

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1444

2005 HOUSE FINANCE AND TAXATION

HB 1444

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1444**

House Finance and Taxation Committee

Conference Committee

Hearing Date **February 1, 2005**

Tape Number	Side A	Side B	Meter #
1	X		1.7
Committee Clerk Signature <i>Janie Stein</i>			

Minutes:

**REP. WES BELTER, CHAIRMAN** Called the committee hearing to order.

**REP. RICK BERG, FARGO, ND** Introduced the bill, stating it is a unique bill in the fact that it was introduced by the committee on appropriations. The purpose for that is, we looked through the budget bills, there are some issues there that really change the policy, and one is, to repeal the budget stabilization fund. As a result, the appropriations committee thought this could be an appropriate issue to bring before the finance and tax committee.

**ALLAN KNUTSON, LEGISLATIVE COUNCIL STAFF,** Neither for nor against the bill.

Gave the background history of the bill. See attached copy of report.

**REP. BELTER** The last time there was any money in it, was in 1997, then that was transferred to the bank?

**ALLAN KNUTSON** That is correct.

**REP. BELTER** How many times have we changed the cap, we started at forty, we are at sixty five now?

**ALLAN KNUTSON** It was set, initially, at forty in 1991, increased to one hundred eleven million, a temporary adjustment, in 1995 it was set at seventy million, in 1997 it was changed back to sixty five million, in 1999, it stayed at sixty five million.

**REP. BELTER** The whole basis of this thing, was to set aside funds so if there was any drop in revenues, we would have a reserve to carry us over into the next biennium?

**ALLAN KNUTSON** Once the money is in the fund, it can be taken out by order of the governor, if revenues drop at least two and a half percent from what was forecast, the governor can then go in to the budget stabilization fund and transfer money to the general fund to reduce the allotment.

**REP. BELTER** Is there any other time that fund can be tapped into?

**ALLAN KNUTSON** That is already included in statute.

**PAM SHARP, DIRECTOR OF OFFICE OF MANAGEMENT & BUDGET** Testified in support of the bill. See written attached testimony.

**REP. CONRAD** What is the benefit of not using it, what is the benefit of having money in the Bank of North Dakota, instead of a fund where people

**PAM SHARP** It was really a switch of philosophy that happened with both the executive branch and the legislative branch, several years ago. It was back in 1997, when they directed that the money go to the bank instead. My understanding is, that the belief was that that money would do more benefit to the bank then just staying in a fund. And, that we would be able to tap into a reserve at the bank. Which subsequently, did happen.

**REP. CONRAD** I am not a banker, so can you tell me what benefit it is to the bank?

**PAM SHARP** The bank that had that money to invest, to use it for bank programs that are ongoing, and they are able to make money with that money.

**REP. KELSH** What is the primary use of the permanent oil tax trust fund?

**PAM SHARP** There is no stated function for the money in the permanent oil tax trust fund.

**REP. KELSH** Is it just kind of like a deposit account, then to use as needed in shortfalls, I am wondering why we are putting forty one million into that fund?

**PAM SHARP** The permanent oil tax trust fund, currently required that any money that the general fund collects over seventy one million dollars, that came from oil extraction tax, and oil and gas production tax, be deposited in the permanent oil tax trust fund. So far this biennium, we have reached that seventy one million dollars. So, everything now, that we collect, from both of those taxes goes into the permanent oil tax trust fund.

**REP. BELTER** Is the fact that the permanent oil trust fund, is really based on oil, if something should happen that oil prices should drop, then the oil trust fund may not receive those amount of monies we are possibly anticipating, is that not possible?

**PAM SHARP** That is correct, right now the threshold is seventy one million dollars.

**REP. SCHMIDT** Can you tell me how many trust funds the state of North Dakota has?

**PAM SHARP** I cannot. There are several funds that are actually called trust funds, that don't go by that, they aren't actually trust funds, but they are called trust funds.

**REP. SCHMIDT** Is there a way we can get that?

**PAM SHARP** Maybe the legislative council has a list.

**JACK DALRYMPLE, LIEUTENANT GOVERNOR** Testified in support of the bill.

The amount of reserve money that we expect to see at the end of the 05-07 biennium, is in cash at the Bank of North Dakota and the oil and gas trust fund. I don't think it matters much where it is. You can keep the name, stabilization fund, if you like that name, the point is, it doesn't really matter what you call it, a rainy day fund or anything else. Currently, that is where the reserves are building up and that is the fund that we would be relying on. It was pointed out yesterday, that there is no clear governing language on when and under what circumstances, funds would go out of the oil and gas trust fund. I would suggest that maybe that should be addressed before the end of the session. There are a number of different tools available to address budget shortfalls. It is the work of legislators that need to figure out what happens in that situation and what order it should happen. What you call the fund, is not the issue.

**REP. BELTER** You made the comment that, currently, there is no language for the permanent oil and gas trust fund, so currently, what is ever in the permanent oil trust fund, would just be available for the governor to use in the interim, if there is a shortfall of any type?

**JACK DALRYMPLE** No, just the opposite. It would be locked up until the legislature returns. You should have some language that would allow some use of it, under certain circumstances.

**PAM SHARP** Intercepted by adding, that HB 1015, OMB's appropriation bill, states how those contingent transfer will work. We are suggesting that the first contingent transfer come from the permanent oil and gas trust fund, and if we needed more than what was available, the second one would come from the Bank of North Dakota.

**REP. BELTER** Are there any guidelines or set amounts that can be drawn?

**PAM SHARP** It is just to the extent of the shortfall.

**REP. WEILER** Of the governor's 203 million dollars in the budget, the budget stabilization fund kicks in after 65 million, in law right now, we are not allowed to spend anything over 65 million dollars, but we are allowed to spend next biennium, that seems out of wack.

**PAM SHARP** I am not sure what your question is, you are correct in, current law states that of our ending balance, only sixty five million of that would be available to go forward for appropriations for the 05-07 biennium, if we did not change the language. The revenue growth that we are projecting for next biennium is roughly eighty two million over the current law. We are thinking our revenue forecast is good, and that money will be there.

**RICK BERG** Returned to comment. I think if you go back and look at what this budget stabilization fund has done over the years, fundamentally, it solved many of the problems that we face as a state. As a legislature, we want a long term, sound, fiscal policy, one that meets the people's needs. The best way to meet those needs is to have economic opportunities for people. If you look at the last ten years, we have had a real balance in our state's revenue growth, as well as our state's spending. There has been some confusion between the ending fund balance and what this fund really does. The ending fund balance, you will be talking about tomorrow. What this says is, when you have a surplus, of money, you will set a portion of it aside in the budget stabilization fund, then during the interium, if our revenues are below forecast, money would come out of the budget stabilization fund so we don't have to take a cut in K-12, we don't have to cut human services, the reason this fund hasn't been used, is because, we haven't had a surplus in a long time. If we would have left the seventeen million in there in 1987, two years ago, we had an allotment across in education and human services, money would have come out of this fund and helped stabilize those agencies. We need long term stability.

**REP. KELSH** Who is responsible for transfers out of the fund?

**REP. BERG** Current statute says, if our forecast in revenue drops by 2 1/2%, then money would automatically come out of the budget stabilization fund, that is what happened in 1989 and 1991. It is a legislative decision, if the money is not there, then this happens.

I don't think there has been a legislative decision to use the Bank of North Dakota to fund any shortfall during the interium. From a legislative standpoint, we have been very cautious, over the years, to say if there is a shortfall, just go use whatever you want from the Bank of North Dakota. You can see as you look at those, we have been very limited in what we have allowed.

**ERIC AASMUNDSTAD, PRESIDENT, NORTH DAKOTA FARM BUREAU** Testified in opposition of the bill. See attached written testimony.

**DAVE MC IVER, NORTH DAKOTA CHAMBER OF COMMERCE** Testified in opposition of the bill. I think there is a real reason to have the budget stabilization fund. It is rarely, that we have a legislature that is showing great fiscal responsibility. It not only shows here in North Dakota, it shows all over the country. My peers all over the country, envy me, because we do have a budget that is always balanced. We don't appear to be in trouble, and the reason is, we take care of making sure we have that rainy day fund. We believe the budget stabilization fund is a solid fund, is something we do need if everything goes south. We are up to fifty dollar barrel of oil right now, everybody knows that, it is a pretty good thing to have, but at the same time, we have also seen it at fourteen, twelve, eleven and ten, what happens then. I think there is a need for it.

With no further testimony, the hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1444**

House Finance and Taxation Committee

Conference Committee

Hearing Date **February 7, 2005**

Tape Number	Side A	Side B	Meter #
1	X		16.8
Committee Clerk Signature			

Minutes:

**COMMITTEE ACTION**

**REP. HEADLAND** Made a motion for a **do not pass**.

**REP. WEILER** Second the motion. **MOTION CARRIED.**

14 YES      0 NO      0 ABSENT

**REP. WEILER** Was given the floor assignment.

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/18/2005

Bill/Resolution No.: HB 1444

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	(\$61,707,638)	\$61,707,638	\$0	\$0
<b>Expenditures</b>						
<b>Appropriations</b>						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If this statute is not repealed or changed, \$61.7 million will be deposited into the budget stabilization fund instead of being available for appropriation in the 2005-07 biennium.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Pam Sharp	<b>Agency:</b>	OMB
<b>Phone Number:</b>	328-4606	<b>Date Prepared:</b>	01/19/2005

Date: 2-7-05  
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB1444

House FINANCE & TAXATION Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Rep. Headland Seconded By Rep. Weiler

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR	✓				
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI	✓				
FROELICH, ROD	✓				
GRANDE, BETTE	✓				
HEADLAND, CRAIG	✓				
IVERSON, RONALD	✓				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE	✓				
WRANGHAM, DWIGHT	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Weiler

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 7, 2005 11:49 a.m.

**Module No: HR-24-1968**  
**Carrier: Weller**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1444: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO NOT PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1444 was placed on the Eleventh order on the calendar.**

**2005 TESTIMONY**

HB 1444

HB 1444 Allan Knutson

## NORTH DAKOTA'S BUDGET STABILIZATION FUND - STATUTORY PROVISIONS AND HISTORY

This memorandum summarizes the provisions of North Dakota Century Code (NDCC) Chapter 54-27.2 relating to the budget stabilization fund, changes to that chapter since its creation by the 1987 Legislative Assembly, and the effects of Section 19 of House Bill No. 1015 (2005), as introduced, which provides for Section 54-27.2-02 to be repealed.

### STATUTORY PROVISIONS

**Section 54-27.2-01** - This section establishes the budget stabilization fund and provides that any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section also provides that any money in the fund in excess of 5 percent of the general fund appropriations provided by the most recently adjourned Legislative Assembly must be deposited in the state general fund.

**Section 54-27.2-02** - This section provides that any amount in the state general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.

**Section 54-27.2-03** - This section provides that the Governor may order a transfer from the budget stabilization fund to the general fund if the director of the Office of Management and Budget projects that general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. Any transfer made must be reported to the Budget Section.

### HISTORY

The budget stabilization fund was established by the 1987 Legislative Assembly in House Bill No. 1596. Attached as an appendix is the testimony and recorded votes relating to 1987 House Bill No. 1596. The final vote for House Bill No. 1596 was 103 yeas and 0 nays in the House and 36 yeas and 17 nays in the Senate. The original statutes and changes from 1989 to 2003 are summarized as follows:

#### 1987

**Section 54-27.2-01** - As originally enacted in 1987, this section provided that the balance in the budget stabilization fund could not exceed 15 percent of the general fund appropriations provided by the most recently adjourned Legislative Assembly.

**Section 54-27.2-02** - This section provided that any end-of-biennium balance in the general fund in

excess of \$40 million must be transferred to the budget stabilization fund.

**Section 54-27.2-03** - This section provided that a transfer from the budget stabilization fund to the general fund could be authorized if general fund revenues were projected to be at least 5 percent less than estimated by the Legislative Assembly. As originally enacted, budget stabilization fund transfers were not required to be reported to the Budget Section. This section limited the amount transferred from the budget stabilization fund to the difference between an amount 5 percent less than the legislative general fund revenue forecast and the Office of Management and Budget revised general fund revenue forecast. This section also provided that the Legislative Assembly could transfer all or a portion of the money in the budget stabilization fund to the common schools trust fund.

#### 1991

**Section 54-27.2-01** - This section was amended to limit the balance in the budget stabilization fund to no more than 5 percent of the general fund appropriations provided by the most recently adjourned Legislative Assembly.

**Section 54-27.2-02** - Effective through June 30, 1993, this section was amended to increase the allowable balance in the general fund which would trigger a transfer to the budget stabilization fund from \$40 million to \$111 million.

**Section 54-27.2-03** - This section was amended to:

- Reduce (from 5 to 2.5 percent of the legislative general fund revenue forecast) the required shortfall in general fund revenues which would allow a transfer from the budget stabilization fund.
- Provide that any transfers from the budget stabilization fund must be reported to the Budget Section.
- Provide that the maximum amount transferred from the budget stabilization fund cannot exceed the difference between an amount 2.5 percent less than the legislative general fund revenue projection and the Office of Management and Budget revised general fund revenue projection.
- Remove the provision that the Legislative Assembly could transfer all or a portion of the money in the budget stabilization fund to the common schools trust fund.
- Provide that general fund revenues include any general fund balance at the beginning of the biennium.

**Section 4 of Senate Bill No. 2258 (1991)** - This section, which was effective through June 30, 1993, created a new section to NDCC Chapter 54-27.2 and allowed the Governor to order a transfer from the budget stabilization fund to the general fund to offset a negative general fund balance.

**1995**

**Section 54-27.2-02** - Effective through June 30, 1997, this section was amended to increase the allowable balance in the general fund which would trigger a transfer to the budget stabilization fund from \$40 million to \$70 million.

**1997**

**Section 54-27.2-02** - Effective through June 30, 1999, this section was amended to temporarily change the allowable balance in the general fund which will trigger a transfer to the budget stabilization fund from \$70 million to \$65 million. Beginning July 1, 1999, the allowable general fund balance which will trigger a transfer to the budget stabilization fund will again be set at \$40 million, the amount originally specified in the 1987 law.

**Section 21 of House Bill No. 1015** - This bill provided that any balance in or amounts to be transferred to the budget stabilization fund on July 1, 1997, were to be transferred to the Bank of North Dakota and added to the Bank's undivided profits (capital). As a result, in October 1997, \$17,116,291 was transferred to the Bank of North Dakota.

**1999**

**Section 54-27.2-02** - This section removed the July 1, 1999, sunset clause which would have decreased from \$65 million to \$40 million the maximum end-of-biennium balance in the general fund before transfer to the budget stabilization fund.

There have been no legislative changes to NDCC Chapter 54-27.2 since 1999.

Balance - July 1, 1989		\$0
Receipts - 1989-91 biennium		
Transfer of excess June 30, 1989, general fund balance	\$25,246,378	
Interest earnings	2,770,189	
Total receipts - 1989-91 biennium	\$28,016,567	
Transfers to general fund - 1989-91 biennium	(5,967,192)	
Net increase (decrease)		22,049,375
Balance - June 30, 1991		\$22,049,375

Receipts - 1991-93 biennium - Interest earnings	\$1,278,908	
Transfers to general fund - 1991-93 biennium	(23,328,283)	
Net increase (decrease)		(\$22,049,375)
Balance - June 30, 1993		\$0

No amounts have been transferred to the budget stabilization fund since the 1991-93 biennium.

**NOTE:** Section 21 of House Bill No. 1015 (1997) provided that any balance in or amounts to be transferred to the budget stabilization fund on July 1, 1997, were to be transferred to the Bank of North Dakota and added to the Bank's undivided profits (capital). As a result, in October 1997, \$17,116,291 was transferred to the Bank of North Dakota.

**PROPOSED REPEAL OF NORTH DAKOTA CENTURY CODE SECTION 54-27.2-02**

Section 19 of House Bill No. 1015 (2005) repeals NDCC Section 54-27.2-02 which provides that any amount in the general fund in excess of \$65 million at the end of any biennium must be transferred to the budget stabilization fund. This section is an emergency measure. Based on the revised revenue forecast for the 2003-05 biennium, the June 30, 2005, balance in the general fund is projected to be \$126,707,496.

If the Legislative Assembly does not approve the repeal of NDCC Section 54-27.2-02, a total of \$61,707,496 will be transferred to the budget stabilization fund at the end of the 2003-05 biennium. A comparison of the proposed executive budget recommendation and the general fund budget status without the repeal of Section 54-27.2-02 is as follows:

	Proposed Executive Budget Recommendation	Based on a Transfer to the Budget Stabilization Fund
July 1, 2005, beginning balance	\$126,707,496	\$65,000,000
2005-07 revenue forecast	1,890,447,500	1,890,447,500
Total general fund money available	\$2,017,154,996	\$1,955,447,500
Less executive budget recommended appropriations	2,007,001,269	2,007,001,269
June 30, 2007, ending balance (shortfall)	\$10,153,727	(\$51,553,769)

ATTACH:1

1987

STATE GOVERNMENT

CHAPTER 638

## CHAPTER 638

HOUSE BILL NO. 1596  
(Moore)

## BUDGET STABILIZATION FUND

AN ACT to provide for the creation of the budget stabilization fund as a special fund in the state treasury, to provide for the deposit of revenues in the budget stabilization fund, and to provide for transfers from the budget stabilization fund to the state general fund.

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

SECTION 1. 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 to an amount greater than fifteen 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.

SECTION 2. Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 1 of this Act, any amount in the state general fund in excess of forty million dollars at the end of any biennium shall 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.

SECTION 3. 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 five percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state

STATE GOVERNMENT

CHAPTER 637

4. Compile and retain information regarding lost or runaway children or missing persons in a separate file, in a manner that allows the information to be used by law enforcement and other agencies deemed appropriate by the state radio department, for investigative purposes. The enforcement agency shall be responsible for maintaining the disposition of the case and shall periodically review the case with the reporting party and the state radio department to ensure all available information is included and to determine the current status of the case.

5. Provide prompt confirmation of the receipt and entry of the lost or runaway children and missing persons report into the file system to the enforcement agency providing the report or to the parent, guardian, or identified family member as provided in subsection 6.

6. Allow any parent, guardian, or identified family member to submit a missing persons report to the state radio department which will be included in the state radio department file system and transmitted to the national crime information center, if they are unable to receive services from the local law enforcement agency.

7. Compile and maintain a historical data repository relating to missing persons for all of the following purposes:

- a. To develop and improve techniques utilized by law enforcement agencies when responding to reports of missing persons.
- b. To provide a factual and statistical base for research that would address the problem of lost or runaway children and missing persons.

Approved March 12, 1987  
Filed March 16, 1987

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 five 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. Moneys in the budget stabilization fund may not be appropriated or expended except as provided in this section, but the legislative assembly may provide for transfer of all or a portion of the moneys in the budget stabilization fund to the common schools trust fund established under section 1 of article IX of the Constitution of North Dakota.

Approved April 17, 1987  
Filed April 20, 1987

## CHAPTER 639

HOUSE BILL NO. 1543  
(Representatives Thompson, Gerntholz, Ulmer)  
(Senators Nelson, Shea)

### VENTURE CAPITAL NETWORK

AN ACT to direct the economic development commission to establish a venture capital network as a clearinghouse for information on capital investment opportunities in the state.

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

SECTION 1. Statement of purpose. The purpose of this Act is to improve the dissemination of information regarding informal investment opportunities to potential investors and entrepreneurs, and thereby stimulate the growth of small businesses in the state.

SECTION 2. Economic development commission to establish venture capital network - Duties and functions. The economic development commission may establish, from funds appropriated to or otherwise available to the commission, the venture capital network as a clearinghouse for information on informal risk capital investment opportunities in the state. The economic development commission may:

1. Enter into service contracts on a competitive bid basis with public and private agencies, institutions, organizations, and individuals for the purpose of establishing and operating the venture capital network.
2. Receive and approve contract proposals for the purpose of establishing the venture capital network.
3. Solicit the support and contributions of public and private agencies, organizations, institutions, and individuals.
4. Accept and administer contributions for the purpose of operating the venture capital network.
5. Advertise and promote the venture capital network.

SECTION 3. Duties and functions of venture capital network. The venture capital network may:

04/01 Senate Signed by President  
04/02 House Sent to Governor  
04/06 House Signed by Governor 0404  
04/07 House Filed with Secretary of State 0406

HJ2512  
HJ2597

HB 1594

Rep. Moore

A BILL for an Act to amend and reenact sections 40-62-01, 40-62-06, and 40-62-07 of the North Dakota Century Code, relating to pedestrian malls and skyways.

01/26 House	Introduced, first reading, referred POLITICAL SUBDIVISIONS	HJ 485
01/29 House	COMMITTEE HEARING 02/05 10:30	HJ 761
02/06 House	Reported back, do pass, placed on calendar y 014 n 000	HJ 822
02/10 House	Second reading, passed, yeas 097 nays 000	SJ 738
02/12 Senate	Received from House	SJ 815
02/13 Senate	Introduced, first reading, referred POLITICAL SUBDIVISIONS	
02/20 Senate	COMMITTEE HEARING 02/27 10:30	
03/02 Senate	Reported back amended, amendment poc y 005 n 000	SJ1248
03/03 Senate	Amendment adopted, placed on calendar	SJ1288
03/04 Senate	Second reading, passed as amended, yeas 052 nays 000	SJ1310
03/06 House	Returned to House (12)	HJ1662
03/10 House	Concurred	HJ1734
	Second reading, passed as amended, yeas 103 nays 000	HJ1735
03/12 House	Enrolled	
03/13 House	Signed by Speaker	HJ1842
03/16 Senate	Signed by President	SJ1545
03/19 House	Sent to Governor	HJ2021
03/23 House	Signed by Governor 0320 0:00	HJ2092
04/07 House	Filed with Secretary of State 0323	

HB 1595

Rep. Moore

A BILL for an Act to create and enact a new section to chapter 43-19.1 of the North Dakota Century Code, relating to liability of engineers.

01/26 House	Introduced, first reading, referred INDUSTRY, BUSINESS AND LABOR	HJ 485
02/06 House	COMMITTEE HEARING 02/09 9:00	HJ 872
02/11 House	Reported back amended, amendment poc y 011 n 004	HJ 884
02/12 House	Amendment adopted, placed on calendar	HJ 928
02/13 House	Second reading, passed as amended, yeas 081 nays 017	SJ 872
02/17 Senate	Received from House	SJ 977
02/18 Senate	Introduced, first reading, referred INDUSTRY, BUSINESS AND LABOR	SJ1293
03/03 Senate	Request return from committee	SJ1294
	Rereferred to STATE AND FEDERAL GOVERNMENT	
03/10 Senate	COMMITTEE HEARING 03/16 10:45	SJ1552
03/16 Senate	Reported back, do pass, placed on calendar y 006 n 000	SJ1602
03/17 Senate	Second reading, passed, yeas 046 nays 006	HJ2016
03/19 House	Returned to House	
	Enrolled	HJ2088
03/23 House	Signed by Speaker	SJ1719
03/24 Senate	Signed by President	HJ2276
03/26 House	Sent to Governor	HJ2359
03/30 House	Signed by Governor 0327 0:00	
04/07 House	Filed with Secretary of State 0330	

HB 1596

Rep. Moore

A BILL for an Act to provide for the creation of the budget stabilization fund as a special fund in the state treasury, to provide for the deposit of revenues in the budget stabilization fund, and to provide for transfers from the budget stabilization fund to the state general fund.

01/26 House	Introduced, first reading, referred FINANCE AND TAXATION	HJ 486
01/29 House	COMMITTEE HEARING 02/04 9:15	HJ 909
02/12 House	Reported back amended, amendment poc y 017 n 000	HJ 916
02/13 House	Amendment adopted, placed on calendar	HJ 977
02/16 House	Second reading, passed as amended, yeas 102 nays 000	SJ 924
02/18 Senate	Received from House	SJ1051
02/19 Senate	Introduced, first reading, referred FINANCE AND TAXATION	
02/25 Senate	COMMITTEE HEARING 03/02 9:30	
03/04 Senate	Reported back amended, amendment poc y 007 n 000	SJ1304
03/05 Senate	Amendment adopted, placed on calendar	SJ1337
03/06 Senate	Second reading, passed as amended, yeas 051 nays 000	SJ1372
03/10 House	Returned to House (12)	HJ1733
03/11 House	Refused to concur	HJ1771
	Conference committee appointed	HJ1771
03/16 Senate	Conference committee appointed	SJ1555
04/01 House	Reported back from conference committee, placed on calendar	HJ2462
04/07 House	Conference committee report adopted	HJ2616
	Second reading, passed as amended, yeas 103 nays 000	HJ2616
04/07 Senate	Reported back from conference committee, placed on calendar	SJ2191
04/08 Senate	Conference committee report adopted	SJ2249
	Second reading, failed to pass, yeas 026 nays 025	SJ2273
04/09 Senate	Reconsidered	SJ2273
	Placed on calendar	SJ2273
04/16 Senate	Second reading, passed as amended, yeas 036 nays 017	SJ2557
	Motion to reconsider laid on table	SJ2558
04/16 House	Enrolled	
04/17 House	Signed by Speaker	HJ2979
04/17 Senate	Signed by President	SJ2575

Dakota Century Code, relating to investigative reports and the assessment of costs in contested child custody proceedings.

Which has been read.

**ROLL CALL**

The question being on the final passage of the bill, as amended, the roll was called and there were 103 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING.

**YEAS:** Aas; Almie; Anderson; Belter; Berg, G.; Berg, R.; Brokaw; Christman; Cleveland; Dalrymple; DeMers, J.; DeMers, P.; Dorso; Dotzenrod; Enget; Frey; Gates; Gerntholz; Goetz; Gorman; Graba; Gunsch; Halmrast; Hamerlik; Hanson, L.; Hanson, O.; Haugen; Haugland; Hausauer, A.; Hausauer, R.; Hill; Hoffner; Hokana; Kelly; Kent; Kingsbury; Knell; Knudson; Koland; Kolbo; Kretschmar; Kuchera; Lang; Larson; Laughlin; Lautenschlager; Linderman; Lindgren; Marks; Martin; Martinson; Melby; Mertens; Moore; Murphy; Myrdal; Nelson, C.; Nelson, J.; Nicholas; Nowatzki; Oban; O'Connell; Olsen, D.; Olson, A.; Olson, V.; Opedahl; O'Shea; Payne; Peterson; Rice; Riehl; Rydell; Scherber; Schindler; Schneider; Shaft; Shaw; Shide; Shockman; Skjerven; Smette; Solberg; Sorensen; Starke; Stofferahn; Strinden; Thompson; Tokach; Tollefson; Tomac; Trautman; Ulmer; Vander Vorst; Wald; Watne; Wenz; Whalen; Wilkie; Williams, A.; Williams, C.; Williams, W.; Winkelman; Speaker Kloubec

**NAYS:** None

**ABSENT AND NOT VOTING:** Flaagan; Klundt; Meyer

HB 1535 passed and the title was agreed to.

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**REPORT OF CONFERENCE COMMITTEE**

REP. MOORE MOVED that the conference committee report on HB 1596 as printed on page 2462 of the House Journal be adopted, which motion prevailed.

**MOTION**

REP. STRINDEN MOVED that the rules be suspended, that HB 1596 be deemed properly reengrossed and placed on the calendar, as amended, for second reading and final passage, which motion prevailed.

**SECOND READING OF HOUSE BILL**

House → **HB 1596:** A BILL for an Act to provide for the creation of the budget stabilization fund as a special fund in the state treasury, to provide for the deposit of revenues in the

budget stabilization fund, and to provide for transfers from the budget stabilization fund to the state general fund.

which has been read.

#### ROLL CALL

The question being on the final passage of the bill, as amended, the roll was called and there were 103 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING.

YEAS: Aas; Almlie; Anderson; Belter; Berg, G.; Berg, R.; Brokaw; Christman; Cleveland; Dalrymple; DeMers, J.; DeMers, P.; Dorso; Dotzenrod; Enget; Frey; Gates; Gerntholz; Goetz; Gorman; Graba; Gunsch; Halmrast; Hamerlik; Hanson, L.; Hanson, O.; Haugen; Haugland; Hausauer, A.; Hausauer, R.; Hill; Hoffner; Hokana; Kelly; Kent; Kingsbury; Knell; Knudson; Koland; Kolbo; Kretschmar; Kuchera; Lang; Larson; Laughlin; Lautenschlager; Linderman; Lindgren; Marks; Martin; Martinson; Melby; Mertens; Moore; Murphy; Myrdal; Nelson, C.; Nelson, J.; Nicholas; Nowatzki; Oban; O'Connell; Olsen, D.; Olson, A.; Olson, V.; Opedahl; O'Shea; Payne; Peterson; Rice; Riehl; Rydell; Scherber; Schindler; Schneider; Shaft; Shaw; Shide; Shockman; Skjerven; Smette; Solberg; Sorensen; Starke; Stofferahn; Strinden; Thompson; Tokach; Tollefson; Tomac; Trautman; Ulmer; Vander Vorst; Wald; Watne; Wentz; Whalen; Wilkie; Williams, A.; Williams, C.; Williams, W.; Winkelman; Speaker Kloubec

NAYS: None

ABSENT AND NOT VOTING: Flaagan; Klundt; Meyer

HB 1596 passed and the title was agreed to.

\*\*\*\*\*

#### REPORT OF CONFERENCE COMMITTEE

REP. HAMERLIK MOVED that the conference committee report on Engrossed HB 1643 be adopted, which motion prevailed.

#### MOTION

REP. STRINDEN MOVED that the rules be suspended, that Engrossed HB 1643 be deemed properly reengrossed and placed on the calendar, as amended, for second reading and final passage, which motion prevailed.

#### SECOND READING OF HOUSE BILL

HB 1643: A BILL for an Act to authorize the superintendent of public instruction to charge fees for copies of general equivalency certificates.

ABSENT AND NOT VOTING: None

HB 1033 passed and the title was agreed to.

\*\*\*\*\*

MESSAGES FROM THE HOUSE  
HOUSE CHAMBER

MR. PRESIDENT: I have the honor to inform you that the House has reconsidered its action whereby it did not concur with the Senate amendments to HB 1600, and wishes to inform you that it does now concur in the Senate amendments to HB 1600, and subsequently failed to pass the same. Also, the House has dissolved the House Conference Committee on HB 1600.

ROY GILBREATH, Chief Clerk

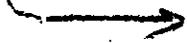
HOUSE CHAMBER

MR. PRESIDENT: I have the honor to transmit herewith the following on which the House has adopted the conference committee report and subsequently passed the same:

HB 1258

ROY GILBREATH, Chief Clerk

Senate



HB 1596

SECOND READING OF HOUSE BILLS

A BILL for an Act to provide for the creation of the budget stabilization fund as a special fund in the state treasury, to provide for the deposit of revenues in the budget stabilization fund, and to provide for transfers from the budget stabilization fund to the state general fund.

Which has been read and has committee recommendation of DO PASS.

ROLL CALL

The question being on the final passage of the bill, as amended, the roll was called and there were 36 YEAS, 17 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Adams; Axtman; Bakewell; David; Dotzenrod; Freborg; Heigaard; Heinrich; Hilken; Keller; Kelly; Kelsh; Krauter; Langley; Lashkowitz; Lodoen; Maixner; Mathern; Maxson; Meyer, J.; Meyer, W.; Moore; Mushik; Nalewaja; Peterson; Redlin; Richard; Satrom; Schoenwald; Shea; Stromme; Tallackson; Tennefos; Wogsland; Wright; Yockim

NAYS: Holmberg; Ingstad; Lips; Meyer, D.; Mutch; Naaden; Nelson; Nething; Olson; Reiten; Stenehjem; Streibel; Thane; Todd; Tweten; Vosper; Waldera

ABSENT AND NOT VOTING: None

HB 1596 passed and the title was agreed to.

70849.0200

Fiftieth  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1596

Introduced by

Representative Moore

1 A BILL for an Act to provide for the deposit of a portion of the  
2 general fund allocation of oil and gas gross production tax and oil  
3 extraction tax revenues in the budget stabilization fund.

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

6 SECTION 1. Oil and gas gross production tax and oil extraction tax  
7 revenues to be deposited in the budget stabilization fund. Notwithstanding  
8 any other provision of law, the state general fund's allocation of  
9 any tax imposed under section 57-51-02 or 57-51.1-02 which attaches  
10 to the value of any barrel of oil in excess of twenty-two dollars of  
11 gross value at the well shall be deposited in the budget  
12 stabilization fund.

1987 HOUSE STANDING COMMITTEE MINUTES

Page # 1

BILL/RESOLUTION NO. HB 1596

House Committee on FINANCE & TAXATION

Subcommittee on \_\_\_\_\_

Identify and  
check when  
appropriate

Conference Committee \_\_\_\_\_

Hearing Date 2-4-87

Tape Number 1 /Side A X  
B

Meter # 2466

Committee clerk signature JANICE STEIN

Minutes:

REP. M. MOORE, DIST. 44, FARGO, ND Introduced HB 1596.  
We don't have a Budget Stabilization Fund, but I have a House Concurrent Resolution 3036 which establishes a Budget Stabilization Fund. What I am attempting to do here is to establish a fund which would be available during bienniums to pick up short falls where the revenues fell short from what was projected.

The fund could be used by the governor between sessions, if the short fall of revenue fell 5% below the projected revenues for that biennium.

REP. HAUSAUER We probably should put in an effective date, we probably need an effective date if that amendment wouldn't be voted on until

REP. MOORE There is no Budget Stabilization Fund now, so maybe we should have an effective date on after the election.

REP. HANSON This bill, in essence, would start up a formula where the money that comes back out of that production tax from would go back to the counties and cities?

REP. MOORE No, this would only be money that would have normally gone to the general fund.

REP. ANDERSON The governor can use any of the money, it is not just interest?

REP. MOORE Yes, he can use any of the money, but he can only use what was allocated by the prior legislation, budget short fall has to be more than 5%.

REP. SCHNEIDER What is the constitutional change, why does that need to be on the ballot?

REP. MOORE If the fund is not constitutional, then the legislature could take all the money out of the fund.

DALE ANDERSON, GREATER NORTH DAKOTA ASSOCIATION, Appeared in support of HB 1596. If we could have a little cushion to offset the big reduction to take place and the short fall to take place, had we had this plan in effect in the early eighty's the challenge of putting together a whirl pool tax package would be much easier. We think this is an excellent concept.

REP. BELTER Do you think this would cause the legislature to spend a little more money because they know there is a fund there to take up some of the slack?

DALE ANDERSON Certainly, there is always that possibility. I think the challenge is even greater in years when revenues are really high, when you look back to revenues that came in in 1981 and 1982, everyone asking for a needed program could see almost an unlimited amount of funds available. I think the chance is greater if the budget could be out of line compared to what our capacity of our state, over the long term is to support then it is knowing if that support base is there. There would have to be some strong arguments for moving that money out of a support base, that would have to be worked out.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 2-10-87

Rep. Moore presented amendments to the committee for discussion.

After much discussion, REP. MOORE made a motion to adopt the amendments. REP. SCHNEIDER second the motion. Motion carried.

After more discussion, REP. MOORE made a motion to withdraw the motion to adopt the amendments and REP. SCHNEIDER second the motion.

Rep. Moore will have further amendments prepared.

COMMITTEE ACTION 2-11-87

REP. MOORE presented amendments to the committee for discussion.

REP. MOORE made a motion to adopt the amendments as prepared by the Legislative Council dated February 11, 1987. REP. SCHNEIDER second the motion. Motion carried.

REP. MOORE made a motion for a Do Pass As Amended. REP. SCHNEIDER second the motion. Motion carried.

17 Yes            0 No            0 Absent

Floor assignment was given to REP. MOORE.

(Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: HOUSE BILL NO. 1596 Amendment to: \_\_\_\_\_

Requested by: LEGISLATIVE COUNCIL Date of Receipt: 1-27-87

Please estimate the fiscal impact of the above measure for:

State general or special funds       Counties       Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

According to the present forecast of the Oil Extraction tax and Oil and Gas Gross Production tax revenue, the gross value at the well during the 1987-89 biennium will not exceed the value specified in this bill; therefore, there will not be a deposit to the Budget Stabilization Board during the 1987-89 biennium.

State Fiscal Effect:

<u>1987-88</u>		<u>1988-89</u>		<u>Biennium Total</u>	
<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>

County and City Fiscal Effect:

<u>1987-88</u>		<u>1988-89</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed *Sid Bender*

Typed Name Sid Bender

Department Tax Department

Date Prepared: 1-28-87

*AAB*

DATE: 2 / 11 / 87

REP. MOORE

REPORT OF STANDING COMMITTEE

MR. SPEAKER: Your Committee on FINANCE & TAXATION to which was  
(~~was~~) referred HB 1596 has had the same under consideration and  
recommends by a vote of 17 YEAS, 0 NAYS, 0 ABSENT  
AND NOT VOTING that the same

- (DO PASS) (DO NOT PASS)  
(and BE PLACED ON THE CONSENT CALENDAR)
- BE PLACED ON THE (CONSENT) CALENDAR  
(WITHOUT RECOMMENDATION)
- BE AMENDED AS FOLLOWS and when so amended, recommends the  
same (DO PASS/~~DO NOT PASS~~):

(see attached)

70849 . 0202  
(LC NUMBER)

- and be rereferred to the Committee on \_\_\_\_\_
- statement of purpose of amendment

REP. \_\_\_\_\_, Chairman  
ALVIN HAUSAUER

HB 1596 was placed on the 6th order of business on  
the calendar for the succeeding legislative day.

\_\_\_\_\_ was rereferred to the Committee on \_\_\_\_\_

JNN  
2/11/87  
1:49 PM

HOUSE FT

HOUSE AMENDMENTS TO HOUSE BILL NO. 1596

2-11-87

On page 1, line 1, after the words "A BILL" delete the remainder of the bill and insert in lieu thereof the following: "for an Act to provide for the creation of the budget stabilization fund as a special fund in the state treasury, to provide for the deposit of revenues in the budget stabilization fund, and to provide for transfers from the budget stabilization fund to the state general fund.

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

SECTION 1. 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 to an amount greater than fifteen 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.

SECTION 2. Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 1 of this Act, any amount in the state general fund in excess of twenty million dollars at the end of any biennium shall 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.

SECTION 3. 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 five percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, 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 five 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. Moneys in the budget stabilization fund may not be appropriated or expended except as provided in this section, but the legislative assembly may provide for transfer of all or a portion of the moneys in the budget stabilization fund to the common schools trust fund established under section 1 of article IX of the Constitution of North Dakota."

And renumber the lines, sections, and pages accordingly

1987 SENATE STANDING COMMITTEE MINUTES

Page # 1

BILL/RESOLUTION NO. HB 1596

Senate Committee on FINANCE AND TAXATION

Subcommittee on \_\_\_\_\_

Conference Committee \_\_\_\_\_

Identify and  
check when  
appropriate

Hearing Date MARCH 2, 1987

Tape Number 1 /Side 

A	<u>X</u>
B	<u>X</u>

Meter # 2475

Committee clerk signature Michelle Larson

Minutes:

Chairman Satrom called the hearing to order with HB 1596 next on the agenda.

Representative Marshall Moore, District 44-Fargo introduced the bill. He is establishing a budget stabilization fund. There are about 21 states who have some sort of fund. Section 1 establishes the fund. Section 2 indicates how the monies would be funneled to the fund. Section 3 The money will be transferred out by the Director of OMB when there is a projected short fall of more than 5% of the previous biennium projected revenues.

David Hearing, OMB. The trigger point in Section 2 should be raised from 20 million dollars to 50 million dollars because a 50 million dollar reserve is a much better level based on commonly accepted standards among the states. For the record it is certainly their hope that when the legislature is done that it still has a good intention of ending the next biennium with 25 to 35 million dollars ending balance.

HB 1596 will be held for a later date.

1987 SENATE STANDING COMMITTEE MINUTES

Page # 1

BILL/RESOLUTION NO. HB 1596

Senate Committee on FINANCE AND TAXATION

Subcommittee on \_\_\_\_\_

Identify and  
check when  
appropriate

Conference Committee \_\_\_\_\_

Hearing Date March 3, 1987

Tape Number 1 /Side A  
B X

Meter # 5080

Committee clerk signature Michelle Larson

Minutes:

Chairman Satrom called the hearing to order with HB 1596 next on the agenda.

Senator Ingstad moved Amendments proposed by OMB. Senator Richard seconded the Motion. (voice vote) Motion carried.

Senator Maixner moved his Amendments to delete 5% and change to 4%. Senator Richard seconded the Motion. (voice vote) Motion carried.

Senator Maixner moved a Do Pass as Amended. Senator Richard seconded the Motion. (7 yea, 0 Nay)

Senator Richard will carry the bill.

BTL  
3-3-87  
1031

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1596

Senate Amendment to HB 1596 FT 3/3/87  
On page 1 of the engrossed bill, line 23, delete the word "twenty"  
and insert in lieu thereof the word "fifty"

Senate Amendment to HB 1596 Ft 3/3/87  
On page 2 of the engrossed bill, line 3, delete the word "five"  
and insert in lieu thereof the word "four"

On page 2 of the engrossed bill, line 10, delete the word "five"  
and insert in lieu thereof the word "four"

And renumber the lines accordingly

1987 HOUSE STANDING COMMITTEE MINUTES

Page # 1

BILL/RESOLUTION NO. HB 1596

House Committee on \_\_\_\_\_

Subcommittee on \_\_\_\_\_

Conference Committee HOUSE F & T

Identify and  
check when  
appropriate

Hearing Date 3-31-87

Tape Number 1 /Side A X  
B

Meter # 110

Committee clerk signature JANICE STEIN

Minutes:

REP. M. MOORE called the House Finance & Taxation Conference Committee meeting to order with five members present.

SEN. D. MOORE stated that he opposed the percentage changing from five to four, as was discussed.

SEN. DOTZENROD This five percent is on, during the course of the time between the sessions, and have a projection where you are at relative to what you projected when the session adjourned, this then is a continuing update?

REP. MOORE I think they only do this about once or twice during the biennium, then if it is five percent, and the revenue has fallen more than five percent, they could take out enough only to bring it up to that five percent. Depending on what kind of balance is given at that time, the Governor might be able to fulfill all of the budget if there is a five percent cushion, if it is less he might have to cut some.

SEN. DOTZENROD So the difference between four and five percent is probably about ten million dollars.

REP. MOORE In today's dollars and today's budget.

REP. SCHNEIDER Now if it drops below four or five percent, he could take money out of this fund to bring it up to the ninety four, ninety five or ninety six percent level.

REP. MOORE That's correct, only in the year end balance that was projected was more than four or five percent, he couldn't bring any out anyway, he would still have enough funds to pay for all of the appropriations we had appropriated.

REP. SCHNEIDER made a motion to amend page 1, line 23 to change the amount to forty million and page 2, line 3, to 4%  
SEN. RICHARD second the motion.

After some discussion, SEN. MOORE requested that they divide the question.

REP. SCHNEIDER withdrew his motion.

REP. SCHNEIDER made a motion to adopt the 4% on page 2, line 3  
SEN. RICHARD second the motion. MOTION CARRIED

REP. SCHNEIDER made a motion that on page 1, line 23, the figure be forty million rather than twenty million.  
SEN. RICHARD second that motion. Motion carried

REP. SCHNEIDER made a motion that the senate recede from their amendments on page 2. REP. MOORE second the motion. Motion carried.

SEN. MOORE made a motion to amend that page 1, line 23 be changed by deleting the word twenty and inserting the word "forty"  
REP. SCHNIDER second the motion. Motion carried.

The meeting was adjourned.

QNW  
3/31/87

HOUSE F T

HOUSE AMENDMENTS TO ENGROSSED HB 1596

3-31-87

On page 1 of the engrossed bill, line 23, delete the word "twenty"  
and insert in lieu thereof the word "forty"

And renumber the lines, sections and pages accordingly

March 6, 1987

Prepared by the Legislative  
Council staff

BILL NO.: HB 1596

SUBJECT: Budget stabilization  
fund

BILL SUMMARY

GENERALLY, THIS BILL:

As amended, creates a budget stabilization fund as a special fund in the state treasury with the provision that any amount in excess of \$50 million in the general fund at the end of the biennium shall be transferred to the budget stabilization fund. The bill allows the Governor to order transfer of funds from the stabilization fund to the state general fund if general fund revenues during the biennium are at least four percent less than estimated by the Office of Management and Budget.

**Testimony on HB 1444**  
**Pam Sharp, Director, Office of Management and Budget**  
**February 1, 2005**

This bill was originally Section 19 of HB 1015, OMB's appropriation bill. The House Appropriations Committee pulled this section out of HB 1015 and made it a separate bill.

This bill repeals Section 54-27.2-02 which provides for transfers to the budget stabilization fund, which was created in the 1980's.

The Governor's budget provides for a \$61 million reserve, however, it does not utilize the budget stabilization fund. The Governor's budget primarily uses the permanent oil tax trust fund as a "rainy day" fund. The permanent oil tax trust fund was created in the mid 1990's. The reserves proposed by the Governor are as follows:

\$10 million ending balance  
\$41 million permanent oil tax trust fund  
\$10 million reserve at BND

Since the executive budget utilizes the permanent oil tax trust fund and the Bank of North Dakota for reserves, it assumes that the projected ending balance of \$126 million for the current biennium will be available for appropriation for the 2005-07 biennium. Without the repeal of this section (or a change in the language) everything over \$65 million in the ending balance would have to be deposited into the budget stabilization fund. Below is the section to be repealed.

**Section 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 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.”

During the last several bienniums, the legislature, as well as the executive branch, has considered reserves at the Bank of North Dakota as our “rainy day fund” and has used it as such. This biennium, however, the Governor’s budget utilizes both the permanent oil tax trust fund and the Bank as reserves.

The Budget Stabilization Fund has had no activity since 1991. The following is a summary of how the budget stabilization fund has been used and how the Bank of North Dakota has been used as a rainy day fund.

Last transfer to general fund – 1991 – during Governor Sinner’s last term. Balance of \$23 million was transferred. Governor Sinner also directed an allotment that biennium.

1993 Legislature directed that all the money that normally would have gone into the Budget Stabilization fund instead go into the general fund.

1997 Legislature directed that any money that would have gone to the budget stabilization fund instead be deposited in the Bank of North Dakota and become part of the Bank’s undivided profits. As a result, \$17 Million was transferred to the Bank.

1997 Legislature authorized contingent transfers from the Bank to the general fund in the amount of \$23 million in the event of a shortfall during the 97-99 biennium. None was transferred.

1999 Legislature authorized \$40 Million of contingent transfers for 99-01 biennium in the event of a revenue shortfall. None was transferred.

2001 Legislature authorized \$25 million of contingent transfers for 01-03 biennium. \$18 million was transferred.

2003 Legislature authorized \$9 million of contingent transfers. None will be transferred.

The budget stabilization fund has not been used for the last fourteen years. Governor Hoenen's proposal to use \$41 million in the permanent oil tax trust fund, \$10 million in reserves at the Bank of North Dakota, and an ending balance of \$10 million, ensures that we will have an adequate rainy day fund in the event of a revenue shortfall. For those reasons, we are suggesting that the budget stabilization fund be repealed, or alternatively, the language be changed to reflect that the budget stabilization fund will not be used at the end of this biennium because the reserves are elsewhere.



**Administration:**  
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P.O. Box 2064  
Fargo, ND 58107-2064  
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Fax: 701-224-9485

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## **North Dakota Farm Bureau**

[www.ndfb.org](http://www.ndfb.org)

### **Testimony of North Dakota Farm Bureau House Finance and Taxation Committee Testimony on House Bill 1444 Eric Aasmundstad, President**

Good morning Chairman Belter and members of the Committee. My name is Eric Aasmundstad and I am representing the 27,500 member families of North Dakota Farm Bureau, in opposition to House Bill 1444.

The budget stabilization fund was put in place by the 1987 legislative assembly, and has been amended since that time to make adjustments to trigger mechanisms and fund balances. North Dakota Farm Bureau believes the budget stabilization fund is critical to fiscal responsibility. Fiscal responsibility is paramount whether in private business or in the public sector. We believe that North Dakota government should operate just as responsibly as farms, ranches, local grocery and hardware stores and every other business in the state that funds our government. Passage of HB 1444 would repeal the budget stabilization fund, undoing a large measure of fiscal restraint we feel is only good for the long-term financial health of our state.

Without a doubt, North Dakota's economy has seen positive growth and improvement during the past two bienniums. This situation has lead to significant improvement in the state's revenues through higher collections of personal income tax, sales tax, and

petroleum extraction tax. However, the state needs to be prepared for the day when the state's expenses exceed its revenues. Any downturn in the economy could put the state in a precarious position. The budget increases proposed by for this biennium may have similar impact. You as legislators could well be called upon to raise taxes next session should the economy see a downturn or if the budget, as proposed, is passed.

We believe having money in a rainy day fund makes a lot of sense for several reasons. It shows fiscal responsibility and fiscal restraint. It also shows taxpayers that our Legislators are concerned that programs implemented today will be funded in the future. That is why we believe the House Finance and Taxation Committee should recommend a "Do Not Pass" on House Bill 1444.

Thank you for your attention and I will attempt to answer any questions you may have