

2015 HOUSE APPROPRIATIONS

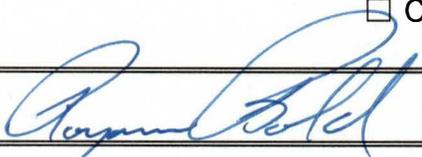
HB 1034

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1034
1/20/2015
22173

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

An act to amend and reenact section of the North Dakota Century code relating to the allotment of appropriations

Minutes:

Attachments: 1

Chairman Jeff Delzer opened the bill hearing on HB 1034.

Brady Larson, Legislative Council presented information from Legislative Council, which originated this bill. Attachment 1: ***Use of Foundation Aid Stabilization Fund...***

Representative Glassheim
Where's the 11% show up?

Chairman Jeff Delzer
It's not in the bill but the way the budget stabilization fund works is before they can access it OMB has to come with a new forecast.

Representative Skarphol
Just so we understand, a shortfall in revenue for K-12; but for the balance of state government, we still need the allotment?

Chairman Jeff Delzer
Yes, and that's the way that constitutional measure is set up.

No further testimony was presented.

A motion for a Do Pass was made by **Representative Bellew**
Seconded by **Representative Brandenburg**

22 Yes, 0 No, 1 Absent
The motion passed.

Representative Bellew will be the carrier.

Chairman Jeff Delzer closed the hearing on HB 1034.

Date: 1/20/15
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1034**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Bellew Seconded By Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Chairman Jeff Delzer	✓		Representative Boe	✓	
Vice Chairman Keith Kempenich	✓		Representative Glassheim	✓	
Representative Bellew	✓		Representative Guggisberg	✓	
Representative Brandenburg	✓		Representative Hogan	✓	
Representative Boehning	✓		Representative Holman	✓	
Representative Dosch	A				
Representative Kreidt	✓				
Representative Martinson	✓				
Representative Monson	✓				
Representative Nelson	✓				
Representative Pollert	✓				
Representative Sanford	✓				
Representative Schmidt	✓				
Representative Silbernagel	✓				
Representative Skarphol	✓				
Representative Streyle	✓				
Representative Thoreson	✓				
Representative Vigesaa	✓				

Total (Yes) 22 No 0

Absent 1

Floor Assignment Bellew

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

Manda

Com Standing Committee Report
January 20, 2015 12:09pm

Module ID: h_stcomrep_11_009
Carrier: Bellew

REPORT OF STANDING COMMITTEE

HB 1034: Appropriations Committee (Rep. Delzer, Chairman) recommends DO PASS
(22 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1034 was placed on the
Eleventh order on the calendar.

2015 SENATE APPROPRIATIONS

HB 1034

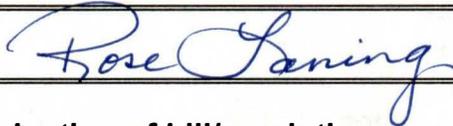
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1034
3/10/2015
Job # 24560

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the allotment of appropriations.

Minutes:

Legislative Council - Brady Larson
OMB - Becky Deichert

Chairman Holmberg called the committee to order on HB 1034.

Jeff Delzer, State Representative, District 8, Interim Committee Chair:

HB 1034 is a bill that came out of the Interim Committee - the Government and Finance Committee that I had the opportunity to chair. It also goes along with SCR 4003 which was a constitutional resolution for the foundation aid stabilization fund that also has some dealings with SB 2039 - which you've dealt with both of those.

When we were dealing with the foundation aid stabilization fund last session with the constitutional measure that in the end did not pass both houses, one of the issues that we found out was that it was up to the governor on the first 2 ½% or on any of the allocations as to which fund he would use - either the budget stabilization fund or the foundation aid stabilization fund. This bill says that the first 2 ½% will come out of the foundation aid stabilization fund because there has to be a 2 ½% allocation that is not funded by the budget stabilization fund, but the foundation aid stabilization fund was set up to make it so that there's no allocations to K-12. It isn't K-12 money but it was set up to make sure that K-12 did not take a shortage if the revenues dropped down.

This bill says that the first 2 ½% will come out of the foundation aid stabilization fund. The next portion would come out of, if the governor uses 5 or 6, or 9 ½% out of the budget stabilization fund, the next portion for K-12 would come out of the budget stabilization fund and then after that, if the allocation was larger than what the budget stabilization fund could cover, it would come back again out of the foundation aid stabilization fund. The reason that we wanted to put this forward and ask for your consideration is because in SCR 4003, we want to set up an upper cap. If I remember right, it's 15% of the last general fund spending for the upper cap for the foundation aid stabilization fund, and under the current

rate, that triggers in to be about \$270-290M, somewhere in that range. With this bill, we figure anything over 9-10% on an allocation; the governor is probably going to call the legislative body in to deal with anyway. So there will be plenty of money in the foundation aid stabilization fund and yet this just tells the governor where he's got to go instead of leaving it up to him.

Chairman Holmberg: And this bill would stand alone, irrespective of what happens to the constitutional amendment. It isn't dependent on the passage of the constitutional amendment.

Jeff Delzer: That is entirely correct.

Chairman Holmberg closed the hearing on HB 1034. There are three bills that have some of the same family characteristics.

Senator Bowman: What's the appropriation in this?

Chairman Holmberg: There is none.

Senator Bowman: Then why isn't this a policy bill?

Chairman Holmberg because it is a bill that deals with how we handle the money coming in and out of the budget stabilization fund and foundation aid stabilization fund.

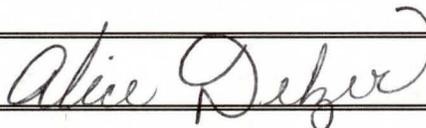
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1034
4/9/2015
Job # 25955

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to the allotment of appropriations. DP

Minutes:

No testimony

Chairman Holmberg called the committee to order on Thursday, April 09, 2015 in regards to HB 1034. All committee members were present. Lori Laschkewitsch, OMB and Adam Mathiak, Legislative Council were also present.

Chairman Holmberg: This bill more clearly defines how the allotment process goes. It utilizes state school aid rather than foundation aid 'cause we have eliminated the use of that term. Could we have a motion on this bill? This is not the bill that has the secret \$712M.

Senator Sorvaag: moved a Do Pass on HB 1034. 2nd by Senator Carlisle.

Senator Carlisle: This is just in event of a budget short fall, right?

Chairman Holmberg: Budget and the allotment.

Chairman Holmberg: Call the roll on a Do Pass on HB 1034.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0.

Senator Sorvaag will carry the bill. The hearing was closed on HB 1034.

Date: 4-9-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1034

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Sorvaag Seconded By Carlisle

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Sorvaag

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

REPORT OF STANDING COMMITTEE

HB 1034: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1034 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

HB 1034

USE OF FOUNDATION AID STABILIZATION FUND AND BUDGET STABILIZATION FUND FOR STATE SCHOOL AID PAYMENTS - BASED ON BILL DRAFT 15.0055.02000

USE OF FUNDS DURING REVENUE SHORTFALL Current Law

Below is a schedule summarizing options to offset general fund allotments and revenue shortfalls based on current law.

Use of Foundation Aid Stabilization Fund and Budget Stabilization Fund to Offset Allotments and Revenue Shortfalls		
	State School Aid Payments	Other General Fund Appropriations
First 2.5 percent of allotment or revenue shortfall	A transfer from the foundation aid stabilization fund must be used to offset allotment.	No offset of revenue shortfall allowed.
Portion of allotment or revenue shortfall greater than 2.5 percent	A transfer from either the foundation aid stabilization fund or budget stabilization fund may be used to offset the allotment or revenue shortfall.	The Governor may order a transfer from the budget stabilization fund to offset revenue shortfall.

Provisions Included in Bill Draft

The bill draft clarifies the process in which the foundation aid stabilization fund and budget stabilization fund may be used to offset allotments for state school aid payments during a revenue shortfall. The bill draft provides for the funds to be used in the following order relating to state school aid payments:

- The foundation aid stabilization fund is to be used to offset the first 2.5 percent of a general fund allotment.
- The budget stabilization fund is to be used to offset any general fund revenue shortfall in excess of 2.5 percent.
- After the budget stabilization fund is depleted, any remaining general fund allotment may be offset with funds from the foundation aid stabilization fund.

AMOUNT OF REVENUE SHORTFALL THAT MAY BE OFFSET Estimated Fund Balances and 2013-15 General Fund Appropriations

The table below summarizes the estimated ending fund balances of the foundation aid stabilization fund and budget stabilization fund on Monday, June 30, 2015, based on estimates made during the 2013 legislative session.

	Estimated Balance June 30, 2015
Foundation aid stabilization fund	\$615,436,791
Budget stabilization fund	\$583,545,799 ¹

¹Does not reflect any potential transfers to be made from the general fund to the budget stabilization fund at the end of the 2013-15 biennium.

For the 2013-15 biennium, the Legislative Assembly appropriated a total of \$6,862,587,354 from the general fund, of which \$1,695,374,000 is for state school aid payments and \$5,167,213,354 is for other purposes.

Amount of Funding Used Based on Bill Draft

The following schedule details how much funding would be used from the foundation aid stabilization fund and budget stabilization fund to offset a revenue shortfall based on the provisions included in the bill draft:

Use of Foundation Aid Stabilization Fund and Budget Stabilization Fund to Offset Allotments - Based on Bill Draft 15.0055.02000			
Allotment/Revenue Shortfall Amount	State School Aid Payments - General Fund	Other General Fund Appropriations	Total
First 2.5 percent - Foundation aid stabilization fund	\$42,384,350	\$0	\$42,384,350
From 2.5 to 11 percent - Budget stabilization fund ¹	\$144,162,591	\$439,383,208	\$583,545,799
From 11 to 44.8 percent - Foundation aid stabilization fund	\$573,052,441	\$0	\$573,052,441

¹The Legislative Assembly in 2013 House Bill No. 1015 provided \$720 million of general fund appropriations be excluded from the calculation used to determine the maximum balance of the budget stabilization fund. Therefore, the current fund balance of the budget stabilization fund is equal to approximately 8.5 percent of total general fund appropriations for the 2013-15 biennium.