

BUDGET STABILIZATION FUND TRANSFERS - ACTUAL AND PROJECTED**2003-05 AND 2005-07 BIENNIUMS**

The schedule below provides the actual transfers made at the end of each biennium and balances of the budget stabilization fund for the 2003-05 and 2005-07 bienniums:

2003-05 Biennium	General Fund	Budget Stabilization Fund
June 30, 2005, balance prior to budget stabilization fund transfers	\$167,487,687	\$0
Budget stabilization fund transfers made at end of the biennium	(99,472,631) ¹	99,472,631 ¹
June 30, 2005, balance	\$68,015,056	\$99,472,631

¹North Dakota Century Code Chapter 54-27.2 provides that any amount in the general fund at the end of the biennium in excess of \$65 million be transferred to the budget stabilization fund; however, the statute also limits the balance in the budget stabilization fund to 5 percent of the general fund budget approved by the most recent Legislative Assembly, which was \$99,472,631 based on 2005-07 biennium general fund appropriations of \$1,989,452,623.

2005-07 Biennium	General Fund	Budget Stabilization Fund
June 30, 2007, balance prior to budget stabilization fund transfers	\$396,068,545	\$99,472,631
Budget stabilization fund transfers made at the end of the biennium	(100,527,369) ²	100,527,369 ²
June 30, 2007, balance	\$295,541,176	\$200,000,000

²House Bill No. 1429 (2007) provides that in lieu of any other transfers, \$100,527,369 be transferred from the general fund to the budget stabilization fund at the end of the 2005-07 biennium to provide for a \$200 million balance in the budget stabilization fund.

2007-09 BIENNIUM

House Bill No. 1429 (2007) (attached as Appendix A) increases, effective July 1, 2009, the maximum balance allowed in the budget stabilization fund from 5 percent to 10 percent of the general fund budget approved by the most recent session of the Legislative Assembly.

Pursuant to Section 54-27.2-02, the budget stabilization fund transfer occurs at the **end of the biennium after cancellation of unexpended appropriations** under Section 54-44.1-11. Section 54-44.1-11 states that appropriations cancel 30 days after the close of each biennial period. The close of the 2007-09 biennium is June 30, 2009; therefore, 30 days later is July 30, 2009. Because Section 2 of House Bill No. 1429 becomes effective on July 1, 2009, the provisions of the bill will affect budget stabilization fund transfers occurring at the end of the 2007-09 biennium.

The schedule below shows the potential transfer that could occur at the end of the 2007-09 biennium based on current law and the current projection for the 2007-09 biennium general fund balance:

2007-09 Biennium	General Fund	Budget Stabilization Fund
June 30, 2009, projected balance (estimated as of January 31, 2008) prior to budget stabilization fund transfers	\$189,404,721 ¹	\$200,000,000
Potential budget stabilization fund transfers made at the end of the biennium	(70,300,000) ²	70,300,000 ²
June 30, 2009, preliminary projected balance (estimated as of January 31, 2008)	\$119,104,721 ¹	\$270,300,000 ²

¹This estimate is based on actual general fund revenue collections through January 2008 and projected revenues for the remainder of the biennium.

²North Dakota Century Code Chapter 54-27.2 provides that any amount in the general fund at the end of the biennium in excess of \$65 million be transferred to the budget stabilization fund. Effective July 1, 2009, the maximum balance allowed in the budget stabilization fund is 10 percent of the general fund budget as approved by the most recent Legislative Assembly (2009). Previously, the statutory limit was 5 percent of the general fund budget. If the 2009 Legislative Assembly approves 2009-11 general fund appropriations of \$2.703 billion (a 10 percent increase over the 2007-09 biennium general fund budget of \$2.457 billion) and depending on the actual June 30, 2009, general fund balance, the budget stabilization fund could have a balance of up to \$270.3 million.

Attached as Appendix B is a copy of the current statutory provisions relating to the budget stabilization fund.