

CHAPTER 54-27.2
BUDGET STABILIZATION FUND

54-27.2-01. Budget stabilization fund.

The budget stabilization fund is a special fund in the state treasury. The state investment board shall supervise investment of the budget stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization fund earnings must be deposited in the fund. Any amounts provided by law for deposit in the fund and any interest or earnings of the fund which would bring the balance in the fund at the end of any fiscal year to an amount greater than nine and one-half percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the legislative assembly, may not be deposited or retained in the fund but must be deposited instead in the state general fund.

54-27.2-02. Certain general fund revenues to be deposited in the budget stabilization fund.

Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium, after deducting any amounts that would otherwise be transferred to the general fund under section 54-27.2-01, must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.

54-27.2-03. Transfers and expenditures from budget stabilization fund.

If the director of the office of management and budget projects that general fund revenues for the biennium will be at least two and one-half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative management, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. **The amount transferred from the budget stabilization fund upon order of the governor may not exceed the difference between an amount two and one-half percent below the general fund revenue projections for the biennium of the most recently adjourned special or regular session of the legislative assembly and the general fund revenue projections for the biennium by the director of the office of management and budget.** The amount transferred from the budget stabilization fund upon order of the governor to the state general fund may be expended within the limits of legislative guidelines and general fund appropriations of the most recently adjourned special or regular session of the legislative assembly. For purposes of this section, "general fund revenues for the biennium" and "general fund revenue projections for the biennium" include the general fund balance at the beginning of the biennium.

54-44.1-12. Control over rate of expenditures.

1. The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for state school aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund as follows:
 - a. The first two and one-half percent allotment from the general fund must be offset with a transfer from the foundation aid stabilization fund.
 - b. Any general fund allotment in excess of two and one-half percent that is necessary, after all moneys available in the budget stabilization fund have been transferred to the general fund under section 54-27.2-03, may be offset with a transfer from the foundation aid stabilization fund.
2. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:
 - a. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.
 - b. The payment or the obligation incurred is not authorized by law.
 - c. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:
 - (1) Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and
 - (2) Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.
 - d. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

54-44.1-12.1. Implementation of legislative intent - Legislative objection to execution of budget - Effect of objection.

1. The budget section of the legislative management may object to any allotment made under section 54-44.1-12, any expenditure of a budget unit, or any failure to make an allotment or expenditure if the budget section determines that the allotment or expenditure or the failure to make an allotment or expenditure is contrary to legislative intent as recorded in any reliable legislative records. The budget section shall file that objection in certified form with the legislative council. The filed objection must contain a concise statement of the budget section's reasons for the objection.
2. The legislative council shall attach to each objection a certification of the time and date of the filing of the objection and, as soon as possible, shall transmit a copy of the objection and the certification to the director of the budget and the affected budget unit. The legislative council shall maintain a permanent register of all objections under this section.
3. Within fourteen days after the filing of an objection, the affected budget unit shall respond in writing to the budget section. After receipt of that response, the budget section may withdraw or modify its objection.

Revenue Shortfall	Allotment Percent	General Fund Allotment Amount	Foundation Aid Stabilization Fund Transfer	Budget Stabilization Fund Transfer Required	Budget Stabilization Fund Transfer Allowable by law
\$ 600,000,000	2.50%	\$ 106,858,917	\$ 44,295,150	\$ 171,407,984	\$ 313,185,882
\$ 500,000,000	2.50%	\$ 106,858,917	\$ 44,295,150	\$ 71,407,984	\$ 213,185,882
\$ 400,000,000	1.85%	\$ 79,075,598	\$ 32,778,411	\$ -	\$ 113,185,182
\$ 300,000,000	0.00%	\$ -	\$ -	\$ -	\$ 13,185,182

Shortfall	600,000,000 and 2.5% allotment	500,000,000 and 2.5% allotment	400,000,000 and 1.85% allotment	300,000,000 and 0.0% allotment
Beginning Unobl. Balance	729,529,389	729,529,389	729,529,389	729,529,389
2015-17 Revenues	5,038,508,192	5,138,508,192	5,238,508,192	5,338,508,192
Total General Fund Revenues	5,768,037,581	5,868,037,581	5,968,037,581	6,068,037,581
Total Appropriations	(6,046,304,482)	(6,046,304,482)	(6,046,304,482)	(6,046,304,482)
Allotment	151,154,067	151,154,067	111,854,010	
Offset from Foundation Aid.	(44,295,150)	(44,295,150)	(32,778,411)	
	(5,939,445,565)	(5,939,445,565)	(5,967,228,884)	(6,046,304,482)
Ending Balance	(171,407,984)	(71,407,984)	808,697	21,733,099
Budget Stabilization Fund Trsfr.	171,407,984	71,407,984	0	0

Allowable Transfer from Budget Stabilization Fund				
97.5 Percent of General Funds	6,081,223,463	6,081,223,463	6,081,223,463	6,081,223,463
Example of Revised Forecast:				
Actual Unobligated Beg. Balance	729,529,389	729,529,389	729,529,389	729,529,389
Revenue forecast with shortfall	5,038,508,192	5,138,508,192	5,238,508,192	5,338,508,192
Total Revised General Funds	5,768,037,581	5,868,037,581	5,968,037,581	6,068,037,581
Transfer allowed from Budget Stabilization Fund	313,185,882	213,185,882	113,185,882	13,185,882
Transfer needed for scenario	171,407,984	71,407,984	-	-

Calculation of 97.5%	
Original Legislative Forecast:	
Beginning Balance	598,644,078
2015-17 Revenue Forecast	5,638,508,192
Total General Funds	6,237,152,270
	x.975
97.5% of General Funds	6,081,223,463

Allotment Calculations	2.5 percent	2 percent	1.85 percent	1.0 percent
General Fund Appropriation	6,026,162,678			
Add: DOT Contingent Approp	20,000,000			
Less: State School Aid, Transportation and Special Ed	(1,771,806,007)			
Total General Fund Approp. Subject to Allotment	4,274,356,671	106,858,917	85,487,133	79,075,598
Offset from Foundation Aid Stab. Fund				
\$1,771,806,007 X allotment percentage	44,295,150	35,436,120	32,778,411	17,718,060
Total Savings from for General Fund	151,154,067	120,923,254	111,854,010	60,461,627