

Status of the General Fund

Presented to the

Budget Section

December 5, 2012



Winter Wonder Land, Hettinger by Inger Christensen

General Fund Status Statement

	2009-11	2011-13		2013-15
	Actual ¹	Legislative Appropriation	Revised Estimate	Executive Budget
Beginning Balance	\$361,893,515	\$660,231,525	\$996,832,711 ¹²	\$68,982,043
Revenue	\$3,242,759,200	\$3,457,746,225	\$4,893,613,146 ¹³	\$4,797,694,832 ¹³
Expenditures:				
Original appropriations - One time	(\$278,984,727)	(\$533,958,760)	(\$629,895,435)	(\$990,504,189)
Contingent appropriations - One time	(5,000,000)		(73,000,000)	
Original appropriations - Ongoing	(2,970,380,754)	(3,532,895,032)	(3,533,791,025)	(3,795,667,792)
Adjustments for emergency clauses	8,715,361		519,254	
Supplemental appropriations	(37,230,168)		(68,327,808)	
Transportation funding distributions			(100,000,000)	
Unspent authority/adjustments	46,753,449		30,000,000	
Total expenditures	(\$3,236,126,839)	(\$4,066,853,792)	(\$4,374,495,014)	(\$4,786,171,981)
Ending balance before transfers	\$368,525,876	\$51,123,958	\$1,515,950,843	\$80,504,894
Transfers and adjustments:				
Transfer from permanent oil tax fund	\$689,935,590			
Transfer to highway fund			(\$620,000,000)	
Transfer to housing incentive fund			(30,000,000)	
Transfer to prop tax fund for 2013-15			(53,832,720)	
Transfer to prop tax fund for 2013-15			(318,551,118)	
Transfer to prop tax fund for 2015-17			(372,383,838)	
Transfer to budget stabilization fund	(61,414,562)		(52,201,124) ¹⁴	
Adjustments and cash certifications	(214,193)			
Total transfers and adjustments	\$628,306,835	\$0	(\$1,446,968,800)	\$0
Ending Balance	\$996,832,711	\$51,123,958	\$68,982,043	\$80,504,894

¹ Final revenues and expenditures per state accounting system reports dated June 30, 2011.

¹² Actual July 1, 2011 balance.

¹³ Based on actual revenues through October 31, 2012, and estimated revenues for the remainder of the biennium using the November 2012 executive revenue forecast.

¹⁴ Transfer based on recommended 2013-15 biennium general fund appropriations and the statutory cap of 9.5 percent of appropriations, as defined in NDCC Section 54-27.2-01.

Deficiency Requests

Department of Human Services	\$	20,900,000
Department of Transportation		41,500,000
Department of Health		626,000
Department of Public Instruction - Prof. development grant program		45,000
Department of Public Instruction - Rapid enrollment grant program		3,100,000
Job Service ND		5,847
Highway Patrol		402,000
Office of the Tax Commissioner		981,855
Office of the Attorney General		40,000
Minot State University		52,745
North Dakota State Fair		674,361
Total Deficiency Requests	\$	68,327,808

EXECUTIVE REVENUE FORECAST OFFICE OF MANAGEMENT & BUDGET

	2011-13			2013-15	
	2011 Legislative Forecast	Revised Forecast	Change	Executive Forecast	Change from 11-13 Revised Forecast
Tax Types					
Sales and Use Tax	\$1,382,234,660	\$2,131,700,016	\$749,465,356	\$2,523,121,000	\$391,420,984
Motor Vehicle Excise Tax	183,039,167	255,579,505	72,540,338	311,544,000	55,964,495
Individual Income Tax	544,665,667	883,137,013	338,471,346	926,128,000	42,990,987
Corporate Income Tax	126,243,667	372,161,771	245,918,104	380,492,000	8,330,229
Insurance Premium Tax	70,560,000	78,642,395	8,082,395	81,019,362	2,376,967
Financial Inst. Tax	5,041,666	7,283,160	2,241,494	7,300,000	16,840
Oil & Gas Production Tax	133,834,000	179,259,416	45,425,416	133,834,000	(45,425,416)
Oil Extraction Tax	166,166,000	120,740,313	(45,425,687)	166,166,000	45,425,687
Gaming	9,241,952	11,309,769	2,067,817	11,174,696	(135,073)
Cigarette and Tobacco Tax	43,902,000	54,485,013	10,583,013	57,953,000	3,467,987
Wholesale Liquor Tax	14,934,000	17,255,477	2,321,477	18,674,000	1,418,523
Coal Conversion Tax	35,764,000	39,425,126	3,661,126	39,300,000	(125,126)
Mineral Leasing Fees	17,000,000	34,781,711	17,781,711	19,000,000	(15,781,711)
Departmental Collections	63,284,446	71,934,254	8,649,808	74,840,398	2,906,144
Interest	42,700,000	14,166,716	(28,533,284)	32,666,716	18,500,000
Total Revenues before transfers	\$2,838,611,225	\$4,271,861,655	\$1,433,250,430	\$4,783,213,172	\$511,351,517
Transfers					
State Mill profits - Transfer	6,650,000	7,645,978	995,978	1,704,300	(5,941,678)
Lottery	11,000,000	12,500,000	1,500,000	11,000,000	(1,500,000)
Property Tax Relief Sustainability Fund	295,000,000	295,000,000	0	0	(295,000,000)
SII Fund	305,000,000	305,000,000	0	0	(305,000,000)
Gas tax admin - Transfer	1,485,000	1,485,000	0	1,777,360	292,360
Misc.	0	120,513	120,513	0	(120,513)
Total transfers	\$619,135,000	\$621,751,491	\$2,616,491	\$14,481,660	(\$607,269,831)
Total revenues and transfers	\$3,457,746,225	\$4,893,613,146	\$1,435,866,921	\$4,797,694,832	(\$95,918,314)

**EXECUTIVE REVENUE FORECAST
ESTIMATED OIL TAXES**

	Estimated 2011-13	Estimated 2013-15
Oil and gas impact grant fund	\$100,000,000	\$214,000,000
Oil and gas research fund	4,000,000	4,000,000
Distributions to cities and counties (current law)	246,249,571	287,491,000
Additional distributions to counties (proposed)	0	232,844,000
ND outdoor heritage fund (proposed)	0	20,000,000
Tribal allocations	161,760,357	191,400,000
Legacy fund	1,186,063,144	1,716,030,381
Foundation aid stabilization fund	195,052,983	273,476,675
Common schools trust fund	195,052,983	273,476,675
Resources trust fund	390,105,967	541,483,816
Renewable energy development fund (proposed)	0	2,734,767
Energy conservation fund (proposed)	0	2,734,767
General fund share	300,000,000	300,000,000
Property tax relief fund	341,790,000	341,790,000
State disaster fund	22,000,000	22,000,000
Strategic investment and improvements fund	687,549,226	704,860,669
Total	\$3,829,624,231	\$5,128,322,750
Price range (price per barrel)	\$70	\$75-80
Production range (barrels)	425,000-830,000	830,000-850,000

Proposed Statutory Changes Affecting Revenues 2013-15 Executive Budget

Individual Income Tax Rate Reduction

The Governor's proposed individual income tax relief measure will reduce 2013-15 state revenue by \$100.0 million and reduce rates by 25 basis points in each tax bracket. Current rates range from 1.51 percent to 3.99 percent. Proposed rates range from 1.26 percent to 3.74 percent.

Corporate Income Tax Rate Reduction

The Governor's proposed corporate income tax relief measure will reduce 2013-15 state revenue by \$25.0 million and reduce rates by approximately 6.2 percent in each tax bracket. Current rates range from 1.68 percent to 5.15 percent. Proposed rates range from 1.58 percent to 4.84 percent.

Housing Incentive Fund Tax Credit

The 2011 legislature, during the November 2011 special session, expanded the housing incentive fund tax credit to a maximum of \$15.0 million per biennium. The Governor recommends a further expansion to \$20.0 million per biennium, which reduces individual income tax collections by an additional \$5.0 million for the 2013-15 biennium.

Oil and Gas Gross Production Tax Allocation to Counties

The Governor recommends restructuring the formula that allocates oil and gas gross production taxes between the state and political subdivisions to substantially increase the county share and simplify the formula. Current law provides a formula with five tiers: counties get the first \$2 million of annual revenue, the next \$1 million is split 25 percent to the state and 75 percent to the counties; the next \$1 million is split 50 percent to the state and 50 percent to the counties; the next \$14 million is split 75 percent to the state and 25 percent to the counties; and all remaining revenue is split 90 percent to the state and 10 percent to the counties.

The proposed formula will have only two tiers. The first \$5 million each year will be allocated directly to counties and will not be shared with the state. All remaining revenues will be split 75 percent to the state and 25 percent to counties.

Increases in production are anticipated to increase county allocations by \$41.3 million for the 2013-15 biennium under the current formula. The proposed formula changes are anticipated to increase county allocations and reduce the state share by \$232.8 million. The result is projected county oil and gas gross production tax allocations of \$520.3 million for the 2013-15 biennium.

Oil and Gas Gross Production Tax Allocations to Impact Grant Fund

Current law (NDCC 57-51-15) allocates up to \$100.0 million from oil and gas gross production taxes to the oil and gas impact grant fund. The Governor is recommending a permanent increase in the impact fund allocation to \$150.0 million per biennium and proposes that \$25.0 million of that amount be designated for impacts in schools. In addition, for the 2013-15 biennium only, the Governor recommends a one-time allocation of \$64.0 million to the impact fund: \$60.0 million designated for oil-impacted airports and \$4.0 million designated for oil-impacted institutions of higher education.

Oil and Gas Gross Production Tax Allocations to the ND Outdoor Heritage Fund

The Governor's budget supports the allocation of 10 percent of oil and gas gross production taxes, up to \$10.0 million per year, to the proposed North Dakota outdoor heritage fund. An advisory board will direct the allocation of moneys in the fund to state agencies and non-profit organizations to support general conservation, fisheries and wildlife habitat, voluntary programs to encourage private access to public lands, and parks and recreation. The result is \$20.0 million allocated to the ND outdoor heritage fund and a corresponding reduction in allocations to the strategic investment and improvements fund.

Oil Extraction Tax Allocation to Resources Trust Fund

The resources trust fund receives 10 percent of oil extraction tax collections, estimated at \$547.0 million for the 2013-15 biennium. The Governor proposes that 1 percent of resources trust fund revenues be further allocated 50 percent to the renewable energy development fund and 50 percent to the energy conservation fund. The result is estimated 2013-15 biennium resources trust fund revenues of \$541.5 million after \$2.7 million is allocated to the renewable energy development fund and \$2.7 million is allocated to the energy conservation fund.

**N.D.C.C. 54-14-03.1
Fiscal Irregularities**

September - October 2012

Severance Pay

September 2012

**530 Department of Corrections and Rehabilitation
Robert Heier**

\$213,000.00

Court ordered settlement agreement.

**Report on Federal Grants
Per NDCC 54-27-27**

December 5, 2012

There have been no new grant applications or grant awards reported since the September 20, 2012 report.