

**Bank of North Dakota
Budget No. 471
Senate Bill Nos. 2014, 2217, House Bill No. 1050**

| | FTE Positions | General Fund | Other Funds | Total |
|---|----------------------|---------------------|--------------------|-------------------|
| 2005-07 executive budget (bills as introduced) | 178.50 | \$5,700,000 | \$45,704,797 | \$51,404,797 |
| 2005-07 legislative appropriations | 178.50 | 6,900,000 | 44,575,075 | 51,475,075 |
| Legislative increase (decrease) to executive budget | 0.00 | \$1,200,000 | (\$1,129,722) | \$70,278 |
| Legislative increase (decrease) to 2003-05 appropriations | 0.00 | (\$1,175,000) | \$14,796,796 | \$13,621,796 |

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Bank of North Dakota is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

| | Major Items FTE Positions | General Fund | Other Funds | Total |
|--|--------------------------------------|---------------------|----------------------|-----------------|
| The legislative action: | | | | |
| Added funding for state employee salary increases | | | \$75,901 | \$75,901 |
| Reduced funding recommended in the executive budget for state employee health insurance premiums from \$559.15 to \$553.95 per month per policy | | | (23,088) | (23,088) |
| Reduced funding for operating expenses | | | (1,182,535) | (1,182,535) |
| Added funding for deposit in the Biodiesel partnership in assisting community expansion (Biodiesel PACE) fund (see Related Legislation section below) | | \$1,200,000 | | 1,200,000 |
| Total | 0.00 | \$1,200,000 | (\$1,129,722) | \$70,278 |

FTE Changes

The Legislative Assembly did not change the executive branch recommendation which included funding for 178.5 FTE positions, the same as the 2003-05 biennium.

New Bank of North Dakota Building

The Legislative Assembly did not change the executive branch recommendation to allow the Bank of North Dakota to use \$11 million of special funds from the Bank's assets to construct a new three-story bank building consisting of a total of 60,000 square feet. The Legislative Assembly added Section 6 to Senate Bill No. 2014 to provide that the Bank of North Dakota advertise for bids for the new Bank building and solicit alternate bids which would allow footings to be installed for up to three additional floors. Section 6 also provides that the Industrial Commission may proceed with the construction of the additional footings upon approval of the Emergency Commission and appropriates any additional funds required for the footings in excess of the \$11 million to the Bank of North Dakota.

Economic Development

The Legislative Assembly did not change the recommended funding levels for the PACE fund, the agriculture partnership in assisting community expansion (Ag PACE) fund, or the beginning farmer revolving loan fund. The Legislative Assembly provided a general fund appropriation of \$1.2 million for the Biodiesel PACE fund in Senate Bill No. 2217 (see **Related Legislation** section below). The following is a comparison of the funding for the PACE fund, Ag PACE fund, Biodiesel PACE fund, and the beginning farmer revolving loan fund:

| | 2003-05 Appropriation | Executive Recommendation | 2005-07 Appropriation |
|--|--------------------------|-----------------------------|--------------------------|
| PACE fund | \$5,700,000 | \$5,700,000 | \$5,700,000 |
| Ag PACE fund | 1,425,000 | 1,425,000 | 1,425,000 |
| Biodiesel PACE fund | | | 1,200,000 |
| Beginning farmer revolving loan fund | 950,000 | 950,000 | 950,000 |
| Total | \$8,075,000 | \$8,075,000 | \$9,275,000 |
| Funding sources | | | |
| General fund | \$8,075,000 | \$5,700,000 | \$6,900,000 |
| Other funds - Beginning farmer revolving loan fund | | \$2,375,000 | \$2,375,000 |

General Fund Transfers

Section 9 of House Bill No. 1015 provides for transfers of up to \$60 million of Bank of North Dakota current earnings and accumulated and undivided profits to the general fund during the 2005-07 biennium. This is the same amount as the executive recommendation and the same as authorized by the 2003 Legislative Assembly. Section 9 also provides that any transfer authorized from the Bank of North Dakota to the general fund may only be made to the extent that the transfer does not reduce the Bank's capital structure below \$150 million.

The following schedule shows an analysis of the Bank's estimated capital structure for the 2005-07 biennium:

| | |
|---|-------------------------|
| June 30, 2005, estimated capital level | \$160,000,000 |
| Estimated 2005-07 biennium profits | 72,000,000 ¹ |
| 2005-07 biennium transfers to the general fund per Section 9 of House Bill No. 1015 | (60,000,000) |
| Estimated capital on June 30, 2007 | \$172,000,000 |
| ¹ Actual calendar year 2004 profits were \$34.2 million | |

Other Sections in Bill

Unobligated money in PACE fund - Section 17 provides that any unobligated money of up to \$2.2 in the PACE fund as of June 30, 2005, must be returned to the general fund and considered general fund Turnback.

Related Legislation

House Bill No. 1053 provides that at the end of the biennium, any funds transferred from the Bank of North Dakota to the general fund in response to a projected revenue shortfall pursuant to a contingent authorization by the Legislative Assembly must be returned to the Bank. The amount returned to the Bank must be the amount of the contingent transfer or the unobligated balance of the general fund at the end of the biennium, whichever is less.

House Bill No. 1360 allows students attending an institution of higher education at a status of less than part-time or a dual credit high school student to be eligible to borrow for costs of attending the college of their choice.

Senate Bill No. 2217 establishes a Biodiesel PACE fund and provides a general fund appropriation of \$1.2 million as reflected on the schedule above to the Bank of North Dakota for deposit in the Biodiesel PACE fund.