

**Department 414 - Securities Department
Senate Bill No. 2011**

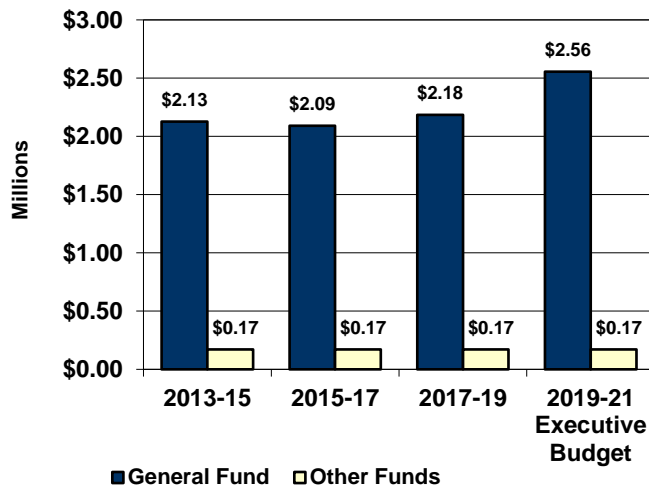
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	10.00	\$2,555,343	\$170,000	\$2,725,343
2017-19 Legislative Appropriations	9.00	2,184,714	170,000	2,354,714
Increase (Decrease)	1.00	\$370,629	\$0	\$370,629

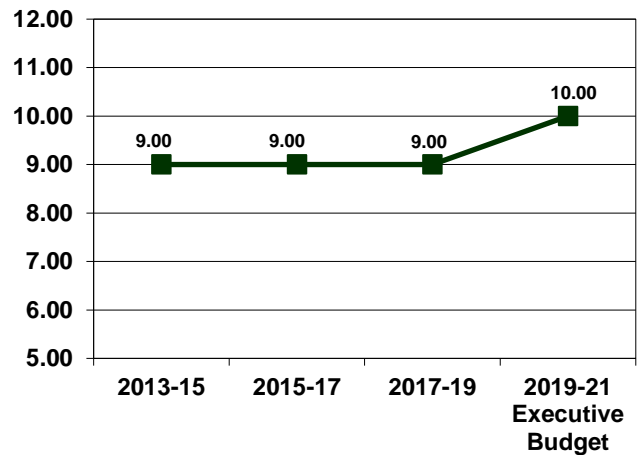
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$2,555,343	\$0	\$2,555,343
2017-19 Legislative Appropriations	2,184,714	0	2,184,714
Increase (Decrease)	\$370,629	\$0	\$370,629

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$2,555,343	\$170,000	\$2,725,343
2019-21 Base Level	2,184,714	170,000	2,354,714
Increase (Decrease)	\$370,629	\$0	\$370,629

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$88,493 is for salary increases, \$37,792 is for health insurance increases, and \$11,536 is for retirement contribution increases	\$137,821	\$0	\$137,821
2. Adds 1 FTE financial technology research and investigation position (\$209,294) and related operating expenses (\$23,000)	\$232,294	\$0	\$232,294
3. Adds funding for Microsoft Office 365 license expenses	\$514	\$0	\$514

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Line item transfers - Section 2 would authorize the agency to transfer up to 10 percent of the agency's appropriation authority between line items in Section 1 of the bill.

Additional income - Section 3 would appropriate any additional federal or other funds available to the Securities Department during the 2019-21 biennium.

Continuing Appropriations

Investor education and technology fund - North Dakota Century Code Section 10-04-03 - This fund receives funding from tuition, grants, donations, and certain civil penalties assessed by the securities commissioner. The money in the fund can be used for public education services and for the technology needs of the Securities Department.

Investor restitution fund - Section 10-04-03 - This fund is used to deposit civil penalties collected from enforcement action to be distributed to aggrieved investors.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1043 - Blockchain token and virtual currency - Creates a new section to Chapter 10-04 and amends various sections to provide definitions, to exempt developers or sellers and individuals who facilitate the exchange of open blockchain tokens from being defined as an issuer of a security, and to provide an exemption if certain criteria are met.

Senate Bill No. 2083 - Refund of filing registration fees - Amends Sections 10-04-08.4 and 10-04-10 to make certain fees submitted to the Securities Department refundable.

Securities Department - Budget No. 414
Senate Bill No. 2011
Base Level Funding Changes

Executive Budget Recommendation				
	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	9.00	\$2,184,714	\$170,000	\$2,354,714
2019-21 Ongoing Funding Changes				
Salary increase		\$88,493		\$88,493
Health insurance increase		37,792		37,792
Retirement contribution increase		11,536		11,536
Adds 1 FTE financial technology research and investigation position	1.00	232,294		232,294
Adds Microsoft Office 365 funding		514		514
Total ongoing funding changes	1.00	\$370,629	\$0	\$370,629
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	1.00	\$370,629	\$0	\$370,629
2019-21 Total Funding	10.00	\$2,555,343	\$170,000	\$2,725,343

Other Sections for Securities Department - Budget No. 414

Line item transfers

Executive Budget Recommendation
 Section 2 authorizes the Securities Department to transfer up to 10 percent of the agency's total appropriation between line items during the 2019–21 biennium.

Appropriation - Additional federal or other funds

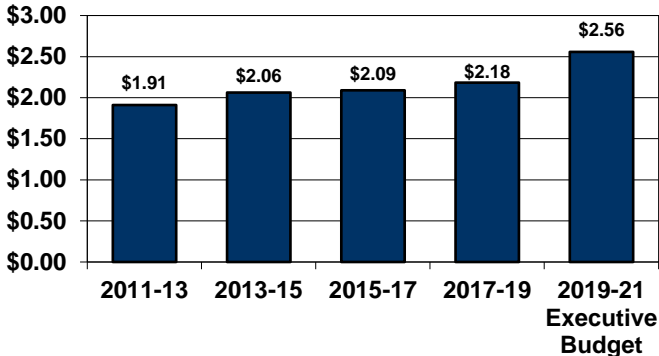
Section 3 appropriates any additional income from federal or other funds which may become available to the Securities Department for the 2019-21 biennium.

Department 414 - Securities Department

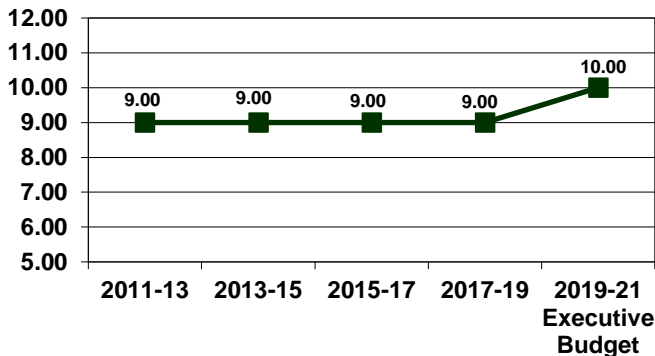
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$1,909,220	\$2,063,005	\$2,090,781	\$2,184,714	\$2,555,343
Increase (decrease) from previous biennium	N/A	\$153,785	\$27,776	\$93,933	\$370,629
Percentage increase (decrease) from previous biennium	N/A	8.1%	1.3%	4.5%	17.0%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	8.1%	9.5%	14.4%	33.8%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

- 1. Added funding for information technology upgrades \$25,850

2015-17 Biennium

- 1. Added funding for desktop support services and hardware \$46,805

2017-19 Biennium

- 1. Restored a portion of funding for operating expenses that was removed as a result of the August 2016 general fund budget reductions \$46,545

2019-21 Biennium (Executive Budget Recommendation)

- 1. Adds 1 FTE financial technology research and investigation position (\$209,294) and related operating expenses (\$23,000) \$232,294

**GOVERNOR'S RECOMMENDATION FOR THE
SECURITIES DEPARTMENT AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the securities department special fund in the state treasury, not otherwise appropriated, and from special funds derived from other income, to the securities department of the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$1,848,667	\$347,115	\$2,195,782
Operating expenses	<u>506,047</u>	<u>23,514</u>	<u>529,561</u>
Total all funds	\$2,354,714	\$370,629	\$2,725,343
Less estimated income	<u>170,000</u>	<u>0</u>	<u>170,000</u>
Total general fund	\$2,184,714	\$370,629	\$2,555,343
Full-time equivalent positions	9.00	1.00	10.00

SECTION 2 LINE ITEM TRANSFER. Notwithstanding section 54-16-04, the securities department may transfer between line items within section 1 of this Act up to ten percent of the total appropriation contained in section 1 during the biennium beginning July 1, 2019, and ending June 30, 2021. The securities department shall notify the office of management and budget and the legislative council of any transfer made pursuant to this section.

SECTION 3. APPROPRIATION - In addition to the amounts appropriated to the securities department in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.