

1999 HOUSE APPROPRIATIONS

HCR 3025

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 3025

House Appropriations Committee

Conference Committee

Hearing Date 2/1/99

Tape Number	Side A	Side B	Meter #
1		x	0.0-23.5
Committee Clerk Signature <i>Kevin Baugh</i>			

Minutes:

SUMMARY OF THE RESOLUTION: A concurrent resolution to create and enact a new section to article X of the Constitution of North Dakota, relating to the creation of a rainy day fund.

(0.0)Chairman Dalrymple opened the hearing on HCR 3025 in the Roughrider Room. All members were present: Chairman Dalrymple, Representatives Aarsvold, Bernstein, Boehm, Byerly, Carlson, Carlisle, Delzer, Gulleason, Hoffner, Huether, Kerzman, Lloyd, Monson, Nichols, Poolman, Svedjan, Timm, Tollefson, and Wentz.

(0.0)Rep. Sveen of District 6 appeared in favor of the resolution and briefly summarized it.

(1.3)Rep. Eliot Glasheim of District 18 in Grand Forks appeared in favor of HCR 3025. (see attached testimony--facts and figures).

(6.1)Rep. Bernstein asks if Rep. Glasheim's intentions are to access just the interest on the funds, or interest and principle.

(6.3)Rep. Glasheim answers that the intention would be to be able to access both the interest and the principle.

(13.1)Rod Backman with the Office of Management and Budget appeared to make a comment about the numbers on the bill. He noted that the bill didn't have an effective date and probably should, with the intent of the date being after the end of the next biennium, and the first transfers that would come out would be July 1, 2001. He appeared in neutrality for both the OMB and the Governor's Office.

(14.8) Chairman Dalrymple: “Rob, that has actually become a Bank Of North Dakota reserve fund, has it not?”

(14.8) Mr. Backman responded that he thought that the concern that Chairman Dalrymple brought up was just a session law.

(15.3) Chairman Dalrymple: "So it's your impression that in the absence of any further action, that we would still have a budget stabilization fund?"

(15.4) Mr. Backman responded that in assent to Chairman Dalrymple's question.

(15.7) Rep. Nichols: “Mr. Backman, if this were to pass, how do you envision that the investment board would be able to invest this money, if over a number of years, there was no need for it, and then all of a sudden, there might be. Is this money going to have to be in very short-term, conservative type investments to be accessed?”

(16.2) Mr. Backman “What happens now in funds is that there are several funds that have that situation of finding themselves needing current dollars, but recognizing that they have some dollars that may be invested on a long-term basis....”

(16.9) Rep. Carlson: “Just once again, explain the budget stabilization fund to me again, I don’t quite understand how it works.”

(17.1) Mr. Backman: “The current statute, as I understand it, simply says, that if we end at the biennium with more than \$65 million in the general fund, then whatever that excess is above \$65 million, goes into a budget stabilization fund. Those dollars are then held there and cannot be withdrawn unless we run into a situation where our office estimates that because of a declining economy, or declining tax revenues, that the tax revenues are going to be short from what the official Forecast was in the prior legislative session. I believe, even if it’s 1% short we can’t touch it; it has to be at least 2 ½% short of revenue, before the Governor could access those funds, and then at that point, let’s say for example, he were to access \$10 million we would simply transfer that \$10 million from the budget stabilization fund, back to the general fund.”

(18.1) Rep. Huether asked for a brief description of the investment board, and if they hire money managers, and if so, how many and how they are chosen.

(18.3) Mr. Backman: “I don’t know how familiar I actually am, with who is on the investment board now, but I believe there are 5 or 7, but they do hire money managers, and like I explained before, part of what the money managers do then, is to get an idea from the persons who are responsible for the funds, as to what their cash needs might be to determine how much can be short term or long term investments and some level of a risk tolerance.”

(19.0) Rep. Huether: “How do you choose those money managers then?”

(19.1) Mr. Backman: “The way that I understand it, the state investment board in effect puts out a request a proposal for services. They have certain specifications in the request, but then they

narrow that down, and then they interview the companies proposing to provide the service, and that decision is actually made by the State Investment Board.”

(19.4)Chairman Dalrymple: “Do you see any problems with the language that says 1% or a percentage of general fund revenues received. Do we have a problem interpreting what that means at all? How would you handle departmental collections? For instance, what about all of the situations where revenues are divided with other entities, with counties and cities, and what not? Those funds, when they are received, initially come to the state, but you turn around and distribute back out percentages of funds to other entities, so what is the definition of revenues received?”

(20.3)Mr. Backman: “We thought about that somewhat, and actually, those other funds that we divide up with cities and counties, never actually go into the general fund. The decision is actually made before they go in, so what we bring into the general fund, is general fund dollars. It would be an exception to that \$3.1 million in telecommunications tax issue that came up in the last couple of weeks. Other than that what goes into the general fund would only be dollars that belong in the general fund. Now you would have a very valid point, as departmental collections I don’t think, would concern you as much, because many times, those are almost a form of a tax, or a fee for service. The one that we thought about that would be a little bit abnormal, would be for instance, a transfer from the Bank Of North Dakota. We transfer from the Bank of North Dakota into this fund, and it then becomes a general fund revenue. So we would take a percentage off of that and then put it in this Rainy Day fund....”

(21.8)Rep. Delzer: “What would putting this on the ballot do, that just passing it as a bill would not do? For 7 years, it would take 2/3 of the House to change it. It doesn’t have any protection clauses in there, that I can see, other than the 70% or the 66% to take money out of it. I don’t know why there would need to be a ballot on it, as compared to just passing it as a bill.”

(22.4) Chairman Dalrymple: “I guess, Representative Delzer, you hit the point, and that is, in order to amend a constitutional provision, it would take a 2/3 vote of the entire House.”

(22.8)Rep. Aarsvold: “I think beyond that, it would make it very difficult for the fund to be eliminated. It would have to be done by a constitutional procedure, following its passage as a constitutional fund....”

The hearing on HCR 3025 was closed without the committee taking action on this day.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date February 3, 1999			
Tape Number	Side A	B Side	Meter #
1	x		13.9-19.0
Committee Clerk Signature <i>Roxanne Stone</i>			

Minutes:

Chairman Dalrymple opened the discussion on HCR 3025.

1A: 14.4 Chairman Dalrymple and Rep. Delzer voiced concerns over bill. Rep. Timm also noted that he did not like the idea of handling of the investment and borrow back time.

1A: 17.4 Rep. Delzer moved for a DO NOT PASS on HCR 3025. Rep. Tollefson 2nd the motion. HCR did not pass on a Roll Call Vote.

16 voting Yes

3 voting No

1 voting Absent

Rep. Tollefson will carry the bill to the floor.

Date: 2.3.99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HCR 3025

House APPROPRIATION Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS

Motion Made By DELZER Seconded By TOLLEFSON

Representatives	Yes	No	Representatives	Yes	No
Rep. Ole Aarsvold			Rep. Ronald Nichols	✓	
Rep. LeRoy G. Bernstein	✓		Rep. Jim Poolman	✓	
Rep. James Boehm	✓		Rep. Ken Svedjan	✓	
Rep. Rex R. Byerly	✓		Rep. Mike Timm	✓	
Rep. Al Carlson	✓		Rep. Ben Tollefson	✓	
Rep. Ron Carlisle	✓		Rep. Janet Wentz	✓	
Rep. Al Carlson			Chairman Jack Dalrymple	✓	
Rep. Jeff Delzer	✓				
Rep. Pam Gulleson		✓			
Rep. Serenus Hoffner		✓			
Rep. Robert Huether	✓				
Rep. James Kerzman		✓			
Rep. Ed Lloyd	✓				
Rep. David Monson	✓				

Total (Yes) 14 No 3

Absent 1

Floor Assignment Rep. Tollefson

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

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1477: Education Committee (Rep. R. Kelsch, Chairman) recommends **DO NOT PASS** (13 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1477 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

HB 1480: Education Committee (Rep. R. Kelsch, Chairman) recommends **DO NOT PASS** (13 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1480 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

HCR 3013: Natural Resources Committee (Rep. Grosz, Chairman) recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HCR 3013 was placed on the Tenth order on the calendar.

REPORT OF STANDING COMMITTEE

HCR 3015: Judiciary Committee (Rep. DeKrey, Chairman) recommends **DO PASS** (11 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). HCR 3015 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

HCR 3021: Natural Resources Committee (Rep. Grosz, Chairman) recommends **DO PASS** (12 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HCR 3021 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

HCR 3022: Judiciary Committee (Rep. DeKrey, Chairman) recommends **DO PASS** (10 YEAS, 2 NAYS, 3 ABSENT AND NOT VOTING). HCR 3022 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

HCR 3025: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **DO NOT PASS** (16 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HCR 3025 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

HCR 3026: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (13 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HCR 3026 was placed on the Eleventh order on the calendar.

REPORT OF STANDING COMMITTEE

HCR 3027: Natural Resources Committee (Rep. Grosz, Chairman) recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HCR 3027 was placed on the Tenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2072: Government and Veterans Affairs Committee (Rep. Klein, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2072 was placed on the Fourteenth order on the calendar.

The House stood adjourned pursuant to Representative Monson's motion.

LANCE HAGEN, Chief Clerk

1999 TESTIMONY

HCR 3025

Biennial Revenue
 Annual Revenue
 Assumes 2% annual revenue growth

1,568,000,000
 784,000,000

Calendar Years	Beginning Balance	.1 of 1% Annual Deposit	7.00% Interest earning	Ending Balance	Annual Revenue Growth	6% of Annual Revenue
2002	0	784,000	54,880	838,880	784,000,000	47,040,000
2003	838,880	799,680	114,699	1,753,259	799,680,000	47,980,800
2004	1,753,259	815,360	179,803	2,748,423	815,360,000	48,921,600
2005	2,748,423	831,040	250,562	3,830,025	831,040,000	49,862,400
2006	3,830,025	846,720	327,372	5,004,117	846,720,000	50,803,200
2007	5,004,117	862,400	410,656	6,277,173	862,400,000	51,744,000
2008	6,277,173	878,080	500,868	7,656,121	878,080,000	52,684,800
2009	7,656,121	893,760	598,492	9,148,373	893,760,000	53,625,600
2010	9,148,373	909,440	704,047	10,761,860	909,440,000	54,566,400
2011	10,761,860	925,120	818,089	12,505,068	925,120,000	55,507,200
2012	12,505,068	940,800	941,211	14,387,079	940,800,000	56,448,000
2013	14,387,079	956,480	1,074,049	16,417,608	956,480,000	57,388,800
2014	16,417,608	972,160	1,217,284	18,607,052	972,160,000	58,329,600
2015	18,607,052	987,840	1,371,642	20,966,534	987,840,000	59,270,400
2016	20,966,534	1,003,520	1,537,904	23,507,958	1,003,520,000	60,211,200
2017	23,507,958	1,019,200	1,716,901	26,244,059	1,019,200,000	61,152,000
2018	26,244,059	1,034,880	1,909,526	29,188,465	1,034,880,000	62,092,800
2019	29,188,465	1,050,560	2,116,732	32,355,757	1,050,560,000	63,033,600
2020	32,355,757	1,066,240	2,339,540	35,761,536	1,066,240,000	63,974,400
2021	35,761,536	1,081,920	2,579,042	39,422,498	1,081,920,000	64,915,200
2022	39,422,498	1,097,600	2,836,407	43,356,505	1,097,600,000	65,856,000
2023	43,356,505	1,113,280	3,112,885	47,582,670	1,113,280,000	66,796,800
2024	47,582,670	1,128,960	3,409,814	52,121,444	1,128,960,000	67,737,600
2025	52,121,444	1,144,640	3,728,626	56,994,710	1,144,640,000	68,678,400
2026	56,994,710	1,160,320	4,070,852	62,225,882	1,160,320,000	69,619,200
2027	62,225,882	1,176,000	4,438,132	67,840,014	1,176,000,000	70,560,000
2028	67,840,014	1,191,680	4,832,219	73,863,912	1,191,680,000	71,500,800
2029	73,863,912	1,207,360	5,254,989	80,326,262	1,207,360,000	72,441,600

2030	80,326,262	1,223,040	5,708,451	87,257,753	1,223,040,000	73,382,400
2031	87,257,753	1,238,720	6,194,753	94,691,226	1,238,720,000	74,323,200
2032	94,691,226	1,254,400	6,716,194	102,661,819	1,254,400,000	75,264,000
2033	102,661,819	1,270,080	7,275,233	111,207,132	1,270,080,000	76,204,800
2034	111,207,132	1,285,760	7,874,502	120,367,395	1,285,760,000	77,145,600
2035	120,367,395	1,301,440	8,516,818	130,185,653	1,301,440,000	78,086,400
2036	130,185,653	1,317,120	9,205,194	140,707,968	1,317,120,000	79,027,200
2037	140,707,968	1,332,800	9,942,854	151,983,621	1,332,800,000	79,968,000
2038	151,983,621	1,317,120	10,731,052	164,031,793	1,317,120,000	79,027,200
2039	164,031,793	1,332,800	11,575,522	176,940,115	1,332,800,000	79,968,000