

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2339

2007 SENATE APPROPRIATIONS

SB 2339

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2339

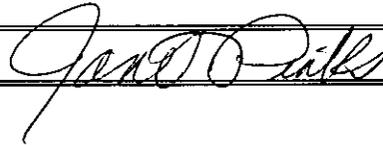
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 01-31-07

Recorder Job Number: 2352

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2339 with roll call.

Senator Dave Nething, District 12, Jamestown, introduced SB 2339 indicating this limits the transfer from the Bank of North Dakota this biennium to \$30 million instead of \$60 million then leave it in the bank to continue to earn.

Senator Tallackson asked what the purpose would be to leave it in the bank. The response was to use it for investment purposes and they utilize it as part of their total investment capital. Chairman Holmberg asked if a cynic say that we are just moving this money to get it out of the revenue stream but it is still accessible to us at any legislative session. The response was a brilliant individual might deduct that.

Karlene Fine represented the Industrial Commission has no position on the bill, but was represented responding to questions. The Bank of North Dakota is neutral on the bill.

Chairman Holmberg indicated the money would be left in the bank for investment purposes, can you help us understand how that would work. The response was that it just allows the money to stay in the Bank of North Dakota and they will not be seeking other liquidity.

Senator Lindaas asked what the earnings is on the \$30 million. The response from Stan Benson from the Bank of ND, was the estimates are \$2.250 million during 07-09 biennium and \$2.419 million during the 09-11 biennium.

Senator Mathern indicated essentially this is \$30 million that is not spent either place, what is the net difference if it is sitting in the general fund or the bank and is the interest earnings the same in either scenario. The response was the difference who gets the interest income off the funds, either the State Treasurer or the Bank of North Dakota. The interest would be generally the same just more alternatives at the Bank, yes.

Chairman Holmberg asked that if we pass this out of committee, the affect would be to reduce our ending fund balance from \$34 million to \$4 million roughly. The response was yes.

Senator Kilzer indicated if the bill comes to law, what change would it make on your balance statement, would it be part of capital or what. The response was it will remain in capital.

Senator Tallackson indicated in effect we wouldn't be able to spend it.

Chairman Holmberg indicated the funds would be accessible by no one but the Legislature, the money would still exist, it doesn't disappear.

Senator Robinson asked if in the upcoming biennium in the executive recommendation does the Governor transfer \$60 or \$30. The response was in the upcoming biennium the transfer stays at the \$60 million level.

Chairman Holmberg closed the hearing on SB 2339.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2339

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02/13/07

Recorder Job Number: 3446

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2339.

Senator Christmann moved a DO PASS on SB 2339, Senator Bowman seconded. A roll call vote was taken resulting in 8 yes, 6 no, 0 absent. Senator Wardner will carry the bill.

Chairman Holmberg closed the hearing on SB 2339.

FISCAL NOTE
 Requested by Legislative Council
 01/29/2007

REVISION

Bill/Resolution No.: SB 2339

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	(\$30,000,000)	\$30,000,000	\$0	\$2,250,000	\$0	\$2,419,000
Expenditures						
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2339 requires the Industrial Commission during the biennium ending June 30, 2007 to transfer to the State General Fund up to \$30,000,000 vs. \$60,000,000 from the current earnings and the accumulated undivided profits of BND. Section 1 of this legislation has a fiscal impact.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 requires the Industrial Commission during the biennium ending June 30, 2007 to transfer to the State General Fund up to \$30,000,000 vs. \$60,000,000 from the current earnings and the accumulated undivided profits of BND.

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.*

During the 2005-07 biennium the General Fund has a reduction of \$30,000,000 in revenues. BND does not transfer \$30,000,000 and as a result these monies remain in BND capital. Because BND retains the \$30,000,000 the Bank invests these monies. Other Funds are projected to increase \$2,250,000 during the 2007-09 biennium and \$2,419,000 during the 2009-11 biennium. This estimate is based on the current rate the Bank would earn investing in federal funds.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Eric Hardmeyer	Agency:	Bank of North Dakota
Phone Number:	328-5674	Date Prepared:	01/29/2007

FISCAL NOTE
 Requested by Legislative Council
 01/24/2007

Bill/Resolution No.: SB 2339

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	(\$30,000,000)	\$30,000,000	\$0	\$2,250,000	\$0	\$2,419,000
Expenditures						
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2339 requires the Industrial Commission during the biennium ending June 30, 2007 to transfer to the State General Fund up to \$30,000,000 vs. \$60,000,000 from the current earnings and the accumulated undivided profits of BND. Section 9 of this legislation has a fiscal impact.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 9 requires the Industrial Commission during the biennium ending June 30, 2007 to transfer to the State General Fund up to \$30,000,000 vs. \$60,000,000 from the current earnings and the accumulated undivided profits of BND.

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.*

During the 2005-07 biennium the General Fund has a reduction of \$30,000,000 in revenues. BND does not transfer \$30,000,000 and as a result these monies remain in BND capital. Because BND retains the \$30,000,000 the Bank invests these monies. Other Funds are projected to increase \$2,250,000 during the 2007-09 biennium and \$2,419,000 during the 2009-11 biennium. This estimate is based on the current rate the Bank would earn investing in federal funds.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Eric Hardmeyer	Agency:	Bank of North Dakota
Phone Number:	328-5674	Date Prepared:	01/25/2007

Date: 2/1
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2339

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP

Motion Made By Christmann Seconded By Bowman

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter		✓
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas		✓
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern		✓
Senator Randel Christmann	✓		Senator Larry J. Robinson		✓
Senator Tom Fischer	✓		Senator Tom Seymour		✓
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson		✓
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 8 No 6

Absent 0

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)
February 13, 2007 8:22 a.m.

Module No: SR-30-2987
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2339: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS
(8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). SB 2339 was placed on the
Eleventh order on the calendar.

2007 HOUSE APPROPRIATIONS

SB 2339

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2339

House Appropriations Committee

Check here for Conference Committee

Hearing Date: February 26, 2007

Recorder Job Number: 3818

Committee Clerk Signature

Kelly N. Sand

Minutes:

Chm. Svedjan opened the hearing on SB 2339.

Sen. Dave Nething testified in support of SB 2339. Sen. Nething introduced this bill to help keep money in the Bank of North Dakota.

Chm. Svedjan: The effect of this bill would be that it would reduce the amount of "reserves" we had going into the session by \$30 million?

Sen. Nething: That's correct.

Chm. Svedjan: It would preempt the second installment of the \$60 million transfer?

Sen. Nething: Right.

Chm. Svedjan: When you read the bill, it looks like that could happen anyway.

Sen. Nething: Right.

Rep. Kroeber: Re: the fiscal note estimate of \$2.25 million the Bank would earn investing in federal funds – how do we invest in federal funds? (Ref. 2:54).

Sen. Nething: I would recommend you ask the Bank people. I presume they are talking about bonds, treasury bills, etc.

Rep. Nelson: Given the current budget status summary, how do we reconcile the budget with transfers like this and getting out of here with a balanced budget?

Sen. Nething: You simply adjust it from other places where you have money and decide if this is the right place to have your savings account. That's up to the Committee to decide. You could reduce the budget stabilization fund, for example. There are a variety of ways to do it.

Rep. Ekstrom: The \$30 million that would be left in the BND is essentially unencumbered by any programs the BND might put forward. Was there discussion of reducing student loan interest rates?

Sen. Nething: There was no discussion on that.

Rep. Glassheim: So there's no need at the Bank to have this money? Was it your thought that if we have a need for this money in the next session that we could take it again?

Sen. Nething: The money is available down the line.

Rep. Kerzman: Does the money in the Budget Stabilization fund generate interest?

Sen. Nething: I'm sure it does.

Chm. Svedjan: It does.

Eric Hardmeyer, President, Bank of North Dakota, answered the earlier question regarding investing in federal funds (Ref. 7:34).

Rep. Kroeber: Does the interest from the Budget Stabilization Fund go into the general fund?

Mr. Hardmeyer: I don't know.

Rep. Kroeber: Would it be more responsible of us to leave larger amounts of dollars in the Bank so you could invest it or leave money in the budget stabilization fund where it would go to the general fund? What is the best use of the money?

Mr. Hardmeyer: OMB's monthly budget numbers include a line item for interest income. In addition to the money the Bank provides, the interest income you see on OMB's report is also from the deposit base the BND pays.

Rep. Wald: The bill's current language states that the banks capital structure may not be below \$150 million. What is the capital structure today>

Mr. Hardmeyer: Approximately \$164 million at the end of 12/31/06. At the end of the biennium 6/30/07, we will have approximately \$186 - \$187 million.

Chm. Svedjan closed the hearing on SB 2339.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2339**

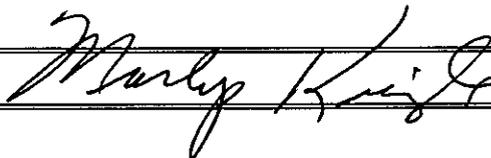
House Appropriations Committee

Check here for Conference Committee

Hearing Date: 3/23/07

Recorder Job Number: #5554

Committee Clerk Signature



Minutes:

Chairman Svedjan opened the hearing for SB 2339. This is for the transfer of the 2nd installment of 30 million in this biennium from the Bank of North Dakota to the General Fund.

Rep Kempenich: Made a motion for a "Do Pass" and it was seconded by Rep Thoreson.

Rep Glasshiem: Is this to take 30 million out of the General Fund?

Chairman Svedjan: It would deny the transfer of the 2nd installment of 30 million from the bank to General Fund.

Rep Glasshiem: It would reduce the General Fund by 30 million. And we are 300 million in the whole.

Rep Kempenich: What it does is there is like 300 million surplus from this biennium and this is part of that 300,000 surplus.

Rep Glasshiem: Surplus? I haven't seen the surplus in the weekly reports we get.

Rep Kempenich: That is our problem. That 300 million is too much.

Rep Glasshiem: I think we need to vote against this. We not hurting the bank, the bank does not need to retain the profits, it is quite healthy and growing rapidly. The General Fund severely needs this money, you just won't give 100,000 here and 100,000 there, when we have no money and we are going to sequester \$330,000 back to the bank and we still going to

need the money and then we are going to get up on the floor and tell them we do not have \$100,000 for people who are raped.

I urge the committee to vote no.

A roll Call vote was taken with a 4 yes, 15 no and 5 absent.

This motion failed.

Rep Wald: A motion made as a "Do not pass"

Rep Skarphol seconded the motion.

A roll call vote was taken for SB 2339 with 18 yes, 1 no and 5 absent.

The motion carried

Rep Wald will carry the bill.

Date: 3/23/07
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2339

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Kempnich Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempnich	✓				
Representative Wald	✓	✓	Representative Aarsvold		✓
Representative Monson		✓	Representative Gulleon	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson		✓			
Representative Carlson	✓		Representative Glassheim		✓
Representative Carlisle		✓	Representative Kroeber	✓	
Representative Skarphol		✓	Representative Williams		✓
Representative Thoreson	✓				
Representative Pollert		✓	Representative Ekstrom		✓
Representative Bellew		✓	Representative Kerzman	✓	
Representative Kreidt		✓	Representative Metcalf		✓
Representative Nelson		✓			
Representative Wieland		✓			

Total (Yes) 4 No 15

Absent 5

Floor Assignment _____

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

Date: 3/23/07
 Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2339

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken No Not Pass

Motion Made By Wald Seconded By Ashphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulleeson	—	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	—		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	—	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson		✓			
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman	—	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 18 No 1

Absent 5

Floor Assignment Wald

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

REPORT OF STANDING COMMITTEE (410)
March 27, 2007 10:52 a.m.

Module No: HR-55-6325
Carrier: Wald
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2339: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO NOT PASS (18 YEAS, 1 NAY, 5 ABSENT AND NOT VOTING). SB 2339 was placed on the Fourteenth order on the calendar.