

**Bank of North Dakota
Budget No. 471
House Bill Nos. 1014 and 1206**

	FTE Positions	General Fund	Other Funds	Total
2011-13 executive budget (bills as introduced)	176.50	\$9,400,000	\$46,853,155	\$56,253,155
2011-13 legislative appropriations	176.50	34,400,000	56,853,155	91,253,155
Legislative increase (decrease) to executive budget	0.00	\$25,000,000	\$10,000,000	\$35,000,000
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$23,300,000	\$12,535,881	\$35,835,881

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 legislative appropriations	\$9,400,000	\$1,700,000	\$11,100,000
2011-13 legislative appropriations	9,400,000	25,000,000	34,400,000
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$0	\$23,300,000	\$23,300,000
Percentage increase (decrease) to 2009-11 appropriations	0.0%	1,370.6%	209.9%
2011-13 legislative increase (decrease) to executive budget	\$0	\$25,000,000	\$25,000,000
Percentage increase (decrease) to executive budget	0.0%	N/A	266.0%

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 Senate Bill No. 2015.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for loans to the Western Area Water Supply Authority (House Bill No. 1206).		\$25,000,000	\$10,000,000	\$35,000,000
Total	0.00	\$25,000,000	\$10,000,000	\$35,000,000

FTE Changes

The 2011-13 biennium appropriation includes funding for 176.5 FTE positions, the same as the 2009-11 biennium.

One-Time Funding

In Section 3 of House Bill No. 1206, the Legislative Assembly identified \$25 million from the general fund for a loan to the Western Area Water Supply Authority as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the Bank is to report to the Appropriations Committees during the 2013 legislative session on the use of the funding.

Economic Development

The Legislative Assembly did not change the recommended level of funding for the PACE, Ag PACE, biofuels PACE, 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:

	2009-11 Appropriation	2011-13 Executive Recommendation	2011-13 Appropriation
PACE fund	\$8,000,000	\$6,000,000	\$6,000,000
Ag PACE fund	2,400,000	1,000,000	1,000,000
Biofuels PACE fund	700,000	1,000,000	1,000,000
Beginning farmer revolving loan fund	950,000	1,400,000	1,400,000
Total	\$12,050,000	\$9,400,000	\$9,400,000
Funding sources			
General fund	\$11,100,000	\$9,400,000	\$9,400,000
Other funds - Beginning farmer revolving loan fund	\$950,000	\$0	\$0

Transfers

Section 4 of House Bill No. 1021 provides for a transfer of \$5 million from the current and undivided profits of the Bank to the health information technology planning loan fund or to the health information technology loan fund. Section 6 of House Bill No. 1021 amends Section 8 of Chapter 519 of the 2009 Session Laws to extend the \$8 million transfer provided for the 2009-11 biennium into the 2011-13 biennium (see **Related Legislation** section below).

Section 1 of Senate Bill No. 2150 provides for a transfer, in an amount to be determined by the Superintendent of Public Instruction, to reimburse school districts for excess costs relating to special education and related services (see **Related Legislation** section below).

The following schedule shows an analysis of the Bank's estimated capital structure for the 2011-13 biennium:

June 30, 2011, estimated capital level	\$359,660,000
Estimated 2011-13 biennium profits	130,000,000 ¹
2011-13 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, 2013	\$476,660,000

¹Actual calendar year 2010 profits were \$61.9 million.

Other Sections in House Bill No. 1014

Legislative intent - Land purchase - Section 4 provides legislative intent that to the best of its ability, the Bank ensure that properties adjacent to Bank property northwest of West Street in Bismarck are developed for uses that are consistent with the mission and purpose of the Bank.

Related Legislation

House Bill No. 1003 provides that Williston State College may borrow up to \$1,725,000 from the Bank for a workforce training building project during the 2011-13 biennium.

House Bill No. 1004 provides that the State Department of Health may borrow up to \$500,000 from the Bank for the purpose of defraying the expenses associated with possible litigation and other administrative proceedings involving the United States Environmental Protection Agency during the 2011-13 biennium.

House Bill No. 1012 provides that the Department of Transportation may borrow up to \$120 million from the Bank for the purpose of providing funding for emergency relief projects on the state highway system for the remainder of the 2009-11 biennium and the 2011-13 biennium. Any federal funding received for projects receiving borrowed funds must be used to repay the loan from the Bank.

House Bill No. 1015 provides that the Department of Corrections and Rehabilitation may borrow up to \$1.1 million from the Bank for the purpose of defraying the expenses of the Penitentiary project during the 2011-13 biennium.

House Bill No. 1021, Section 4, provides for a transfer of \$5 million from the current and undivided profits of the Bank to the health information technology planning loan fund or to the health information technology loan fund. Section 6 amends Section 8 of Chapter 519 of the 2009 Session Laws to extend the \$8 million transfer provided for the 2009-11 biennium into the 2011-13 biennium.

House Bill No. 1206 establishes the Western Area Water Supply Authority. The bill provides for a \$25 million general fund appropriation to the Bank and a \$10 million special fund appropriation from the resources trust fund for providing loans to the Western Area Water Supply Authority.

Senate Bill No. 2078 authorizes the Bank to establish a residential mortgage loan program for mortgages where private sector mortgage loan services are not reasonably available.

Senate Bill No. 2150, Section 1, provides for a transfer from the earnings and accumulated undivided profits of the Bank to the Department of Public Instruction in the amount that the Superintendent of Public Instruction certifies is necessary to provide the statutorily required level of reimbursement to school districts for the excess costs of serving the 1 percent of special education students statewide who require the greatest school district expenditures in order to be provided with special education and related services. The Superintendent is to file for introduction legislation requesting that the next Legislative Assembly return any amount transferred to the Bank.

Senate Bill No. 2121 transfers the remaining loans in the developmentally disabled facility loan program to the Bank with the proceeds of the loan repayments to be deposited in the common schools trust fund.

Senate Bill No. 2306 requires the Bank to establish and maintain an adequate guarantee reserve fund for the fuel production facility loan guarantee program. The Bank may request the Office of Management and Budget to transfer funds from the lands and minerals trust fund to maintain 25 percent of the guarantee reserve fund balance. The extent of the loan guarantee may not exceed 25 percent of the total loan. The maximum dollar amount for any guarantee on a single loan may not exceed \$12.5 million, and the value of all loan guarantees may not, at any one time, exceed \$25 million. House Bill No. 1451 discontinues the use of the lands and minerals trust fund and provides for maintenance of the guarantee reserve fund to be from the strategic investment and improvements fund.

Senate Bill No. 2308 provides that the Bank shall extend a line of credit not to exceed \$2.56 million to the Highway Patrol to establish an online electronic permit system. The Highway Patrol is to repay the line of credit with funds in the motor carrier electronic permit transaction fund.