

**Bank of North Dakota
Budget No. 471
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2009-11 executive budget (bills as introduced)	171.50	\$10,800,000	\$43,398,350	\$54,198,350
2009-11 legislative appropriations	176.50	11,100,000	44,167,274	55,267,274
Legislative increase (decrease) to executive budget	5.00	\$300,000	\$768,924	\$1,068,924
Legislative increase (decrease) to 2007-09 appropriations	0.00	(\$2,500,000)	\$5,941,184	\$3,441,184

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2007-09 legislative appropriations	\$9,400,000	\$4,200,000	\$13,600,000
2009-11 legislative appropriations	9,400,000	1,700,000	11,100,000
2009-11 legislative increase (decrease) to 2007-09 appropriations	\$0	(\$2,500,000)	(\$2,500,000)
Percentage increase (decrease) to 2007-09 appropriations	0.0%	(59.5%)	(18.4%)
2009-11 legislative increase (decrease) to executive budget	\$0	\$300,000	\$300,000
Percentage increase (decrease) to executive budget	0.0%	21.4%	2.8%

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. 1015.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding added in the executive budget for state employee salary equity adjustments			(\$207,982)	(\$207,982)
Restored 5 vacant FTE positions removed in the executive recommendation	5.00		976,906	976,906
Reduced funding for biofuels PACE from \$1.4 million to \$700,000		(\$700,000)		(700,000)
Provided funding for Ag PACE disaster program		1,000,000		1,000,000

Total	5.00	\$300,000	\$768,924	\$1,068,924
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FTE Changes

The 2009-11 biennium appropriation includes funding for 176.5 FTE positions, the same as the 2007-09 biennium. The Legislative Assembly restored 5 vacant FTE positions removed in the executive recommendation.

One-Time Funding

In Section 2 of Senate Bill No. 2014, the Legislative Assembly identified \$1,700,000 from the general fund, of which \$700,000 relates to the biofuels PACE fund and \$1,000,000 is for a transfer to the Ag PACE fund for a disaster program, as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2011-13 executive budget and the Bank of North Dakota is to report to the Appropriations Committees during the 2011 legislative session on the use of this funding.

Economic Development

The Legislative Assembly increased the recommended level of funding for the Ag PACE fund from \$1,400,000 to \$2,400,000 and decreased the recommended level of funding for the biofuels PACE fund from \$1,400,000 to \$700,000. The Legislative Assembly did not change the recommended funding levels for the PACE fund or the beginning farmer revolving loan fund. The following is a comparison of the funding for the PACE fund, Ag PACE fund, biofuels PACE fund, and the beginning farmer revolving loan fund:

	2007-09 Appropriation	2009-11 Executive Recommendation	2009-11 Appropriation
PACE fund	\$8,000,000	\$8,000,000	\$8,000,000
Ag PACE fund	1,400,000	1,400,000	2,400,000
Biofuels PACE fund	4,200,000	1,400,000	700,000
Beginning farmer revolving loan fund	950,000	950,000	950,000
Total	\$14,550,000	\$11,750,000	\$12,050,000
Funding sources			
General fund	\$13,600,000	\$10,800,000	\$11,100,000
Other funds - Beginning farmer revolving loan fund	\$950,000	\$950,000	\$950,000

General Fund Transfers

Section 16 of Senate Bill No. 2014 provides for a transfer of Bank of North Dakota current earnings and accumulated and undivided profits to the general fund during the 2009-11 biennium in an amount equal to any general fund money deposited in the Ag PACE fund and obligated for the disaster program (see **Ag PACE disaster program** below).

Section 8 of Senate Bill No. 2332 provides for a transfer of up to \$8 million of the Bank's profits to the health information technology loan fund or electronic health information exchange fund. Section 9 of Senate Bill No. 2332 provides for a contingent transfer of up to \$5 million of Bank profits to the health information technology planning loan fund (see **Related Legislation** section below).

The following schedule shows an analysis of the Bank's estimated capital structure for the 2009-11 biennium:

June 30, 2009, estimated capital level	\$237,000,000
Estimated 2009-11 biennium profits	100,000,000 ¹
2009-11 biennium transfers to the general fund per Section 16 of Senate Bill No. 2014	(1,000,000)
2009-11 biennium transfers to health information technology-related funds per Sections 8 and 9 of Senate Bill No. 2332	(13,000,000)
Estimated capital on June 30, 2011	\$323,000,000

¹Actual calendar year 2008 profits were \$57 million.

Other Sections in Bill

Ag PACE disaster program - Section 15 provides for a transfer of up to \$1 million from the general fund to the Ag PACE fund for a disaster program to assist farmers and livestock producers that suffered extraordinary losses directly as a result of the weather-related events in the winter and spring of 2009. The Bank of North Dakota must return any Ag PACE disaster program funds not obligated by January 1, 2011, to the general fund. The Bank of North Dakota may transfer funds available in the PACE and biofuels PACE programs to the Ag PACE program for providing additional funds for the disaster program for the 2009-11 biennium.

Transfer to general fund - Bank of North Dakota - Section 16 provides for a transfer of Bank profits to the general fund in an amount equal to any general fund money deposited in the Ag PACE fund and obligated for the disaster program provided for under Section 15 of the bill.

Legislative intent - Land purchase - Section 18 provides legislative intent that to the best of its ability the Bank of North Dakota ensure that properties adjacent to Bank of North Dakota property northwest of West Street in Bismarck are developed for uses that are consistent with the mission and purpose of the Bank of North Dakota.

Legislative intent - College SAVE program incentives - Section 19 provides legislative intent that the Bank of North Dakota use administrative fee collections associated with the Bank's College SAVE program to provide incentives to establish 529 college savings plans under the Bank's College SAVE program.

Related Legislation

Beginning entrepreneur loan program - Senate Bill No. 2100 changes the total amount of outstanding loans the Bank may guarantee in the beginning entrepreneur loan program from \$8 million to an amount equal to 5 percent of the Bank's Tier 1 capital.

Biofuels PACE fund - Senate Bill No. 2291 increases the loan limit up to an additional \$250,000 for livestock operators who purchase or install biodigester systems.

New venture capital program - House Bill No. 1202 provides that up to \$1 million of the Bank's new venture capital program funds may be used for entrepreneurship awards up to \$50,000 per year for designated entrepreneurship centers and up to \$20,000 for qualified entrepreneurs who utilize the services of a designated entrepreneurship center.

Transfer of Bank of North Dakota profits - Section 8 of Senate Bill No. 2332 provides for a transfer of up to \$8 million of the Bank's profits to the health information technology loan fund or electronic health information exchange fund to meet any required federal fund match. Section 9 of the bill provides for a contingent transfer of up to \$5 million of Bank profits to the health information technology planning loan fund if actual general fund revenues for the period July 1, 2009, through September 30, 2009, exceed estimated general fund revenues for that period by at least \$22.5 million.