

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

	FTE Positions	General Fund	Other Funds	Total
2015-17 legislative appropriations	181.50	\$0	\$76,287,301	\$76,287,301
2015-17 base budget	179.50	0	53,150,147	53,150,147
Legislative increase (decrease) to base budget	2.00	\$0	\$23,137,154	\$23,137,154

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE 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.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.			(\$23,196)	(\$23,196)
Added funding for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year.			1,148,633	1,148,633
Added funding for employee health insurance premiums to reflect a premium estimate of \$1,130.22 per month.			655,949	655,949
Added funding for a credit analyst position.	1.00		177,836	177,836
Added funding for an information technology security position.	1.00		209,809	209,809
Added funding for changes in operating expenses including \$2.5 million for information technology costs and \$800,000 for audit fees.			3,968,123	3,968,123
Added contingent one-time funding from the Bank of North Dakota's assets for a financial center building project.			17,000,000	17,000,000
Total	2.00	\$0	\$23,137,154	\$23,137,154

FTE Changes

The Legislative Assembly approved 181.5 FTE positions, an increase of 2 FTE positions from the 2013-15 biennium authorized level of 179.5 FTE positions. The new positions include a credit analyst position and an information technology security position.

One-Time Funding

In Section 2 of House Bill No. 1014, the Legislative Assembly identified \$17 million from the Bank of North Dakota's assets as one-time funding for a financial center.

Economic Development

The Legislative Assembly provided funding from transfers of Bank of North Dakota profits for the partnership in assisting community expansion fund (PACE), Ag PACE, biofuels PACE, and 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:

	2013-15 Biennium	2015-17 Biennium	Increase (Decrease)
PACE fund	\$28,000,000	\$28,000,000	\$0
Ag PACE fund	2,000,000	3,000,000	1,000,000
Biofuels PACE fund	2,000,000	2,000,000	0
Beginning farmer revolving loan fund	6,000,000	7,000,000	1,000,000
Total	\$38,000,000	\$40,000,000	\$2,000,000

Estimated Capital Structure

The following schedule provides an analysis of the Bank of North Dakota's estimated capital structure for the 2015-17 biennium:

Estimated beginning capital level	\$645,000,000
Estimated 2015-17 biennium profits	240,000,000 ¹
2015-17 biennium transfers relating to economic development (Sections 9 through 12 of House Bill No. 1014)	(40,000,000)
Transfer to the housing incentive fund (Section 7 of House Bill No. 1014)	(5,000,000)
Transfer to the infrastructure revolving loan fund (House Bill No. 1443)	(100,000,000)
Interest rate buydowns on school construction loans (Senate Bill No. 2178)	(7,875,000)
Estimated ending capital level ²	\$732,125,000 ²

¹Actual calendar year 2014 profits were \$111 million.

²Section 8 of House Bill No. 1014 provides for a contingent transfer of \$5 million of Bank of North Dakota profits to the housing incentive fund if the Bank's profits for calendar year 2015 exceed \$130 million.

Other Sections in Bill

Transfer to housing incentive fund - Section 7 provides for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund, and Section 28 includes an emergency clause for the transfer. Section 8 provides for a contingent transfer of \$5 million from the Bank's profits to the housing incentive fund if the Bank's profits for calendar year 2015 exceed \$130 million.

Transfer to PACE fund - Section 9 provides for a transfer of \$28 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2015-17 biennium.

Transfer to Ag PACE fund - Section 10 provides for a transfer of \$3 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2015-17 biennium.

Transfer to biofuels PACE fund - Section 11 provides for a transfer of \$2 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2015-17 biennium.

Transfer to the beginning farmer revolving loan fund - Section 12 provides for a transfer of \$7 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2015-17 biennium.

Medical PACE program - Section 13 requires the Bank of North Dakota to develop an interest rate buydown program for medical infrastructure loans for the 2015-17 biennium. Section 28 provides an emergency clause for the program.

North Dakota financial center - Section 16 requires the Bank of North Dakota to make payments in lieu of taxes on a financial center building constructed on the Bank's property. Section 26 provides that the funding is available only if the Bank's profits for calendar year 2015 exceed \$125 million. Section 26 also allows the funding for the construction of a financial center to continue in the 2017-19 biennium and requires the Bank to report to the Legislative Management on the progress of the project.

Flex PACE program - Section 21 amends Section 22 of Chapter 579 of the 2011 Session Laws to expand the flex PACE program from areas impacted by oil and gas development to the entire state and to extend the program until the end of the 2017-19 biennium.

Related Legislation

House Bill No. 1049 - Creates an addiction counseling internship revolving loan program administered by the Bank of North Dakota and provides for a transfer of \$200,000 from the student loan trust fund to a revolving loan fund.

House Bill No. 1373 - Provides a continuing appropriation to the Bank of North Dakota and allows the Bank to charge an annual administrative fee for managing and promoting the North Dakota achieving a better life experience plan.

House Bill No. 1443 - Creates an infrastructure revolving loan program administered by the Bank of North Dakota and provides for a transfer of \$100 million from the Bank's profits and \$50 million from the strategic investment and improvements fund to the infrastructure revolving loan fund.

Senate Bill No. 2178 - Creates a school construction loan interest rate buydown program administered by the Bank of North Dakota and provides a transfer of \$7,875,000 from the Bank profits for the buydowns.