- Removed 3 FTE positions, including 2 administrative assistants and an audit technician (\$288,863)
- Added funding for 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670) \$415,492
- Transferred 2 FTE programmer analyst positions to the Information Technology Department for the IT unification initiative resulting in an increase in operating expenses for the agency \$19,739
- Reduced funding for operating expenses primarily related to travel, equipment, IT costs, professional development, and other services (\$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
- Increased funding for operating expenses associated with new financial software (\$175,000) and Microsoft Office 365 licensing costs (\$23,342) \$198,342

2021-23 Biennium

Added 2 FTE positions, including a mineral title specialist (\$211,665) and a compliance auditor (\$264,550), and related operating expenses (\$70,900) \$547,115

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds funding for 1 FTE mineral title specialist position (\$239,104) and 1 FTE investment analyst position (\$343,942) \$583,046
- 2. Transfers \$538,878 from the operating expenses line item to the salaries and wages line item for salary adjustments \$0
- 3. Increases funding for shared software and service rate changes \$49,000

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$40,000,000	\$230,600,000	\$2,445,640	\$1,600,000	\$2,553,100

Major One-Time Other Funds Appropriations

2017-19 Biennium

- 1. Added one-time funding for mineral revenue repayments including \$100 million from the strategic investment and improvements fund and \$87 million from a Bank of North Dakota line of credit (Senate Bill No. 2134) \$187,000,000
- 2. Added one-time funding for grants to airports including \$25 million from the oil and gas impact grant fund and \$15 million from the energy impact fund \$40,000,000
- 3. Added one-time funding for an IT system replacement project \$3,600,000

2019-21 Biennium

- 1. Added one-time funding from the oil and gas impact grant fund for grants to oil-impacted political subdivisions \$2,000,000
- 2. 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
- 3. Provided a supplemental appropriation of \$95,640 of federal coronavirus relief funds for service fees associated with an online surface lease auction platform and costs associated with an analysis of oil and gas royalty cashflows due to an increase in shut-in wells \$95,640

2021-23 Biennium

Added one-time funding from the state lands maintenance fund to complete an IT project \$1,600,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds one-time funding to continue the development of an IT project \$2,500,000
- 2. Adds one-time funding for a utility vehicle and trailer \$49,500

Department of Trust Lands - Budget No. 226
House Bill No. 1013
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	30.00	\$0	\$8,802,999	\$8,802,999	30.00	\$0	\$8,802,999	\$8,802,999
2023-25 Ongoing Funding Changes								
Cost to continue salaries			\$50,995	\$50,995			\$50,995	\$50,995
Salary increase			531,600	531,600			395,524	395,524
Health insurance increase			159,446	159,446			163,114	163,114
Adds FTE mineral title specialist position	1.00		253,704	253,704				0
Adds FTE investment analyst position	1.00		343,942	343,942				0
Adds FTE mineral specialist position				0	1.00		253,704	253,704
Adds FTE unclaimed property position				0	1.00		165,786	165,786
Transfers \$538,878 from operating expenses to salaries				0				0
Increases funding for shared software and service rate changes			49,000	49,000			49,000	49,000
Total ongoing funding changes	2.00	\$0	\$1,388,687	\$1,388,687	2.00	\$0	\$1,078,123	\$1,078,123
One-Time Funding Items								
Adds one-time funding for IT equipment for new FTE positions			\$3,600	\$3,600			\$3,600	\$3,600
Adds one-time funding to continue the development of an IT project			2,500,000	2,500,000			4,900,000	4,900,000
Adds one-time funding for utility vehicle and trailer			49,500	49,500			49,500	49,500
Total one-time funding changes	0.00	\$0	\$2,553,100	\$2,553,100	0.00	\$0	\$4,953,100	\$4,953,100
Total Changes to Base Level Funding	2.00	\$0	\$3,941,787	\$3,941,787	2.00	\$0	\$6,031,223	\$6,031,223
2023-25 Total Funding	32.00	\$0	\$12,744,786	\$12,744,786	32.00	\$0	\$14,834,222	\$14,834,222
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	6.7%		15.8%	15.8%	6.7%		12.2%	12.2%
<i>Total changes as a percentage of base level</i>	6.7%		44.8%	44.8%	6.7%		68.5%	68.5%

Other Sections in Department of Trust Lands - Budget No. 226

	Executive Budget Recommendation	House Version
Fund distributions	Section 3 would provide the permanent fund income distributions to state institutions.	Section 3 provides the permanent fund income distributions to state institutions.

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

HB 1013
3/8/2023

A bill for an act to provide an appropriation for defraying the expenses of the Commissioner of University and School Lands; and to provide for distributions from permanent funds.

2:31 PM Chairman Wanzek called the meeting to order.
Senators Wanzek, Erbele, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Constitutional authority
- Department overview
- Investment funds
- Minerals Division
- Surface Division
- Revenue Compliance
- Investment Division
- Types of investments and policies
- Distribution formula set in statute
- Unclaimed Property
- Organizational structure
- Contracted investment managers
- Common Schools Trust Fund
- Land value calculation
- Mineral Tracker
- Competitive bidding process
- Audit results
- Accomplishments–Goals–Challenges
- Minerals Management system
- Diversification of investments
- Operating expenses
- FTE requests
- Value assets
- IT projects completion
- Online portal
- Return on Investment (ROI)
- Investment complexities
- Value asset distribution
- Unclaimed property outreach

2:31 PM Joseph Heringer, ND Commissioner of University and School Lands, testified.
Testimony #22935

3:38 PM Adam Mathiak testified. Testimony #23143

4:02 Chairman Wanzek closed the meeting

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

HB 1013
3/15/2023

A bill for an act to provide an appropriation for defraying the expenses of the Commissioner of University and School Lands; and to provide for distributions from permanent funds.

3:48 PM Chairman Wanzek called the meeting to order.
Senators Wanzek, Erbele, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Fund distribution
- Operating expenses
- Permanent investment funds
- Strategic Investment and Improvement Fund (SIIF)
- Ongoing funding changes
- Full time employee requests (FTE)
- Self-funded agency
- General fund contributions
- Investment analyst position
- IT projects/ enhancements
- Utility vehicle and trailer
- Unclaimed property/money
- Common school fund

3:48 PM Joe Heringer, Commissioner Department of Trust Lands, testified about green sheet and original testimony

4:13 PM Peggy Gudvangen, Accounting Director of ND Department of Trust Lands, testified.
(No written testimony)

4:16 PM Toby Mertz, LC Fiscal Analyst, continues with testimony #23143

4:18 PM Chairman Wanzek closed the hearing.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

HB 1013
3/21/2023

A bill for an act to provide an appropriation for defraying the expenses of the Commissioner of University and School Lands; and to provide for distributions from permanent funds.

9:43 AM Chairman Wanzek called the meeting to order.

Senators Wanzek, Erbele, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Salary
- Health insurance
- New FTEs
- One-time funds - IT project
- "Full-time employee pool" administration

9:43 AM Adam Mathiak, LC Senior Fiscal Analyst, testified. Testimony #23143

10:08 Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

HB 1013
3/28/2023

A bill for an act to provide an appropriation for defraying the expenses of the Commissioner of University and School Lands; and to provide for distributions from permanent funds.

10:31 AM Chairman Wanzek called the meeting to order.
Senators Wanzek, Erbele, J. Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Amendment 23.022242.02001 footnotes
- Pool language in OMB
- FTE positions

10:33 AM LC Senior Fiscal Analyst Alex Cronquist testified. Testimony #26857

10:38 AM Senator Roers moved to adopt Amendment 23.0242.02001.
Senator Dwyer seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0

10:38 AM Senator Roers moved a Do Pass as Amended recommendation for HB 1013.
Senator Erbele seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	y

Motion passed 5-0-0

Senator Roers will carry this bill.

10:40 AM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1013
3/31/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

8:52 AM Chairman Bekkedahl opened the hearing on HB 1013.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

Discussion Topics:

- Commissioner of university and school lands
- Department Trust Lands
- Committee action

8:52 AM Senator Roers introduced amendment LC 23.0242.02001, testimony # 27137.

8:55 AM Senator Roers moved to adopt amendment 23.0242.02001.
Senator Krebsbach seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 16-0-0.

8:56 AM Senator Roers moved DO PASS AS AMENDED.
Senator Dwyer seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 16-0-0,

Senator Roers will carry the bill.

8:57 AM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

AG
2-31-23
(1-2)

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1013

Page 1, replace lines 11 through 16 with:

"Salaries and wages	\$6,473,127	\$1,050,694	\$7,523,821
Operating expenses	2,229,872	(460,778)	1,769,094
Capital assets	0	2,549,500	2,549,500
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$8,802,999	\$3,139,416	\$11,942,415
Full-time equivalent positions	30.00	3.00	33.00"

Page 1, remove lines 22 and 23

Page 2, replace lines 1 and 2 with:

"Information technology project	\$1,600,000	\$2,500,000
Information technology equipment	0	5,400
Utility vehicle and trailer	<u>0</u>	<u>49,500</u>
Total special funds	\$1,600,000	\$2,554,900"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$6,473,127	\$8,026,528	(\$502,707)	\$7,523,821
Operating expenses	2,229,872	1,758,194	10,900	1,769,094
Capital assets		4,949,500	(2,400,000)	2,549,500
Contingencies	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>
Total all funds	\$8,802,999	\$14,834,222	(\$2,891,807)	\$11,942,415
Less estimated income	<u>8,802,999</u>	<u>14,834,222</u>	<u>(2,891,807)</u>	<u>11,942,415</u>
General fund	\$0	\$0	\$0	\$0
FTE	30.00	32.00	1.00	33.00

Department 226 - Department of Trust Lands - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Adds FTE Position ²	Removes Salary Funding for a Funding Pool ³	Adjusts One-Time Funding Items ⁴	Total Senate Changes
Salaries and wages	\$132,408	\$334,842	(\$969,957)		(\$502,707)
Operating expenses		9,100		\$1,800	10,900
Capital assets				(2,400,000)	(2,400,000)
Contingencies					
Total all funds	\$132,408	\$343,942	(\$969,957)	(\$2,398,200)	(\$2,891,807)
Less estimated income	<u>132,408</u>	<u>343,942</u>	<u>(969,957)</u>	<u>(2,398,200)</u>	<u>(2,891,807)</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	1.00	0.00	0.00	1.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$0	\$136,076	\$136,076
Health insurance adjustment	<u>0</u>	<u>(3,668)</u>	<u>(3,668)</u>
Total	\$0	\$132,408	\$132,408

AG
3-31-23
(2-2)

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

² Funding of \$343,942 from the state lands maintenance fund is added for 1 FTE investment analyst position, including \$334,842 for salaries and wages and \$9,100 for operating expenses. The House did not add this position.

³ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	\$0	\$739,732	\$739,732
Vacant FTE positions	<u>0</u>	<u>230,225</u>	<u>230,225</u>
Total	\$0	\$969,957	\$969,957

The House did not remove funding for a new and vacant FTE funding pool.

⁴ One-time funding of \$2,398,200 from the state lands maintenance fund is adjusted as follows:

- \$1,800 for operating expenses is added related to information technology equipment for a new FTE position added by the Senate.
- \$2.4 million for capital assets is removed related to the continued development of an information technology project, which provides \$2.5 million of new funding for total project funding of \$7.7 million, including \$5.2 million appropriated in prior bienniums. The House provided \$4.9 million of new funding for total project funding of \$10.1 million, including \$5.2 million appropriated in prior bienniums.

The Senate did not change a section included by the House to provide for the permanent fund income distributions to state institutions.

REPORT OF STANDING COMMITTEE

HB 1013, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1013 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, replace lines 11 through 16 with:

"Salaries and wages	\$6,473,127	\$1,050,694	\$7,523,821
Operating expenses	2,229,872	(460,778)	1,769,094
Capital assets	0	2,549,500	2,549,500
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$8,802,999	\$3,139,416	\$11,942,415
Full-time equivalent positions	30.00	3.00	33.00"

Page 1, remove lines 22 and 23

Page 2, replace lines 1 and 2 with:

"Information technology project	\$1,600,000	\$2,500,000
Information technology equipment	0	5,400
Utility vehicle and trailer	<u>0</u>	<u>49,500</u>
Total special funds	\$1,600,000	\$2,554,900"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$6,473,127	\$8,026,528	(\$502,707)	\$7,523,821
Operating expenses	2,229,872	1,758,194	10,900	1,769,094
Capital assets		4,949,500	(2,400,000)	2,549,500
Contingencies	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>
Total all funds	\$8,802,999	\$14,834,222	(\$2,891,807)	\$11,942,415
Less estimated income	<u>8,802,999</u>	<u>14,834,222</u>	<u>(2,891,807)</u>	<u>11,942,415</u>
General fund	\$0	\$0	\$0	\$0
FTE	30.00	32.00	1.00	33.00

Department 226 - Department of Trust Lands - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Adds FTE Position ²	Removes Salary Funding for a Funding Pool ³	Adjusts One-Time Funding Items ⁴	Total Senate Changes
Salaries and wages	\$132,408	\$334,842	(\$969,957)		(\$502,707)
Operating expenses		9,100		\$1,800	10,900
Capital assets				(2,400,000)	(2,400,000)
Contingencies					
Total all funds	\$132,408	\$343,942	(\$969,957)	(\$2,398,200)	(\$2,891,807)
Less estimated income	<u>132,408</u>	<u>343,942</u>	<u>(969,957)</u>	<u>(2,398,200)</u>	<u>(2,891,807)</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	1.00	0.00	0.00	1.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$0	\$136,076	\$136,076
Health insurance adjustment	0	(3,668)	(3,668)
Total	\$0	\$132,408	\$132,408

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

² Funding of \$343,942 from the state lands maintenance fund is added for 1 FTE investment analyst position, including \$334,842 for salaries and wages and \$9,100 for operating expenses. The House did not add this position.

³ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	\$0	\$739,732	\$739,732
Vacant FTE positions	0	230,225	230,225
Total	\$0	\$969,957	\$969,957

The House did not remove funding for a new and vacant FTE funding pool.

⁴ One-time funding of \$2,398,200 from the state lands maintenance fund is adjusted as follows:

- \$1,800 for operating expenses is added related to information technology equipment for a new FTE position added by the Senate.
- \$2.4 million for capital assets is removed related to the continued development of an information technology project, which provides \$2.5 million of new funding for total project funding of \$7.7 million, including \$5.2 million appropriated in prior bienniums. The House provided \$4.9 million of new funding for total project funding of \$10.1 million, including \$5.2 million appropriated in prior bienniums.

The Senate did not change a section included by the House to provide for the permanent fund income distributions to state institutions.

2023 CONFERENCE COMMITTEE

HB 1013

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

HB 1013
4/17/2023
Conference Committee

BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

Chairman Kempenich calls meeting to order at 9:02 AM

Members present: Representative Kempenich, Representative Brandenburg, Representative Mock, Senator Roers, Senator Vedaa, Senator Wanzek.

Discussion Topics:

- Trust land funds
- Budget 226
- New FTE's

Committee discusses Budget 226 (#27601)

Joseph Heringer, North Dakota Commissioner, Trust lands, answers questions for the committee.

Senator Wanzek Moves that the senate recede as senate amendments and amend as follows; adds 1 FTE position.

Seconded by Senator Vedda

Motion fails: 3-3-0

Chairman Kempenich closes the meeting on HB 1013 at 9:30 AM

Leah Kuball, Committee Clerk

**2023 HOUSE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL NO. 1013 as (re) engrossed

House Appropriations GO Committee

- Action Taken** **HOUSE accede to Senate Amendments**
 HOUSE accede to Senate Amendments and further amend
 SENATE recede from Senate amendments
 SENATE recede from Senate amendments and amend as follows
- Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Wanzek Seconded by: Senator Vedda

Representatives	4/17 AM		Yes	No		Senators	4/17 AM		Yes	No
Chairman Kempenich	x			x		Senator Roers	x		x	
Representative Mock	x			x		Senator Vedda	x		x	
Representative Brandenburg	x			x		Senator Wanzek	x		x	
Total Rep. Vote			0	3		Total Senate Vote			3	0

Vote Count Yes: 3 No: 3 Absent: 0

House Carrier _____ Senate Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

- Adds one FTE

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

HB 1013
4/17/2023
Conference committee

BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

Chairman Kempenich calls meeting to order at 3:37 PM

Members present: Representative Kempenich, Representative Brandenburg, Representative Mock, Senator Roers, Senator Vedaa, Senator Wanzek.

Discussion Topics:

- IT Equipment
- Credit analyst position

Greg Hoffman, Deputy CIO ND State IT Department, answers questions for the committee.

Joe Herring - Commissioner - ND Trust Lands

Senator Wanzek moves that the Senate Recedes senate amendments and amend as follows; includes the Investment Analyst Position and including the one-time funding for ITD of 4.9 million

Representative Brandenburg seconds motion

Motion carries: 6-0-0

House carrier: Representative Kempenich

Senate Carrier: Senator Roers

Chairman Kempenich closes the meeting on HB 1013 at 3:58 PM

Leah Kuball, Committee Clerk

AG
4-20-23
(1-2)

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1013

That the Senate recede from its amendments as printed on pages 1610 and 1611 of the House Journal and pages 1354 and 1355 of the Senate Journal and that Engrossed House Bill No. 1013 be amended as follows:

Page 1, replace lines 11 through 16 with:

"Salaries and wages	\$6,473,127	\$1,050,694	\$7,523,821
Operating expenses	2,229,872	(460,778)	1,769,094
Capital assets	0	4,949,500	4,949,500
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$8,802,999	\$5,539,416	\$14,342,415
Full-time equivalent positions	30.00	3.00	33.00"

Page 1, remove lines 22 and 23

Page 2, replace lines 1 and 2 with:

"Information technology project	\$1,600,000	\$4,900,000
Information technology equipment	0	5,400
Utility vehicle and trailer	0	49,500
Total special funds	\$1,600,000	\$4,954,900"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$6,473,127	\$8,026,528	(\$502,707)	\$7,523,821	\$7,523,821	
Operating expenses	2,229,872	1,758,194	10,900	1,769,094	1,769,094	
Capital assets		4,949,500		4,949,500	2,549,500	\$2,400,000
Contingencies	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>	<u>100,000</u>	
Total all funds	\$8,802,999	\$14,834,222	(\$491,807)	\$14,342,415	\$11,942,415	\$2,400,000
Less estimated income	<u>8,802,999</u>	<u>14,834,222</u>	<u>(491,807)</u>	<u>14,342,415</u>	<u>11,942,415</u>	<u>2,400,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	30.00	32.00	1.00	33.00	33.00	0.00

Department 226 - Department of Trust Lands - Detail of Conference Committee Changes

*AG
4-20-23
(2-2)*

	Adjusts Funding for Salary and Benefit Increases ¹	Adds FTE Position ²	Removes Salary Funding for a Funding Pool ³	Total Conference Committee Changes
Salaries and wages	\$132,408	\$334,842	(\$969,957)	(\$502,707)
Operating expenses		10,900		10,900
Capital assets				
Contingencies				
Total all funds	\$132,408	\$345,742	(\$969,957)	(\$491,807)
Less estimated income	132,408	345,742	(969,957)	(491,807)
General fund	\$0	\$0	\$0	\$0
FTE	0.00	1.00	0.00	1.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	\$0	\$136,076	\$136,076
Health insurance adjustment	0	(3,668)	(3,668)
Total	\$0	\$132,408	\$132,408

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

² Funding of \$345,742 from the state lands maintenance fund is added for 1 FTE investment analyst position, including \$334,842 for salaries and wages and \$10,900 for operating expenses. Of the \$10,900 for operating expenses, \$9,100 is ongoing and \$1,800 is one-time. The Senate added the position and related funding, but the House did not include this position.

³ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	\$0	\$739,732	\$739,732
Vacant FTE positions	0	230,225	230,225
Total	\$0	\$969,957	\$969,957

The House did not remove funding for a new and vacant FTE funding pool.

The Conference Committee:

- Provided \$4.9 million for an IT project, the same as the House. The Senate provided \$2.5 million for the project.
- Did not change a section included by both the House and Senate to provide for the permanent fund income distributions to state institutions.

**2023 HOUSE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL NO. 1013 as engrossed

House Approps GO. Committee

- Action Taken**
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Wanzek Seconded by: Representative Brandenburg

Representatives	4/17 AM	4/17 PM		Yes	No	Senators	4/17 AM	4/17 PM		Yes	No
Chairman Kempenich	x	x		x		Senator Roers	x	x		x	
Representative Mock	x	x		x		Senator Vedda	x	x		x	
Representative Brandenburg	x	x		x		Senator Wanzek	x	x		x	
Total Rep. Vote				3		Total Senate Vote				3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Kempenich Senate Carrier Senator Roers

LC Number 23.0242 . 02002 of amendment

LC Number 23.0242 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

HB 1013, as engrossed: Your conference committee (Sens. J. Roers, Vedaa, Wanzek and Reps. Kempenich, Mock, Brandenburg) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1610-1611, adopt amendments as follows, and place HB 1013 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1610 and 1611 of the House Journal and pages 1354 and 1355 of the Senate Journal and that Engrossed House Bill No. 1013 be amended as follows:

Page 1, replace lines 11 through 16 with:

"Salaries and wages	\$6,473,127	\$1,050,694	\$7,523,821
Operating expenses	2,229,872	(460,778)	1,769,094
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"Information technology project	\$1,600,000	\$4,900,000
Information technology equipment	0	5,400
Utility vehicle and trailer	<u>0</u>	<u>49,500</u>
Total special funds	\$1,600,000	\$4,954,900"

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$6,473,127	\$8,026,528	(\$502,707)	\$7,523,821	\$7,523,821	
Operating expenses	2,229,872	1,758,194	10,900	1,769,094	1,769,094	
Capital assets		4,949,500		4,949,500	2,549,500	\$2,400,000
Contingencies	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>	<u>100,000</u>	
Total all funds	\$8,802,999	\$14,834,222	(\$491,807)	\$14,342,415	\$11,942,415	\$2,400,000
Less estimated income	<u>8,802,999</u>	<u>14,834,222</u>	<u>(491,807)</u>	<u>14,342,415</u>	<u>11,942,415</u>	<u>2,400,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	30.00	32.00	1.00	33.00	33.00	0.00

Department 226 - Department of Trust Lands - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Adds FTE Position ²	Removes Salary Funding for a Funding Pool ³	Total Conference Committee Changes
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Operating expenses		10,900		10,900
Capital assets				
Contingencies				
Total all funds	\$132,408	\$345,742	(\$969,957)	(\$491,807)
Less estimated income	<u>132,408</u>	<u>345,742</u>	<u>(969,957)</u>	<u>(491,807)</u>
General fund	\$0	\$0	\$0	\$0
FTE	0.00	1.00	0.00	1.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

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Total	\$0	\$969,957	\$969,957

The House did not remove funding for a new and vacant FTE funding pool.

The Conference Committee:

- Provided \$4.9 million for an IT project, the same as the House. The Senate provided \$2.5 million for the project.
- Did not change a section included by both the House and Senate to provide for the permanent fund income distributions to state institutions.

Engrossed HB 1013 was placed on the Seventh order of business on the calendar.

TESTIMONY

HB 1013

TESTIMONY OF COMMISSIONER JOSEPH HERINGER

Chairman Monson and members of the House Appropriations Committee, Government Operations Division, I am Joseph Heringer, North Dakota Commissioner of University and School Lands. I am here to testify regarding the Department of Trust Lands' (Department) total special funds appropriation found in House Bill 1013.

1. CITE THE NORTH DAKOTA CENTURY CODE CHAPTERS ASSOCIATED WITH THE AGENCY AND LIST ITS MAJOR STATUTORY RESPONSIBILITIES.

ND Constitution Articles IX and X, Section 21; North Dakota Century Code Chapters 15-01 through 15-09, 15-68, 38-09, 38-11, 47.30.2, 57-62, 61-33, 61-33.1, and Sections 15.1-36-02, 48-10-02 and 57-02.3-05.

The primary duty of the Department of Trust Lands, by and through the Board of University of School Lands, is to manage the trust funds and assets under the control of the Board in a manner that preserves the purchasing power of the funds and provides stable distributions to fund beneficiaries. Distributions are made to schools (public grades K-12), higher education institutions, and other public institutions at specific intervals throughout the biennium.

- Surface – Surface acres are leased to ranchers and farmers for agricultural purposes. Additionally, surface revenue is generated through the issuance of rights-of-way and permits for purposes such as pipelines, roads, and well pads.
- Mineral – Manages over 2.6 million mineral acres. Revenue is generated through leasing of mineral interests for minerals such as oil, gas, coal, gravel, and scoria.
- Unclaimed Property – Serves as a repository for financial accounts, cash assets, and securities that have not been claimed by the rightful owners. Acting as a custodian, the Department manages the unclaimed assets and works to reunite owners with those assets. Assets that go unclaimed are invested and support the Common Schools Trust Fund.
- Investments – Trust fund funds are invested in a diversified portfolio.
- Energy Infrastructure and Impact Office (EIIO)
 - A statutory division within the Department that is responsible for administering the coal impact loan fund and the oil and gas impact grant fund.
 - Provides financial assistance through the oil and gas impact grant fund to political subdivisions of government that are impacted by oil and gas activity.
- The Department oversees and manages five additional state trust funds:
 - Strategic Investment and Improvements Fund (SIIF)
 - Financed by the revenues earned from sovereign mineral acres, including those formerly owned by the Bank of North Dakota (BND) and State Treasurer and minerals located under navigable rivers and lakes (N.D.C.C. ch. 15-08.1 and § 61-33-07).
 - Receives a portion of the oil and gas production and extraction taxes (N.D.C.C. § 57-51.1-07.5).
 - May be appropriated by the legislature for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government (N.D.C.C. § 15-08.1-08).

- Coal Development Trust Fund
 - Established by N.D.C.C. ch. 57-62, pursuant to article X, § 21 of the North Dakota Constitution.
 - Receives a percent of the coal severance tax.
 - Held in trust and is administered by the Board for loans to coal impacted counties, cities, and school districts as provided by N.D.C.C. § 57-62-03 and for loans to school districts pursuant to N.D.C.C. ch. 15.1-36.
 - Any balance not loaned is invested according to the policies of the Board.
 - Income earned by this fund is transferred to the State General Fund each year.
- Capitol Building Fund
 - Established through N.D.C.C. § 48-10-02 pursuant to Article IX of the North Dakota Constitution.
 - Section 12 of the Enabling Act of 1889 authorized the land grant for “public buildings at the capital of said states”.
 - N.D.C.C. § 48-10-02 defines the fund, outlines its purposes, and assigns management of the fund’s investment to the Board.
 - Unlike the permanent trust funds created under Article IX, this fund is fully expendable and is subject to legislative appropriation each biennium.
- Indian Cultural Education Trust
 - Created in 2003 to generate income to benefit Indian culture (N.D.C.C. ch. 15-68).
 - Current assets are managed for the benefit of the Mandan, Hidatsa, and Arikara Nation Cultural Education Foundation.
 - Management and distributions are determined in the same manner as the permanent trust funds.
- Theodore Roosevelt Presidential Library Fund
 - Created in 2020 for the purpose of generating income to benefit the Theodore Roosevelt Presidential Library Foundation.

2. EXPLAIN THE PURPOSE OF THE AGENCY’S VARIOUS DIVISIONS/PROGRAMS (ORGANIZATIONAL CHART)

The Board of University and School Lands (Board), as established by the North Dakota Constitution, is charged with overseeing the management of state trust lands and investing the revenue generated therefrom to grow as a source of long-term income for the support of certain trust beneficiaries. The Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department is the administrative arm of the Board, serving under the direction and authority of the Board. The Department is a special fund agency, operating off its own revenues and investments, and as such does not receive state general funds.

The Department manages approximately 2.6 million mineral acres with their roughly 8,300 associated oil & gas leases, and over 700,000 surface acres with their roughly 4,400 associated agricultural leases. Revenues generated from these leases, along with payments received from other income sources such as oil & gas lease bonus payments and easements granted for pipelines, roads, and well pads, are

deposited into 13 permanent trust funds and invested to provide long-term income for trust beneficiaries. Beneficiaries of these trust funds include public K-12 education, various colleges and universities, and other institutions throughout North Dakota. The largest trust fund is the Common Schools Trust Fund (CSTF) which had a balance of approximately \$5.65 billion as of June 30, 2022.

The Department manages five additional funds: (1) the Strategic Investment and Improvements Fund (SIIF), (2) the Coal Development Trust Fund, (3) the Capitol Building Fund, (4) the Indian Cultural Education Trust, and (5) the Theodore Roosevelt Presidential Library and Museum Endowment Fund.

The management of assets falls within the Minerals Management, Surface Management, Revenue Compliance, Investments, Unclaimed Property, and Accounting Divisions.

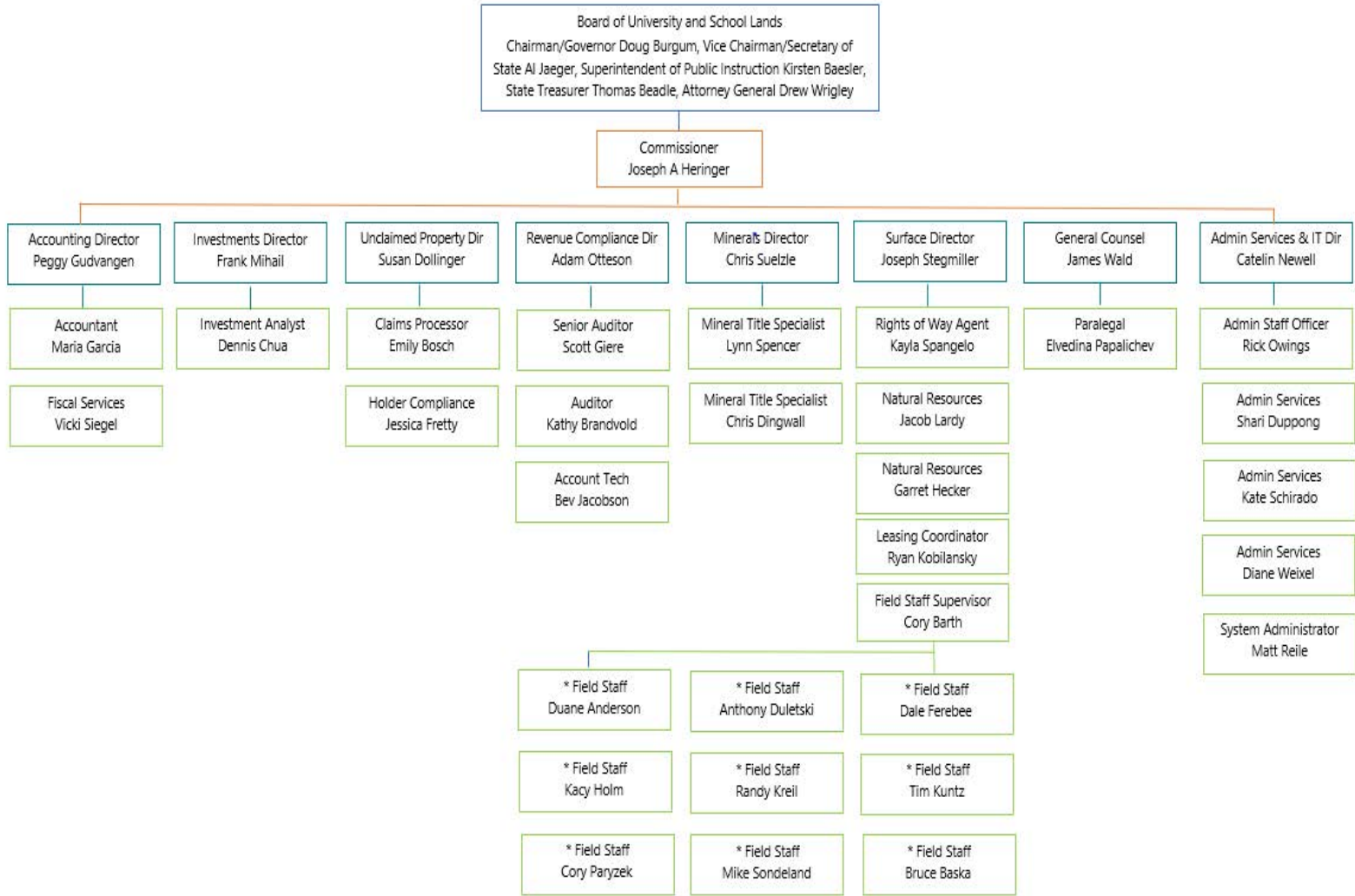
The Minerals Division manages 2.6 million minerals acres including oil, gas, coal and other subsurface minerals. The division is responsible for the leasing of minerals acres and the maintenance of all records and requests pertaining to mineral ownership and leasing activity. The division tracks and interprets business transactions by lessees; assignments by depth, formation, well bore or value; requests for pooling agreements; lease and title interpretation; royalty; authorization for participation in production; overrides; and analysis of drilling and production data necessary to hold a producing lease. This division has three FTEs consisting of the division director and two staff members who are dedicated to reviewing historical records, assessing the unique leasing arrangements, processing leases, division orders and assignments.

The Surface Division is responsible for leasing and managing 706,600 surface acres held in trust for various schools and institutions. The division has six FTEs including the division director, and nine temporary, non-classified employees who help inspect the vast acreage we manage. The major source of income for the Surface Division is agricultural leases, with grazing being the predominant land use. Significant revenue is also generated from rights-of-way, salt-water disposal, and gravel and scoria mining.

The Revenue Compliance Division is responsible for developing and implementing procedures to assure the timely and accurate accounting of all royalties, bonuses, rents and other revenues received by the Department. The division is also responsible for developing, implementing, and monitoring the managerial and system controls used by the Department to detect and prevent the misappropriation of trust assets and revenues. The division has four FTEs including the division director.

The Investment Division is responsible for directing, implementing, coordinating, and monitoring all aspects of the Land Board's investment program. The division has two FTEs, including the division director. Outside of monitoring funds and investment managers, the division administers the cash flows and obligations of the Permanent Trust Funds, SIIF, the Coal Development Trust Fund, the Capitol Building Fund, the Indian Cultural Education Trust, and the Theodore Roosevelt Presidential Library and Museum Endowment Fund.

Additionally, the Department administers North Dakota Unclaimed Property Program. In this role, the Department collects "unclaimed property" (uncashed checks, unused bank accounts, etc.) from businesses that operate in the state and processes claims to reunite owners with their lost property. While holding unclaimed property, the Department invests it to benefit the CSTF.



* Field Staff are Temporary Staff and not included in the Department FTE count



DEPARTMENT OF TRUST LANDS

The Department of Trust Lands (Department) is a special fund agency not reliant upon the general fund for its operations. Under the guidance of the Board of University & School Lands (Board) the Department oversees 13 permanent trusts: Common Schools, North Dakota State University, School for the Blind, School for the Deaf, State Hospital, Ellendale State College*, Valley City State University, Mayville State University, Youth Correctional Center, State College of Science, School of Mines (UND), Veterans Home, University of North Dakota.

* Dickinson State University, Minot State University, Dakota College at Bottineau, Veterans Home, School for the Blind, State Hospital, and the State College of Science are current beneficiaries of this trust.

In addition, Department oversees the management of the following funds: Indian Cultural Education Trust, Capitol Building Fund, Strategic Investment and Improvements Fund (SIIF), Coal Development Trust Fund, Theodore Roosevelt Presidential Library Fund.

DID YOU KNOW?

MINERALS
WE MANAGE 2.4 MILLION MINERAL ACRES WITH INTEREST IN MORE THAN 8,600 OF ND'S 17,400 PRODUCING WELLS WITH APPROX. 8300 LEASES.



SURFACE
WE MANAGE MORE THAN 700,000 SURFACE ACRES IN 50 OF NORTH DAKOTA'S 53 COUNTIES WITH APPROX. 4400 LEASES.



CURRENT AGENCY TEAM MEMBER STATS

30 FTE Count

6.4 average yrs of service

62% turnover since 2019

3 retirement eligible

HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

STAFFING

ND DTL
30 FTE

UTAH
68 FTE

MINNESOTA
82 FTE

TEXAS GLO
744 FTE

2021 ASSET VALUE

\$ 7,101,953,058

\$ 3,108,093,074

\$ 1,900,000,000

\$ 55,624,100,000

2021 ANNUAL REVENUE

695,000,000

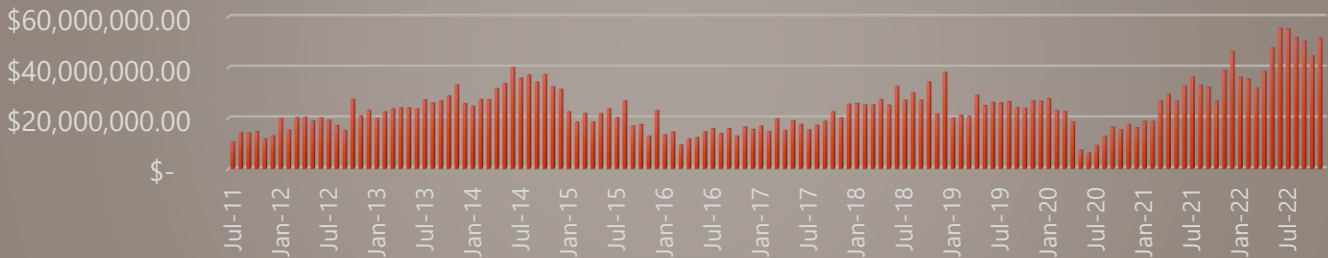
\$89,138,239

\$54,500,000

\$1,842,756,144

DEPARTMENT HIGHLIGHTS

OVER \$3 BILLION IN ROYALTY REVENUE DEPOSITED IN DTL TRUSTS & FUNDS



COMMON SCHOOLS TRUST FUND (CSTF) FUNDING OF K-12 EDUCATION

\$2,142

CSTF funding per K-12 student

The CSTF distributions to the State Tuition Fund have totaled more than \$1.8 billion over the last 10 years; helping to alleviate the financial responsibility of the General Fund and North Dakota property tax payers.

The 2023-2025 Biennium alone will see an 18.7% increase in distributions totaling nearly \$500 million translating to approximately \$2,142 in funding per K-12 student.



CSTF MAIN SOURCES OF REVENUE: 10% OF OIL EXTRACTION TAX, 8,600 BAKKEN WELL ROYALTIES, OIL & GAS LEASE BONUS PAYMENTS, SURFACE RIGHTS OF WAY, SURFACE RENTAL INCOME, AGGREGATE.



\$500 MILLION TO BE DISTRIBUTED IN 2023-25 BIENNIUM



18.7% INCREASE IN DISTRIBUTION OVER LAST BIENNIUM



\$5.66 BILLION VALUE AS OF FISCAL END 2022

ADDITIONAL DEPARTMENTS MANAGED UNDER DTL

ENERGY INFRASTRUCTURE & IMPACT OFFICE (EIIO)

- EIIO did not have additional funding allocated in the last Legislative Session.
- The office has paid all grants in full and does not have an FTE solely for EIIO

UNCLAIMED PROPERTY

- 3 FTEs dedicated out of the 30 allocated to the Department of Trust Lands.
- Unlimited FREE Unclaimed Property Searches at: <https://unclaimedproperty.nd.gov>



COMMON SCHOOLS TRUST FUND (CSTF)



\$500 MILLION TO BE DISTRIBUTED IN 2023-25 BIENNIUM

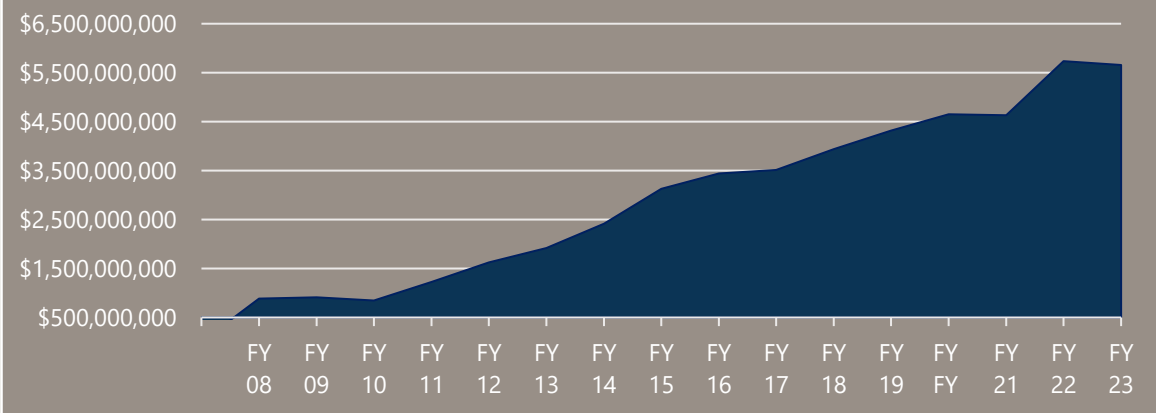


18.7% INCREASE IN DISTRIBUTION OVER LAST BIENNIUM



\$5.66 BILLION VALUE AS OF FISCAL END 2022

COMMON SCHOOLS TRUST FUND GROWTH



\$1.8 BILLION IN K-12 DISTRIBUTIONS OVER LAST 10 YEARS REDUCING FUNDING REQUIRED FROM GENERAL FUND AND PROPERTY TAXES FOR THE STATE TUITION FUND.

THE CSTF HAS GROWN 362% SINCE 2010!

DEPARTMENT OF TRUST LANDS REVENUE STREAMS CONTRIBUTING TO CSTF

MINERALS

- 10% OF OIL EXTRACTION TAX
- 8,600 BAKKEN WELL ROYALTIES
- OIL & GAS LEASE BONUS PAYMENTS



SURFACE

- RIGHTS OF WAY INCOME
- SURFACE RENTAL INCOME
- AGGREGATE LEASING



COMMON SCHOOLS TRUST FUND DISTRIBUTION CALCULATION

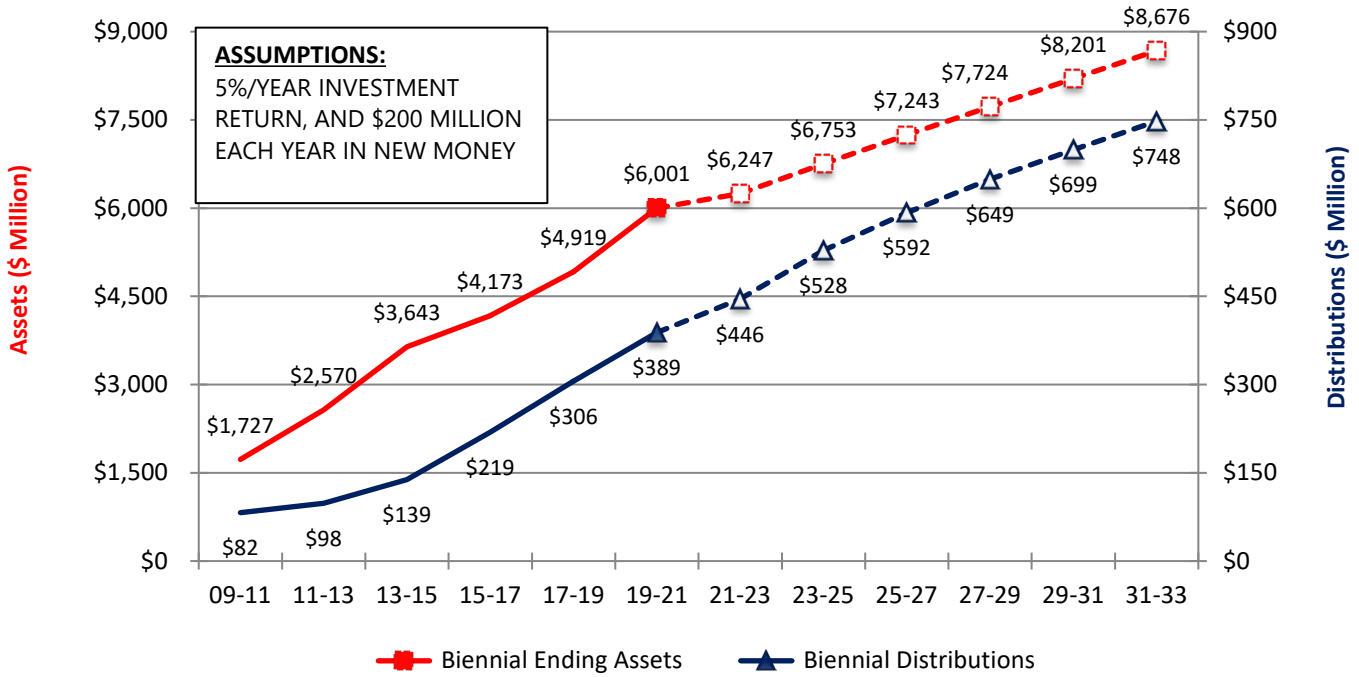
10% OF FIVE-YEAR AVERAGE VALUE OF TRUST INVESTMENTS (N.D. CONST ART. 9, SEC. 2)

2.88% NET AVERAGE ANNUAL DISTRIBUTION OVER PAST 10 YEARS

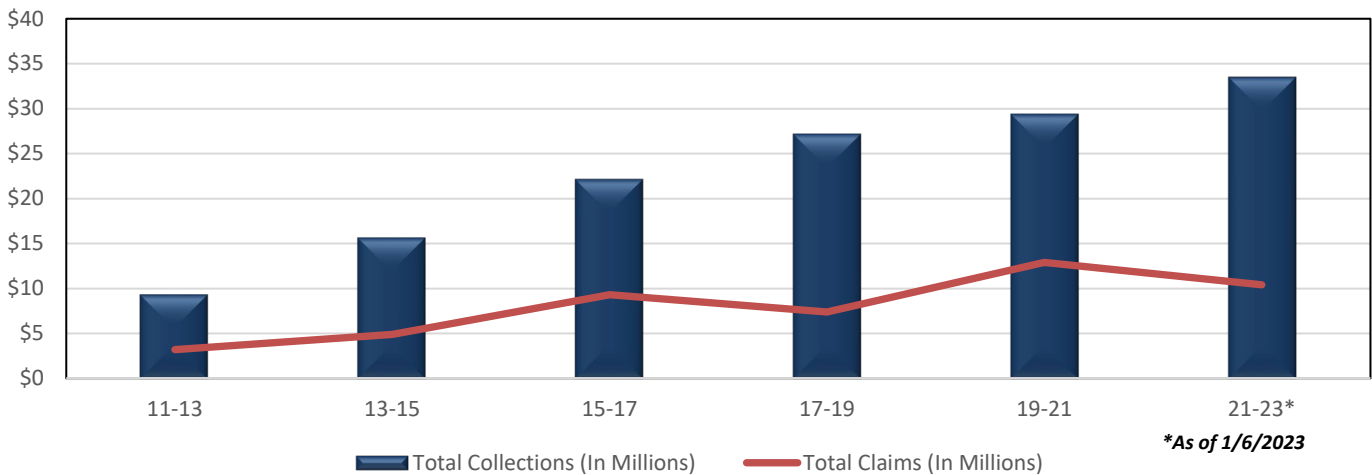
PERCENTAGE OF ROLLING AVERAGE VALUE FORMULA SMOOTHS DISTRIBUTIONS FOR LONG-TERM GROWTH

*** LOWER FUND VALUES IN THE EARLY YEARS OF THE FORMULA PERIOD RESULTS IN A NET ANNUAL DISTRIBUTION OF LESS THAN 5%**

13 PERMANENT TRUST FUNDS ASSET AND DISTRIBUTION TRENDS



UNCLAIMED PROPERTY INCREASES (Cash only properties)



3. REPORT ANY FINANCIAL AUDIT FINDINGS INCLUDED IN THE MOST RECENT AUDIT OF YOUR DEPARTMENT OR INSTITUTION AND ACTION TAKEN TO ADDRESS EACH FINDING.

Eide Bailly recently completed its audit of Department financial statements for the year ended June 30, 2022, with one minor finding regarding how refunds from SIIF for the acreage adjustment project were accounted for. Corrective entries were made with no material impact on the Department's financial statements.

4. DISCUSS CURRENT BIENNIUM ACCOMPLISHMENTS AND CHALLENGES AND NEXT BIENNIUM GOALS AND PLANS.

Accomplishments

- Completed Missouri River Acreage Adjustment Project under budget and ahead of schedule. Two-year project working with operators and lessees to adjust the acreage for 510 riverbed oil and gas leases covering 39,500 acres along the Missouri River west of the Fort Berthold Indian Reservation. Adjustments were made pursuant to the new ordinary high water mark survey commissioned by the Legislature in 2017. Came in \$86 million under original estimated cost of \$187 million.
- Record \$483 million oil and gas royalties for fiscal year 2021-22
- Record \$500 million CSTF distribution for upcoming 2023-25 biennium; 19% increase over current biennium amount which was also a record
- Continued diversification of \$7 billion investment portfolio for more consistent performance through all market cycles
- Own interest in 8,600, or 49%, of total 17,400 producing oil and gas wells in North Dakota
- Own interest in 16 million, or 52%, of total 31 million oil barrels produced each month
- Own 1.40% of all oil & gas produced each month in North Dakota
- The Unclaimed Property Division returned \$12.9 million to owners during the 2019-2021 biennium by paying 8,807 claims. Additionally, the Unclaimed Property Division processed 6,787 holder reports totaling \$29.4 million. Implemented a Voluntary Disclosure Program to enhance the compliance program
- New Surface Management System went live in November 2021

Goals/Plans

- New Minerals Management system go live in Q1 2023
- Continue to increase operational efficiencies with new systems/technologies
- Reduce unnecessary red tape
- New online customer portal with electronic payment processing
- Continued improvement of information available to public via website
- Continued growth of revenue and investments
- Fully implement new Board Investment Policy Statement with new asset classes and broader diversification
- Increase return rate of unclaimed property by increasing owner outreach

Challenges

- Talent recruitment and retention
- Managing workload with continually increasing responsibilities:
 - Record number of leases to manage

- Record high in revenues to manage
- Record value of trust funds to manage
- More unclaimed property holder reports and claims to process
- Full implementation and enhancements to IT upgrades

5. COMPARE THE AGENCY'S REQUEST TOTAL, INCLUDING FTE POSITIONS, FOR THE NEXT BIENNIUM COMPARED TO THE CURRENT BIENNIUM

6. EXPLAIN THE FUNDING INCLUDED IN EACH PROGRAM/LINE ITEM EITHER IN TOTAL OR BY DIVISION DEPENDING ON THE SIZE OF THE AGENCY:

The Department is requesting a -\$462,578 decrease in operating expenses from the current biennium due to achieved administrative efficiencies and reduced legal costs. We are requesting a \$1,854,865 increase in salary and benefits. Of that amount, approximately \$750,000 is to add three much needed FTEs from 30 to 33, and the balance of approximately \$1,100,000 is for anticipated retirement payouts, health insurance cost increases, and increased salaries/benefits for cost of living and to help recruit and retain qualified employees. (performance and equity increases) Our request for 3 additional FTEs compares to the 2 additional recommended in the Governor's Executive Budget, and the 4 additional in our original request.

The additional Mineral Title Specialist is needed for the increasing workload of our Minerals Division. As the Department's number of oil and gas leases and wells continues to increase, so does the workload to properly monitor and manage them and the hundreds of millions of dollars in revenue they generate each year. Our Minerals Division currently manages all of this with a team of just three, which when comparing to similar divisions in other states, and looking at their work volume, we are understaffed.

The additional Investment Analyst is needed for the increasing and more complex workload of our Investment Division. The Department's current investment team consists of the Investment Manager and one Investment Analyst. Based on industry standards, for the size portfolio we manage (\$7 billion) and number of strategies we employ, we are understaffed. The addition of a second Investment Analyst would move us toward a more appropriate staffing level. The additional position would support oversight of the 26 investment managers and 33 investment strategies. In addition, in the past two years the Board has approved several new private asset classes (private equity, private debt, and private infrastructure), which require more detailed analysis and monitoring than traditional publicly traded asset classes. The new role will also support expanded investment sourcing, manager searches, and due diligence. Furthermore, the position will assist the incumbent investment analyst with operational duties, particularly involving such tasks as reporting, accounting, legal review, documentation, and the management of fund flows and cash.

The additional Unclaimed Property Claims Processor is needed to manage the increasing number of claims and provide staff capacity for expanded outreach initiatives. The Unclaimed Property Division has continued to increase its claims payments consistently over the last 5-7 years with little owner outreach beyond what is statutorily required. For the Division to meet its goal of a 50% return rate, additional claims processing staff is needed. Adding a claims processor will free up existing staff to increase outreach activities throughout the State to bring more awareness to the program. This will in turn, return more money to the citizens of North Dakota. The Unclaimed Property Division

has also increased its holder compliance activities, which will increase the volume of property coming into the division, also increasing the number of claims. Additionally, the implementation of the Revised Uniform Unclaimed Property Act in 2021 allows for property to be intercepted by such agencies as Child Support, the Court System, and the Tax department. These types of claims are more complex and require more staff time to process.

DESCRIPTION	LEGISLATIVE BASE 2021-23	DEPARTMENT REQUEST 2023-25	DOLLAR CHANGE	PERCENTAGE CHANGE
SALARY & WAGES	6,473,127	8,327,992	1,854,865	28.7%
OPERATING EXP.	2,229,872	1,767,294	(462,578)	(20.7%)
CAPITAL ASSETS	0	2,549,500		
CONTINGENCY	100,000	100,000	0	0%

BIENNIUM	FTE	ASSETS	OIL/GAS PRODUCING PROPERTIES
11 - 13	25	\$3.7 B	2,932
13 - 15	31	\$4.6 B	5,080
15 - 17	33	\$4.7 B	5,884
17 - 19	31	\$6.1 B	6,937
19 - 21	29	\$5.7 B	7,511
21 -23	30	\$7.1B*	8,600
		<i>* as of June 30, 2022</i>	

It is important to note that the Department’s peer states have significantly more FTE’s than the Department while we manage more assets than most of our peers.

7. DISCUSS THE PURPOSE AND USE OF ANY ONE-TIME FUNDING ITEMS FOR THE CURRENT BIENNIUM.

8. IDENTIFY AND JUSTIFY THE NEED FOR ANY ONE-TIME FUNDING BEING REQUESTED.

\$2.5 million IT Projects Completion

A. Systems Overhaul Completion & Enhancements

This funding is critical to complete the Department’s overhaul of its antiquated IT systems that was started in the 2017-19 biennium, and to be good stewards of the \$5.2 million already allocated to these projects. Through this process the Department has successfully designed and implemented the new IT systems for each of the following divisions: 1) revenue & accounting 2) unclaimed property and 3) surface management. We recently completed the redesign of our minerals

management system and are in the midst the launch process for that new system as we speak. The Department and our constituents have benefitted greatly from these new systems with efficiencies created, expanded and more responsive services, improved data management, and greater access to information.

With this work the Department will have replaced the foundation of our 30+ year old systems, and now we desire to build on that new foundation with continued improvements. Our systems may be enhanced to include the expansion of audit history with only a portion of the processes storing complete user activity currently. The expansion of data management and linking of connections in data (example – the Rights of Way application screen would also include leases associated with the tracts in the application). The Department’s legacy systems operated as separate surface and minerals databases and are now combined into one system but still have related data running parallel rather than showing connections in one view. A portion of this funding would allow for the cleanup of one hundred years’ worth of permanent retention data related to School Trust Lands. Our land and financial management systems are integrated, but through further development manual and complex processes would be streamlined. Current invoicing does not allow for editing/corrections of invoices. The current process involves multiple Department divisions to process invoices out of both the land and financial management systems; the Department handles hundreds of millions of dollars per year in financial transactions. Further sharing of information between systems would be beneficial to the cash management processes for the trusts and funds managed by the Department.

B. Online Payment & Credit Card Processing

Development of online payment processing that would integrate with both our land and financial management systems allowing the Department, for the first time ever, to accept credit card payments. This will make our application approval process more efficient and increase convenience for constituents.

C. Customer Online Portal

This funding would also allow the Department to continue moving forward with our current Microsoft Dynamics platform portal. The State is considering an enterprise solution for a statewide customer portal for multiple agencies to participate in. The current development of the customer portal that the Department will debut is not intuitive for the user and their experience. The application pages do not allow for customization of language/descriptions on fields where simple explanation or direction would greatly help the customer filling out the application. Navigation of the system is a series of menu items and tabs without a logical flow that may only be achieved through full customization. An example of current applicant frustration is that a lessee who rents eight quarters of land that would like to apply for weed and pest control cost share must submit eight applications for single tracts, not one application for all eight tracts. In turn, the integration between systems triggers eight checks to be requested through PeopleSoft rather than one check for the customer. The fully customized portal has the capability to include URL linked tiles that direct the customer to other state agency websites. For example – Applicants could log in through their ND Log In and apply for a right of way with the Department of Trust Lands, then search for their unclaimed property, look at current state employment opportunities or click to navigate to ND Game & Fish to apply for their hunting license. The Department generated three quarters of a billion in oil and gas royalty revenue alone over the 2021-2023 biennium. This portal allows operators to upload royalty reports that we can view directly in our Land Management System but if the operator

would run into an upload error staff will need to comb through potentially thousands of lines of data to find the error. Customization would create additional validations against the report to help mitigate tedious reviews. Surface and mineral lessees, operators, rights of way customers and the general public may access Department records related to over 700,000 surface acres and approximately 2.6 million mineral acres of State Trust Lands.

The original budget request for one time funding for our large IT projects was \$4.9 million. The Governor’s executive budget recommends \$2.5 million. The Department will continue to work in a phased approach with software development and enhancement with the determined appropriation.

\$49,500 New UTV & Trailer

The Department of Trust Lands manages over 700,00 acres of agricultural land in North Dakota. These lands are located in 50 of the 53 counties within North Dakota. The Department manages these lands for the benefit of public education funding. The Department inspects these lands and must travel very rough terrain to access them. A utility terrain vehicle (UTV) is essential in accessing school trust land where the topography is not conducive to traveling with a pickup truck. It is also essential to utilize UTV tracks systems that allow the UTV to travel in deep snow or muddy conditions.

9. DISCUSS AGENCY COLLECTIONS THAT ARE DEPOSITED IN THE GENERAL FUND, OR A SPECIAL FUND, AND ANY ANTICIPATED CHANGES FROM 2021 LEGISLATIVE SESSION ESTIMATES DURING THE 2021-23 BIENNIUM AND ESTIMATED CHANGES FOR THE 2023-25 BIENNIUM.

	2021-23 Legislative Appropriation	2023-25 Executive Budget	Increase	Increase %
Common schools	\$421,020,000	\$499,860,000	\$78,840,000	18.7%
North Dakota State University	6,620,000	7,648,000	1,028,000	15.5%
University of North Dakota	5,084,000	5,986,000	902,000	17.7%
Youth Correctional Center	2,228,000	2,662,000	434,000	19.5%
School for the Deaf	2,014,000	2,198,000	184,000	9.1%
North Dakota State College of Science	1,941,000	2,259,700	318,700	16.4%
State Hospital	1,673,000	1,835,700	162,700	9.7%
Veterans' Home	795,000	893,700	98,700	12.4%
Valley City State University	1,178,000	1,354,000	176,000	14.9%
North Dakota Vision Services - School for the Blind	1,375,000	1,679,700	304,700	22.2%
Mayville State University	742,000	894,000	152,000	20.5%
Dakota College at Bottineau	285,000	343,700	58,700	20.6%
Dickinson State University	285,000	343,700	58,700	20.6%
Minot State University	285,000	343,700	58,700	20.6%
Total	\$445,525,000	\$528,301,900	\$82,776,900	

10. DISCUSS THE NEED FOR ANY OTHER SECTIONS THAT ARE INCLUDED OR ARE REQUESTED/RECOMMENDED TO BE INCLUDED IN THE AGENCY APPROPRIATION BILL.

N/A

11. DISCUSS ANY OTHER BILLS BEING CONSIDERED BY THE LEGISLATIVE ASSEMBLY AND THEIR POTENTIAL BUDGETARY IMPACT ON THE AGENCY.

Nothing material we are aware of at this time.

12. PROVIDE AN ITEMIZED LISTING OF THE CHANGES YOUR AGENCY IS REQUESTING THE COMMITTEE TO MAKE TO THE EXECUTIVE RECOMMENDATION.

Only change is the inclusion of an additional Unclaimed Property Claims Processor FTE for a biennial cost of \$165,786. However, this does not change the Department's total Salary and Wages line-item request of \$8,327,992 as we believe the position can be absorbed into that total amount.

13. PROVIDE A COMPARISON OF YOUR AGENCY'S MAJOR REQUESTS TO THOSE RECOMMENDED IN THE EXECUTIVE BUDGET.

Only change is that requested in #12 above.

14. IDENTIFY THE PURPOSE AND AMOUNT OF FEDERAL STATE FISCAL RECOVERY FUNDING APPROPRIATED TO YOUR AGENCY DURING THE NOVEMBER 2021 SPECIAL LEGISLATIVE SESSION . . .

N/A

15. IDENTIFY THE AMOUNT OF FEDERAL FUNDING AVAILABLE TO YOUR AGENCY FOR THE 2023-25 BIENNIUM . . .

N/A

16. PROVIDE ADDITIONAL INFORMATION AS NECESSARY.

We look forward to working with the Committee on this bill and would be happy to answer any questions.



DEPARTMENT OF TRUST LANDS

The Department of Trust Lands (Department) is a special fund agency not reliant upon the general fund for its operations. Under the guidance of the Board of University & School Lands (Board) the Department oversees 13 permanent trusts: Common Schools, North Dakota State University, School for the Blind, School for the Deaf, State Hospital, Ellendale State College*, Valley City State University, Mayville State University, Youth Correctional Center, State College of Science, School of Mines (UND), Veterans Home, University of North Dakota.

* Dickinson State University, Minot State University, Dakota College at Bottineau, Veterans Home, School for the Blind, State Hospital, and the State College of Science are current beneficiaries of this trust.

In addition, Department oversees the management of the following funds: Indian Cultural Education Trust, Capitol Building Fund, Strategic Investment and Improvements Fund (SIIF), Coal Development Trust Fund, Theodore Roosevelt Presidential Library Fund.

DID YOU KNOW?

MINERALS

WE MANAGE 2.4 MILLION MINERAL ACRES WITH INTEREST IN MORE THAN 8,600 OF ND'S 17,400 PRODUCING WELLS WITH APPROX. 8300 LEASES.



SURFACE

WE MANAGE MORE THAN 700,000 SURFACE ACRES IN 50 of NORTH DAKOTA'S 53 COUNTIES WITH APPROX. 4400 LEASES.



CURRENT AGENCY TEAM MEMBER STATS

30

FTE Count

6.4

average yrs of service

62%

turnover since 2019

3

retirement eligible

HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

STAFFING

ND DTL
30 FTE
1 FTE/\$236 Million

UTAH
68 FTE
1 FTE/\$46 Million

MINNESOTA
82 FTE
1 FTE/\$23 Million

TEXAS GLO
744 FTE
1 FTE/\$75 Million

2021 ASSET VALUE

\$ 7,101,953,058

\$ 3,108,093,074

\$ 1,900,000,000

\$ 55,624,100,000

2021 ANNUAL REVENUE

\$ 695,000,000

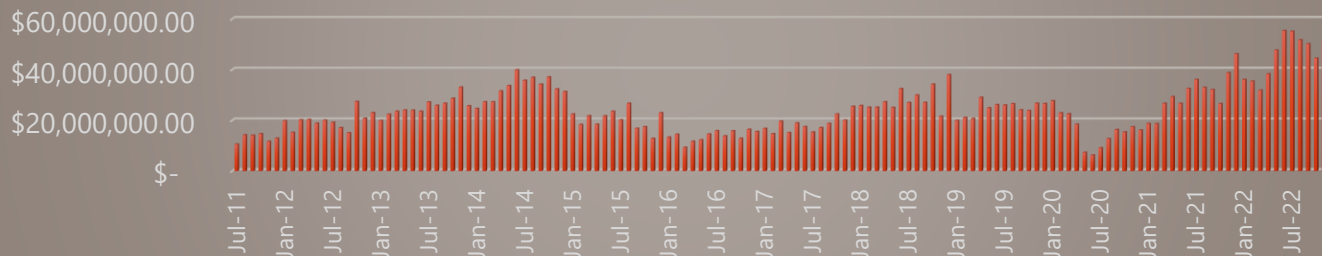
\$ 89,138,239

\$ 54,500,000

\$ 1,842,756,144

DEPARTMENT HIGHLIGHTS

OVER \$3 BILLION IN ROYALTY REVENUE DEPOSITED IN DTL TRUSTS & FUNDS



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**Department of Trust Lands - Budget No. 226
House Bill No. 1013
Base Level Funding Changes**

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	30.00	\$0	\$8,802,999	\$8,802,999	30.00	\$0	\$8,802,999	\$8,802,999
2023-25 Ongoing Funding Changes								
Cost to continue salaries			\$50,995	\$50,995				\$0
Salary increase			531,600	531,600				0
Health insurance increase			159,446	159,446				0
Adds FTE mineral title specialist position	1.00		253,704	253,704				0
Adds FTE investment analyst position	1.00		343,942	343,942				0
Transfers \$538,878 from operating expenses to salaries				0				0
Increases funding for shared software and service rate changes			49,000	49,000				0
Total ongoing funding changes	2.00	\$0	\$1,388,687	\$1,388,687	0.00	\$0	\$0	\$0
One-Time Funding Items								
Adds one-time funding for IT equipment for new FTE positions			\$3,600	\$3,600				0
Adds one-time funding to continue the development of an IT project			2,500,000	2,500,000				0
Adds one-time funding for utility vehicle and trailer			49,500	49,500				0
Total one-time funding changes	0.00	\$0	\$2,553,100	\$2,553,100	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	2.00	\$0	\$3,941,787	\$3,941,787	0.00	\$0	\$0	\$0
2023-25 Total Funding	32.00	\$0	\$12,744,786	\$12,744,786	30.00	\$0	\$8,802,999	\$8,802,999
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	6.7%		15.8%	15.8%	0.0%		0.0%	0.0%
<i>Total changes as a percentage of base level</i>	6.7%		44.8%	44.8%	0.0%		0.0%	0.0%

Other Sections in Department of Trust Lands - Budget No. 226

	Executive Budget Recommendation	House Version
Fund distributions	Section 3 would provide the permanent fund income distributions to state institutions.	

SURFACE MANAGEMENT

The Surface Management Division manages more than 706,000 surface acres owned by the various trust funds under the Board's control. The major source of income from these trust lands comes from agricultural leases (grassland, crop and hay land uses), with significant revenue generated from rights-of-way, surface damage agreements, and construction aggregate mining. The objective of surface management is to obtain a "fair market" return from the trust lands while maintaining or improving the condition and value of the land.

SURFACE ACRES BY COUNTY

As of June 30, 2021

COUNTY	ACRES	COUNTY	ACRES	COUNTY	ACRES
Adams	17,097.52	Golden Valley	28,983.55	Ramsey	2,056.50
Barnes	2,803.32	Grant	33,519.57	Ransom	1,120.00
Benson	12,005.78	Griggs	1,741.24	Renville	1,910.12
Billings	30,922.04	Hettinger	9,892.50	Richland	400
Bottineau	3,271.94	Kidder	28,643.79	Rolette	6,226.08
Bowman	29,310.48	LaMoure	1,435.72	Sargent	1,128.17
Burke	16,116.21	Logan	9,410.68	Sheridan	25,826.44
Burleigh	27,904.28	McHenry	22,720.56	Sioux	23,411.56
Cass	40	McIntosh	6,209.87	Slope	23,605.98
Cavalier	556.47	McKenzie	64,586.70	Stark	6,150.13
Dickey	3,981.51	McLean	20,890.99	Stutsman	15,627.81
Divide	20,778.96	Mercer	15,113.05	Towner	8,076.00
Dunn	25,673.31	Morton	18,101.82	Walsh	160
Eddy	10,292.81	Mountrail	32,445.59	Ward	10,798.98
Emmons	13,533.97	Nelson	2,694.45	Wells	5,251.89
Foster	3,111.51	Oliver	7,588.41	Williams	38,382.45
Grand Forks	1,274.77	Pierce	13,664.93	Total	706,480.00

SURFACE ACRES BY TRUST FUND

As of June 30, 2021

TRUST FUND	ACRES
Common Schools	631,628.78
School for the Blind	3,481.69
Capitol Building	10,034.45
School for the Deaf	4,830.44
Ellendale State College	4,919.00

SURFACE ACRES BY TRUST FUND (CONT.)

As of June 30, 2021

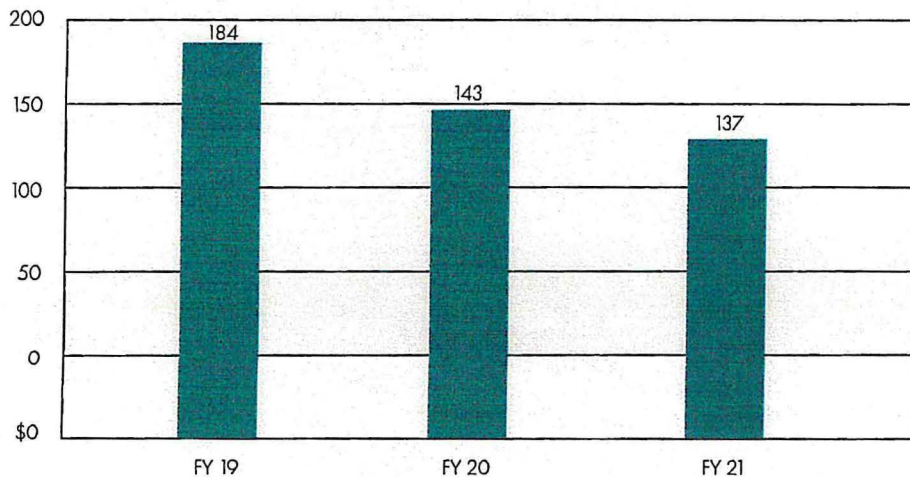
State Hospital	2,206.11
ND Youth Correctional Center	3,584.42
School of Mines ¹	3,330.38
North Dakota State University	15,120.23
Veterans Home	2,753.69
U.N.D.	8,897.98
Valley City State University	640
ND State College of Science	3,712.94
Mayville State University	640
Valley City/Mayville ²	6,825.89
Farm Loan Pool ³	3,714.00
Indian Cultural Education	160
TOTAL	706,480.00

- ¹ The benefits of the original grant to the School of Mines are distributed to the University of North Dakota.
- ² Receipts from acreage held jointly by Valley City and Mayville State Universities are allocated 62.5% to Valley City and 37.5% to Mayville.
- ³ Receipts from this acreage are allocated to the permanent trusts that have an interest in the Board's Farm Loan Pool.

During the 2019-2021 biennium the Department acquired 50.2 acres through rights-of-way and abandoned railroad reversion and conveyed 179.1 acres through public purpose sales and abandoned railroad disclaimer.

The table below illustrates the surface acres by county managed by the Department.

RIGHTS-OF-WAY & SURFACE DAMAGE AGREEMENTS ISSUED



TOTAL ASSETS

Total Assets Unaudited June 30, 2022	
Assets by Trust:	30-Jun-22
Common Schools	\$ 5,617,855,127
North Dakota State University	84,650,536
School for the Blind	14,751,849
School for the Deaf	22,851,933
State Hospital	15,220,845
Ellendale	27,140,083
Valley City State University	14,802,274
Mayville State University	10,617,585
Youth Correctional Center	30,045,254
State College of Science	20,981,487
School of Mines	25,965,690
Veterans Home	5,618,396
University of North Dakota	40,697,797
Capitol Building	6,314,034
Strategic Investment and Improvements	1,025,681,980
Coal Development	70,463,180
Indian Cultural Education Trust	1,329,798
Theodore Roosevelt Presidential Library	52,343,947
Total Trust Land Assets	\$ 7,087,331,794

Total Assets Unaudited June 30, 2022	
Assets by Type	30-Jun-22
Cash	\$ 534,157,720
Receivables	26,803,729
Investments	6,240,594,062
Office Building (Net of Depreciation)	250,055
Farm Loans	4,602,174
Energy Development Impact Loans	9,007,400
School Construction Loans (Coal)	27,190,349
Accounts Payable	(1,273,525)
Due To/From Other Trusts and Agencies	245,999,830
Total Trust Land Assets	\$ 7,087,331,794

NORTH
Dakota
Be Legendary.™



**TESTIMONY OF JOSEPH A. HERINGER
COMMISSIONER
North Dakota Department of Trust Lands**

House Bill No. 1013

**Supplemental Information
February 3, 2023**

Department Costs as a Percentage of Assets Under Management

\$10.1 million proposed total Salary & Operations Budget

Divided by

\$10.6 billion in Assets Under Management

Equals = **0.01% or 1/10th of one percent**

Extraordinary Value compared to industry and financial standards

Ellendale Trust History

Article IX of the ND Constitution designated 40,000 acres of Trust Land to the School for Manual Training located in Ellendale, ND and the school was opened in September 1899. Later, the school was designated as a Normal School with the main objective to train teachers. The school operated for over 70 years but was closed in 1971. In 1972, the citizens of North Dakota approved a constitutional amendment that removed the reference to the Ellendale Trust. In the 1973 Legislative Assembly, HB 1052 was passed to reallocate the Ellendale Trust funds equally to the following beneficiaries: Veterans Home, School for the Blind, Dakota College at Bottineau, State School of Science - Wahpeton, State Hospital, Minot State University, and Dickinson State University.

Currently, the Ellendale Trust has approximately 4,919 surface acres and 21,028 mineral acres. As of June 30, 2022, the Ellendale Trust had a balance of \$27,560,418. Below is the trust's recent distribution history.

	ELLENDALE TRUST FUND DISTRIBUTIONS		
	2019-21	2021-23	2023-25
Beneficiary name	Distribution	Distribution	Distribution
SCHOOL FOR THE BLIND	242,000	285,000	343,700
STATE HOSPITAL	242,000	285,000	343,700
STATE COLLEGE OF SCIENCE	242,000	285,000	343,700
VETERANS HOME	242,000	285,000	343,700
DICKINSON STATE UNIVERSITY	242,000	285,000	343,700
MINOT STATE UNIVERSITY	242,000	285,000	343,700
DAKOTA COLLEGE AT BOTTINEAU	242,000	285,000	343,700
	\$1,694,000	\$1,995,000	\$2,405,900

Abandoned Railroad Reversions

Railroad rights-of-way have been granted by the Commissioner across trust lands since statehood. Typically, if the railroad was not built within 5 years, or if the rail line was abandoned for 1 year, the land would revert back to the state. This makes sense if the state still owns the adjacent property. However, there are situations where a railroad right-of-way was granted on trust land and the adjacent property was later sold to a private individual, excluding the railroad right-of-way acres from the sale. If the railroad was abandoned, the land would revert back to the state, but the state no longer owned the adjacent property. In these situations, the Board of University and School Lands concluded that the intent was to sell the entire property, including the railroad right-of-way, so the abandoned railroad right-of-way would revert back to the adjacent landowner and not the state. The Board received appraised value for land acquired by the railroads and also received a price at auction for the remainder of the quarter section. Therefore, the trusts are whole and the land is owned as intended.

CONSTITUTIONAL AMENDMENTS, APPROVED

CHAPTER 526

CONSTITUTIONAL STATUS OF UND-ELLENDALE BRANCH

House Concurrent Resolution No. 3045, chapter 623, 1971 Session Laws, proposed by the Forty-second Legislative Assembly of the State of North Dakota, providing for the amendment of section 216 of the Constitution of the State of North Dakota, and subsection 1 of article 54 of the amendments to the Constitution of the State of North Dakota, relating to the removal of the constitutional status of the Ellendale Branch of the University of North Dakota, to read as follows:

BE IT ENACTED BY THE PEOPLE OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 216 of the Constitution of the state of North Dakota is hereby amended and reenacted to read as follows:

Section 216. The following named public institutions are hereby permanently located as hereinafter provided, each to have so much of the remaining grant of one hundred seventy thousand acres of land made by the United States for "other educational and charitable institutions" as is allotted by law, namely:

First: A soldiers' home, when located, or such other charitable institution as the legislative assembly may determine, at Lisbon, in the county of Ransom, with a grant of forty thousand acres of land.

Second: The blind asylum shall be known as the North Dakota school for the blind and may be removed from the county of Pembina to such other location as may be determined by the board of administration to be in the best interests of the students of such institution and the state of North Dakota.

Third: A school of forestry, or such other institution as the legislative assembly may determine, at such place in one of the counties of McHenry, Ward, Bottineau, or Rolette, as the electors of said counties may determine by an election for that purpose, to be held as provided by the legislative assembly.

Fourth: A scientific school or such other educational or charitable institution as the legislative assembly may prescribe, at the city of Wahpeton, county of Richland, with a grant of forty thousand acres.

Fifth: A state normal school at the city of Minot in the county of Ward.

Sixth: (a) A state normal school at the city of Dickinson, in the county of Stark. (b) A state hospital for the insane at such place within this state as shall be selected by the legislative assembly, provided, that no other institution of a character similar to any one of those located by this article shall be established or maintained without a revision of this Constitution.

SECTION 2. AMENDMENT.) Subsection 1 of article 54 of the amendments to the Constitution of the state of North Dakota is hereby amended and reenacted to read as follows:

1. A board of higher education, to be officially known as the State Board of Higher Education, is hereby created for the control and administration of the following state educational institutions, to-wit:

(1) The State University and School of Mines, at Grand Forks, with their substations.

(2) The State Agricultural College and Experiment Station, at Fargo, with their substations.

(3) The School of Science, at Wahpeton.

(4) The State Normal Schools and Teachers Colleges, at Valley City, Mayville, Minot, and Dickinson.

(5) The School of Forestry, at Bottineau.

(6) And such other State institutions of higher education as may hereafter be established.

Approved September 5, 1972.

68,575 to 41,350

NOTE: This was constitutional measure No. 2 on the primary election ballot.

CHAPTER 176

HOUSE BILL NO. 1052
(Solberg, Strinden, L. Hausauer)
(From Legislative Council Study)

REALLOCATION OF ELLENDALE GRANT LANDS

AN ACT to reallocate the grant lands and assets of the Ellendale fund and to direct the deposit of the remainder of the Ellendale branch fire proceeds in the state's general fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1.) The grant lands and other assets of the Ellendale fund, maintained by the state land department and previously allocated under section 216 of the North Dakota Constitution to an institution at Ellendale, are hereby reallocated to the soldiers' home, the North Dakota school for the blind, the forestry school, the state school of science, the state hospital, Minot state college, and Dickinson state college.

The board of university and school lands shall allocate the income in equal proportions to the above-mentioned institutions.

SECTION 2.) It is hereby directed that one hundred twelve thousand four hundred four dollars and fifty-four cents of the fire insurance proceeds from the university of North Dakota-Ellendale branch, or so much thereof as remains, including the appropriation authorized by chapter 209 of the 1971 session laws, be deposited in the general fund in the state treasury.

Approved February 6, 1973

**Department of Trust Lands - Budget No. 226
House Bill No. 1013
Base Level Funding Changes**

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	30.00	\$0	\$8,802,999	\$8,802,999	30.00	\$0	\$8,802,999	\$8,802,999
2023-25 Ongoing Funding Changes								
Cost to continue salaries			\$50,995	\$50,995				\$0
Salary increase			531,600	531,600				0
Health insurance increase			159,446	159,446				0
Adds FTE mineral title specialist position	1.00		253,704	253,704				0
Adds FTE investment analyst position	1.00		343,942	343,942				0
Transfers \$538,878 from operating expenses to salaries				0				0
Increases funding for shared software and service rate changes			49,000	49,000				0
Total ongoing funding changes	2.00	\$0	\$1,388,687	\$1,388,687	0.00	\$0	\$0	\$0
One-Time Funding Items								
Adds one-time funding for IT equipment for new FTE positions			\$3,600	\$3,600				0
Adds one-time funding to continue the development of an IT project			2,500,000	2,500,000				0
Adds one-time funding for utility vehicle and trailer			49,500	49,500				0
Total one-time funding changes	0.00	\$0	\$2,553,100	\$2,553,100	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	2.00	\$0	\$3,941,787	\$3,941,787	0.00	\$0	\$0	\$0
2023-25 Total Funding	32.00	\$0	\$12,744,786	\$12,744,786	30.00	\$0	\$8,802,999	\$8,802,999
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	6.7%		15.8%	15.8%	0.0%		0.0%	0.0%
<i>Total changes as a percentage of base level</i>	6.7%		44.8%	44.8%	0.0%		0.0%	0.0%

Other Sections in Department of Trust Lands - Budget No. 226

	Executive Budget Recommendation	House Version
Fund distributions	Section 3 would provide the permanent fund income distributions to state institutions.	

**Department of Trust Lands - Budget No. 226
House Bill No. 1013
Base Level Funding Changes**

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE	General	Other	Total	FTE	General	Other	Total	FTE	General	Other	Total
	Positions	Fund	Funds		Positions	Fund	Funds		Positions	Fund	Funds	
2023-25 Biennium Base Level	30.00	\$0	\$8,802,999	\$8,802,999	30.00	\$0	\$8,802,999	\$8,802,999	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Cost to continue salaries			\$50,995	\$50,995			\$50,995	\$50,995				\$0
Salary increase			531,600	531,600			395,524	395,524			(136,076)	(136,076)
Health insurance increase			159,446	159,446			163,114	163,114			3,668	3,668
Adds FTE mineral title specialist position	1.00		253,704	253,704				0	(1.00)		(253,704)	(253,704)
Adds FTE investment analyst position	1.00		343,942	343,942				0	(1.00)		(343,942)	(343,942)
Adds FTE mineral specialist position				0	1.00		253,704	253,704	1.00		253,704	253,704
Adds FTE unclaimed property position				0	1.00		165,786	165,786	1.00		165,786	165,786
Transfers \$538,878 from operating expenses to salaries				0				0				0
Increases funding for shared software and service rate changes			49,000	49,000			49,000	49,000				0
Total ongoing funding changes	2.00	\$0	\$1,388,687	\$1,388,687	2.00	\$0	\$1,078,123	\$1,078,123	0.00	\$0	(\$310,564)	(\$310,564)
One-Time Funding Items												
Adds one-time funding for IT equipment for new FTE positions			\$3,600	\$3,600			3,600	3,600				0
Adds one-time funding to continue the development of an IT project			2,500,000	2,500,000				0			(2,500,000)	(2,500,000)
Adds one-time funding for utility vehicle and trailer			49,500	49,500				0			(49,500)	(49,500)
Total one-time funding changes	0.00	\$0	\$2,553,100	\$2,553,100	0.00	\$0	\$3,600	\$3,600	0.00	\$0	(\$2,549,500)	(\$2,549,500)
Total Changes to Base Level Funding	2.00	\$0	\$3,941,787	\$3,941,787	2.00	\$0	\$1,081,723	\$1,081,723	0.00	\$0	(\$2,860,064)	(\$2,860,064)
2023-25 Total Funding	32.00	\$0	\$12,744,786	\$12,744,786	32.00	\$0	\$9,884,722	\$9,884,722	0.00	\$0	(\$2,860,064)	(\$2,860,064)
<i>Federal funds included in other funds</i>			\$0				\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	6.7%		15.8%	15.8%	6.7%		12.2%	12.2%				
<i>Total changes as a percentage of base level</i>	6.7%		44.8%	44.8%	6.7%		12.3%	12.3%				

Other Sections in Department of Trust Lands - Budget No. 226

	Executive Budget Recommendation	House Version
Fund distributions	Section 3 would provide the permanent fund income distributions to state institutions.	

23.0242.01002
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
February 7, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1013

Page 1, replace lines 9 through 16 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$6,473,127	\$1,553,401	\$8,026,528
Operating expenses	2,229,872	(471,678)	1,758,194
Capital assets	0	4,949,500	4,949,500
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$8,802,999	\$6,031,223	\$14,834,222
Full-time equivalent positions	30.00	2.00	32.00"

Page 1, line 17, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 1, line 18, after "biennium" insert "and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 and 21 with:

"Information technology project	\$1,600,000	\$4,900,000
Information technology equipment	0	3,600
Utility vehicle and trailer	<u>0</u>	<u>49,500</u>
Total special funds	\$1,600,000	\$4,953,100

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The commissioner of university and school lands shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - House Action

	<u>Base Budget</u>	<u>House Changes</u>	<u>House Version</u>
Salaries and wages	\$6,473,127	\$1,553,401	\$8,026,528
Operating expenses	2,229,872	(471,678)	1,758,194
Capital assets		4,949,500	4,949,500
Contingencies	<u>100,000</u>		<u>100,000</u>
Total all funds	\$8,802,999	\$6,031,223	\$14,834,222
Less estimated income	<u>8,802,999</u>	<u>6,031,223</u>	<u>14,834,222</u>
General fund	\$0	\$0	\$0
FTE	30.00	2.00	32.00

Department 226 - Department of Trust Lands - Detail of House Changes

	Adds Funding for Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds FTE Positions ³	Transfers Funding from Operating to Salaries ⁴	Adds Funding for Operating Expenses ⁵	Adds One-Time Funding Items ⁶
Salaries and wages	\$50,995	\$558,638	\$404,890	\$538,878		\$3,600
Operating expenses			14,600	(538,878)	\$49,000	4,949,500
Capital assets						
Contingencies						
Total all funds	\$50,995	\$558,638	\$419,490	\$0	\$49,000	\$4,953,100
Less estimated income	50,995	558,638	419,490	0	49,000	4,953,100
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,553,401
Operating expenses	(471,678)
Capital assets	4,949,500
Contingencies	
Total all funds	\$6,031,223
Less estimated income	6,031,223
General fund	\$0
FTE	2.00

¹ Funding is added from other funds, derived from the state lands maintenance fund, for cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$0	\$395,524	\$395,524
Health insurance increase	0	163,114	163,114
Total	\$0	\$558,638	\$558,638

³ Funding of \$419,490 from the state lands maintenance fund is added as follows:

- \$253,704 for 1 FTE mineral specialist position, including \$239,104 for salaries and wages and \$14,600 for operating expenses.
- \$165,786 for 1 FTE unclaimed property position, all of which is for salaries and wages.

⁴ Funding of \$538,878 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries.

⁵ Funding of \$49,000 from the state lands maintenance fund is added for shared software and service rate changes related to information technology expenses.

⁶ One-time funding of \$4,953,100 from the state lands maintenance fund is added for the following:

- \$3,600 for operating expenses related to information technology equipment for new FTE positions.
- \$4,900,000 for capital assets related to the continued development of an information technology project, which provides total project funding of \$10,100,000, including \$5,200,000 appropriated in prior bienniums.
- \$49,500 for capital assets related to the purchase of a utility vehicle and a trailer.

This House version includes a section to provide for the permanent fund income distributions to state institutions, which was included in the base budget.

23.0242.01002
Title.02000

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
February 7, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1013

Page 1, replace lines 9 through 16 with:

"		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$6,473,127	\$1,553,401	\$8,026,528
Operating expenses	2,229,872	(471,678)	1,758,194
Capital assets	0	4,949,500	4,949,500
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$8,802,999	\$6,031,223	\$14,834,222
Full-time equivalent positions	30.00	2.00	32.00"

Page 1, line 17, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 1, line 18, after "biennium" insert "and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 and 21 with:

"Information technology project	\$1,600,000	\$4,900,000
Information technology equipment	0	3,600
Utility vehicle and trailer	<u>0</u>	<u>49,500</u>
Total special funds	\$1,600,000	\$4,953,100

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The commissioner of university and school lands shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$6,473,127	\$1,553,401	\$8,026,528
Operating expenses	2,229,872	(471,678)	1,758,194
Capital assets		4,949,500	4,949,500
Contingencies	<u>100,000</u>		<u>100,000</u>
Total all funds	\$8,802,999	\$6,031,223	\$14,834,222
Less estimated income	<u>8,802,999</u>	<u>6,031,223</u>	<u>14,834,222</u>
General fund	\$0	\$0	\$0
FTE	30.00	2.00	32.00

Department 226 - Department of Trust Lands - Detail of House Changes

	Adds Funding for Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds FTE Positions ³	Transfers Funding from Operating to Salaries ⁴	Adds Funding for Operating Expenses ⁵	Adds One-Time Funding Items ⁶
Salaries and wages	\$50,995	\$558,638	\$404,890	\$538,878		
Operating expenses			14,600	(538,878)	\$49,000	\$3,600
Capital assets						4,949,500
Contingencies						
Total all funds	\$50,995	\$558,638	\$419,490	\$0	\$49,000	\$4,953,100
Less estimated income	50,995	558,638	419,490	0	49,000	4,953,100
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,553,401
Operating expenses	(471,678)
Capital assets	4,949,500
Contingencies	
Total all funds	\$6,031,223
Less estimated income	6,031,223
General fund	\$0
FTE	2.00

¹ Funding is added from other funds, derived from the state lands maintenance fund, for cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$0	\$395,524	\$395,524
Health insurance increase	0	163,114	163,114
Total	\$0	\$558,638	\$558,638

³ Funding of \$419,490 from the state lands maintenance fund is added as follows:

- \$253,704 for 1 FTE mineral specialist position, including \$239,104 for salaries and wages and \$14,600 for operating expenses.
- \$165,786 for 1 FTE unclaimed property position, all of which is for salaries and wages.

⁴ Funding of \$538,878 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries.

⁵ Funding of \$49,000 from the state lands maintenance fund is added for shared software and service rate changes related to information technology expenses.

⁶ One-time funding of \$4,953,100 from the state lands maintenance fund is added for the following:

- \$3,600 for operating expenses related to information technology equipment for new FTE positions.
- \$4,900,000 for capital assets related to the continued development of an information technology project, which provides total project funding of \$10,100,000, including \$5,200,000 appropriated in prior bienniums.
- \$49,500 for capital assets related to the purchase of a utility vehicle and a trailer.

This House version includes a section to provide for the permanent fund income distributions to state institutions, which was included in the base budget.

TESTIMONY OF COMMISSIONER JOSEPH HERINGER

Chairman Wanzek and members of the Senate Appropriations Committee, Government Operations Division, I am Joseph Heringer, North Dakota Commissioner of University and School Lands. I am here to testify regarding the Department of Trust Lands' (Department) total special funds appropriation found in House Bill 1013.

1. CITE THE NORTH DAKOTA CENTURY CODE CHAPTERS ASSOCIATED WITH THE AGENCY AND LIST ITS MAJOR STATUTORY RESPONSIBILITIES.

ND Constitution Articles IX and X, Section 21; North Dakota Century Code Chapters 15-01 through 15-09, 15-68, 38-09, 38-11, 47.30.2, 57-62, 61-33, 61-33.1, and Sections 15.1-36-02, 48-10-02 and 57-02.3-05.

The primary duty of the Department of Trust Lands, by and through the Board of University of School Lands, is to manage the trust funds and assets under the control of the Board in a manner that preserves the purchasing power of the funds and provides stable distributions to fund beneficiaries. Distributions are made to schools (public grades K-12), higher education institutions, and other public institutions at specific intervals throughout the biennium.

- Surface – Surface acres are leased to ranchers and farmers for agricultural purposes. Additionally, surface revenue is generated through the issuance of rights-of-way and permits for purposes such as pipelines, roads, and well pads.
- Mineral – Manages over 2.6 million mineral acres. Revenue is generated through leasing of mineral interests for minerals such as oil, gas, coal, gravel, and scoria.
- Unclaimed Property – Serves as a repository for financial accounts, cash assets, and securities that have not been claimed by the rightful owners. Acting as a custodian, the Department manages the unclaimed assets and works to reunite owners with those assets. Assets that go unclaimed are invested and support the Common Schools Trust Fund.
- Investments – Trust fund funds are invested in a diversified portfolio.
- Energy Infrastructure and Impact Office (EIIO)
 - A statutory division within the Department that is responsible for administering the coal impact loan fund and the oil and gas impact grant fund.
 - Provides financial assistance through the oil and gas impact grant fund to political subdivisions of government that are impacted by oil and gas activity.
- The Department oversees and manages five additional state trust funds:
 - Strategic Investment and Improvements Fund (SIIF)
 - Financed by the revenues earned from sovereign mineral acres, including those formerly owned by the Bank of North Dakota (BND) and State Treasurer and minerals located under navigable rivers and lakes (N.D.C.C. ch. 15-08.1 and § 61-33-07).
 - Receives a portion of the oil and gas production and extraction taxes (N.D.C.C. § 57-51.1-07.5).
 - May be appropriated by the legislature for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government (N.D.C.C. § 15-08.1-08).

- Coal Development Trust Fund
 - Established by N.D.C.C. ch. 57-62, pursuant to article X, § 21 of the North Dakota Constitution.
 - Receives a percent of the coal severance tax.
 - Held in trust and is administered by the Board for loans to coal impacted counties, cities, and school districts as provided by N.D.C.C. § 57-62-03 and for loans to school districts pursuant to N.D.C.C. ch. 15.1-36.
 - Any balance not loaned is invested according to the policies of the Board.
 - Income earned by this fund is transferred to the State General Fund each year.
- Capitol Building Fund
 - Established through N.D.C.C. § 48-10-02 pursuant to Article IX of the North Dakota Constitution.
 - Section 12 of the Enabling Act of 1889 authorized the land grant for “public buildings at the capital of said states”.
 - N.D.C.C. § 48-10-02 defines the fund, outlines its purposes, and assigns management of the fund’s investment to the Board.
 - Unlike the permanent trust funds created under Article IX, this fund is fully expendable and is subject to legislative appropriation each biennium.
- Indian Cultural Education Trust
 - Created in 2003 to generate income to benefit Indian culture (N.D.C.C. ch. 15-68).
 - Current assets are managed for the benefit of the Mandan, Hidatsa, and Arikara Nation Cultural Education Foundation.
 - Management and distributions are determined in the same manner as the permanent trust funds.
- Theodore Roosevelt Presidential Library Fund
 - Created in 2020 for the purpose of generating income to benefit the Theodore Roosevelt Presidential Library Foundation.

2. EXPLAIN THE PURPOSE OF THE AGENCY’S VARIOUS DIVISIONS/PROGRAMS (ORGANIZATIONAL CHART)

The Board of University and School Lands (Board), as established by the North Dakota Constitution, is charged with overseeing the management of state trust lands and investing the revenue generated therefrom to grow as a source of long-term income for the support of certain trust beneficiaries. The Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department is the administrative arm of the Board, serving under the direction and authority of the Board. The Department is a special fund agency, operating off its own revenues and investments, and as such does not receive state general funds.

The Department manages approximately 2.6 million mineral acres with their roughly 8,300 associated oil & gas leases, and over 700,000 surface acres with their roughly 4,400 associated agricultural leases. Revenues generated from these leases, along with payments received from other income sources such as oil & gas lease bonus payments and easements granted for pipelines, roads, and well pads, are

deposited into 13 permanent trust funds and invested to provide long-term income for trust beneficiaries. Beneficiaries of these trust funds include public K-12 education, various colleges and universities, and other institutions throughout North Dakota. The largest trust fund is the Common Schools Trust Fund (CSTF) which had a balance of approximately \$5.65 billion as of June 30, 2022.

The Department manages five additional funds: (1) the Strategic Investment and Improvements Fund (SIIF), (2) the Coal Development Trust Fund, (3) the Capitol Building Fund, (4) the Indian Cultural Education Trust, and (5) the Theodore Roosevelt Presidential Library and Museum Endowment Fund.

The management of assets falls within the Minerals Management, Surface Management, Revenue Compliance, Investments, Unclaimed Property, and Accounting Divisions.

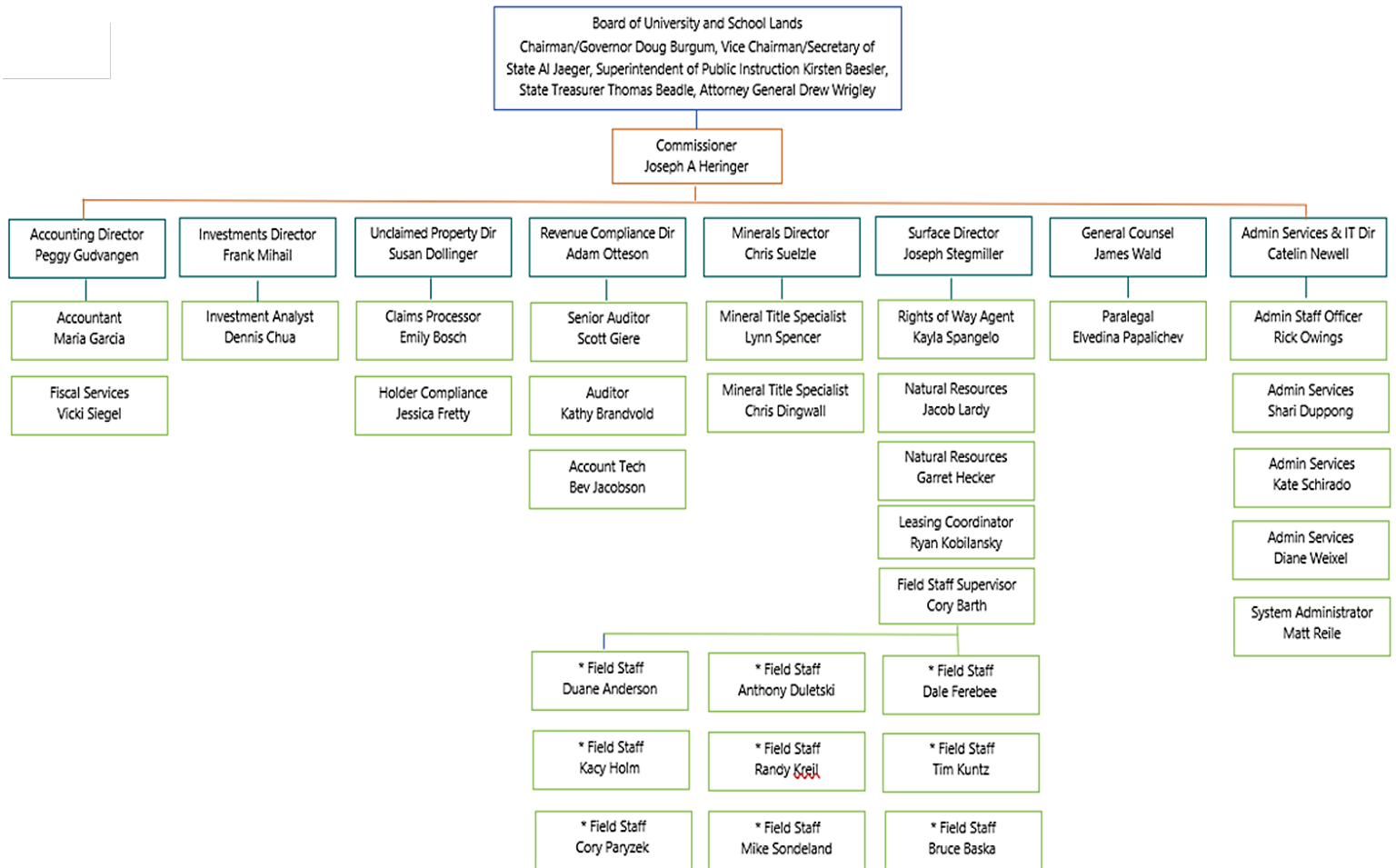
The Minerals Division manages 2.6 million minerals acres including oil, gas, coal and other subsurface minerals. The division is responsible for the leasing of minerals acres and the maintenance of all records and requests pertaining to mineral ownership and leasing activity. The division tracks and interprets business transactions by lessees; assignments by depth, formation, well bore or value; requests for pooling agreements; lease and title interpretation; royalty; authorization for participation in production; overrides; and analysis of drilling and production data necessary to hold a producing lease. This division has three FTEs consisting of the division director and two staff members who are dedicated to reviewing historical records, assessing the unique leasing arrangements, processing leases, division orders and assignments.

The Surface Division is responsible for leasing and managing 706,600 surface acres held in trust for various schools and institutions. The division has six FTEs including the division director, and nine temporary, non-classified employees who help inspect the vast acreage we manage. The major source of income for the Surface Division is agricultural leases, with grazing being the predominant land use. Significant revenue is also generated from rights-of-way, salt-water disposal, and gravel and scoria mining.

The Revenue Compliance Division is responsible for developing and implementing procedures to assure the timely and accurate accounting of all royalties, bonuses, rents and other revenues received by the Department. The division is also responsible for developing, implementing, and monitoring the managerial and system controls used by the Department to detect and prevent the misappropriation of trust assets and revenues. The division has four FTEs including the division director.

The Investment Division is responsible for directing, implementing, coordinating, and monitoring all aspects of the Land Board's investment program. The division has two FTEs, including the division director. Outside of monitoring funds and investment managers, the division administers the cash flows and obligations of the Permanent Trust Funds, SIIF, the Coal Development Trust Fund, the Capitol Building Fund, the Indian Cultural Education Trust, and the Theodore Roosevelt Presidential Library and Museum Endowment Fund.

Additionally, the Department administers North Dakota Unclaimed Property Program. In this role, the Department collects "unclaimed property" (uncashed checks, unused bank accounts, etc.) from businesses that operate in the state and processes claims to reunite owners with their lost property. While holding unclaimed property, the Department invests it to benefit the CSTF.



* Field Staff are Temporary Staff and not included in the Department FTE count



DEPARTMENT OF TRUST LANDS

The Department of Trust Lands (Department) is a special fund agency not reliant upon the general fund for its operations. Under the guidance of the Board of University & School Lands (Board) the Department oversees 13 permanent trusts: Common Schools, North Dakota State University, School for the Blind, School for the Deaf, State Hospital, Ellendale State College*, Valley City State University, Mayville State University, Youth Correctional Center, State College of Science, School of Mines (UND), Veterans Home, University of North Dakota.

* Dickinson State University, Minot State University, Dakota College at Bottineau, Veterans Home, School for the Blind, State Hospital, and the State College of Science are current beneficiaries of this trust.

In addition, Department oversees the management of the following funds: Indian Cultural Education Trust, Capitol Building Fund, Strategic Investment and Improvements Fund (SIIF), Coal Development Trust Fund, Theodore Roosevelt Presidential Library Fund.

DID YOU KNOW?

MINERALS

WE MANAGE 2.4 MILLION MINERAL ACRES WITH INTEREST IN MORE THAN 8,600 OF ND'S 17,400 PRODUCING WELLS WITH APPROX. 8300 LEASES.



SURFACE

WE MANAGE MORE THAN 700,000 SURFACE ACRES IN 50 of NORTH DAKOTA'S 53 COUNTIES WITH APPROX. 4400 LEASES.



CURRENT AGENCY TEAM MEMBER STATS

30

FTE
Count

6.4

average yrs
of service

62%

turnover
since 2019

3

retirement
eligible

HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

STAFFING

ND DTL
30 FTE
1 FTE/\$236 Million

UTAH
68 FTE
1 FTE/\$46 Million

MINNESOTA
82 FTE
1 FTE/\$23 Million

TEXAS GLO
744 FTE
1 FTE/\$75 Million

2021 ASSET
VALUE

\$ 7,101,953,058

\$ 3,108,093,074

\$ 1,900,000,000

\$ 55,624,100,000

2021
ANNUAL
REVENUE

\$ 695,000,000

\$ 89,138,239

\$ 54,500,000

\$ 1,842,756,144

DEPARTMENT HIGHLIGHTS

OVER \$3 BILLION IN ROYALTY REVENUE DEPOSITED IN DTL TRUSTS & FUNDS



COMMON SCHOOLS TRUST FUND (CSTF) FUNDING OF K-12 EDUCATION

\$2,142
 CSTF funding per K-12 student

The CSTF distributions to the State Tuition Fund have totaled more than \$1.8 billion over the last 10 years; helping to alleviate the financial responsibility of the General Fund and North Dakota property tax payers.

The 2023-2025 Biennium alone will see an 18.7% increase in distributions totaling nearly \$500 million translating to approximately \$2,142 in funding per K-12 student.



CSTF MAIN SOURCES OF REVENUE: 10% OF OIL EXTRACTION TAX, 8,600 BAKKEN WELL ROYALTIES, OIL & GAS LEASE BONUS PAYMENTS, SURFACE RIGHTS OF WAY, SURFACE RENTAL INCOME, AGGREGATE.



\$500 MILLION TO BE DISTRIBUTED IN 2023-25 BIENNIUM



18.7% INCREASE IN DISTRIBUTION OVER LAST BIENNIUM



\$5.66 BILLION VALUE AS OF FISCAL END 2022

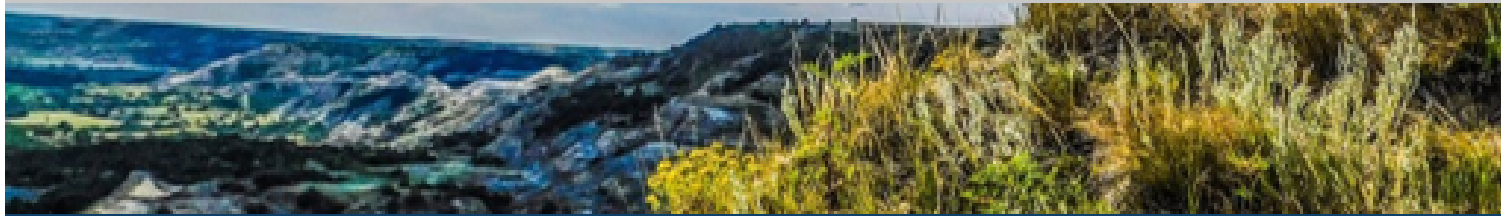
ADDITIONAL DEPARTMENTS MANAGED UNDER DTL

ENERGY INFRASTRUCTURE & IMPACT OFFICE (EIIO)

- EIIO did not have additional funding allocated in the last Legislative Session.
- The office has paid all grants in full and does not have an FTE solely for EIIO

UNCLAIMED PROPERTY

- 3 FTEs dedicated out of the 30 allocated to the Department of Trust Lands.
- Unlimited FREE Unclaimed Property Searches at: <https://unclaimedproperty.nd.gov>



COMMON SCHOOLS TRUST FUND (CSTF)



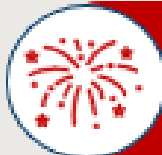
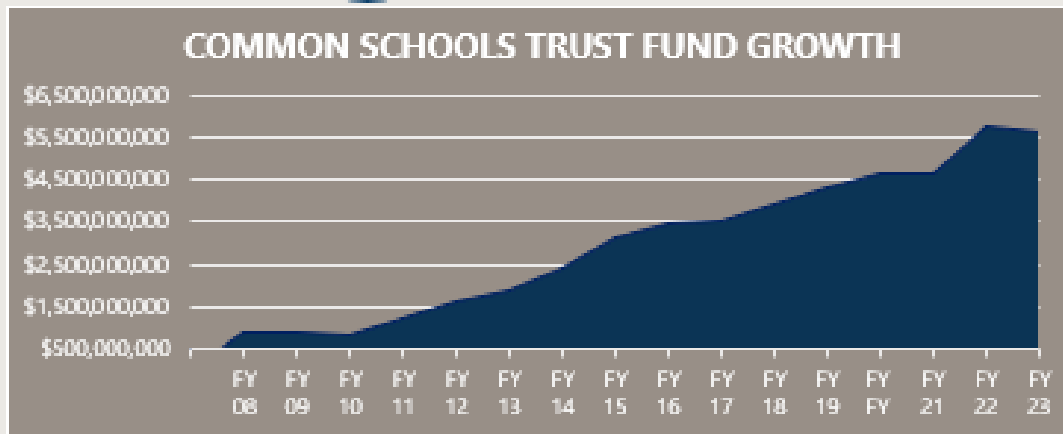
\$500 MILLION TO BE DISTRIBUTED IN 2023-25 BIENNIUM



18.7% INCREASE IN DISTRIBUTION OVER LAST BIENNIUM



\$5.66 BILLION VALUE AS OF FISCAL END 2022



\$1.8 BILLION IN K-12 DISTRIBUTIONS OVER LAST 10 YEARS REDUCING FUNDING REQUIRED FROM GENERAL FUND AND PROPERTY TAXES FOR THE STATE TUITION FUND.

THE CSTF HAS GROWN 362% SINCE 2010!

DEPARTMENT OF TRUST LANDS REVENUE STREAMS CONTRIBUTING TO CSTF

MINERALS

- 10% OF OIL EXTRACTION TAX
- 8,600 BAKKEN WELL ROYALTIES
- OIL & GAS LEASE BONUS PAYMENTS



SURFACE

- RIGHTS OF WAY INCOME
- SURFACE RENTAL INCOME
- AGGREGATE LEASING



COMMON SCHOOLS TRUST FUND DISTRIBUTION CALCULATION

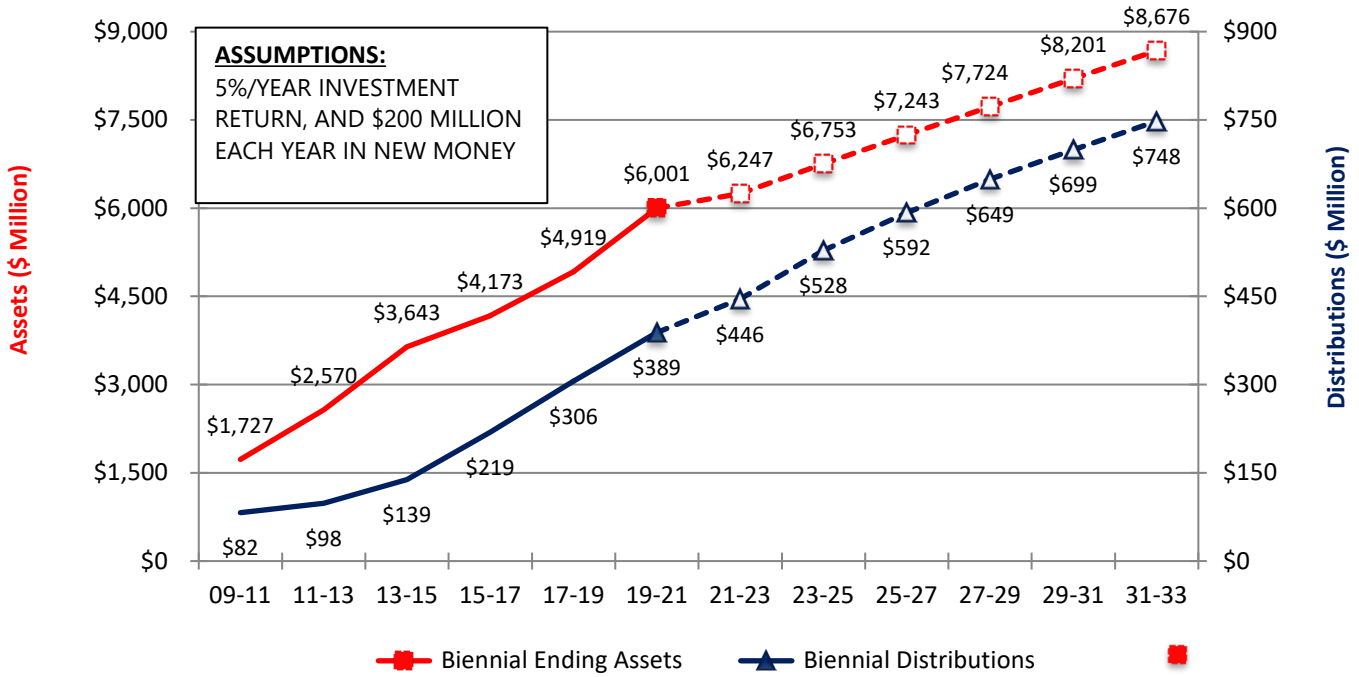
10% OF FIVE-YEAR AVERAGE VALUE OF TRUST INVESTMENTS (N.D. CONST. ART. 9, SEC. 2)

2.88% NET AVERAGE ANNUAL DISTRIBUTION OVER PAST 10 YEARS

PERCENTAGE OF ROLLING AVERAGE VALUE FORMULA SMOOTHS DISTRIBUTIONS FOR LONG-TERM GROWTH

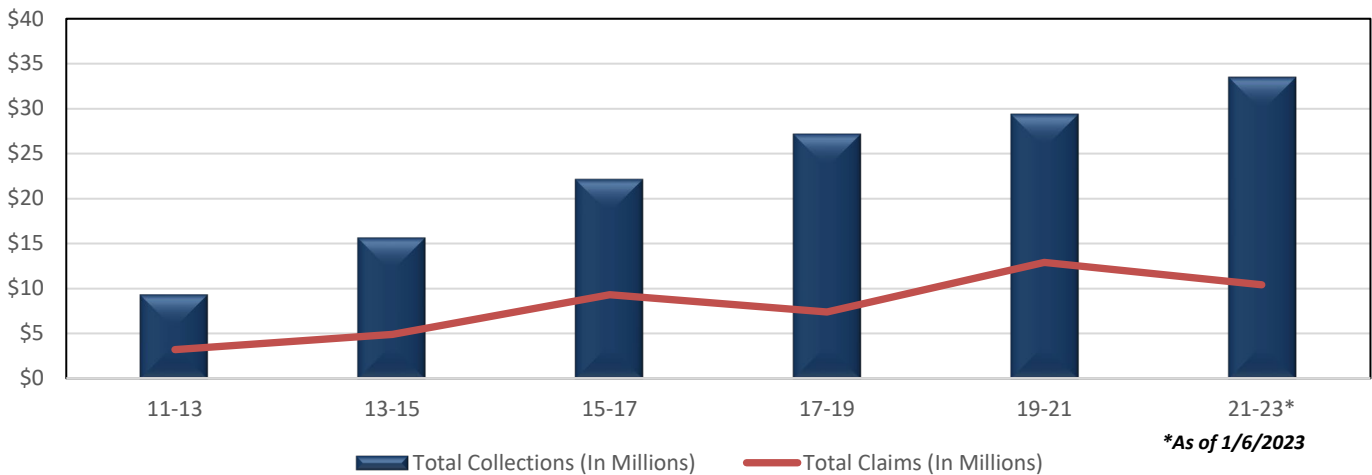
* LOWER FUND VALUES IN THE EARLY YEARS OF THE FORMULA PERIOD RESULTS IN A NET ANNUAL DISTRIBUTION OF LESS THAN 5%

13 PERMANENT TRUST FUNDS ASSET AND DISTRIBUTION TRENDS



■ Biennial Ending Assets ▲ Biennial Distributions

UNCLAIMED PROPERTY INCREASES (Cash only properties)



■ Total Collections (In Millions) — Total Claims (In Millions)

3. REPORT ANY FINANCIAL AUDIT FINDINGS INCLUDED IN THE MOST RECENT AUDIT OF YOUR DEPARTMENT OR INSTITUTION AND ACTION TAKEN TO ADDRESS EACH FINDING.

Eide Bailly recently completed its audit of Department financial statements for the year ended June 30, 2022. It was a clean audit with one minor finding regarding how refunds from SIF for the acreage adjustment project were accounted for. Corrective entries were made with no material impact on the Department's financial statements.

4. DISCUSS CURRENT BIENNIUM ACCOMPLISHMENTS AND CHALLENGES AND NEXT BIENNIUM GOALS AND PLANS.

Accomplishments

- Completed Missouri River Acreage Adjustment Project under budget and ahead of schedule. Two-year project working with operators and lessees to adjust the acreage for 510 riverbed oil and gas leases covering 39,500 acres along the Missouri River west of the Fort Berthold Indian Reservation. Adjustments were made pursuant to the new ordinary high water mark survey commissioned by the Legislature in 2017. Came in \$86 million under original estimated cost of \$187 million.
- Record \$483 million oil and gas royalties for fiscal year 2021-22
- Record \$500 million CSTF distribution for upcoming 2023-25 biennium; 19% increase over current biennium amount which was also a record
- Continued diversification of \$7 billion investment portfolio for more consistent performance through all market cycles
- Own interest in 8,600, or 49%, of total 17,400 producing oil and gas wells in North Dakota
- Own interest in 16 million, or 52%, of total 31 million oil barrels produced each month
- Own 1.40% of all oil & gas produced each month in North Dakota
- The Unclaimed Property Division returned \$12.9 million to owners during the 2019-2021 biennium by paying 8,807 claims. Additionally, the Unclaimed Property Division processed 6,787 holder reports totaling \$29.4 million. Implemented a Voluntary Disclosure Program to enhance the compliance program
- New Surface Management System went live in November 2021

Goals/Plans

- New Minerals Management system go live in Q1 2023
- Continue to increase operational efficiencies with new systems/technologies
- Reduce unnecessary red tape
- New online customer portal with electronic payment processing
- Continued improvement of information available to public via website
- Continued growth of revenue and investments
- Fully implement new Board Investment Policy Statement with new asset classes and broader diversification
- Increase return rate of unclaimed property by increasing owner outreach

Challenges

- Talent recruitment and retention
- Managing workload with continually increasing responsibilities:
 - Record number of leases to manage

- Record high in revenues to manage
- Record value of trust funds to manage
- More unclaimed property holder reports and claims to process
- Full implementation and enhancements to IT upgrades

5. COMPARE THE AGENCY'S FIRST CHAMBER TOTALS, INCLUDING FTE POSITIONS, FOR THE NEXT BIENNIUM COMPARED TO THE CURRENT BIENNIUM

6. EXPLAIN THE FUNDING INCLUDED IN EACH PROGRAM/LINE ITEM EITHER IN TOTAL OR BY DIVISION DEPENDING ON THE SIZE OF THE AGENCY:

The Department requested a -\$462,578 decrease in operating expenses from the current biennium due to achieved administrative efficiencies and reduced legal costs. That amount was adjusted to -\$471,678 in the House approved bill, which we have no concerns with.

For salaries and benefits, we requested a \$1,897,343 increase from the current biennium. Of that amount, approximately \$750,000 was to add three much needed FTEs from 30 to 33, and the balance of approximately \$1,150,000 was for anticipated retirement payouts, health insurance cost increases, and increased salaries/benefits for cost of living and to help recruit and retain qualified employees. (performance and equity increases) That amount was decreased to \$1,553,401 in the House approved bill due to our requested additional Investment Officer not being included.

The additional Minerals Specialist was included in the House bill. This position is needed for the increasing workload of our Minerals Division. As the Department's number of oil and gas leases and wells continues to increase, so does the workload to properly monitor and manage them and the hundreds of millions of dollars in revenue they generate each year. Our Minerals Division currently manages all of this with a team of just three, which when comparing to similar divisions in other states, and looking at their work volume, we are understaffed.

The additional Unclaimed Property Claims Processor was included in the House bill. This position is needed to manage the increasing number of claims and provide staff capacity for expanded outreach initiatives. The Unclaimed Property Division has continued to increase its claims payments consistently over the last 5-7 years with little owner outreach beyond what is statutorily required. For the Division to meet its goal of a 50% return rate, additional claims processing staff is needed. Adding a claims processor will free up existing staff to increase outreach activities throughout the State to bring more awareness to the program. This will in turn, return more money to the citizens of North Dakota. The Unclaimed Property Division has also increased its holder compliance activities, which will increase the volume of property coming into the division, also increasing the number of claims. Additionally, the implementation of the Revised Uniform Unclaimed Property Act in 2021 allows for property to be intercepted by such agencies as Child Support, the Court System, and the Tax department. These types of claims are more complex and require more staff time to process.

The additional Investment Officer was not included in the House bill. This position is needed for the increasing and more complex workload of our Investment Division. The Department's current investment team consists of the Chief Investment Officer and one Investment Officer. Based on industry standards, for the size portfolio we manage (\$7 billion) and number of strategies we

employ, we are understaffed. The addition of a second Investment Officer would move us toward a more appropriate staffing level. The additional position would support oversight of the 26 investment managers and 33 investment strategies. In addition, in the past two years the Board has approved several new private asset classes (private equity, private debt, and private infrastructure), which require more detailed analysis and monitoring than traditional publicly traded asset classes. The new role will also support expanded investment sourcing, manager searches, and due diligence. Furthermore, the position will assist the incumbent investment officer with operational duties, particularly involving such tasks as reporting, accounting, legal review, documentation, and the management of fund flows and cash. **We ask the Committee to add this the House bill for a biennial salary and benefits cost of \$343,942.**

DESCRIPTION	LEGISLATIVE BASE 2021-23	DEPARTMENT REQUEST 2023-25	DOLLAR CHANGE	PERCENTAGE CHANGE
SALARY & BENEFITS	6,473,127	8,370,470	1,897,343	29.3%
OPERATING EXP.	2,229,872	1,758,194	(471,678)	(21.2%)
CAPITAL ASSETS	0	4,949,500		
CONTINGENCY	100,000	100,000	0	0%

BIENNIUM	FTE	ASSETS	OIL/GAS PRODUCING PROPERTIES
11 - 13	25	\$3.7 B	2,932
13 - 15	31	\$4.6 B	5,080
15 - 17	33	\$4.7 B	5,884
17 - 19	31	\$6.1 B	6,937
19 - 21	29	\$5.7 B	7,511
21 -23	30	\$7.1B*	8,600
		* as of June 30, 2022	

It is important to note that the Department’s peer states have significantly more FTE’s than the Department while we manage more assets than most of our peers.



7. DISCUSS THE PURPOSE AND USE OF ANY ONE-TIME FUNDING ITEMS FOR THE CURRENT BIENNIUM.

8. IDENTIFY AND JUSTIFY THE NEED FOR ANY ONE-TIME FUNDING BEING REQUESTED.

\$4.9 million IT Projects Completion – Included in House Bill

A. Systems Overhaul Completion & Enhancements

This funding is critical to complete the Department's overhaul of its antiquated IT systems that was started in the 2017-19 biennium, and to be good stewards of the \$5.2 million already allocated to these projects. Through this process the Department has successfully designed and implemented the new IT systems for each of the following divisions: 1) KAPS Unclaimed Property Management System for unclaimed property in April of 2019 2) Financial Management & Accounting (FMA) for revenue & accounting in July of 2020 3) Land Management System (LMS) for surface management in November of 2021.

In January of 2023 the first phase of the Land Management System for minerals management was launched with the final phase looking to be deployed by May of 2023. The Department and our constituents have benefitted greatly from these new systems with efficiencies created, expanded and more responsive services, improved data management, and greater access to information.

With this work the Department will have replaced the foundation of our 30+ year old systems, and now we desire to build on that new foundation with continued improvements. Our systems may be enhanced to include the expansion of audit history, data management and linking of connections in data (example of data linking configuration – the Rights of Way application module would also include leases associated with the tracts in the application). The Department's legacy systems operated as separate surface and minerals databases and are now combined into one system but still have related data running parallel rather than showing connections in one view. A portion of this funding would allow for the cleanup of one hundred years' worth of permanent retention data related to School Trust Lands. Our land and financial management systems are integrated, but through further development manual and complex processes would be streamlined. Financial transactions within the Department flow through both the financial management system and the land management system with the Department handling hundreds of millions of dollars per year in financial transactions. Further sharing of information between systems would be beneficial to the cash management processes for the trusts and funds managed by the Department.

B. Online Payment & Credit Card Processing

Development of online payment processing that would integrate with both our land and financial management systems with our customer portal allowing the Department, for the first time ever, to accept credit card payments. This will help in our red tape reduction initiative by making our application approval processes more efficient while increasing conveniences for constituents.

C. Customer Online Portal

This funding would also allow the Department to continue moving forward with our current Microsoft Dynamics platform portal. The current development of the customer portal that the Department is working with is not intuitive for the user and their experience. The off the shelf application pages do not allow for customization of language/descriptions on fields where simple explanation or direction would greatly help the customer filling out the application. Navigation of the system is a series of menu items without a logical flow that may only be achieved through full

customization. An example of current applicant frustration is that a lessee who rents eight quarters of land that would like to apply for weed and pest control cost share must submit eight applications for single tracts, not one application for all eight tracts. In turn, the integration between systems triggers eight checks to be requested through PeopleSoft rather than one check for the customer. The fully customized portal has the capability to include URL linked tiles that may direct the customer to other state agency websites as well. For example – Applicants could log in through their ND Log In and apply for a right of way with the Department of Trust Lands, then search for their unclaimed property, look at current state employment opportunities or click to navigate to ND Game & Fish to apply for their hunting license.

The Department generated three quarters of a billion in oil and gas royalty revenue alone over the 2021-2023 biennium. This portal allows operators to upload royalty reports that we can view directly in our Land Management System. Customization would create additional validations against the royalty report to help mitigate reporting errors and allow for oil and gas operators to not only view their historical reports but export them on demand. Surface and mineral lessees, operators, rights of way customers and the public may access Department records related to over 700,000 surface acres and approximately 2.6 million mineral acres of State Trust Lands.

With the \$4.9 million included in the House bill we will be able to complete these projects in the next biennium.

\$49,500 New UTV & Trailer – Included in House Bill

The Department of Trust Lands manages over 700,00 acres of agricultural land in North Dakota. These lands are located in 50 of the 53 counties within North Dakota. The Department manages these lands for the benefit of public education funding. The Department inspects these lands and must travel very rough terrain to access them. A utility terrain vehicle (UTV) is essential in accessing school trust land where the topography is not conducive to traveling with a pickup truck. It is also essential to utilize UTV tracks systems that allow the UTV to travel in deep snow or muddy conditions.

9. DISCUSS AGENCY COLLECTIONS THAT ARE DEPOSITED IN THE GENERAL FUND, OR A SPECIAL FUND, AND ANY ANTICIPATED CHANGES FROM 2021 LEGISLATIVE SESSION ESTIMATES DURING THE 2021-23 BIENNIUM AND ESTIMATED CHANGES FOR THE 2023-25 BIENNIUM.

	2021-23 Legislative Appropriation	2023-25 Executive Budget	Increase	Increase %
Common schools	\$421,020,000	\$499,860,000	\$78,840,000	18.7%
North Dakota State University	6,620,000	7,648,000	1,028,000	15.5%
University of North Dakota	5,084,000	5,986,000	902,000	17.7%
Youth Correctional Center	2,228,000	2,662,000	434,000	19.5%
School for the Deaf	2,014,000	2,198,000	184,000	9.1%
North Dakota State College of Science	1,941,000	2,259,700	318,700	16.4%
State Hospital	1,673,000	1,835,700	162,700	9.7%
Veterans' Home	795,000	893,700	98,700	12.4%
Valley City State University	1,178,000	1,354,000	176,000	14.9%
North Dakota Vision Services - School for the Blind	1,375,000	1,679,700	304,700	22.2%
Mayville State University	742,000	894,000	152,000	20.5%
Dakota College at Bottineau	285,000	343,700	58,700	20.6%
Dickinson State University	285,000	343,700	58,700	20.6%
Minot State University	285,000	343,700	58,700	20.6%
Total	\$445,525,000	\$528,301,900	\$82,776,900	

10. DISCUSS THE NEED FOR ANY OTHER SECTIONS THAT ARE INCLUDED OR ARE REQUESTED/RECOMMENDED TO BE INCLUDED IN THE AGENCY APPROPRIATION BILL.

N/A

11. DISCUSS ANY OTHER BILLS BEING CONSIDERED BY THE LEGISLATIVE ASSEMBLY AND THEIR POTENTIAL BUDGETARY IMPACT ON THE AGENCY.

Nothing material we are aware of at this time.

12. PROVIDE AN ITEMIZED LISTING OF THE CHANGES YOUR AGENCY IS REQUESTING THE COMMITTEE TO MAKE TO THE BUDGET AS APPROVED BY THE FIRST CHAMGBER.

Only change is the inclusion of an Investment Officer FTE for a biennial cost of \$343,942.

13. IDENTIFY THE PURPOSE AND AMOUNT OF FEDERAL STATE FISCAL RECOVERY FUNDING APPROPRIATED TO YOUR AGENCY DURING THE NOVEMBER 2021 SPECIAL LEGISLATIVE SESSION . . .

N/A

14. IDENTIFY THE AMOUNT OF FEDERAL FUNDING AVAILABLE TO YOUR AGENCY FOR THE 2023-25 BIENNIUM . . .

N/A

15. PROVIDE ADDITIONAL INFORMATION AS NECESSARY.

We look forward to working with the Committee on this bill and would be happy to answer any questions.

Prepared for the Senate Appropriations Committee

Department 226 - Department of Trust Lands
House Bill No. 1013

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$0	\$14,834,222	\$14,834,222
2023-25 Base Level	0	8,802,999	8,802,999
Increase (Decrease)	\$0	\$6,031,223	\$6,031,223

First Chamber Changes

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

Selected Bill Sections Included in the First Chamber Version

Fund distributions - Section 3 provides permanent fund income distributions to state institutions as follows:

	2021-23 Legislative Appropriation	2023-25 First Chamber Version	Increase (Decrease)
Common schools	\$421,020,000	\$499,860,000	\$78,840,000
North Dakota State University	6,620,000	7,648,000	1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
Youth Correctional Center	2,228,000	2,662,000	434,000
School for the Deaf	2,014,000	2,198,000	184,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
State Hospital	1,673,000	1,835,700	162,700
Veterans' Home	795,000	893,700	98,700
Valley City State University	1,178,000	1,354,000	176,000
North Dakota Vision Services - School for the Blind	1,375,000	1,679,700	304,700
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$445,525,000	\$528,301,900	\$82,776,900

Continuing Appropriations

Unclaimed property - North Dakota Century Code Section 47-30.1-23 - Payments made to owners of unclaimed property.

Investments and farm loans - Section 15-03-16 - Money manager and custodial fees and loan administration fees to maintain and enhance income earning potential of trusts' financial assets.

County services - Section 15-04-23 - Payments made to counties for various services provided that benefit school trust lands.

Land expenses - Sections 15-04-24, 15-06-22, 15-07-22, 15-08-04, and 15-68-06 - Payments for appraisal fees, survey costs, surface lease refunds, weed and insect control, cleanup costs, capital improvement rent credits, fire protection, land rent, value survey costs, and other expenses.

Mineral expenses - Section 15-05-19 - Payments for appraisal fees, consulting fees, refunds, and other expenses to manage the value of the minerals and trust assets.

In lieu of taxes - Section 57-02.3-07 - Payments made in lieu of property taxes on certain state lands managed by the department.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for the Department of Trust Lands conducted by Eide Bailly LLP, Certified Public Accountants, during the 2021-22 interim identified no significant findings.

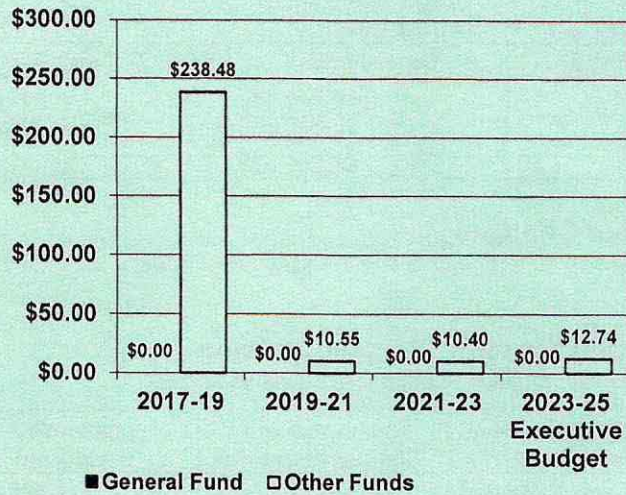
Major Related Legislation

House Bill No. 1360 - Updates provisions relating to unclaimed property to align with revisions approved by the Uniform Laws Commission.

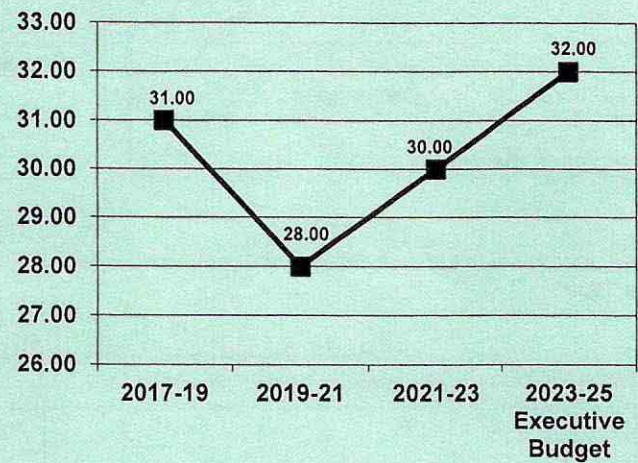
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$108,243,153	\$7,881,273	\$8,108,401	\$8,802,999	\$10,191,686
Increase (decrease) from previous biennium	N/A	(\$100,361,880)	\$227,128	\$694,598	\$1,388,687
Percentage increase (decrease) from previous biennium	N/A	(92.7%)	2.9%	8.6%	15.8%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(92.7%)	(92.5%)	(91.9%)	(90.6%)

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Added 1 FTE geographic information system specialist position, including \$177,080 for salaries and wages and \$23,025 for operating expenses \$200,105
- Removed 3 FTE positions, including 1 FTE energy infrastructure and impact office position (\$151,237), 1 FTE natural resources director position (\$259,307), and 1 FTE project manager position (\$206,550) (\$617,094)
- Adjusted funding for operating expenses, including increases for building maintenance and utility costs (\$93,746); increases for professional development (\$45,000); and decreases for professional development, information technology (IT) services, and travel (\$405,685) (\$266,939)
- Removed funding for Energy Infrastructure and Impact Office administrative expenses (\$389,217)
- Removed funding for grants to political subdivisions from the oil and gas impact grant fund (\$99,300,000)

2019-21 Biennium

- Removed 3 FTE positions, including 2 administrative assistants and an audit technician (\$288,863)
- Added funding for 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670) \$415,492
- Transferred 2 FTE programmer analyst positions to the Information Technology Department for the IT unification initiative resulting in an increase in operating expenses for the agency \$19,739
- Reduced funding for operating expenses primarily related to travel, equipment, IT costs, professional development, and other services (\$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
- Increased funding for operating expenses associated with new financial software (\$175,000) and Microsoft Office 365 licensing costs (\$23,342) \$198,342

2021-23 Biennium

Added 2 FTE positions, including a mineral title specialist (\$211,665) and a compliance auditor (\$264,550), and related operating expenses (\$70,900) \$547,115

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding for 1 FTE mineral title specialist position (\$239,104) and 1 FTE investment analyst position (\$343,942) \$583,046
2. Transfers \$538,878 from the operating expenses line item to the salaries and wages line item for salary adjustments \$0
3. Increases funding for shared software and service rate changes \$49,000

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$40,000,000	\$230,600,000	\$2,445,640	\$1,600,000	\$2,553,100

Major One-Time Other Funds Appropriations

2017-19 Biennium

1. Added one-time funding for mineral revenue repayments including \$100 million from the strategic investment and improvements fund and \$87 million from a Bank of North Dakota line of credit (Senate Bill No. 2134) \$187,000,000
2. Added one-time funding for grants to airports including \$25 million from the oil and gas impact grant fund and \$15 million from the energy impact fund \$40,000,000
3. Added one-time funding for an IT system replacement project \$3,600,000

2019-21 Biennium

1. Added one-time funding from the oil and gas impact grant fund for grants to oil-impacted political subdivisions \$2,000,000
2. 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
3. Provided a supplemental appropriation of \$95,640 of federal coronavirus relief funds for service fees associated with an online surface lease auction platform and costs associated with an analysis of oil and gas royalty cashflows due to an increase in shut-in wells \$95,640

2021-23 Biennium

Added one-time funding from the state lands maintenance fund to complete an IT project \$1,600,000

2023-25 Biennium (Executive Budget Recommendation)

1. Adds one-time funding to continue the development of an IT project \$2,500,000
2. Adds one-time funding for a utility vehicle and trailer \$49,500

Department of Trust Lands - Budget No. 226
House Bill No. 1013
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	30.00	\$0	\$8,802,999	\$8,802,999	30.00	\$0	\$8,802,999	\$8,802,999
2023-25 Ongoing Funding Changes								
Cost to continue salaries			\$50,995	\$50,995			\$50,995	\$50,995
Salary increase			531,600	531,600			395,524	395,524
Health insurance increase			159,446	159,446			163,114	163,114
Adds FTE mineral title specialist position	1.00		253,704	253,704				0
Adds FTE investment analyst position	1.00		343,942	343,942				0
Adds FTE mineral specialist position				0	1.00		253,704	253,704
Adds FTE unclaimed property position				0	1.00		165,786	165,786
Transfers \$538,878 from operating expenses to salaries				0				0
Increases funding for shared software and service rate changes			49,000	49,000			49,000	49,000
Total ongoing funding changes	2.00	\$0	\$1,388,687	\$1,388,687	2.00	\$0	\$1,078,123	\$1,078,123
One-Time Funding Items								
Adds one-time funding for IT equipment for new FTE positions			\$3,600	\$3,600			\$3,600	\$3,600
Adds one-time funding to continue the development of an IT project			2,500,000	2,500,000			4,900,000	4,900,000
Adds one-time funding for utility vehicle and trailer			49,500	49,500			49,500	49,500
Total one-time funding changes	0.00	\$0	\$2,553,100	\$2,553,100	0.00	\$0	\$4,953,100	\$4,953,100
Total Changes to Base Level Funding	2.00	\$0	\$3,941,787	\$3,941,787	2.00	\$0	\$6,031,223	\$6,031,223
2023-25 Total Funding	32.00	\$0	\$12,744,786	\$12,744,786	32.00	\$0	\$14,834,222	\$14,834,222
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	6.7%		15.8%	15.8%	6.7%		12.2%	12.2%
<i>Total changes as a percentage of base level</i>	6.7%		44.8%	44.8%	6.7%		68.5%	68.5%

Other Sections in Department of Trust Lands - Budget No. 226

	Executive Budget Recommendation	House Version
Fund distributions	Section 3 would provide the permanent fund income distributions to state institutions.	Section 3 provides the permanent fund income distributions to state institutions.

23.0242.02001
Title.

Prepared by the Legislative Council staff for
the Senate Appropriations - Government
Operations Division Committee
March 27, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1013

Page 1, replace lines 11 through 16 with:

"Salaries and wages	\$6,473,127	\$1,050,694	\$7,523,821
Operating expenses	2,229,872	(460,778)	1,769,094
Capital assets	0	2,549,500	2,549,500
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$8,802,999	\$3,139,416	\$11,942,415
Full-time equivalent positions	30.00	3.00	33.00"

Page 1, remove lines 22 and 23

Page 2, replace lines 1 and 2 with:

"Information technology project	\$1,600,000	\$2,500,000
Information technology equipment	0	5,400
Utility vehicle and trailer	<u>0</u>	<u>49,500</u>
Total special funds	\$1,600,000	\$2,554,900"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$6,473,127	\$8,026,528	(\$502,707)	\$7,523,821
Operating expenses	2,229,872	1,758,194	10,900	1,769,094
Capital assets		4,949,500	(2,400,000)	2,549,500
Contingencies	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>
Total all funds	\$8,802,999	\$14,834,222	(\$2,891,807)	\$11,942,415
Less estimated income	<u>8,802,999</u>	<u>14,834,222</u>	<u>(2,891,807)</u>	<u>11,942,415</u>
General fund	\$0	\$0	\$0	\$0
FTE	30.00	32.00	1.00	33.00

Department 226 - Department of Trust Lands - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Adds FTE Position ²	Removes Salary Funding for a Funding Pool ³	Adjusts One-Time Funding Items ⁴	Total Senate Changes
Salaries and wages	\$132,408	\$334,842	(\$969,957)		(\$502,707)
Operating expenses		9,100		\$1,800	10,900
Capital assets				(2,400,000)	(2,400,000)
Contingencies					
Total all funds	\$132,408	\$343,942	(\$969,957)	(\$2,398,200)	(\$2,891,807)
Less estimated income	<u>132,408</u>	<u>343,942</u>	<u>(969,957)</u>	<u>(2,398,200)</u>	<u>(2,891,807)</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	1.00	0.00	0.00	1.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$0	\$136,076	\$136,076
Health insurance adjustment	<u>0</u>	<u>(3,668)</u>	<u>(3,668)</u>
Total	\$0	\$132,408	\$132,408

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

² Funding of \$343,942 from the state lands maintenance fund is added for 1 FTE investment analyst position, including \$334,842 for salaries and wages and \$9,100 for operating expenses. The House did not add this position.

³ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	\$0	\$739,732	\$739,732
Vacant FTE positions	<u>0</u>	<u>230,225</u>	<u>230,225</u>
Total	\$0	\$969,957	\$969,957

The House did not remove funding for a new and vacant FTE funding pool.

⁴ One-time funding of \$2,398,200 from the state lands maintenance fund is adjusted as follows:

- \$1,800 for operating expenses is added related to information technology equipment for a new FTE position added by the Senate.
- \$2.4 million for capital assets is removed related to the continued development of an information technology project, which provides \$2.5 million of new funding for total project funding of \$7.7 million, including \$5.2 million appropriated in prior bienniums. The House provided \$4.9 million of new funding for total project funding of \$10.1 million, including \$5.2 million appropriated in prior bienniums.

The Senate did not change a section included by the House to provide for the permanent fund income distributions to state institutions.

23.0242.02001
Title.

Prepared by the Legislative Council staff for
the Senate Appropriations - Government
Operations Division Committee
March 27, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1013

Page 1, replace lines 11 through 16 with:

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Operating expenses	2,229,872	(460,778)	1,769,094
Capital assets	0	2,549,500	2,549,500
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$8,802,999	\$3,139,416	\$11,942,415
Full-time equivalent positions	30.00	3.00	33.00"

Page 1, remove lines 22 and 23

Page 2, replace lines 1 and 2 with:

"Information technology project	\$1,600,000	\$2,500,000
Information technology equipment	0	5,400
Utility vehicle and trailer	<u>0</u>	<u>49,500</u>
Total special funds	\$1,600,000	\$2,554,900"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Department of Trust Lands - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$6,473,127	\$8,026,528	(\$502,707)	\$7,523,821
Operating expenses	2,229,872	1,758,194	10,900	1,769,094
Capital assets		4,949,500	(2,400,000)	2,549,500
Contingencies	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>
Total all funds	\$8,802,999	\$14,834,222	(\$2,891,807)	\$11,942,415
Less estimated income	<u>8,802,999</u>	<u>14,834,222</u>	<u>(2,891,807)</u>	<u>11,942,415</u>
General fund	\$0	\$0	\$0	\$0
FTE	30.00	32.00	1.00	33.00

Department 226 - Department of Trust Lands - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Adds FTE Position ²	Removes Salary Funding for a Funding Pool ³	Adjusts One-Time Funding Items ⁴	Total Senate Changes
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Operating expenses		9,100		\$1,800	10,900
Capital assets				(2,400,000)	(2,400,000)
Contingencies					
Total all funds	\$132,408	\$343,942	(\$969,957)	(\$2,398,200)	(\$2,891,807)
Less estimated income	<u>132,408</u>	<u>343,942</u>	<u>(969,957)</u>	<u>(2,398,200)</u>	<u>(2,891,807)</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	1.00	0.00	0.00	1.00

¹ Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$0	\$136,076	\$136,076
Health insurance adjustment	<u>0</u>	<u>(3,668)</u>	<u>(3,668)</u>
Total	\$0	\$132,408	\$132,408

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

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	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
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Vacant FTE positions	<u>0</u>	<u>230,225</u>	<u>230,225</u>
Total	\$0	\$969,957	\$969,957

The House did not remove funding for a new and vacant FTE funding pool.

⁴ One-time funding of \$2,398,200 from the state lands maintenance fund is adjusted as follows:

- \$1,800 for operating expenses is added related to information technology equipment for a new FTE position added by the Senate.
- \$2.4 million for capital assets is removed related to the continued development of an information technology project, which provides \$2.5 million of new funding for total project funding of \$7.7 million, including \$5.2 million appropriated in prior bienniums. The House provided \$4.9 million of new funding for total project funding of \$10.1 million, including \$5.2 million appropriated in prior bienniums.

The Senate did not change a section included by the House to provide for the permanent fund income distributions to state institutions.

Department of Trust Lands - Budget No. 226
House Bill No. 1013
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	30.00	\$0	\$8,802,999	\$8,802,999	30.00	\$0	\$8,802,999	\$8,802,999	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Cost to continue salaries			\$50,995	\$50,995			\$50,995	\$50,995				\$0
Salary increase			395,524	395,524			531,600	531,600			136,076	136,076
Health insurance increase			163,114	163,114			159,446	159,446			(3,668)	(3,668)
Adds FTE investment analyst position				0	1.00		343,942	343,942	1.00		343,942	343,942
Adds FTE mineral specialist position	1.00		253,704	253,704	1.00		253,704	253,704				0
Adds FTE unclaimed property position	1.00		165,786	165,786	1.00		165,786	165,786				0
Removes salary funding for funding pool				0			(969,957)	(969,957)			(969,957)	(969,957)
Transfers \$538,878 from operating expenses to salaries				0				0				0
Increases funding for shared software and service rate changes			49,000	49,000			49,000	49,000				0
Total ongoing funding changes	2.00	\$0	\$1,078,123	\$1,078,123	3.00	\$0	\$584,516	\$584,516	1.00	\$0	(\$493,607)	(\$493,607)
One-Time Funding Items												
Adds one-time funding for IT equipment for new FTE positions			\$3,600	\$3,600			\$5,400	\$5,400			1,800	1,800
Adds one-time funding to continue the development of an IT project			4,900,000	4,900,000			2,500,000	2,500,000			(2,400,000)	(2,400,000)
Adds one-time funding for utility vehicle and trailer			49,500	49,500			49,500	49,500				0
Total one-time funding changes	0.00	\$0	\$4,953,100	\$4,953,100	0.00	\$0	\$2,554,900	\$2,554,900	0.00	\$0	(\$2,398,200)	(\$2,398,200)
Total Changes to Base Level Funding	2.00	\$0	\$6,031,223	\$6,031,223	3.00	\$0	\$3,139,416	\$3,139,416	1.00	\$0	(\$2,891,807)	(\$2,891,807)
2023-25 Total Funding	32.00	\$0	\$14,834,222	\$14,834,222	33.00	\$0	\$11,942,415	\$11,942,415	1.00	\$0	(\$2,891,807)	(\$2,891,807)
<i>Federal funds included in other funds</i>			\$0				\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	6.7%		12.2%	12.2%	10.0%		6.6%	6.6%				
<i>Total changes as a percentage of base level</i>	6.7%		68.5%	68.5%	10.0%		35.7%	35.7%				

Other Sections in Department of Trust Lands - Budget No. 226

	House Version	Senate Version
Fund distributions	Section 3 provides the permanent fund income distributions to state institutions.	Section 3 provides the permanent fund income distributions to state institutions.