

**Bank of North Dakota
Budget 471
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 legislative appropriation	176.50	\$13,600,000 ¹	\$38,226,090	\$51,826,090
2005-07 legislative appropriation	<u>178.50</u>	<u>6,900,000</u>	<u>44,575,075</u>	<u>51,475,075</u>
2007-09 appropriation increase (decrease) to 2005-07 appropriation	(2.00)	\$6,700,000	(\$6,348,985)	\$351,015

¹This amount includes \$4.2 million of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9.4 million.

NOTE: The 2007-09 legislative appropriation amounts include \$104,223 of other funds for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Item Description

General fund transfer - Section 14 of House Bill No. 1014 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 2007-09 biennium. This is the same amount authorized by the 2005 Legislative Assembly. Section 14 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 \$175 million.

Status/Result

The Office of Management and Budget has not requested the Bank of North Dakota to make any transfers to the general fund. The Bank of North Dakota has made arrangements with the Office of Management and Budget to transfer the \$60 million in two equal transfers of \$30 million each on December 31, 2008, and June 30, 2009.

The following schedule shows an analysis of the Bank's estimated capital structure for the 2007-09 biennium:

June 30, 2007, capital	\$189,843,000
Estimated 2007-09 biennium profits	102,000,000 ¹
2007-09 biennium transfers to the general fund per Section 14 of House Bill No. 1014	(60,000,000)
Estimated capital on June 30, 2009	<u>\$231,843,000</u>
¹ Actual calendar year 2007 profits were \$51 million.	

One-time funding - In Section 4 of House Bill No. 1014, the Legislative Assembly identified the general fund appropriation of \$4.2 million for the biofuels PACE fund as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2009-11 executive budget, and the Bank of North Dakota is to report to the Appropriations Committees during the 2009 legislative session on the use of this funding. Section 24 amends North Dakota Century Code (NDCC) Section 6-09.17-02 relating to the biodiesel PACE fund to provide that any unexpended and unobligated balance in the fund at the end of the biennium must be transferred to the biofuels PACE fund.

New Bank building - The 2007 Legislative Assembly provided \$5,384,266 of carryover spending authority for the completion of the new Bank building.

The Bank of North Dakota has implemented the biofuels PACE loan program for an interest rate buydown incentive on loans to biodiesel or ethanol production facilities or to livestock operations in North Dakota. Approximately \$700,000 was transferred from the biodiesel PACE fund to the biofuels PACE fund at the end of the 2005-07 biennium for a total of \$4.9 million for the biofuels PACE fund. As of April 10, 2008, approximately \$1 million has been spent for interest rate buydown incentives.

Through February 29, 2008, the Bank has spent \$4,653,249 of its carryover funds for completion of the new Bank building. The Bank moved into its new building on January 22, 2008.

Sale of Bank property - Section 23 of House Bill No. 1014 amends subsection 6 of NDCC Section 6-09-15 to allow the Bank of North Dakota to sell real estate property, except for real estate property at the new Bank location which may not be sold during the 2007-09 biennium pursuant to Section 19 of House Bill No. 1014.

The Bank continues its efforts to sell the old Bank property. The Department of Transportation is temporarily leasing space in the old Bank building to relocate its employees during the asbestos abatement project in the Highway Building.