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La Costa Richardson
Operator's Signature

10/16/63
Date

2003 HOUSE APPROPRIATIONS

HD 1479

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Richard A. Costa
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1479

House Appropriations Committee

Conference Committee

Hearing Date 02-05-03

Tape Number	Side A	Side B	Meter #
1		X	44.7- end of tape
2	X		
Committee Clerk Signature <i>Chris S. Nyberg</i>			

Minutes:

Chairman Svedjan Opened HB 1479 for discussion. A quorum was present.

Rep. Aarsvold I move a Do Pass. 2nd by Rep. Metcalf.

Rep. Glassheim This makes for fiscal responsibility. I think it maintains the integrity of the budget section.

Rep. Delzer We can't take any more out of the Bank of ND. We need to try to have a higher ending fund balance. The allotment would have to reduce the spending to a point where we would have to have an ending fund balance of 40 million. Then we have taken extra cuts that we did not have to, and that is at the expense of the state of ND.

Rep. Warnke What is the point of an ending fund balance? Its to make up for the highs and lows of the estimated budget. Our constituents would be upset with cutting services and having money in the bank still. They'd be upset by this.

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Yolanda Richardson
Operator's Signature

10/16/03
Date

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House Appropriations Committee
Bill/Resolution Number HB 1479
Hearing Date 02-05-03

Chairman Svedjan What hit home for me was that an allotment can't be put into place until the budget goes out of balance.

Reo, Carlson When has there been money in the Budget Stabilization Fund? How do we get it out?

Sheila Peterson We emptied it before the 1991 legislature.

Rep. Carlson Whatever the fund was named before that, we took the last of it right before I came in. The question is where is the provision to ever get any money out of here.

Sheila Peterson There is a method to get money out of the Budget Stabilization Fund if there was any in it, and it refers to if the revenue forecast is revised down more than 2.5%, then we could do it.

Rep. Carlson Why would we allot when we have that money in the fund?

Rep. Glassheim We will cut expenditures to get that money, not as if we will have money there and not spend it. In order to get a high ending fund balance by not spending this session, if you don't have it then you have to have an allotment. If we make the ending fund balance into a real figure, I get 2.4 million dollars/day spent. To have a 10 million dollar balance is probably a good idea. This bill says we need money to live on.

Chairman Svedjan Your analysis is correct to a certain point. If we establish a 60 million dollar ending balance and we drain it to 30 million, there is no allotment that can be made since it is not below zero.

Rep. Monson This puts the ending fund balance more important than the agencies and their services.

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House Appropriations Committee
Bill/Resolution Number HB 1479
Hearing Date 02-05-03

Rep. Skarphol What happens if you adopt this bill and establish a 0 dollar ending fund balance and you end up with a surplus, do you have to spend the money?

Motion Fails

Rep. Wald I move a Do Not Pass. 2nd by **Rep. Thoreson**. Motion Carries 16-5-2. **Rep. Thoreson** will carry this bill.

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La Costa Richard
Operator's Signature

10/16/03
Date

FISCAL NOTE
 Requested by Legislative Council
 01/21/2003

Bill/Resolution No.: HB 1479

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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.

It is difficult to determine the fiscal impact of this bill since future ending balances and future budget shortfalls are unknown. This bill would provide that ending balances would not be available for spending in the subsequent biennium, but would be deposited into the budget stabilization fund. In the case of an allotment, the allotment would have to be larger to maintain the projected ending balance.

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.

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.

Name:	Pam Sharp	Agency:	OMB
Phone Number:	328-4606	Date Prepared:	01/23/2003

P. Costa
 Operator's Signature

10/16/03
 Date

REPORT OF STANDING COMMITTEE (410)
February 6, 2003 8:45 a.m.

Module No: HR-23-1791
Carrier: Thoreson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1479: Appropriations Committee (Rep. Svedjan, Chairman) recommends **DO NOT**
PASS (16 YEAS, 5 NAYS, 2 ABSENT AND NOT VOTING). HB 1479 was placed on
the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-23-1791

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Ja Costa Rickford
Operator's Signature

10/6/03
Date

2003 TESTIMONY

HB 1479

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Yolanda Rickford
Operator's Signature

10/6/03
Date

HB 1479 / Budget Stabilization Fund
Appropriations Committee
Representative Ken Svedjan, Chairman
January 28, 2003 / 2:45 PM / Roughrider Room

Good Afternoon Chairman Svedjan and members of the Appropriations Committee. My name is Representative Mary Ekstrom and I represent District 11 in Fargo. I am here to present HB 1479 which allows the Appropriations Committee to set a base for our Ending Fund Balance.

When I was preparing bills for this legislative session, I met with Jim Smith and John Walstad of Legislative Council. Jim provided me with this document which showed that we would have approximately \$28,000 as an ending fund balance. Further, it stated that our deficits could range from \$67.5 to \$184 million.

I am not a fiscal expert. But even I could understand just how close to the edge we were standing coming into this Session.

HB 1479 allows the legislature to set an ending fund balance that it believes is adequate to take the state from one year to the next. I think the authority belongs with us, more particularly with you. I would ask that you consider favorably HB 1479.

I doubt seriously that I can answer any technical questions, but I could try.

PRELIMINARY OUTLOOK - NORTH DAKOTA 2003-05 GENERAL FUND BUDGET OCTOBER 2002 UPDATE

This memorandum is an update of the July 16, 2002, preliminary outlook regarding North Dakota's 2003-05 biennium general fund budget and related information. The information is very preliminary and subject to many yet to be determined factors, including revised revenue estimates, agency 2001-03 deficiency appropriation requests, agency 2001-03 unspent appropriations or "tumback," and 2003-05 biennium agency budget requests.

The following information is attached:

Appendix A - Preliminary Outlook - North Dakota 2003-05 Biennium General Fund Budget. Key points regarding the preliminary outlook include:

- A projected July 1, 2003, general fund balance of \$27,292 (the beginning balance on July 1, 2001, was \$62.2 million) - Based on the July 9, 2002, forecast and assumes deficiency appropriations will be funded from additional revenues or agency tumback.
- Total 2003-05 biennium general fund revenues and transfers of \$1,711,104,937, as projected in the Office of Management and Budget's July 9, 2002, preliminary forecast (represents \$4,789,230 more than the 2001-03 biennium original forecast made during the 2001 Legislative Assembly).
- Total projected 2003-05 biennium general fund appropriations of \$1,778,609,764, the amount potentially necessary to fund costs to continue totaling \$52,200,000. (The 2001-03 biennium adjusted general fund appropriations are \$1,726,409,764, reflecting the 1.05 percent general fund allotment.)
- Other potential general fund appropriations totaling \$118 million. These items are identified only as possible legislative considerations and are not recommended amounts but are provided so the reader can substitute whatever level determined appropriate.
- Based on information available to date, the 2003-05 general fund appropriation needs may exceed available resources in an amount ranging from \$67.5 million to \$184 million. This amount could be reduced by \$21,700,000 relating to the maximum potential savings resulting from the Governor's 95 percent budget request guideline for the 2003-05 biennium.
- These amounts are preliminary and are contingent upon the December revenue forecast for the remainder of the 2001-03 biennium and the 2003-05 biennium and actual agency budget requests. As of October 4, 2002, the budget requests for several major agencies have not been submitted to the Office of Management and Budget, including the Department of Human Services and the Department of Corrections and Rehabilitation.

Appendix B - General Fund Turnback for the 1995-97, 1997-99, and 1999-2001 Bienniums.

Appendix C - History of Bank of North Dakota Profits and Equity.

Appendix D - Summary of Preliminary Revenue Forecasts of the Office of Management and Budget.

Appendix E - A summary of the Impact of projected federal medical assistance percentage changes.

Appendix F - Fiscal Information Summary.

ATTACH:6

RANGE
SHORTFALL
MILLION
To
162.3 MILLION

67.5
41.7
45.3
MILLION
SHORTFALL

184.0
21.7
162.3 MRL

Colista Richardson
Operator's Signature

10/16/02
Date