

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

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	181.50	\$0	\$59,299,204	\$59,299,204
2017-19 base budget	181.50	0	59,287,301	59,287,301
Legislative increase (decrease) to base budget	0.00	\$0	\$11,903	\$11,903

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

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$390,404	\$390,404
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			483,144	483,144
Added funding for additional salary increases related to higher starting salaries for new employees and higher than anticipated salary adjustments for market rate equity adjustments.			1,459,131	1,459,131
Reduced funding for operating expenses primarily related to marketing activities that were paid with a federal grant that expired in calendar year 2016 as well as cost-savings from efficiencies.			(2,385,776)	(2,385,776)
Added funding for information technology equipment to provide total funding of \$810,000 for capital assets.			65,000	65,000
Total	0.00	\$0	\$11,903	\$11,903

FTE Changes

The Legislative Assembly approved 181.50 FTE positions for the Bank of North Dakota for the 2017-19 biennium, the same as the 2015-17 biennium.

Economic Development

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

	2015-17 Biennium	2017-19 Biennium	Increase (Decrease)
PACE fund	\$28,000,000	\$16,000,000	(\$12,000,000)
Ag PACE fund	3,000,000	2,000,000	(1,000,000)
Biofuels PACE fund	2,000,000	1,000,000	(1,000,000)
Beginning farmer revolving loan fund	7,000,000	6,000,000	(1,000,000)
Total	\$40,000,000	\$25,000,000	(\$15,000,000)

Estimated Capital Structure

The following schedule provides an analysis of the Bank of North Dakota's estimated capital structure for the 2017-19 biennium:

	Amount
Estimated beginning capital level (July 1, 2017)	\$711,000,000
Estimated 2017-19 biennium profits	260,000,000 ¹
Transfer to general fund (Section 9 of Senate Bill No. 2014)	(140,000,000)
Transfers relating to economic development (Sections 10 through 13 of Senate Bill No. 2014)	(25,000,000)
Transfer for interest rate buydowns on school construction loans (Section 14 of Senate Bill No. 2014)	(6,000,000)
Estimated ending capital level (June 30, 2019)	\$800,000,000

¹Actual calendar year 2016 profits were \$136 million.

Profits and Transfers of Profits and Accumulated Earnings

The following schedule provides information on the Bank of North Dakota's profits based on calendar years as well as transfers of profits and accumulated earnings to state funds from the 2005-07 biennium to the 2017-19 biennium:

	Profits Based on Calendar Years	Transfers to State Funds
2005-07 biennium - Calendar year 2005 and 2006 profits	\$79,211,000	\$60,000,000
2007-09 biennium - Calendar year 2007 and 2008 profits	\$108,130,000	\$60,000,000
2009-11 biennium - Calendar year 2009 and 2010 profits	\$119,934,000	\$500,000
2011-13 biennium - Calendar year 2011 and 2012 profits	\$151,929,000	\$37,500,000
2013-15 biennium - Calendar year 2013 and 2014 profits	\$205,174,000	\$40,255,000
2015-17 biennium - Calendar year 2015 and 2016 profits	\$266,809,000	\$257,875,000
2017-19 biennium (estimated)	\$260,000,000	\$171,000,000

Bank of North Dakota Loans

The 2017 Legislative Assembly authorized loans from the Bank of North Dakota, as follows:

Bill No.	Description
1015	Office of Management and Budget - Increases temporary borrowing authority for general fund cashflow purposes from \$10 million to \$50 million.
1020	Western Area Water Supply Authority - Authorizes the refinancing and consolidation of \$115 million in existing loans.
1020	State Water Commission - Decreases the commission's line of credit from \$200 million to \$75 million.
1024	Adjutant General - Authorizes \$10 million of borrowing authority related to unlawful activity associated with the construction of the Dakota Access Pipeline.
1178	Information Technology Department - Authorizes \$15 million of borrowing authority for a statewide interoperable radio network.
2021	Various state agencies - Authorizes \$375,000 of borrowing authority for the expenses of implementing a new electronic payment processing system.
2134	Department of Trust Lands - Authorizes \$87 million for a line of credit related to mineral revenue repayments.
2174	Adjutant General - Authorizes \$11 million of borrowing authority related to unlawful activity associated with the construction of the Dakota Access Pipeline.

Other Sections in Senate Bill No. 2014

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Transfer to general fund - Section 9 provides for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund during the 2017-19 biennium.

Transfer to PACE fund - Section 10 provides for a transfer of \$16 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund during the 2017-19 biennium.

Transfer to Ag 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 Ag PACE fund during the 2017-19 biennium.

Transfer to biofuels PACE fund - Section 12 provides for a transfer of \$1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund during the 2017-19 biennium.

Transfer to the beginning farmer revolving loan fund - Section 13 provides for a transfer of \$6 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund during the 2017-19 biennium.

Transfer for interest rate buydowns on school construction loans - Section 14 provides for a transfer of \$6 million from the Bank of North Dakota's current earnings and undivided profits for interest rate buydowns on school construction loans during the 2017-19 biennium.

Defaulted student loans - Section 17 authorizes the Bank of North Dakota to charge reasonable fees for student loan guarantees and for collections on defaulted student loans. Section 18 provides authority to suspend a recreational license when the licensee's student loans are in default.

North Dakota financial center - Section 22 amends 2015 Session Laws to extend the authorization for a North Dakota financial center through June 30, 2021. Section 28 prohibits the Bank of North Dakota from constructing a North Dakota financial center until the 2019-21 biennium, and Section 33 provides an emergency clause related to the prohibition.

Operating efficiencies study - Section 31 requires the Bank of North Dakota to study potential efficiencies in operations and to report to the appropriations committees of the 66th Legislative Assembly.

Related Legislation

House Bill No. 1008 - Provides for a transfer of up to \$900,000 from the beginning farmer revolving loan fund to the Public Service Commission for costs associated with a rail rate complaint case.

House Bill No. 1024 - Sections 7 and 8 provides legislative intent related to the repayment of the loans authorized for the costs of responding to unlawful activity associated with the construction of the Dakota Access Pipeline. House Bill No. 1015 also includes legislative intent related to the loan repayments.

Senate Bill No. 2044 - Requires the Bank of North Dakota to conduct dynamic revenue analysis of economic development tax incentives.

Senate Bill No. 2124 - Excludes an individual's assets under the North Dakota achieving a better life experience plan from determining eligibility for state and local benefits or assistance programs.

Senate Bill No. 2178 - Amends the infrastructure revolving loan fund to include replacement projects as eligible projects under the loan program.

Senate Bill No. 2272 - Consolidates school construction loans in the school construction assistance revolving loan fund, which is administered by the Bank of North Dakota and provides \$75 million from the foundation aid stabilization fund for new school construction loans and to repay the Bank of North Dakota for a portion of the outstanding loans issued under an interest rate buydown program.

Senate Bill No. 2311 - Requires the Bank of North Dakota to provide a letter of credit for the new Williston airport construction project.