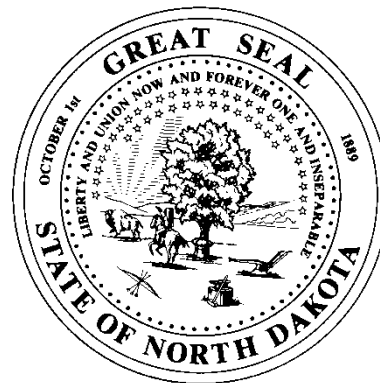


64TH LEGISLATIVE ASSEMBLY

STATE BUDGET ACTIONS SUPPLEMENT

FOR THE 2015-17 BIENNIUM

(Reflecting Legislative Actions From the August 2016 Special Session)



LEGISLATIVE COUNCIL
STATE CAPITOL
BISMARCK, NORTH DAKOTA
AUGUST 2016

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This report is a supplement to the 64th Legislative Assembly's State Budget Actions report for the 2015-17 biennium prepared in June 2015. It contains information on actions by the Legislative Assembly during its August 2016 special session affecting the 2015-17 biennium state budget. Also included are graphs and other information regarding general fund revenues and appropriations, selected special funds analyses, and information regarding historic comparisons of state spending.

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EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

	2015-17 Biennium Legislative- Approved Budget (2015 Regular Session)	2015-17 Biennium Legislative- Approved Budget (2016 Special Session)	Increase (Decrease)
Beginning balance - July 1, 2015	\$598,664,078 ¹	\$739,387,585 ²	\$140,723,507
2015-17 estimated revenues	5,638,508,192	4,947,316,039 ³	(691,192,153)
Total available	\$6,237,172,270	\$5,686,703,624	(\$550,468,646)
2015-17 original appropriations	6,046,162,678 ⁴	5,686,674,901	(359,487,777)
Estimated ending balance - June 30, 2017	\$191,009,592	\$28,723	(\$190,980,869)

¹This amount reflects \$6,284,026 of 2013-15 biennium deficiency appropriations, and \$52,579,373 of estimated 2013-15 biennium unspent general fund appropriation authority.

²The increase of \$140,723,507, from \$598,664,078 as included in the budget approved during the regular legislative session to \$739,387,535 as included in the budget approved during the 2016 special legislative session, is due primarily to 2013-15 biennium unspent general fund appropriation authority exceeding estimates by \$39,853,143 and 2013-15 biennium actual general fund revenues exceeding the 2013-15 biennium revised revenue forecast. The actual general fund beginning balance, recognizing 2015-17 biennium appropriation authority spent during the 2013-15 biennium pursuant to emergency clauses, is \$729,529,389.

³This amount reflects a decrease in ongoing general fund revenues, transfers from the budget stabilization fund, contingent transfers from Bank of North Dakota profits, and anticipated 2015-17 biennium unspent general fund appropriation authority. See the **2015-17 Biennium General Fund Revenues and Transfers** section below for more information.

⁴This amount reflects a contingent appropriation of \$20 million from the general fund, which was transferred to the highway fund as a result of excess 2013-15 general fund revenues.

TOTAL APPROPRIATIONS SUMMARY

	2013-15 Appropriations	2015-17 Original Appropriations	2015-17 Special Session Appropriation Adjustments ¹	2015-17 Total Appropriations	2015-17 Total Appropriations Increase (Decrease) From 2013-15 Appropriations	2015-17 Total Appropriations Percentage Increase (Decrease) From 2013-15 Appropriations
General fund	\$6,879,671,380	\$6,046,162,678	(\$359,487,777)	\$5,686,674,901	(\$1,192,996,479)	(17.3%)
Special funds	7,275,054,956	8,174,234,116	116,053,293	8,290,287,409	1,015,232,453	14.0%
Total	\$14,154,726,336	\$14,220,396,794	(\$243,434,484)	\$13,976,962,310	(\$177,764,026)	(1.3%)

¹The following is a summary of appropriation adjustments approved during the August 2016 special legislative session:

	General Fund	Special Funds	Total
Senate Bill No. 2379			
General fund reductions of 6.55 percent	(\$396,023,657)	\$116,053,293 ^a	(\$279,970,364)
Restore 2.5 percent of 6.55 percent Department of Human Services appropriation reductions	33,305,071	0	33,305,071
Restore 1.5 percent of 6.55 percent Department of Corrections and Rehabilitation appropriation reductions	3,230,809	0	3,230,809
Total adjustments	(\$359,487,777)	\$116,053,293	(\$243,434,484)

^aAlthough not specifically appropriated by the Legislative Assembly, pursuant to North Dakota Century Code Section 54-44.1-12 this amount reflects transfers from the foundation aid stabilization fund to the Department of Public Instruction made in February and August 2016 to offset general fund budget allotments ordered by the Governor attributable to the \$1.8 billion appropriated from the general fund for state school aid, transportation aid, and special education aid.

2015-17 BIENNIUM GENERAL FUND REVENUES AND TRANSFERS

Major changes included in the August 2016 revised legislative estimate for 2015-17 biennium general fund revenues and transfers are listed below. See the **Revenue Summary** section for more detailed information regarding 2015-17 biennium estimated general fund revenues and transfers.

- Ongoing general fund revenues decreased by \$1,382,999,512, from \$4,981,508,192 based on the May 2015 legislative estimate to \$3,598,508,680 based on the July 2016 revised revenue forecast.
- The August 2016 legislative estimate includes a transfer of \$572,485,453 from the budget stabilization fund to the general fund.
- The August 2016 legislative estimate includes a contingent transfer of \$100,000,000 from Bank of North Dakota profits to the general fund.
- Unspent general fund appropriation authority for the 2015-17 biennium is anticipated to total \$19,246,000.

2015-17 BIENNIUM OIL AND GAS TAX REVENUE FORECAST

The August 2016 revised legislative estimate reflects 2015-17 biennium estimated oil and gas tax revenue collections decreasing by \$530,390,000, from \$3,433,730,000 based on the May 2015 legislative estimate to \$2,903,340,000 based on the July 2016 revised revenue forecast. See the **Revenue Summary** section for more detailed information regarding 2015-17 biennium estimated oil and gas tax revenue collections and allocations.

2015-17 GENERAL FUND APPROPRIATIONS

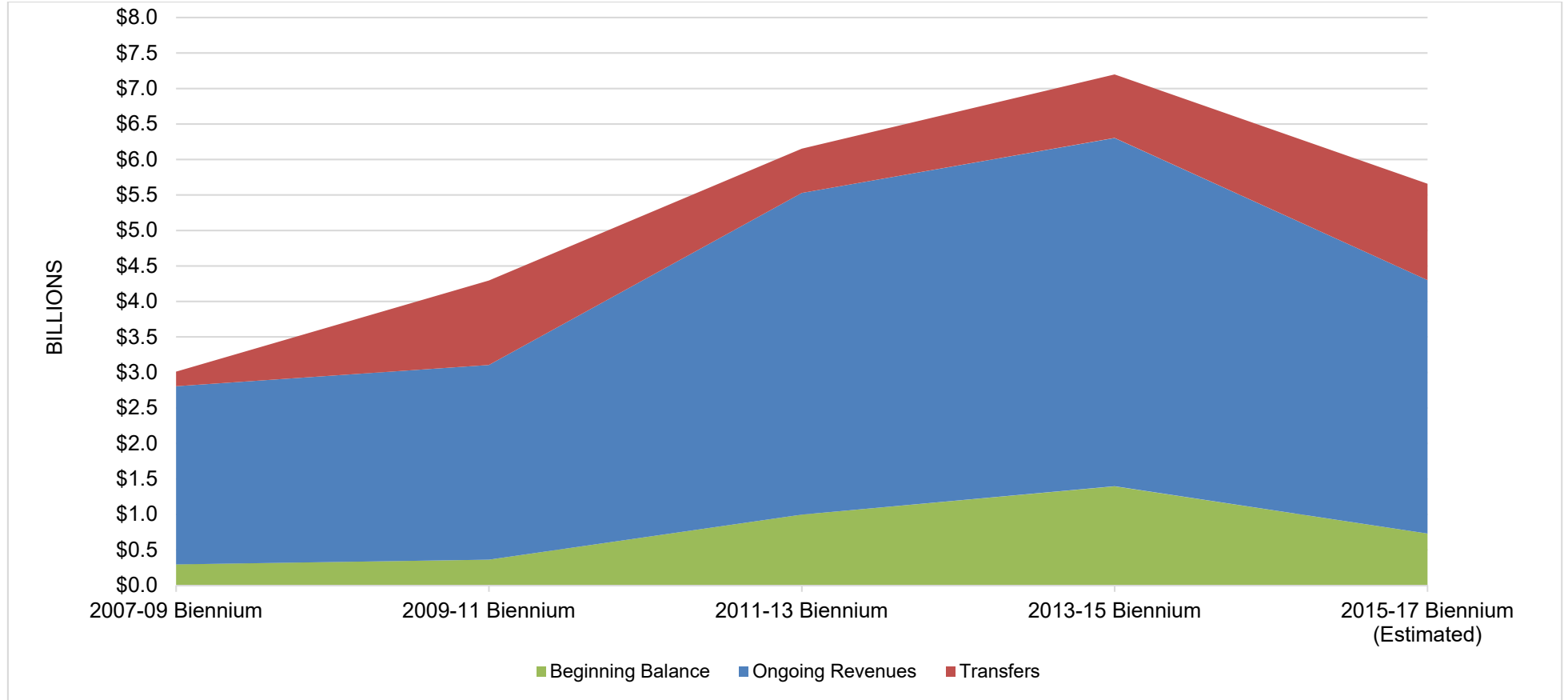
- Provides for adjusted general fund appropriations of \$5,686,674,901.
- All 2015-17 original legislative-approved general fund appropriations were reduced by 6.55 percent except:
 - Department of Human Services - (\$54.0 million) or 4.05 percent.
 - Department of Corrections and Rehabilitation - (\$10.9 million) or 5.05 percent.
- Major general fund appropriation adjustments compared to 2013-15 total general fund appropriations, include:
 - Department of Transportation - (\$850.6 million).
 - Office of Management and Budget - (\$319.5 million). The 2013-15 biennium amount for the Office of Management and Budget included a \$315.2 million transfer from the general fund to the property tax relief fund.
 - North Dakota University System - (\$72.8 million).
 - Department of Public Instruction - (\$26.9 million).
 - Department of Human Services - \$107.1 million.
- Major general fund appropriation adjustments compared to 2015-17 original legislative-approved general fund appropriations, include:
 - Department of Public Instruction - (\$119.3 million). Of this amount, \$116.1 million was restored by transfers from the foundation aid stabilization fund to the Department of Public Instruction to offset general fund allotments attributable to the \$1.8 billion appropriated from the general fund for state school aid, transportation aid, and special education aid.
 - North Dakota University System - (\$58.7 million).
 - Department of Human Services - (\$54.0 million).
 - Department of Transportation - (\$43.0 million).

REVENUE SUMMARY

TOTAL GENERAL FUND REVENUES

Based on the August 2016 revised legislative estimate, total 2015-17 biennium general fund revenues, including the estimated beginning balance, ongoing revenues, and transfers are estimated to be \$5,657,599,428, which is \$579,572,842, or 9.3 percent, less than the May 2015 legislative estimate of \$6,237,172,270. Based on the August 2016 revised legislative estimate, total 2015-17 biennium total general fund revenues are \$1,540,257,264, or 21.4 percent, less than total 2013-15 biennium revenues of \$7,197,856,692.

The following is a summary of revenues for the 2007-09 through 2015-17 bienniums:



	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium (Estimated)
Beginning balance	\$295,541,176	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389
Ongoing revenues	2,509,657,137	2,742,612,281	4,530,367,522	4,906,838,448	3,570,433,290
Transfers	205,606,243	1,190,082,508	625,487,038	894,959,058	1,357,636,749
Total	\$3,010,804,556	\$4,294,538,303	\$6,152,687,271	\$7,197,856,692	\$5,657,599,428

GENERAL FUND BEGINNING BALANCE

The August 2016 revised legislative estimate for the 2015-17 biennium reflects **the actual July 1, 2015, beginning balance of \$729,529,389**, which is \$130,865,311 more than the May 2015 legislative estimate of \$598,664,078. The actual July 1, 2015, beginning balance recognizes 2015-17 biennium general fund appropriation authority of \$9,858,196 spent during the 2013-15 biennium pursuant to emergency clauses.

ONGOING GENERAL FUND REVENUE

The August 2016 revised legislative estimate for the 2015-17 biennium reflects **estimated ongoing general fund revenue of \$3,598,508,680**, which is \$1,382,999,512, or 27.8 percent, less than the May 2015 legislative estimate of \$4,981,508,192. Ongoing general fund revenue amounts include transfers from the Mill and Elevator Association, the gas tax administration, and the lottery (See the "Transfers to General Fund" section).

Based on the August 2016 revised legislative estimate, the estimated 2015-17 biennium ongoing general fund revenue of \$3,598,508,680 reflects a decrease of \$1,330,224,328, or 27.0 percent, compared to the 2013-15 biennium actual ongoing revenue of \$4,928,733,008.

Major areas of 2015-17 biennium **revenue decreases** based on the August 2016 revised legislative estimate compared to the May 2015 legislative estimate include:

- Sales and use tax collections are estimated to decrease by \$1 billion, or 35.0 percent.
- Motor vehicle excise tax collections are estimated to decrease by \$113 million, or 35.9 percent.
- Individual income tax collections are estimated to decrease by \$73 million, or 9.5 percent.
- Corporate income tax collections are estimated to decrease by \$213 million, or 57.3 percent.

TRANSFERS TO THE GENERAL FUND

The August 2016 revised legislative estimate for the 2015-17 biennium reflects total transfers of \$1,357,636,749. Changes in estimated transfers compared to the May 2015 legislative estimate include a decrease of \$4,940,106 from the Mill and Elevator Association and an increase of \$1,950,000 from the lottery. In Senate Bill No. 2379, the Legislative Assembly provided for a transfer of **\$572,485,453 from the budget stabilization fund** to the general fund and a contingent transfer of up to **\$100,000,000 from Bank of North Dakota profits** to the general fund.

ESTIMATED UNSPENT GENERAL FUND APPROPRIATION AUTHORITY

The August 2016 revised legislative estimate includes **estimated unspent general fund appropriation authority (turnback) of \$19,246,000** for the 2015-17 biennium. The estimated unspent general fund appropriation authority includes \$17,300,000 from the Department of Public Instruction, \$1,546,000 from the Office of Management and Budget, and \$400,000 from the Adjutant General.

OIL AND GAS TAX REVENUE

The August 2016 revised legislative estimate reflects oil prices increasing from \$38 to \$42 per barrel and average daily oil production decreasing to 900,000 barrels per day for the remainder of the 2015-17 biennium. The August 2016 revised legislative estimate includes actual oil and gas tax revenue collections and allocations through July 2016. Actual oil prices, oil production, and other factors throughout the 2015-17 biennium could increase or decrease actual oil tax revenue collections. Based on the August 2016 revised legislative estimate, the **2015-17 biennium estimated oil and gas tax revenue collections total \$2,903,340,000**, which reflects a decrease of \$530,390,000 compared to the May 2015 legislative estimate of \$3,433,730,000.

The flowchart in the "Allocation of Oil Extraction and Oil and Gas Gross Production Taxes for the 2015-17 Biennium" section provides more detailed information on the allocation of oil and gas tax revenue.

**GENERAL FUND REVENUE ESTIMATES FOR THE 2015-17 BIENNIUM
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS**

	Actual			Estimated	2015-17 Biennium Increase (Decrease) Compared to the 2013-15 Biennium	
	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium ¹	Amount	Percentage
Beginning balance	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389	(\$666,529,797)	(47.7%)
Revenue source						
Sales and use tax	\$1,267,211,331	\$2,196,977,793	\$2,478,246,782	\$1,863,517,574	(\$614,729,208)	(24.8%)
Motor vehicle excise tax	124,425,401	252,725,403	277,152,752	201,543,785	(75,608,967)	(27.3%)
Individual income tax	729,255,895 ²	1,046,161,236 ³	1,050,062,577 ³	690,525,749 ³	(359,536,828)	(34.2%)
Corporate income tax	234,364,296 ⁴	385,814,247 ⁴	435,243,053 ⁴	158,713,800 ⁴	(276,529,253)	(63.5%)
Insurance premium tax	63,150,948	82,857,729	92,526,176	104,935,597	12,409,421	13.4%
Business privilege tax	6,748,753	11,236,510	(4,985,620) ⁵	324,145 ⁵	5,309,765	(106.5%)
Cigarette and tobacco tax	46,253,470	53,723,649	60,262,694	57,082,715	(3,179,979)	(5.3%)
Oil and gas production tax	32,718,333 ⁶	133,834,000 ⁷	146,071,108 ⁷	102,881,583 ⁷	(43,189,525)	(29.6%)
Oil extraction tax	38,281,667 ⁶	166,166,000 ⁷	153,928,892 ⁷	197,118,417 ⁷	43,189,525	28.1%
Coal conversion tax	39,064,299	38,399,414	40,767,148	42,725,976	1,958,828	4.8%
Gaming tax	16,189,991	11,136,421	7,195,937	6,975,584	(220,353)	(3.1%)
Wholesale liquor tax	15,163,855	17,617,501	18,704,869	18,114,988	(589,881)	(3.2%)
Mineral leasing fees	17,521,635	43,052,074	41,348,389	23,635,424	(17,712,965)	(42.8%)
Interest income	43,684,825	13,671,280	27,042,938	23,889,121	(3,153,817)	(11.7%)
Departmental collections	68,577,582	76,994,265	83,270,753	78,448,832	(4,821,921)	(5.8%)
Total revenues	\$2,742,612,281	\$4,530,367,522	\$4,906,838,448	\$3,570,433,290	(\$1,336,405,158)	(27.2%)
Transfers and other sources						
Contingent Transfer - Bank of North Dakota	\$0	\$0	\$0	\$100,000,000 ⁸	\$100,000,000	N/A
Transfer - Mill and Elevator Association	13,902,268 ⁹	9,448,922 ⁹	6,817,200 ⁹	8,834,894 ⁹	2,017,694	29.6%
Transfer - Lottery	10,400,000	14,300,000	13,300,000	17,210,000	3,910,000	29.4%
Transfer - Gas tax administration	1,288,000	1,485,000	1,777,360	2,030,496	253,136	14.2%
Transfer - Lands and minerals trust fund	35,000,000	0	0	0	0	N/A
Transfer - Permanent oil tax trust fund	1,124,935,590 ¹⁰	0	0	0	0	N/A
Transfer - Tax relief fund	0	295,000,000	341,790,000	657,000,000	315,210,000	92.2%
Transfer - Strategic investment and improvements fund	0	305,000,000	520,000,000	0	(520,000,000)	(100.0%)
Transfer - Budget stabilization fund	0	0	11,060,345	572,485,453	561,425,108	5076.0%
Transfers - Other	4,556,650	253,116	214,153	75,906	(138,247)	(64.6%)
Total transfers and other sources	\$1,190,082,508	\$625,487,038	\$894,959,058	\$1,357,636,749	\$462,677,691	51.7%
Total beginning balance, revenues, and transfers	\$4,294,538,303	\$6,152,687,271	\$7,197,856,692	\$5,657,599,428	(\$1,540,257,264)	(21.4%)

¹ The amounts shown for the 2015-17 biennium reflect the August 2016 revised legislative estimate.

² Senate Bill No. 2012 (2009) provides for 25 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund for the 2009-11 biennium. This bill reduced general fund motor vehicle excise tax collections by \$41.5 million for the 2009-11 biennium.

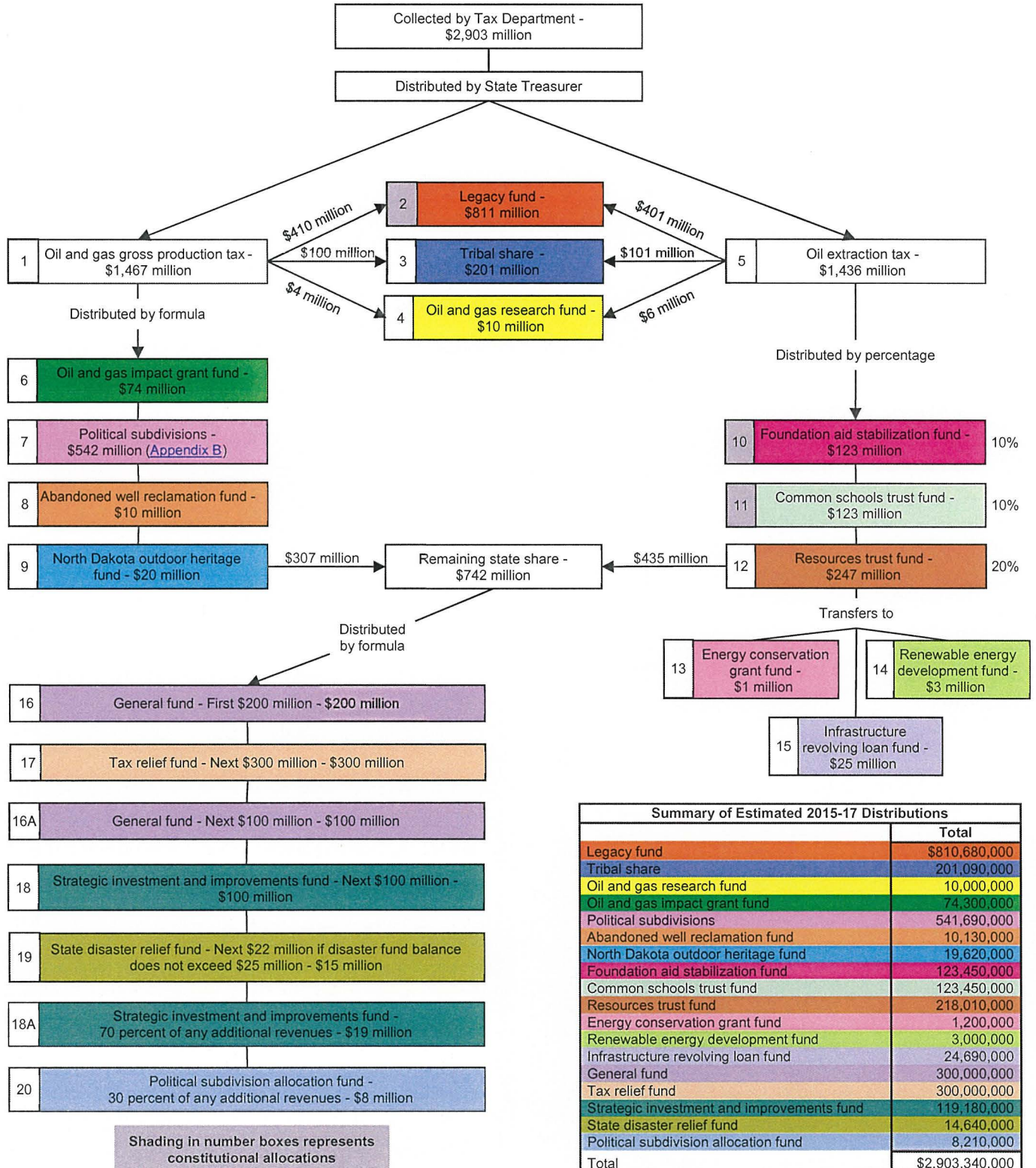
³ The amount shown for the 2009-11 biennium reflects net collections after the income tax relief provided by the 2009 Legislative Assembly, which was estimated to be \$90 million. The amount shown for the 2011-13 biennium reflects net collections after the income tax relief provided by the 2011 Legislative Assembly, which was estimated to be \$120 million. The amount shown for the 2013-15 biennium reflects net collections after the income tax relief provided by the 2013 Legislative Assembly, which was estimated to be \$200 million. The amount shown for the 2015-17 biennium includes an \$87 million reduction relating to income tax relief and a \$15 million reduction relating to housing incentive fund tax credits based on legislative action.

- ⁴ The amount shown for the 2009-11 biennium reflects net collections after the income tax relief provided by the 2009 Legislative Assembly, which was estimated to be \$10 million. The amount shown for the 2011-13 biennium reflects net collections after the income tax relief provided by the 2011 Legislative Assembly, which was estimated to be \$25 million. The amount shown for the 2013-15 biennium reflects net collections after the income tax relief provided by the 2013 Legislative Assembly, which was estimated to be \$50 million. The amount shown for the 2015-17 biennium includes a \$21 million reduction relating to income tax relief and a \$15 million reduction relating to housing incentive fund tax credits based on legislative action.
- ⁵ Senate Bill No. 2325 (2013) repealed the business privilege tax and requires financial institutions to file corporate income tax returns. This bill is anticipated to reduce business privilege tax collections by \$7.3 million and increase corporate income tax collections by \$22.5 million during the 2013-15 biennium. The amounts shown for the 2013-15 biennium and the 2015-17 biennium reflect collections and refunds related to amended tax returns for prior tax years.
- ⁶ From 1999 through 2003, North Dakota Century Code Section 57-51.1-07.2 provided that if, at the end of any biennium, oil and gas gross production and extraction tax collections during the biennium exceed \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. From 2003 to 2011, of the state's share, the first \$71 million of oil tax collections was deposited in the general fund and all remaining revenue was transferred into the permanent oil tax trust fund. Interest on money in the fund is transferred to the general fund.
- ⁷ The 2011 Legislative Assembly created a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1. The 2015 Legislative Assembly amended the section to allocate the state's share as follows:
- The first \$200 million is deposited in the general fund;
 - The next \$300 million is deposited in the tax relief fund;
 - The next \$100 million is deposited in the general fund;
 - The next \$100 million is deposited in the strategic investment and improvements fund;
 - The next \$22 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance to more than \$25 million; and
 - Any remaining revenues are allocated to deposit 70 percent in the strategic investment and improvements fund and to deposit 30 percent in the political subdivision allocation fund.
- The state's share of oil and gas tax collections was \$1,666 million for the 2013-15 biennium. Of the \$1,668 million, \$300 million was deposited in the general fund, \$342 million in the property tax relief fund, \$22 million in the state disaster relief fund, and \$1,004 million in the strategic investment and improvements fund. The state's share of oil and gas tax collections is estimated to be \$741 million for the 2015-17 biennium. Of the \$741 million, \$300 million is to be deposited in the general fund, \$300 million in the tax relief fund, \$14 million in the state disaster relief fund, \$119 million in the strategic investment and improvements fund, and \$8 million in the political subdivision allocation fund.
- The amounts shown for the oil and gas gross production tax and oil extraction tax collections for the 2015-17 biennium reflect the July 2016 revised revenue forecast.
- ⁸ In Senate Bill No. 2379, the Legislative Assembly, during the August 2016 special legislative session, provided for a contingent transfer of up to \$100 million of Bank of North Dakota profits to the general fund.
- ⁹ The 2009 Legislative Assembly repealed the \$5 million transfer from the Mill and Elevator Association for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits. The amount shown for the 2011-13 biennium reflects Mill and Elevator profits for the 2011-13 biennium. The 2013 Legislative Assembly provided that the transfer from the Mill and Elevator for the 2013-15 biennium be 50 percent of mill profits or \$6,817,200, whichever is less. The amount shown for the 2015-17 biennium reflects the changes approved by the 2015 Legislative Assembly, which provides for a transfer of 50 percent of the profits without limitation.
- ¹⁰ The 2011 Legislative Assembly repealed the permanent oil tax trust fund and provided for a transfer of the balance in the fund to the general fund at the end of the 2009-11 biennium. Therefore, transfers from the permanent oil tax trust fund increased from \$435 million as provided for by the 2009 Legislative Assembly to \$1,124,900,000 due to action by the 2011 Legislative Assembly to repeal the permanent oil tax trust fund at the end of the 2009-11 biennium in House Bill No. 1451.

2015-17 BIENNIUM REVISED OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART

This memorandum provides information on the estimated allocation of oil and gas tax collections for the 2015-17 biennium based on the August 2016 revised revenue forecast. A summary of the funds is included in [Appendix A](#), and a more detailed schedule of the distribution of oil and gas gross production tax collections is included in [Appendix B](#).

2015-17 BIENNIUM August 2016 Revised Revenue Forecast



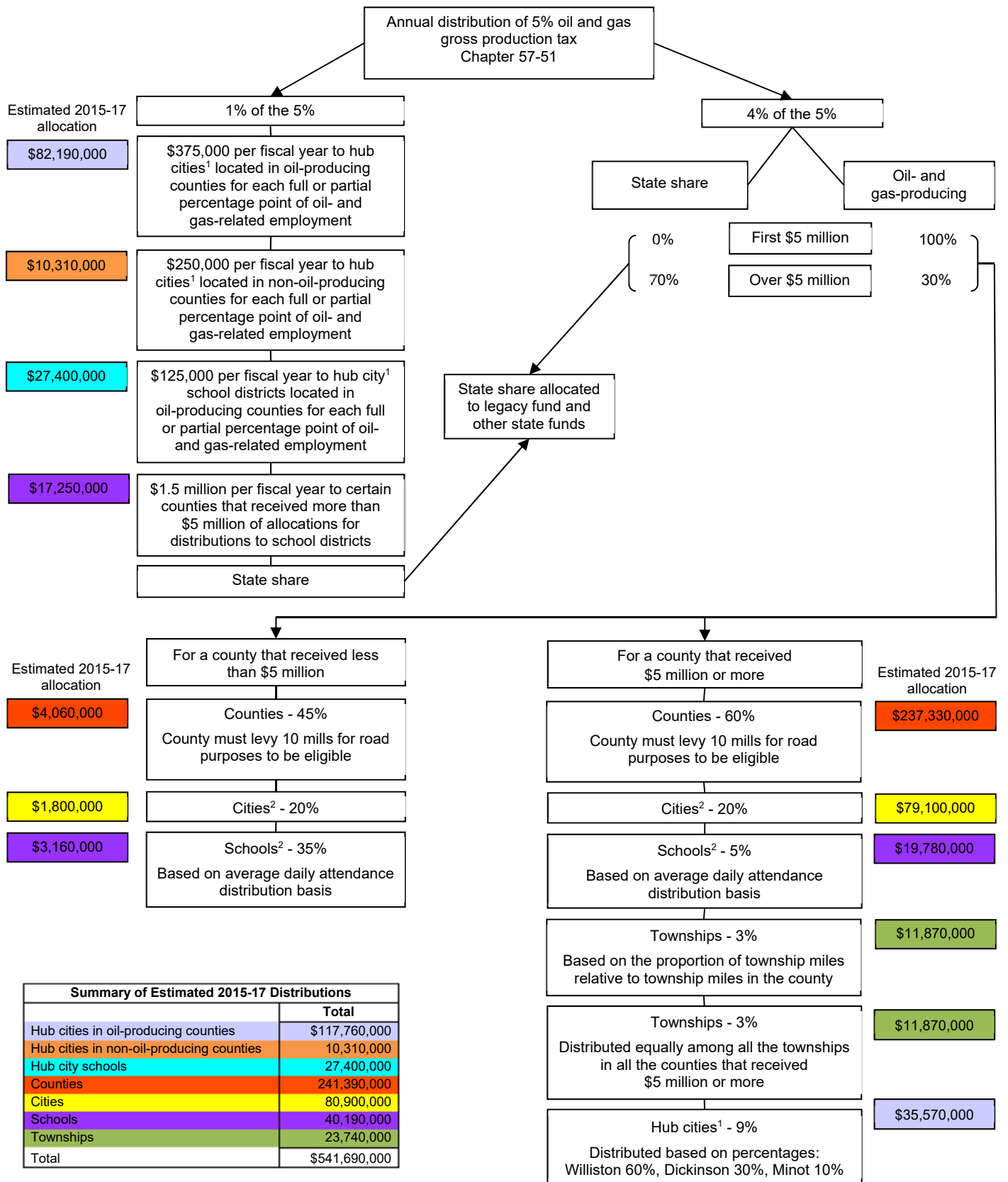
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The table below provides a brief description of the taxes and funds included in the flowchart on the previous page.

Box	Tax/Fund	Description
1	Oil and gas gross production tax	North Dakota Century Code Section 57-51-02 provides for a tax of 5 percent of the gross value at the well of oil produced in North Dakota unless exempted. The gross production tax on gas is four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.
2	Legacy fund	Article X, Section 26, of the Constitution of North Dakota, provides for a deposit to the legacy fund of 30 percent of total revenue derived from taxes on oil and gas production or extraction.
3	Tribal share	Chapter 57-51.2 provides the requirements for allocating oil and gas tax revenues to the Three Affiliated Tribes related to the oil production within the Fort Berthold Reservation. The oil and gas tax revenues are allocated 50 percent to the state and 50 percent to the Three Affiliated Tribes.
4	Oil and gas research fund	Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes the oil and gas research fund. Senate Bill No. 2014 (2013) amended Section 57-51.1-07.3 to provide that 2 percent of the state's share of the oil and gas gross production tax and oil extraction tax revenues, up to \$10 million per biennium, is to be deposited into the oil and gas research fund. All money deposited in the fund and all interest income are appropriated as a continuing appropriation to the Oil and Gas Research Council.
5	Oil extraction tax	Section 57-51.1-02 provides for a tax of 6.5 percent of the gross value at the well on the activity in North Dakota of extracting oil from the earth unless exempted until December 31, 2015. House Bill No. 1476 (2015) changed the oil extraction tax rate to 5 percent effective after December 31, 2015.
6	Oil and gas impact grant fund	Section 57-51-15 (1989 House Bill No. 1302) establishes the oil and gas impact grant fund for deposit of revenue from oil and gas gross production taxes. House Bill No. 1176 (2015) amended Section 57-51-15 to provide that revenue from the tax equal to the first 1 percent of the gross value of oil at the well of oil production, up to \$140 million for the 2015-17 biennium, is to be deposited into the oil and gas impact grant fund. After the 2015-17 biennium, up to \$100 million per biennium is to be deposited into the fund. The fund is used to provide grants to political subdivisions impacted by oil development.
7	Political subdivisions	Oil and gas gross production taxes are apportioned to political subdivisions pursuant to Section 57-51-15 as amended by 2015 House Bill No. 1176. See Appendix B .
8	Abandoned oil and gas well plugging and site reclamation fund	House Bill No. 1333 (2013) amended Section 57-51-15 to provide that 4 percent of the first 1 percent of oil and gas gross production tax be allocated to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding \$5 million per state fiscal year and not in an amount that would bring the balance of the fund to more than \$75 million. House Bill No. 1032 (2015) provides for an allocation of \$7.5 million per state fiscal year, but not in an amount that would bring the balance of the fund to more than \$100 million.
9	North Dakota outdoor heritage fund	House Bill No. 1278 (2013) created the North Dakota outdoor heritage fund to preserve natural areas and public lands. House Bill No. 1176 (2015) amended Section 57-51-15 to provide 8 percent of revenues from the first 1 percent of the oil and gas gross production tax, up to \$20 million per state fiscal year, be deposited in the fund.
10	Foundation aid stabilization fund	Article X, Section 24, of the Constitution of North Dakota, provides for a distribution of 10 percent of oil extraction taxes to the foundation aid stabilization fund. Section 24 also provides that the principal of the foundation aid stabilization fund may be expended only upon order of the Governor to offset foundation aid reductions that were made by executive action due to a revenue shortfall.
11	Common schools trust fund	Article IX, Section 1, of the Constitution of North Dakota, provides for a common schools trust fund to be used to support the common schools of the state. Article X, Section 24, of the Constitution of North Dakota, provides for a distribution of 10 percent of oil extraction taxes to the common schools trust fund to become part of the principal of the fund. Article IX also provides for the deposit of other revenue sources into the common schools trust fund. Only earnings of the common schools trust fund may be spent. The earnings are distributed to school districts as part of the state school aid formula.
12	Resources trust fund	Section 57-51.1-07 provides for a distribution of 20 percent of oil extraction taxes to the resources trust fund. Article X, Section 22, of the Constitution of North Dakota, provides that the fund may be used, subject to legislative appropriation, for constructing water-related projects, including rural water systems, and funding of programs for energy conservation.
13	Energy conservation grant fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of one-half of 1 percent of the amount credited to the resources trust fund from the resources trust fund into the energy conservation grant fund, up to \$1.2 million per biennium.
14	Renewable energy development fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of 5 percent of the amount credited to the resources trust fund from the resources trust fund into the renewable energy development fund, up to \$3 million per biennium.
15	Infrastructure revolving loan fund	Senate Bill No. 2233 (2013) created an infrastructure revolving loan fund within the resources trust fund to provide loans for water supply, flood protection, or other water projects. Ten percent of the oil extraction tax allocations deposited in the fund are designated for the infrastructure revolving loan fund.
16 and 16A	General fund	The general fund is the chief operating fund of the state. Section 57-51.1-07.5 provides for the distribution of the state's share of oil and gas taxes. The distribution formula provides for an initial deposit of \$200 million to the general fund and an additional \$100 million after a deposit of \$300 million in the tax relief fund.
17	Tax relief fund	Section 57-51.1-07.5 provides for the distribution of up to \$300 million of oil tax revenues to the tax relief fund each biennium.

Box	Tax/Fund	Description
18 and 18A	Strategic investment and improvements fund	Section 15-08.1-08 provides for the strategic investment and improvements fund. The fund is to be used for one-time expenditures to improve state infrastructure or initiatives to improve the efficiency and effectiveness of state government. Section 57-51.1-07.5 provides for the distribution of certain oil tax revenues to the strategic investment and improvements fund.
19	State disaster relief fund	Section 37-17.1-27 provides for the state disaster relief fund to be used only for the required state share of funding for expenses associated with presidential-declared disasters in the state upon Emergency Commission and Budget Section approval. Section 57-51.1-07.5 provides for the distribution of up to \$22 million of oil tax revenues to the state disaster relief fund each biennium, but not in an amount that would bring the balance of the fund to more than \$25 million.
20	Political subdivision allocation fund	House Bill No. 1377 (2015) creates a political subdivision allocation fund to provide allocations to political subdivisions. Section 57-51.1-07.5 provides for the distribution of certain oil tax revenues to the political subdivision allocation fund.

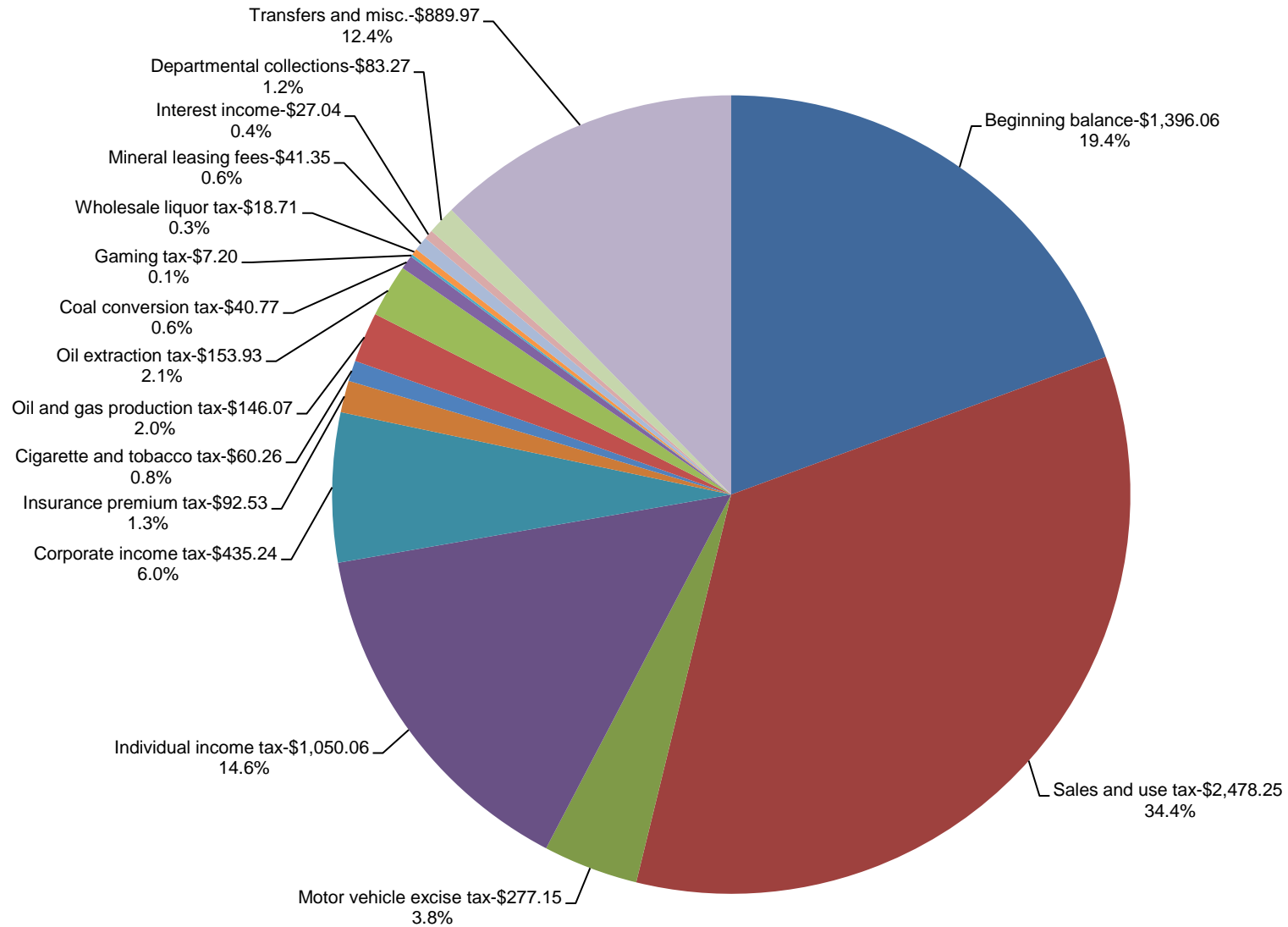
2015-17 BIENNIUM ESTIMATED DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



¹A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in oil- and gas-related employment, according to data compiled by Job Service North Dakota.

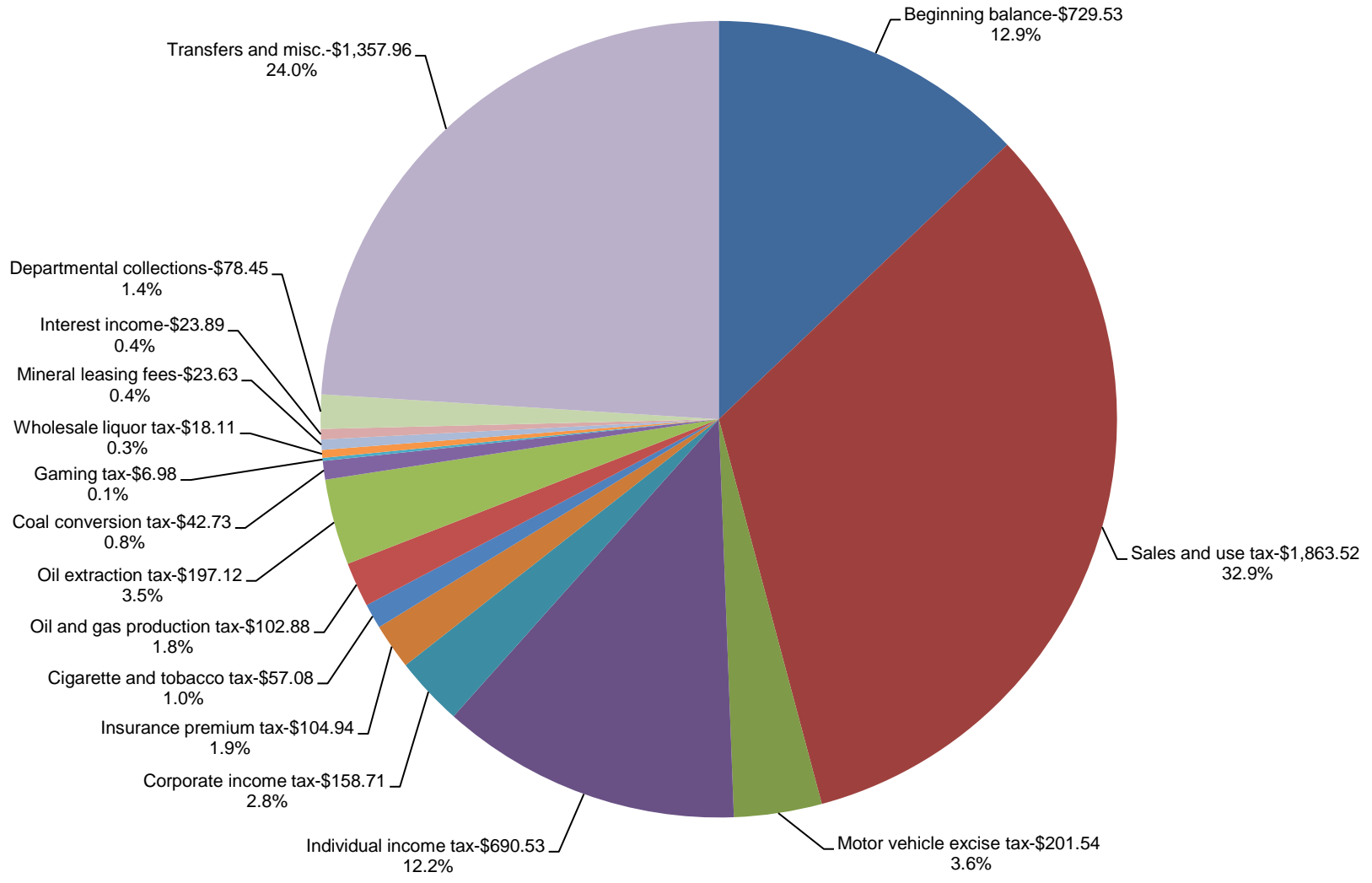
²Hub cities and hub city school districts must be omitted from this apportionment.

2013-15 ACTUAL GENERAL FUND REVENUES
 Total 2013-15 ACTUAL General Fund Revenues - \$7,197,856,692
 (Amounts Shown in Millions)



NOTE: The amounts for transfers and miscellaneous revenues include business privilege tax refunds of \$4,985,620 related to prior period adjustments, which resulted in a negative balance for business privilege tax collections. The 2013 Legislative Assembly repealed the business privilege tax.

2015-17 ESTIMATED GENERAL FUND REVENUES
 Total 2015-17 Estimated General Fund Revenues - \$5,657,599,428
 (Amounts Shown in Millions)

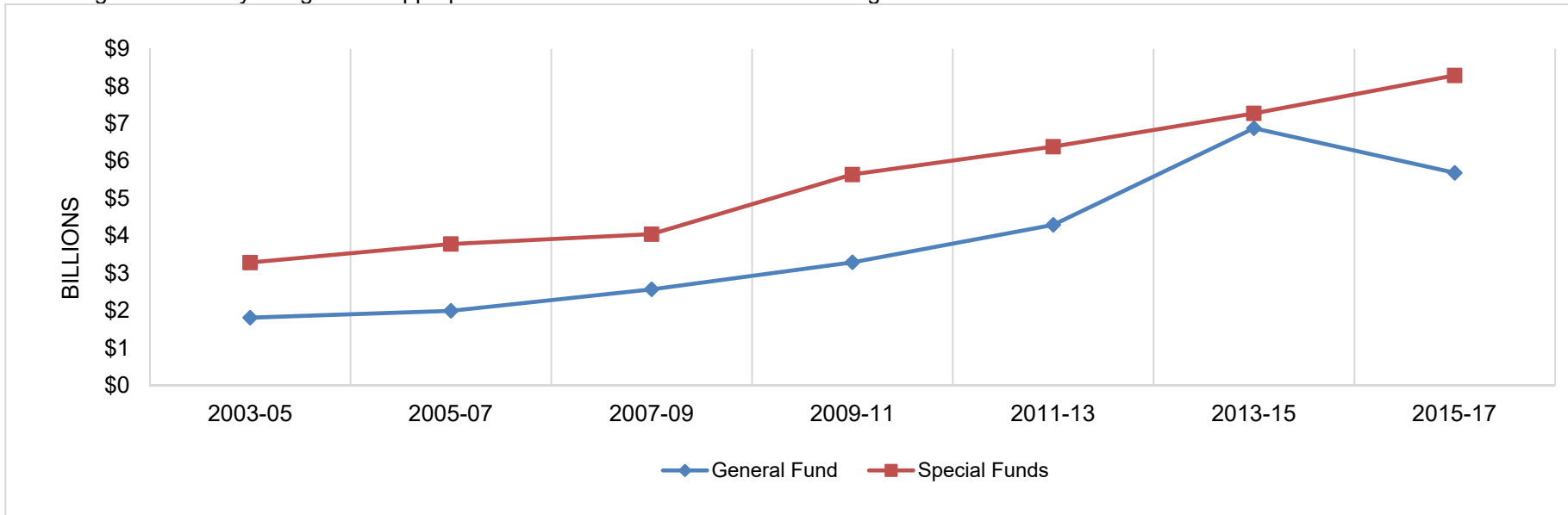


APPROPRIATIONS SUMMARY

The Legislative Assembly, during the August 2016 legislative special session, reduced general fund appropriation authority for state agencies to provide revised 2015-17 biennium total general fund appropriations of \$5,686,674,901, which is \$1,192,996,479, or 17.3 percent less than the 2013-15 legislative general fund appropriations. The Legislative Assembly did not specify whether general fund appropriation reductions were to be applied to ongoing or one-time funding. Of the \$6,026,162,678 of original general fund appropriations, \$4,852,498,820 was considered ongoing general fund appropriations and \$1,173,663,858 is considered one-time general fund appropriations.

The 2015 Legislative Assembly provided special fund appropriations of \$8,290,287,409, \$1,015,232,453, or 14.0 percent more than the 2013-15 legislative special fund appropriations. This amount reflects an increase of special fund authority of \$116,053,293, which relates to funding transferred from the foundation aid stabilization fund for state school aid payments as a result of general fund budget allotments pursuant to North Dakota Century Code Section 54-44.1-12

The following is a summary of legislative appropriations for the bienniums 2003-05 through 2015-17:



Biennium	General Fund Appropriations	Special Fund Appropriations	Total Appropriations
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336
2015-17	\$5,686,674,901	\$8,290,287,409	\$13,976,962,310

NOTE: Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly, budget allotments ordered by the Governor, or funding transferred from the foundation aid stabilization fund.

COMPARISON OF 2013-15 and 2015-17 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 2013-15		Legislative Appropriation 2015-17 ¹		Increase (Decrease) From 2013-15 to 2015-17 ¹	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government							
101	Governor's office	\$4,033,873	\$4,033,873	\$4,204,759	\$4,204,759	\$170,886	\$170,886
108	Secretary of State	6,646,849	12,491,266	9,424,720	13,008,256	2,777,871	516,990
110	Office of Management and Budget	360,646,688	374,877,318	41,107,027	63,832,417	(319,539,661)	(311,044,901)
112	Information Technology Department	21,254,428	170,928,981	26,078,145	177,791,184	4,823,717	6,862,203
117	State Auditor	8,473,489	11,510,407	9,776,582	13,282,452	1,303,093	1,772,045
120	State Treasurer	311,333,469	311,333,469	243,023,598	243,023,598	(68,309,871)	(68,309,871)
125	Attorney General	38,851,628	83,834,078	51,749,685	87,650,470	12,898,057	3,816,392
127	Tax Commissioner	57,054,140	57,179,140	54,920,488	55,045,488	(2,133,652)	(2,133,652)
140	Office of Administrative Hearings		2,818,896		2,965,651		146,755
150	Legislative Assembly	13,921,971	13,921,971	14,844,875	14,844,875	922,904	922,904
160	Legislative Council	12,862,475	12,932,474	12,558,870	12,628,870	(303,605)	(303,604)
180	Judicial branch	98,305,993	100,481,582	105,253,664	107,620,470	6,947,671	7,138,888
188	Commission on Legal Counsel for Indigents	11,923,410	14,421,276	17,105,184	19,212,098	5,181,774	4,790,822
190	Retirement and Investment Office		4,899,369		5,413,425		514,056
192	Public Employees Retirement System		7,650,450		9,496,373		1,845,923
Total General Government		\$945,308,413	\$1,183,314,550	\$590,047,597	\$830,020,386	(\$355,260,816)	(\$353,294,164)
Education							
Elementary, Secondary, and Other Education							
201	Department of Public Instruction	\$1,728,613,325 ²	\$2,165,610,084 ²	\$1,701,708,569 ²	\$2,326,394,335 ²	(\$26,904,756)	\$160,784,251
226	Department of Trust Lands		247,506,969		148,243,153		(99,263,816)
250	State Library	5,875,988	8,270,133	6,329,981	8,768,732	453,993	498,599
252	School for the Deaf	7,799,379	10,370,566	8,541,881	10,231,091	742,502	(139,475)
253	North Dakota Vision Services - School for the Blind	7,694,093	8,547,849	4,748,647	5,373,972	(2,945,446)	(3,173,877)
270	Department of Career and Technical Education	32,392,916	42,680,711	31,698,298	41,396,185	(694,618)	(1,284,526)
Total Elementary, Secondary, and Other Education		\$1,782,375,701	\$2,482,986,312	\$1,753,027,376	\$2,540,407,468	(\$29,348,325)	\$57,421,156
Higher Education							
215	North Dakota University System office	\$162,045,136	\$164,345,048	\$144,500,818	\$149,512,034	(\$17,544,318)	(\$14,833,014)
227	Bismarck State College	45,706,327	52,371,327	35,656,619	36,256,619	(10,049,708)	(16,114,708)
228	Lake Region State College	18,234,648	18,234,648	15,546,322	15,546,322	(2,688,326)	(2,688,326)
229	Williston State College	26,321,661	28,821,661	11,913,254	11,913,254	(14,408,407)	(16,908,407)
230	University of North Dakota (UND)	230,556,333	327,043,595	224,696,697	230,696,697	(5,859,636)	(96,346,898)
232	UND School of Medicine and Health Sciences	56,505,634	56,505,634	66,758,247	66,758,247	10,252,613	10,252,613
235	North Dakota State University (NDSU)	171,193,784	211,013,140	147,100,150	158,700,150	(24,093,634)	(52,312,990)
238	North Dakota State College of Science	47,279,714	48,629,714	54,228,814	54,228,814	6,949,100	5,599,100
239	Dickinson State University	39,508,305	39,508,305	25,246,388	38,746,388	(14,261,917)	(761,917)
240	Mayville State University	22,387,066	22,387,066	15,642,731	15,642,731	(6,744,335)	(6,744,335)
241	Minot State University	48,940,641	60,742,426	45,564,520	45,564,520	(3,376,121)	(15,177,906)
242	Valley City State University	25,284,607	30,091,444	37,154,475	53,154,475	11,869,868	23,063,031
243	Dakota College at Bottineau	9,179,870	16,780,659	9,160,347	19,808,541	(19,523)	3,027,882
244	North Dakota Forest Service	5,486,189	7,136,189	4,679,830	6,329,830	(806,359)	(806,359)
Total Higher Education		\$908,629,915	\$1,083,610,856	\$837,849,212	\$902,858,622	(\$70,780,703)	(\$180,752,234)
Total Education		\$2,691,005,616	\$3,566,597,168	\$2,590,876,588	\$3,443,266,090	(\$100,129,028)	(\$123,331,078)
Health and Welfare							
301	State Department of Health	\$46,001,508	\$185,569,942	\$48,147,010	\$192,317,974	\$2,145,502	\$6,748,032
305	Tobacco Prevention and Control Executive Committee		15,815,828		16,548,039		732,211

Budget No.	Budget	Legislative Appropriation 2013-15		Legislative Appropriation 2015-17 ¹		Increase (Decrease) From 2013-15 to 2015-17 ¹	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
313	Veterans' Home	7,722,353	24,152,153	8,128,024	23,142,322	405,671	(1,009,831)
316	Indian Affairs Commission	1,027,558	1,027,558	1,137,515	1,137,515	109,957	109,957
321	Department of Veterans' Affairs	1,715,703	1,715,703	1,506,877	1,794,895	(208,826)	79,192
325	Department of Human Services	1,171,116,129	2,949,452,594	1,278,248,618	3,524,017,535	107,132,489	574,564,941
360	Protection and Advocacy Project	2,531,562	5,765,174	2,835,377	6,268,230	303,815	503,056
380	Job Service North Dakota	2,030,235	79,827,763	1,977,580	72,445,446	(52,655)	(7,382,317)
Total Health and Welfare		\$1,232,145,048	\$3,263,326,715	\$1,341,981,001	\$3,837,671,956	\$109,835,953	\$574,345,241
Regulatory							
401	Insurance Commissioner		\$26,377,090		\$28,246,346		\$1,869,256
405	Industrial Commission	\$22,494,125	63,467,917	\$32,675,889	63,295,658	\$10,181,764	(172,259)
406	Labor Commissioner	1,847,425	2,285,351	2,347,241	2,785,073	\$499,816	499,722
408	Public Service Commission	7,091,740	20,479,209	7,415,451	21,716,026	\$323,711	1,236,817
412	Aeronautics Commission	6,550,000	19,013,427	934,500	11,257,327	(\$5,615,500)	(7,756,100)
413	Department of Financial Institutions		7,580,217		8,455,767		875,550
414	Securities Department	2,127,782	2,297,782	2,090,781	2,260,781	(37,001)	(37,001)
471	Bank of North Dakota		103,150,147		76,287,301		(26,862,846)
473	Housing Finance Agency	15,400,000	57,907,491		37,520,089	(15,400,000)	(20,387,402)
475	Mill and Elevator		52,123,557		64,315,898		12,192,341
485	Workforce Safety and Insurance		63,322,422		68,865,170		5,542,748
Total Regulatory		\$55,511,072	\$418,004,610	\$45,463,862	\$385,005,436	(\$10,047,210)	(\$32,999,174)
Public Safety							
504	Highway Patrol	\$47,608,042	\$61,000,584	\$43,600,558	\$56,663,099	(\$4,007,484)	(\$4,337,485)
530	Department of Corrections and Rehabilitation	180,915,389	217,050,311	204,510,187	242,872,893	23,594,798	25,822,582
540	Adjutant General	19,399,326	897,718,069	18,458,502	85,392,854	(940,824)	(4,325,215)
	Department of Emergency Services	11,751,503	191,277,357	12,410,947	153,629,122	659,444	(37,648,235)
Total Public Safety		\$259,674,260	\$1,367,046,321	\$278,980,194	\$538,557,968	\$19,305,934	(\$20,488,353)
Agriculture and Economic Development							
601	Department of Commerce	\$64,457,060	\$139,820,082	\$52,522,359	\$127,691,832	(\$11,934,701)	(\$12,128,250)
602	Agriculture Department	9,519,217	25,273,808	10,822,497	32,540,550	1,303,280	7,266,742
616	State Seed Department		0 ^c		0 ³		0
627	Upper Great Plains Transportation Institute	4,076,824	26,529,787	4,529,614	22,705,271	452,790	(3,824,516)
628	Branch research centers	17,585,702	33,586,785	18,758,636	38,750,766	1,172,934	5,163,981
630	NDSU Extension Service	28,909,265	53,757,074	27,837,062	53,663,770	(1,072,203)	(93,304)
638	Northern Crops Institute	2,064,861	3,862,022	1,964,467	3,712,202	(100,394)	(149,820)
640	Main Research Center	58,606,521	111,660,237	55,198,683	133,297,208	(3,407,838)	21,636,971
649	Agronomy Seed Farm		1,471,759		1,521,007		49,248
665	State Fair Association	3,296,000	3,296,000	999,915	999,915	(2,296,085)	(2,296,085)
670	Racing Commission	389,244	555,651	387,821	546,551	(1,423)	(9,100)
Total Agriculture and Economic Development		\$188,904,694	\$399,813,205	\$173,021,054	\$415,429,072	(\$15,883,640)	\$15,615,867
Natural Resources							
701	State Historical Society	\$15,481,811	\$18,703,775	\$20,177,760	\$26,952,661	\$4,695,949	\$8,248,886
709	Council on the Arts	1,504,102	3,249,019	1,630,444	3,375,911	126,342	126,892
720	Game and Fish Department		67,553,639		77,231,739		9,678,100
750	Parks and Recreation Department	20,032,338	31,808,069	31,113,442	45,976,277	11,081,104	14,168,208
770	State Water Commission		859,045,805		1,158,935,836		299,890,031
Total Natural Resources		\$37,018,251	\$980,360,307	\$52,921,646	\$1,312,472,424	\$15,903,395	\$332,112,117

Budget No.	Budget	Legislative Appropriation 2013-15		Legislative Appropriation 2015-17 ¹		Increase (Decrease) From 2013-15 to 2015-17 ¹	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
	Transportation						
801	Department of Transportation	\$1,464,020,000 ⁴	\$3,384,799,434 ⁴	\$613,382,959 ⁴	\$3,214,538,978 ⁴	(\$850,637,041)	(\$170,260,456)
	Total Transportation	<u>\$1,464,020,000</u>	<u>\$3,384,799,434</u>	<u>\$613,382,959</u>	<u>\$3,214,538,978</u>	<u>(\$850,637,041)</u>	<u>(\$170,260,456)</u>
	TOTAL APPROPRIATIONS	<u>\$6,873,587,354</u>	<u>\$14,563,262,310</u>	<u>\$5,686,674,901</u>	<u>\$13,976,962,310</u>	<u>(\$1,186,912,453)</u>	<u>(\$586,300,000)</u>
	APPROPRIATION SUMMARY						
	General Government	\$945,308,413	\$1,183,314,550	\$590,047,597	\$830,020,386	(\$355,260,816)	(\$353,294,164)
	Education	2,691,005,616	3,566,597,168	2,590,876,588	3,443,266,090	(100,129,028)	(123,331,078)
	Health and Welfare	1,232,145,048	3,263,326,715	1,341,981,001	3,837,671,956	109,835,953	574,345,241
	Regulatory	55,511,072	418,004,610	45,463,862	385,005,436	(10,047,210)	(32,999,174)
	Public Safety	259,674,260	1,367,046,321	278,980,194	538,557,968	19,305,934	(828,488,353)
	Agriculture and Economic Development	188,904,694	399,813,205	173,021,054	415,429,072	(15,883,640)	15,615,867
	Natural Resources	37,018,251	980,360,307	52,921,646	1,312,472,424	15,903,395	332,112,117
	Transportation	1,464,020,000	3,384,799,434	613,382,959	3,214,538,978	(850,637,041)	(170,260,456)
	TOTAL APPROPRIATIONS	<u>\$6,873,587,354</u> [*]	<u>\$14,563,262,310</u> [*]	<u>\$5,686,674,901</u>	<u>\$13,976,962,310</u>	<u>(\$1,186,912,453)</u>	<u>(\$586,300,000)</u>
	* 2013-15 appropriations made by the 63rd Legislative Assembly	\$6,873,587,354	\$14,563,262,310				
	2013-15 deficiency appropriations made by the 64th Legislative Assembly	6,084,026	399,464,026				
	Total 2013-15 appropriations	<u>\$6,879,671,380</u>	<u>\$14,962,726,336</u>				

¹ The 2015-17 biennium appropriation amounts reflect action by the Legislative Assembly during the August 2016 special legislative session, including a 6.55 percent general fund budget authority reduction to state agency budgets, an additional \$33,305,071 general fund appropriation to the Department of Human Services, and an additional \$3,230,809 general fund appropriation to the Department of Corrections and Rehabilitation. The amounts also reflect a \$116,053,293 transfer from the foundation aid stabilization fund to the Department of Public Instruction for state school aid payments to offset general fund budget allotments.

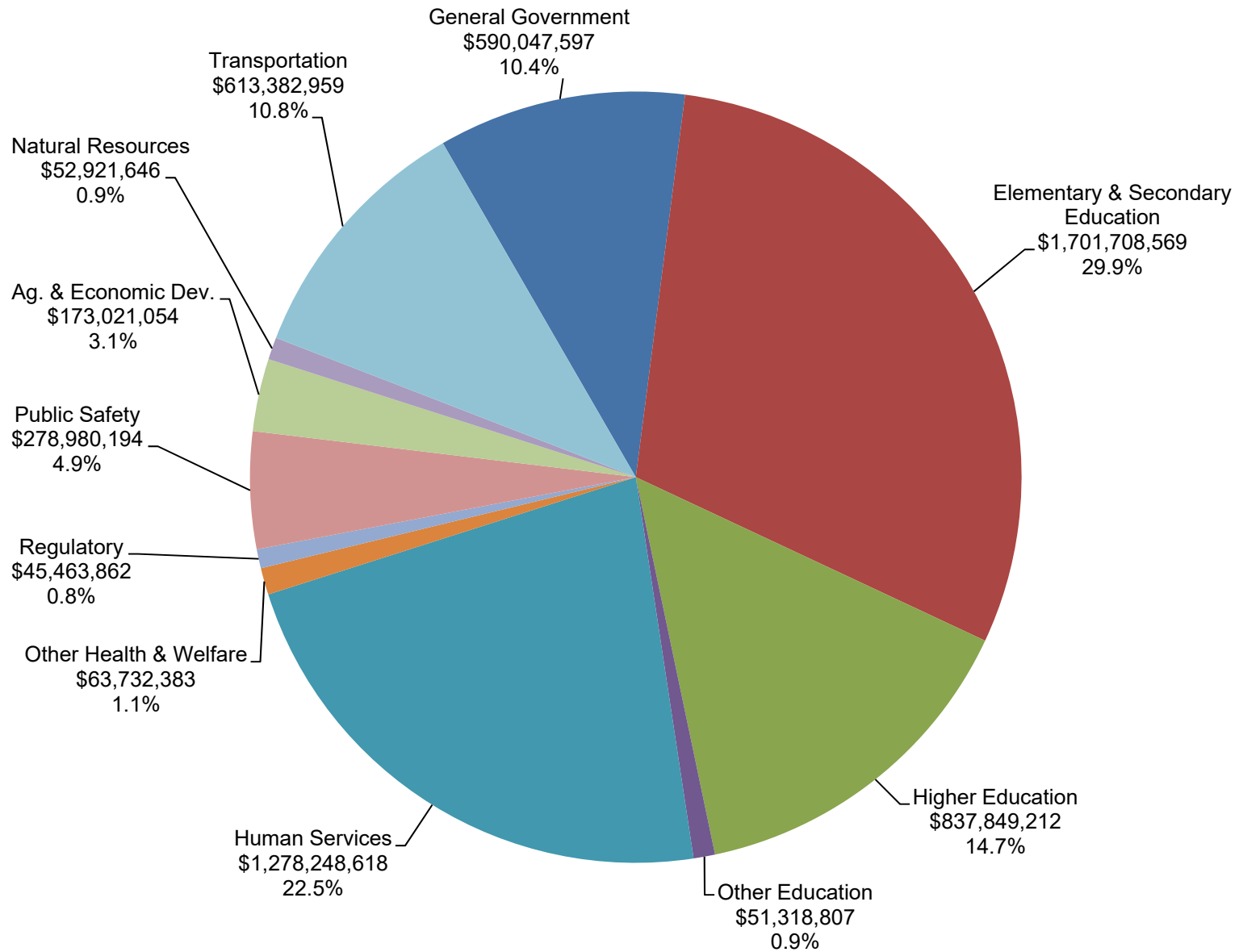
² The 2013-15 biennium amounts for the Department of Public Instruction include integrated formula payments of \$1,752,100,000 for state school aid payments and property tax relief. The 2015-17 biennium amounts for the Department of Public Instruction include integrated formula payments of \$1,916,640,000 for state school aid payments and property tax relief.

³ Beginning with the 2013-15 biennium, the State Seed Department received a continuing appropriation pursuant to North Dakota Century Code Section 4.1-53-62 as enacted by the 2011 Legislative Assembly.

⁴ The 2013-15 biennium amounts shown for the Department of Transportation reflect a \$541.6 million transfer from the general fund to the highway fund for state roadway projects in areas affected by oil and gas development and a \$1.1 million contingent transfer from the general fund to the public transportation fund for distribution to public transit agencies. The 2015-17 biennium amounts shown for the Department of Transportation reflect \$521.1 million in transfers from the general fund to the highway fund for enhanced state highway and infrastructure investments and \$112 million in transportation funding distributions to non-oil-producing political subdivisions.

2015-17 BIENNIUM GENERAL FUND APPROPRIATIONS

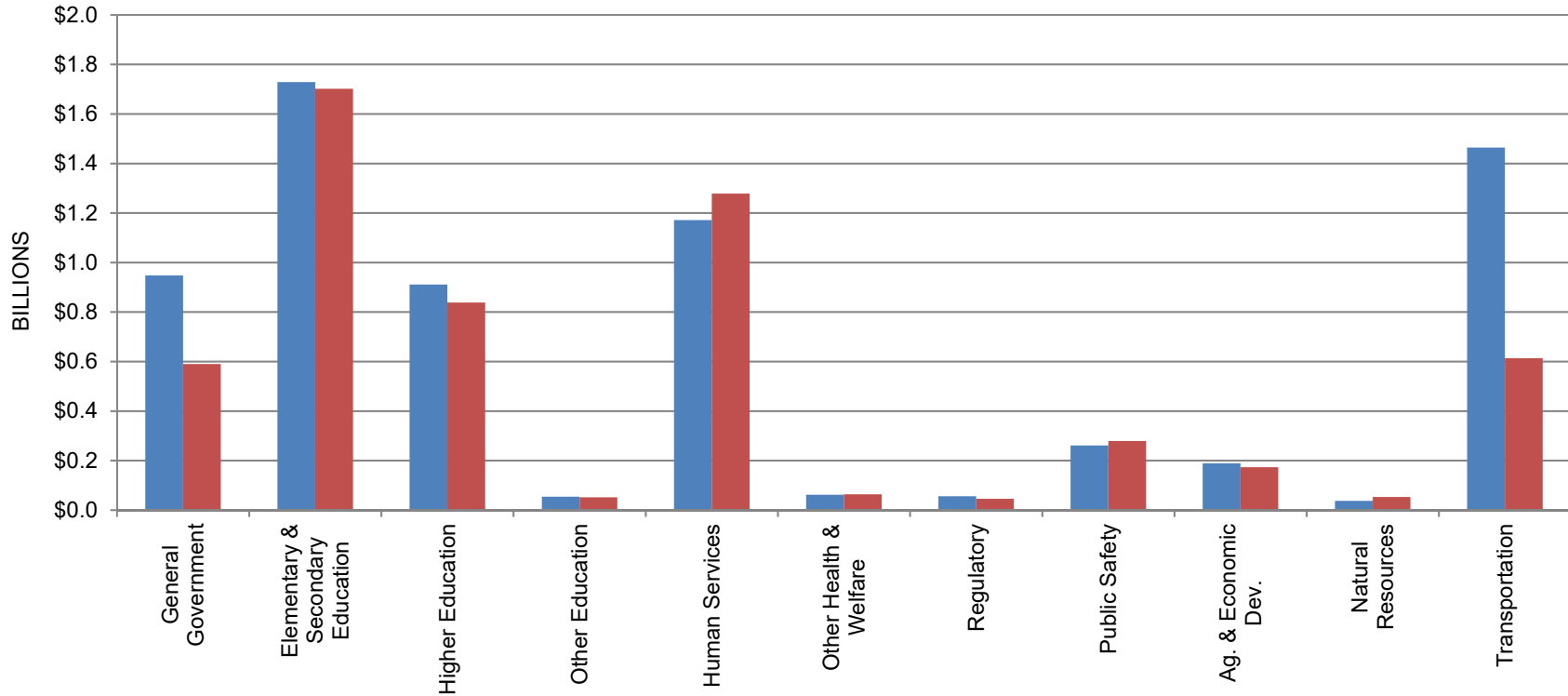
Total 2015-17 General Fund Appropriations - \$5,686,674,901



COMPARISON OF 2013-15 AND 2015-17 GENERAL FUND APPROPRIATIONS

(Amounts Shown in Billions)

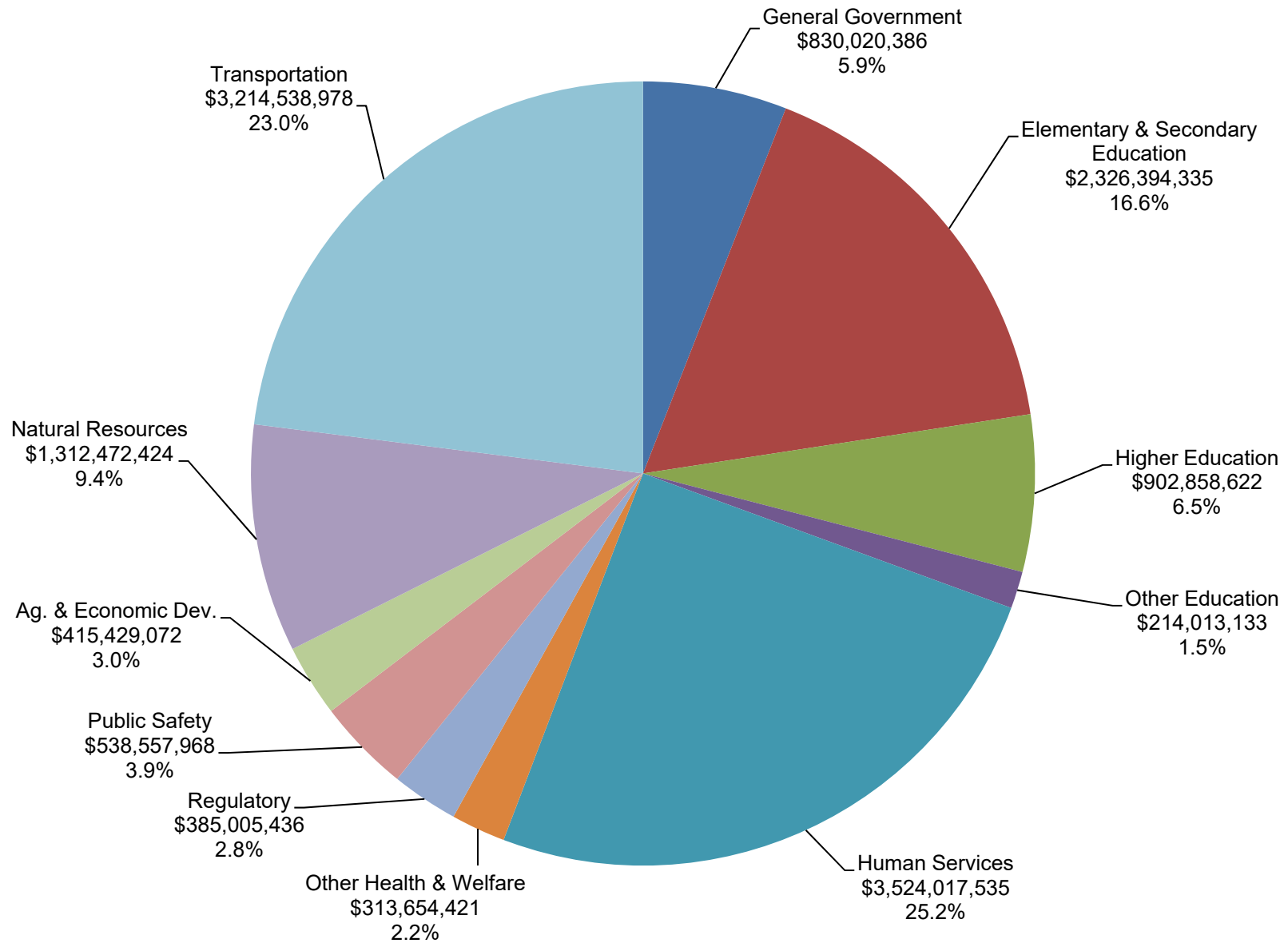
■ 2013-15 Biennium ■ 2015-17 Biennium



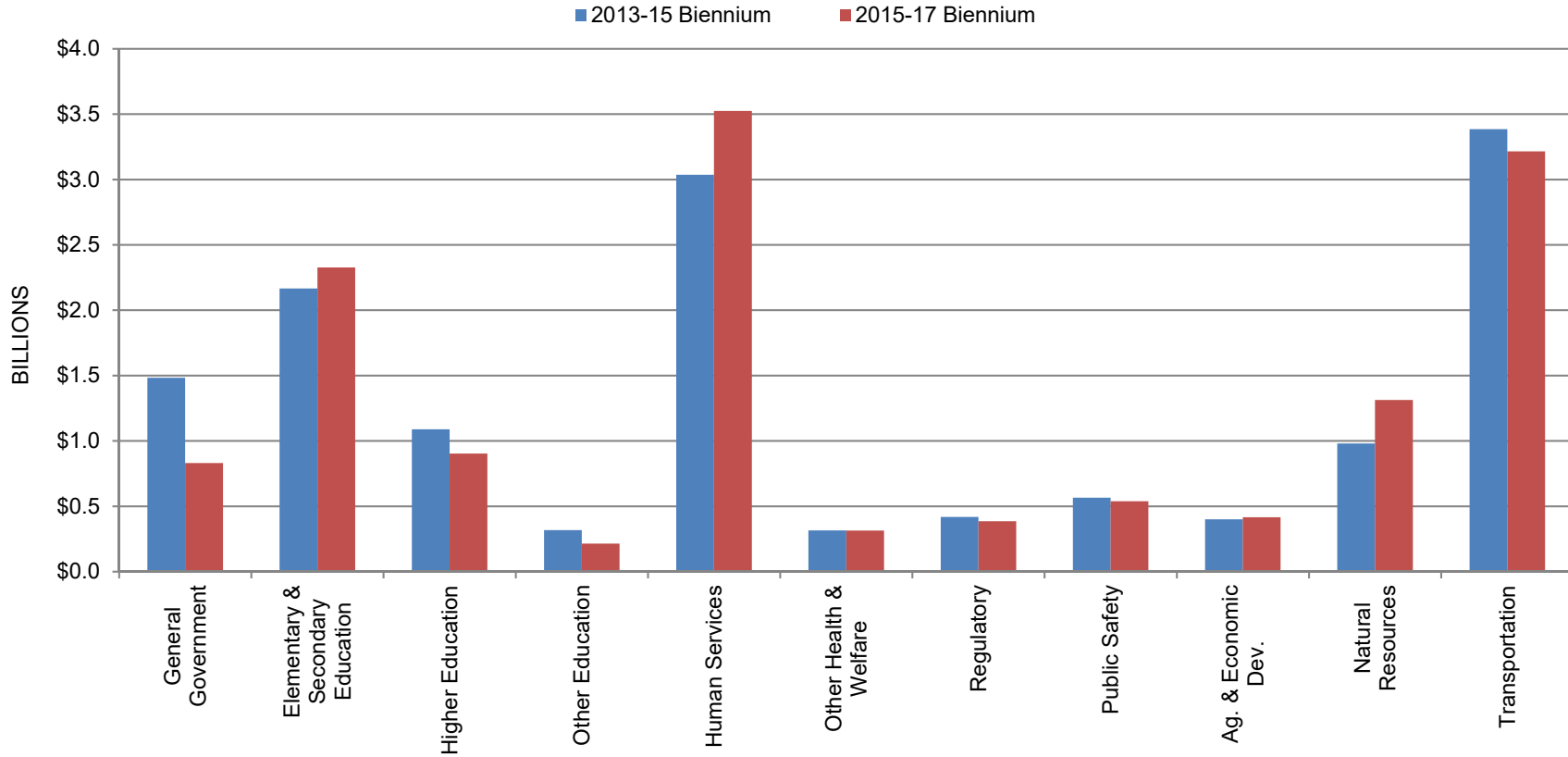
	2013-15 Biennium	2015-17 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$947,408,413	\$590,047,597	(\$357,360,816)	(37.7%)
Elementary & Secondary Education	1,728,613,325	1,701,708,569	(26,904,756)	(1.6%)
Higher Education	910,632,494	837,849,212	(72,783,282)	(8.0%)
Other Education	53,762,376	51,318,807	(2,443,569)	(4.5%)
Human Services	1,171,116,129	1,278,248,618	107,132,489	9.1%
Other Health & Welfare	61,749,819	63,732,383	1,982,564	3.2%
Regulatory	55,511,072	45,463,862	(10,047,210)	(18.1%)
Public Safety	260,809,807	278,980,194	18,170,387	7.0%
Ag. & Economic Dev.	188,904,694	173,021,054	(15,883,640)	(8.4%)
Natural Resources	37,143,251	52,921,646	15,778,395	42.5%
Transportation	1,464,020,000	613,382,959	(850,637,041)	(58.1%)
Total	\$6,879,671,380	\$5,686,674,901	(\$1,192,996,479)	(17.3%)

2015-17 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2015-17 Biennium All Funds Appropriations - \$13,976,962,310



COMPARISON OF 2013-15 AND 2015-17 ALL FUNDS APPROPRIATIONS (Amounts Shown in Billions)



	2013-15 Biennium	2015-17 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$1,483,414,550	\$830,020,386	(\$653,394,164)	(44.0%)
Elementary & Secondary Education	2,165,610,084	2,326,394,335	160,784,251	7.4%
Higher Education	1,088,613,435	902,858,622	(185,754,813)	(17.1%)
Other Education	317,376,228	214,013,133	(103,363,095)	(32.6%)
Human Services	3,036,452,594	3,524,017,535	487,564,941	16.1%
Other Health & Welfare	314,975,021	313,654,421	(1,320,600)	(0.4%)
Regulatory	418,004,610	385,005,436	(32,999,174)	(7.9%)
Public Safety	565,181,868	538,557,968	(26,623,900)	(4.7%)
Ag. & Economic Dev.	399,813,205	415,429,072	15,615,867	3.9%
Natural Resources	980,485,307	1,312,472,424	331,987,117	33.9%
Transportation	3,384,799,434	3,214,538,978	(170,260,456)	(5.0%)
Total	\$14,154,726,336	\$13,976,962,310	(\$177,764,026)	(1.3%)

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

	2013-15 Biennium Actual		2015-17 Biennium Estimated	
Beginning balance		\$583,545,799		\$572,485,454
Add revenues				
Investment income	\$0 ¹		\$0 ¹	
Transfer from general fund	0 ²		0 ²	
Total revenues		\$0		\$00
Total available		\$583,545,799		\$572,485,454
Less expenditures and transfers				
Transfer to general fund	\$11,060,345 ³		\$572,485,454 ⁴	
Total expenditures and transfers		\$11,060,345		\$572,485,454
Ending balance		<u>\$572,485,454</u>		<u>\$0</u>

¹Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under North Dakota Century Code Section 54-27.2-01. Interest earnings for the 2013-15 biennium were deposited in the general fund due to the fund being at its maximum amount allowed. Depending on the timing of 2015-17 biennium transfers from the budget stabilization fund to the general fund, a portion of interest earnings for the 2015-17 biennium may be retained in the fund. The amount shown assumes no interest will be retained in the fund during the 2015-17 biennium.

²Chapter 54-27.2 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund, except that the balance in the budget stabilization fund may not exceed 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. Based on 2015-17 biennium general fund appropriations of \$6,026,162,678, there was not a transfer to the budget stabilization fund at the end of the 2013-15 biennium. Any transfer made at the end of the 2015-17 biennium will be based on general fund appropriations made by the 2017 Legislative Assembly.

³The Office of Management and Budget transferred \$11,060,345 from the budget stabilization fund to the general fund at the end of the 2013-15 biennium to reduce the budget stabilization fund balance to an amount equal to 9.5 percent of general fund appropriations provided by the Legislative Assembly during the 2015 legislative session.

⁴Section 3 of 2015 Senate Bill No. 2379, as approved by the Legislative Assembly during the August 2016 special legislative session, authorizes the Director of the Office of Management and Budget to transfer up to \$572,485,452 to provide for a positive balance in the general fund on June 30, 2017, from the budget stabilization fund to the general fund during the 2015-17 biennium.

NOTE: The estimated June 30, 2017, balance made at the end of the 2015 regular legislative session was \$583,545,799. The decrease in the estimated balance is due to unexpected transfers from the budget stabilization fund to the general fund.

FUND HISTORY

The budget stabilization fund was established by the 1987 Legislative Assembly in House Bill No. 1596. Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section currently provides any money in the fund in excess of 9.5 percent of the general fund budget as approved by the most recently adjourned Legislative Assembly must be deposited in the general fund. The 2011 Legislative Assembly approved House Bill No. 1451, which decreased, effective July 1, 2011, the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.

- Section 54-27.2-02 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides the Governor may order a transfer from the budget stabilization fund to the general fund if the Director of the Office of Management and Budget projects general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. Any transfer made must be reported to the Budget Section.

ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2015-17 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Minerals Values)	Distributions	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	\$400,689,879	\$23,200,000	13.57%
	1999	\$444,823,559	\$23,200,000	7.50%
1999-2001	2000	\$467,059,293	\$23,775,000	11.05%
	2001	\$521,509,978	\$23,775,000	2.03%
2001-03	2002	\$533,360,593	\$28,896,500	(1.34%)
	2003	\$522,905,814	\$28,896,500	4.57%
2003-05	2004	\$547,047,877	\$30,000,000	12.60%
	2005	\$614,738,548	\$30,000,000	8.58%
2005-07	2006	\$686,273,875	\$31,100,000	7.51%
	2007	\$761,901,287	\$31,100,000	12.82%
2007-09	2008	\$887,092,909	\$33,400,000	(4.22%)
	2009	\$908,928,685	\$33,400,000	(13.75%)
2009-11	2010	\$846,314,086	\$38,589,000	14.48%
	2011	\$1,221,501,801	\$38,589,000	17.99%
2011-13	2012	\$1,622,412,984	\$46,257,000	2.42%
	2013	\$1,917,135,220	\$46,257,000	10.65%
2013-15	2014	\$2,417,363,782	\$65,163,000	13.85%
	2015	\$3,128,315,233	\$65,163,000	.50%
2015-17	2016	\$3,437,988,002	\$103,067,000	1
	2017	1	\$103,067,000	1

¹Article IX, Section 2, of the Constitution of North Dakota, was amended in November 2006 through voter approval of Measure No. 1 (2005 House Concurrent Resolution No. 3037). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was \$3,368,290,148 as of March 31, 2016.**

MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides that the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. In 2006 Measure No. 1 approved by voters removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

Article IX, Section 5

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

Article X, Section 24

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of Measure No. 1 (1993 Senate Concurrent Resolution No. 4011). In 2015 the Legislative Assembly approved Senate Concurrent Resolution No. 4003 which provides for a constitutional amendment to Section 24 that, if approved by voters, would allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes. Although the resolution also simplifies other language in the section, it does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

Select North Dakota Century Code Provisions

Section 47-30.1-23

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. Forty-five percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund must be transferred to the common schools trust fund and become a part of the principal of the fund.

The Legislative Assembly, in 2015 Senate Bill No. 2003, amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement.

Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

To date, \$180,657,304 of tobacco settlement money received by the state has been transferred to the common schools trust fund. The following is a summary of transfers to the common schools trust fund from the tobacco settlement trust fund, estimated based on actual revenues received through June 2016 and estimated revenues per the August 2016 revised legislative forecast, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and related disputes.

1999-2001	\$23,805,353 (actual)
2001-03	\$23,998,745 (actual)
2003-05	\$20,977,123 (actual)
2005-07	\$19,722,653 (actual)
2007-09	\$27,672,929 (actual)
2009-11	\$18,248,834 (actual)
2011-13	\$18,108,052 (actual)
2013-15	\$19,003,716 (actual)
2015-17	\$18,119,900 (estimate)
2017-25 (\$23,626,724 per biennium)	\$94,506,896 (estimate)

DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

Article IX, Section 2

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the 5-year average value of the trust assets, excluding the value of land and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (2005 House Concurrent Resolution No. 3037). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 biennium and all subsequent bienniums are based on the distribution formula.
- All fines for violation of state laws. (This money is not added to the trust fund, but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of Measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.
- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

Select North Dakota Century Code Provisions

Section 15-01-02

This section provides that the Board of University and School Lands has full control of:

- The selection, appraisal, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

INVESTMENT OF THE COMMON SCHOOLS TRUST FUND

Section 15-03-04 provides that the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

**ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE
2009-11, 2011-13, 2013-15, AND 2015-17 BIENNIUMS**

	2009-11 Biennium Actual		2011-13 Biennium Actual		2013-15 Biennium Actual		2015-17 Biennium Estimated	
Beginning balance		\$37,623,216		\$34,675,167		\$77,651,986		\$75,867,942
Add revenues								
Transfer from the general fund								
Transfer from the permanent oil tax trust fund (2011 SB 2369)	\$22,000,000 ¹							
Transfer from the general fund (Section 17 of 2011 SB 2371)			\$48,700,000 ²					
Interest income	199,420		70,784		\$81,030		\$62,000	
Federal funds - Volunteer hours adjustment and local share federal-to-federal mission assignments	612,263		1,604,101					
Revenue/Refund from cities/counties					1,007,480		200,000	
National Guard reimbursements	136,057		705,950					
Oil and gas tax collections			22,000,000 ³		22,000,000 ³		14,640,643 ¹⁴	
Total revenues		22,947,740		73,080,835		23,088,510		14,902,643
Total available		\$60,570,956		\$107,756,002		\$100,740,496		\$90,770,585
Less estimated expenditures								
Emergency snow removal grants	9,000,000 ⁴							
Costs relating to disasters occurring prior to 2009	513,321 ⁵		826,535 ⁶		1,306,121 ¹³			
Costs relating to 2009 flooding	5,739,762 ⁵		2,656,019 ⁶		2,530,274 ^{13,17}		1,472,049 ²¹	
Costs relating to the January 2010 winter snowstorm	1,506,693 ⁵		69,717 ²		310,392 ^{13,17}			
Costs relating to 2010 flooding	3,390,192 ⁵		164,272 ²		320,896 ^{13,17}		1,357,717 ²¹	
Costs relating to the April 2010 ice storm	2,854,089 ⁵		544,138 ²		565,976 ^{13,17}		102,476 ²¹	
Costs relating to the April 2011 blizzard	16,937 ⁵							

Costs relating to 2011 flooding	2,874,795 ⁵	12,261,836 ^{2,7,8}	7,430,968 ^{13,17}	13,576,830 ²¹
2011 ice storm (2013 HB 1016)			616,217 ¹⁷	
Costs relating to flooding in incorporated cities		1,715,887 ⁸	1,461,014 ¹³	23,099 ²¹
Disaster response coordination contract		400,000 ⁹	400,000 ⁹	200,000 ⁹
State disasters and flood mitigation efforts		7,240 ⁸	91,986 ¹³	4,698,342 ²¹
Contingent appropriation for 2012 disaster event		0 ²		
Housing rehab and retention		5,458,372 ²	2,461,071 ²	2,080,557 ²¹
Flood-impacted housing assistance grant program			1,500,000 ¹¹	
Road grade raising projects - Department of Transportation		6,000,000 ²		
Disaster recovery planning and technical services			1,031,218 ¹²	1,468,782 ¹²
Fargo interior flood protection (Section 11 of 2015 SB 2020)				30,000,000 ¹⁵
Chronic flooding relief (Section 3 of 2015 SB 2016)				2,000,000 ¹⁶
2013 Southern Red River flood			842,470 ¹⁷	666,901 ²¹
2013 Northern Red River flood			748,665 ¹⁷	1,004,177 ²¹
2013 Winter Storm (October)			36,116 ¹⁷	895,944 ²¹
2014 rain storms			219,170 ¹⁷	223,711 ²¹
Valley City flood protection (2015 SB 2023)			3,000,000 ¹⁸	
Double Ditch site repairs (Section 5 of 2015 SB 2018)				2,000,000 ¹⁹
Bismarck area flood protection (Section 15 of 2015 SB 2020)				4,000,000 ²⁰
Total estimated expenditures and transfers	25,895,789	30,104,016 ¹⁰	24,872,554	65,770,585 ²²
Estimated ending balance	<u>\$34,675,167</u>	<u>\$77,651,986</u>	<u>\$75,867,942</u>	<u>\$25,000,000</u>

¹Senate Bill No. 2369 (2011) provided a \$22 million transfer from the permanent oil tax trust fund to the state disaster relief fund and authorized the Adjutant General to use this funding for costs associated with state disasters and flood mitigation efforts.

²Section 17 of 2011 Senate Bill No. 2371 provided the Office of Management and Budget transfer \$48.7 million from the general fund to the state disaster relief fund during the 2011-13 biennium for the following purposes:

Relief Assistance	Transfer Amount	Appropriation Authority
Disaster-related expenses	\$32,700,000	Section 15 of 2011 Senate Bill No. 2371 provided appropriation authority of \$29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters. Section 16 of Senate Bill No. 2371 provided a contingent appropriation of \$5 million from the state disaster relief fund to the Adjutant General relating to grants to political subdivisions for a portion of the local share required to match federal emergency relief funding. The funding is contingent upon a 2012 disaster event exceeding \$50 million in damages across the state.
Flood-impacted housing assistance grant program	10,000,000	Section 9 of Senate Bill No. 2371 appropriated \$10 million from the state disaster relief fund to the Adjutant General for providing: <ul style="list-style-type: none"> • Additional rebuilders loan program funding to the Bank of North Dakota. • Funding to political subdivisions for flood-impacted housing rehabilitation. Funding must be used as deemed most effective in that community to assist homeowners in rehabilitation or replacement of their flood-damaged homes and to retain homeowners in the community.
Road grade raising grants	6,000,000	Section 14 of Senate Bill No. 2371 appropriated \$6 million from the state disaster relief fund to the Department of Transportation for grants to counties for road grade raising projects on federal aid-eligible roads.
Total	\$48,700,000	

³House Bill No. 1451 (2011) created North Dakota Century Code Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$2 million is deposited in the general fund;
- The next \$341.79 million is deposited in the property tax relief fund;
- The next \$100 million is deposited in the general fund;
- The next \$100 million is deposited in the strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

⁴Section 2 of 2011 Senate Bill No. 2369 authorized up to \$9 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships. Section 2 of the bill provided a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed \$9 million in grants prior to June 30, 2011, and reported to the Budget Section regarding the grants awarded under this section on September 15, 2011.

⁵Section 6 of 2009 Senate Bill No. 2012 authorized up to \$23 million from the state disaster relief fund to be used for paying costs relating to the 2009 flood disaster, snow removal damage to roads, and other disasters in accordance with Section 8 of the bill. Section 8 of the bill provided a political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 may apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding.

⁶Section 1 of 2011 Senate Bill No. 2016 included spending authority of \$7.8 million from the state disaster relief fund for expenses related to the 2009 flood disaster (\$3,369,258) and other unclosed state disasters (\$4,473,046) in the 2011-13 biennium.

⁷Section 5 of 2011 Senate Bill No. 2016 appropriated \$3.5 million from the state disaster relief fund to the Adjutant General for the purpose of providing the required state share of funding for defraying the expenses associated with presidentially declared disasters pursuant to Section 37-17.1-27.

⁸Section 4 of 2011 Senate Bill No. 2369 appropriated \$22 million from the state disaster relief fund for flood-related costs for the remainder of the 2009-11 biennium and for the 2011-13 biennium. Subject to Emergency Commission and Budget Section approval, the Adjutant General may use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidentially declared disasters in the state. In September 2011 the Adjutant General received Emergency Commission and Budget Section approval for 2011-13 expenses of \$17.5 million for flood disasters, \$1.2 million for funding specific city flood mitigation projects, and \$4.8 million for road grade raising and matching grants to political subdivisions.

⁹In 2011 Senate Bill No. 2016, the Legislative Assembly provided authority to the Department of Emergency Services to utilize \$400,000 from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters. House Bill No. 1016 (2013) continued the same level of funding for the 2013-15 biennium. Senate Bill No. 2016 (2015) provides a \$200,000 appropriation from the state disaster relief fund for disaster response coordination for the 2015-17 biennium.

¹⁰Total 2011-13 state disaster relief fund appropriation authority provided to the Adjutant General consists of:

\$22,000,000	see Footnote 8
3,500,000	see Footnote 7
7,842,304	see Footnote 6
400,000	see Footnote 9
<u>42,700,000</u>	see Footnote 2
\$76,442,304	

¹¹Section 4 of 2013 House Bill No. 1016 appropriated \$1.5 million from the state disaster relief fund to the Housing Finance Agency to provide grants to counties, cities, local housing authorities, and other nonprofit entities providing flood-impacted housing assistance. The section required an entity requesting grant funding to certify to the Housing Finance Agency that housing occupants were eligible to receive housing assistance under federal Department of Housing and Urban Development guidelines, that a land use agreement was in place for temporary housing units, and that a plan had been developed for the disposal of temporary housing units. The Housing Finance Agency was to develop guidelines for the distribution of funds, including the frequency of the distribution of grant funds.

¹²The 2013-15 biennium legislative appropriations include funding of \$1.5 million for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs associated with preparedness, mitigation, and response and recovery. Senate Bill No. 2016 (2015) provides funding of \$1 million for continuing the disaster recovery planning and technical assistance contracted services for the 2015-17 biennium.

¹³Section 1 of 2013 House Bill No. 1016 included spending authority of \$13.9 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2013-15 biennium.

¹⁴This amount reflects estimated oil tax revenue allocations for the 2015-17 biennium based on the August 2016 revised legislative estimate. House Bill No. 1377 (2015) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$200 million is deposited in the general fund;
- The next \$300 million is deposited in the tax relief fund;
- The next \$100 million is deposited in the general fund;
- The next \$100 million is deposited in the strategic investment and improvements fund;
- The next \$22 million is deposited in the disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$25 million; and

- Any additional revenues:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund.

¹⁵Section 11 of 2015 Senate Bill No. 2020 appropriates \$30 million from the state disaster relief fund to the State Water Commission for flood protection projects within the city limits of Fargo.

¹⁶Section 3 of 2015 Senate Bill No. 2016 appropriates \$2 million from the state disaster relief fund to the Adjutant General to provide for repair and replacement of infrastructure and for removal of debris and other health hazards in organized service districts that are experiencing chronic flooding. The Adjutant General is required to consult with the Environmental Division of the State Department of Health regarding the process of environmental cleanup.

¹⁷Subdivision 9 of Section 1 of 2015 Senate Bill No. 2023 provides a deficiency appropriation of \$5 million from the state disaster relief fund for four disasters occurring in 2013 and 2014 (\$2.1 million) and for disasters occurring in 2009, 2010, and 2011 (\$2.9 million).

¹⁸Subdivision 6 of Section 1 of 2015 Senate Bill No. 2023 provides a deficiency appropriation of \$3 million from the state disaster relief fund to Valley City State University for flood protection.

¹⁹2015 Senate Bill No. 2018 appropriates \$2 million from the state disaster relief fund for Double Ditch historic site repairs.

²⁰Section 14 of 2015 Senate Bill No. 2020 appropriates \$4 million from the state disaster relief fund to the State Water Commission for levee projects for the Missouri River Correctional Center (\$1.2 million) and for Lincoln township's Fox Island area (\$2.8 million).

²¹Section 1 of 2015 Senate Bill No. 2016 included spending authority of \$17.8 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2015-17 biennium.

²²This amount is an estimate based on actual expenditures through March 31, 2016, and agency estimated expenditures through June 30, 2017.

FUND HISTORY

Section 37-17.1-27 (Section 4 of 2009 Senate Bill No. 2012) establishes a state disaster relief fund. In 2011 Senate Bill No. 2369, the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidentially declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. Senate Bill No. 2292 (2013) further amended the section to allow money in the fund to be used for wide area search and rescue activities. Any interest or other fund earnings must be deposited in the fund.

Section 3 of 2015 House Bill No. 1377 amends Section 57-51.1-07.5 relating to the allocation of oil and gas taxes to the state disaster relief fund. The section provides that no oil and gas taxes may be deposited in the state disaster relief fund if the unobligated balance in the fund exceeds \$25 million.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

	2013-15 Biennium Actual		2015-17 Biennium Estimated	
Beginning balance		\$335,364,942		\$617,625,443
Add revenues				
Oil extraction tax allocations	\$282,260,501		\$123,448,294 ¹	
Total revenues		282,260,501		123,448,294
Total available		\$617,625,443		\$741,073,737
Less expenditures and transfers				
Transfer to state school aid program	\$0		\$116,053,293 ²	
Contingent transfer to the school construction assistance loan fund (2015 SB 2039) ³				
Contingent transfer to the scholarship endowment fund (2015 SB 2039) ³				
Total expenditures and transfers		0		116,053,293
Ending balance		\$617,625,443		\$625,020,444 ³

¹Estimated revenues - Based on actual oil extraction tax collections deposited in the fund through June 2016 and estimated allocations for the remainder of the 2015-17 biennium per the August 2016 revised legislative forecast.

²Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. In February 2016 the Governor issued a 4.05 percent budget allotment and in March 2016, \$71,758,143 was transferred from the foundation aid stabilization fund to the Department of Public Instruction to offset state school aid, transportation, and special education reductions as a result of the general fund budget allotment. In August 2016 the Governor issued another 2.5 percent budget allotment which will result in an additional transfer of \$44,295,150 from the foundation aid stabilization fund to the general fund.

³The 2015 Legislative Assembly approved Senate Concurrent Resolution No. 4003, which proposes a constitutional amendment to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039, which establishes a scholarship endowment fund and a school construction assistance loan fund. The bill provides for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund) and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund) contingent on the approval of Senate Concurrent Resolution No. 4003 by the voters in November 2016. Senate Bill No. 2039 also provides any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for educational-related purposes, including state aid to school districts and educational-related property tax relief to school district patrons. Integrated formula payments, transportation aid, and special education grants total \$1,822,100,000 during the 2013-15 biennium, of which \$140,326,000 is provided from the state tuition fund and \$1,681,774,000 is provided from the general fund. Based on the August 2016 revised legislative revenue forecast and final legislative action, it is estimated the foundation aid stabilization fund balance will exceed 15 percent of the 2013-15 biennium general fund appropriation for state school aid of \$252,266,100 by an estimated \$372,754,344 by the end of the 2015-17 biennium. If Senate Concurrent Resolution No. 4003 is approved by the voters, the foundation aid stabilization fund will become available December 1, 2016, as follows:

Estimated foundation aid stabilization fund balance - December 1, 2016	\$584,755,524 ¹
Reserve balance - 15 percent of the general fund appropriation for state aid to school districts, including integrated formula payments, transportation aid, and special education grants, during the 2013-15 biennium	\$252,266,100
Transfer to the scholarship endowment fund	\$166,244,712
Transfer to the school construction assistance fund	\$166,244,712

¹To the extent that the balance in the foundation aid stabilization fund exceeds 15 percent of the general fund appropriation for state aid to school districts, for the most recently completed biennium, oil extraction tax allocations deposited into the foundation aid stabilization fund after December 1, 2016, are available for educational-related purposes, including state aid to school districts and educational-related property tax relief to school district patrons. Based on the August 2016 revised legislative revenue forecast, it is estimated \$40,264,920 in oil extraction tax allocations will be deposited in the foundation aid stabilization fund between December 1, 2016, and June 30, 2017.

NOTE: The estimated June 30, 2017, balance made at the end of the 2015 regular legislative session was \$746,124,942. The decrease in the estimated balance of \$121,104,498 is due to decreased oil activity resulting in the 2015-17 actual and estimated revenues of \$123,448,294 being \$10,781,706 less than originally projected revenues of \$134,230,000 and anticipated transfers totaling \$116,053,293 from the foundation aid stabilization fund to the general fund to offset a general fund budget allotment of state school aid. The reductions are partially offset by the actual July 1, 2015, balance of \$617,625,443 being \$5,730,501 more than the July 1, 2015, balance estimated at the close of the 2015 legislative session of \$611,894,942.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 24, of the Constitution of North Dakota--to provide that 20 percent of oil extraction tax revenue be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

The principal of the foundation aid stabilization fund may only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that the Director of the Budget may order an allotment to control the rate of expenditures of state agencies. This section provides that an allotment must be made by a specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

Article X, Section 24, of the Constitution of North Dakota, provides that the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the period July 1, 2015, through June 30, 2016, \$305,002 of interest from the foundation aid stabilization fund has been allocated to the general fund.

The 2015 Legislative Assembly approved Senate Concurrent Resolution No. 4003, which purposes a constitutional amendment to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for educational-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039, which establishes a scholarship endowment fund and a school construction assistance loan fund. The bill provides for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund) and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund) contingent on the approval of Senate Concurrent Resolution No. 4003 by the voters in November 2016. Senate Bill No. 2039 also provides any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for educational-related purposes, including state aid to school districts and educational-related property tax relief to school district patrons.

ANALYSIS OF THE LEGACY FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

	2013-15 Biennium Actual		2015-17 Biennium Estimated	
Beginning balance		\$1,194,228,388		\$3,325,913,159
Add revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) ¹	\$1,691,786,379		\$810,680,000	
Transfer of oil and gas tax revenues from the strategic investment and improvements fund ^{2,3}	205,041,523		0	
Transfer of other revenue sources from the strategic investment and improvements fund ^{3,4}	21,730,109		0	
Investment earnings ⁵	213,126,760		130,000,000	
Total revenues		2,131,684,771		940,680,000
Total available		\$3,325,913,159		\$4,266,593,159
Total expenditures and transfers ⁶		0		0
Ending balance		\$3,325,913,159		\$4,266,593,159

¹Estimated revenues - The amount shown reflects actual oil and gas gross production tax and oil extraction tax revenue allocations through July 2016 and forecasted amounts for the remainder of the 2015-17 biennium. The forecasted amounts are based on the August 2016 revised legislative estimate. These amounts do not reflect any transfers from the strategic investment and improvements fund, which are shown separately on the schedule.

²Pursuant to North Dakota Century Code Section 15-08.1-08, if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund. The amounts reflect only the transfers from the strategic investment and improvements fund from oil and gas tax revenue.

³In 2015 House Bill Nos. 1176 and 1377, the Legislative Assembly amended Section 15-08.1-08 to eliminate the transfer of 25 percent of any revenues from the strategic investment and improvements fund to the legacy fund if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month.

⁴These amounts reflect transfers to the legacy fund from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue, pursuant to Section 15-08.1-08.

⁵Based on current law, the investment earnings for purposes of determining the legacy fund earnings accruing prior to July 1, 2017, and the transfer of earnings to the general fund at the end of each biennium after June 30, 2017, include only the realized earnings. The schedule below provides more detail on the investment earnings since the fund was established on July 1, 2011.

	2011-13 Biennium Actual	2013-15 Biennium Actual	2015-17 Biennium Estimated	Total
Realized earnings	\$18,520,564	\$145,255,008	\$130,000,000	\$293,775,572
Unrealized earnings	(12,004,313)	67,871,752	0	55,867,439
Total investment earnings	\$6,516,251	\$213,126,760	\$130,000,000	\$349,643,011

The investment earnings for the legacy fund for the 2015-17 biennium through May 31, 2016, were \$42.4 million, including realized earnings of approximately \$56.5 million and unrealized earnings (losses) of (\$14.1 million).

⁶The principal and earnings of the legacy fund may not be spent until after June 30, 2017.

NOTE: The beginning balance for the 2013-15 biennium reflects the balance reported by the Retirement and Investment Office resulting in a decrease of \$86,486,098 compared to the beginning balance at the end of the 2015 legislative session. The decrease relates to the timing of oil and gas tax allocations and investment earnings. The estimated June 30, 2017, balance made at the end of the 2015 legislative session was \$4,325,859,817. The decrease in the estimated balance of \$59,266,658 is due in part to oil and gas tax collections being less than the original legislative estimates primarily because of lower than estimated oil prices.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 26, of the Constitution of North Dakota--to provide 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

In 2015 House Bill Nos. 1176 and 1377, the Legislative Assembly amended Section 15-08.1-08 to eliminate the transfer of 25 percent of any revenues from the strategic investment and improvements fund to the legacy fund, if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month.

ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

	2013-15 Biennium Actual		2015-17 Biennium Estimated	
Beginning balance		\$0		(\$5,217,411)
Add revenues				
Oil and gas gross production tax collections	\$18,641,973 ¹		\$19,620,000 ⁴	
Interest income	8,182		17,608	
Total revenues		\$18,650,155		\$19,637,608
Total available				\$14,420,197
Less expenditures and transfers				
Grant award commitments	\$23,777,531 ^{1,2}		14,270,197 ⁵	
Administrative expenses	90,035		150,000 ⁶	
Total expenditures and transfers		\$23,867,566		
Ending balance		(\$5,217,411) ³		\$0

¹Pursuant to North Dakota Century Code Section 57-51-15, 4 percent of the 1 percent of oil and gas gross production tax collections is deposited in the fund up to \$15 million per fiscal year or \$30 million per biennium. Oil and gas gross production tax collections of \$18.64 million were deposited in the fund during the 2013-15 biennium.

²The Industrial Commission established five rounds of grant awards and approved contract awards of \$23,777,531 during the 2013-15 biennium. The commission awarded grants of \$5,848,133 on December 2, 2013, \$2,509,428 on April 1, 2014, \$5,752,839 on August 1, 2014, \$5,202,225 on January 9, 2015, and \$4,464,906 on June 10, 2015. In addition, \$211,683 of grant awards were withdrawn during the 2013-15 biennium. Many of the grants are for multiyear projects; therefore, not all of the grant funds awarded were expended during the 2013-15 biennium. The commission expended \$2,386,248 from the fund during the 2013-15 biennium for grants.

³The 2013-15 biennium estimated ending balance of (\$5,217,411) is based on grants awarded to date, not amounts anticipated to be spent. Because some grant awards are paid over multiple years, the Industrial Commission spent only \$2,476,283 of the \$18,650,155 by June 30, 2015, leaving an estimated balance of \$16,173,872.

⁴House Bill No. 1176 (2015) amends Section 57-51-15 to increase the amount deposited in the North Dakota outdoor heritage fund from 4 percent of the 1 percent of oil and gas gross production tax collections to 8 percent of the 1 percent, and to increase the maximum oil and gas gross production tax collection deposits from \$15 million to \$20 million per year and from \$30 million to \$40 million per biennium. The July 2016 revised revenue forecast for oil and gas taxes estimates oil and gas gross production tax collections of \$19.6 million will be deposited in the fund during the 2015-17 biennium.

⁵The amount shown reflects estimated funds that will be available for grants in the 2015-17 biennium. The Industrial Commission awarded grants of \$4,719,843 as of July 31, 2016. In addition, funding of \$145,202 has been returned during the 2015-17 biennium from projects that did not utilize the total award amount. Many of the grants are for multiyear projects; therefore, not all of the grant funds awarded will be expended during the 2015-17 biennium. The commission has expended \$4,610,478 from the fund as of July 31, 2016. The commission anticipates approximately \$12 million will be expended from the fund during the 2015-17 biennium for grants.

⁶The amount shown reflects estimated administrative expenses that will be expended during the 2015-17 biennium. The Industrial Commission expended \$86,219 as of July 31, 2016.

NOTE: The estimated June 30, 2017, balance made at the end of the 2015 regular legislative session was also \$0. However, oil and gas tax collections are anticipated to be \$7.8 million less than projected, resulting in a reduction in anticipated grant awards for the 2015-17 biennium.

FUND HISTORY

The North Dakota outdoor heritage fund was established in 2013 House Bill No. 1278 (Chapter 54-17.8) to provide, pursuant to a continuing appropriation, grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to enhancing conservation practices in this state by:

- Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improving, maintaining, and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching;
- Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and
- Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

For the 2013-15 biennium, pursuant to Section 57-51-15, 4 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund, up to \$15 million per year. Effective July 1, 2015, 8 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund. A maximum of \$20 million of oil and gas gross production tax collections may be deposited in the fund each year. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

	2013-15 Biennium Actual		2015-17 Biennium Estimated	
Beginning balance, excluding infrastructure revolving loan fund		\$292,961,846		\$523,636,206
Add revenues				
Oil extraction tax collections	\$564,521,004		\$246,900,000 ¹	
Repayments and reimbursements	11,472,148		15,000,000	
Investment earnings/Miscellaneous income	3,549,572		4,071,043	
Total revenues		579,542,724		265,971,043
Total available		\$872,504,570		\$789,607,249
Less funds designated for the infrastructure revolving loan fund (North Dakota Century Code Section 61-02-78)	\$11,407,864 ²		\$24,690,000 ²	
Less expenditures and transfers				
State Water Commission - Grants, projects, and project administration, including expenditures approved by the Budget Section pursuant to 2013 HB 1020 and 2015 SB 2020	333,260,500 ³		755,817,897 ⁴	
Total State Water Commission expenditures and loans		\$344,668,364		\$780,507,897
Transfer to renewable energy development fund (Section 57-51.1-07)	\$3,000,000 ⁵		\$3,000,000 ⁵	
Transfer to energy conservation grant fund (Section 57-51.1-07)	1,200,000 ⁵		1,200,000 ⁵	
Total transfers		4,200,000		4,200,000
Ending balance, excluding funds designated for infrastructure revolving loan fund		\$523,636,206		\$4,899,352

NOTE: The estimated ending balance does not reflect the ending balance of the infrastructure revolving loan fund. The combined estimated June 30, 2017, balance is \$40,997,216 compared to \$44,528,619 at the end of the 2015 legislative session. The decrease in the estimated balance of \$3,531,403 is due to oil and gas tax collections being \$21,560,000 less than the original legislative estimates primarily because of lower than estimated oil prices, which was offset by the beginning balance being \$15,084,554 more than estimated at the end of the 2015 legislative session due to the large trigger on the oil extraction tax not taking effect, and by increases in estimated repayments and investment earnings of \$2,944,043 resulting in a revised estimated ending balance of \$40,997,216 (\$4,899,352 resource trust fund excluding the infrastructure revolving loan fund and \$36,097,864 for the infrastructure revolving loan fund) for the 2015-17 biennium.

¹Estimated revenues - The amount shown reflects actual oil and gas gross production tax and oil extraction tax revenue allocations through July 2016 and forecasted amounts for the remainder of the 2015-17 biennium. The forecasted amounts are based on the August 2016 revised legislative estimate.

²This amount represents 10 percent of oil extraction tax collections designated for the infrastructure revolving loan fund effective January 1, 2015, through June 30, 2015, for the 2013-15 biennium and actual oil extraction tax collections through April 2016 and estimated oil extraction tax collections for the remainder of the 2015-17 biennium based on the August 2016 legislative revenue forecast and final legislative action. Sections 1 and 5 of 2015 Senate Bill No. 2020 appropriated \$37,106,000 (\$10,260,000 estimated 2013-15 oil extraction tax collections and \$26,846,000 estimated 2015-17 oil extraction tax collections) from the infrastructure revolving loan fund for the purpose of providing loans for water supply, flood protection, or other water development and water management projects. Infrastructure revolving loan fund collections are estimated to total \$36,097,864 through the 2015-17 biennium. The decrease in the estimated funds available in the infrastructure revolving loan fund of \$1,008,136 is due to a combination of an increased share of oil and gas tax collections from the original legislative estimates for the 2013-15 biennium of \$1,147,864, primarily because of the large trigger on the oil extraction tax not taking effect and a decreased share of oil and gas tax collections from the original legislative estimates for the 2015-17 biennium of \$2,156,000, primarily because of lower than estimated oil prices. The outstanding balance of loans issued from the infrastructure revolving loan fund is \$10,879,567 through July 31, 2016. The following is a history of actual and estimated collections for the infrastructure revolving loan fund:

Infrastructure Revolving Loan Fund Share of Oil Extraction Tax Collections	
	Actual and Estimated Total Infrastructure Revolving Loan Fund Collections
2013-15 biennium - actual	\$11,407,864
2015-17 biennium - estimated	24,690,000
Total	\$36,097,864

³Sections 1 and 4 of 2013 House Bill No. 1020 appropriated \$700.9 million, or any additional amount that becomes available subject to Budget Section approval, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2013-15 biennium. If funding available from the resources trust fund for water projects for the 2013-15 biennium exceeds \$287 million, Section 13 of the bill provided legislative intent that, of the funds appropriated to the commission in the water and atmospheric resources line item, \$60 million from the resources trust fund was provided to the commission for the purpose of paying off or defeasing the commission's outstanding bond issues. Funding from the water development trust fund provided for bond payments (\$16.9 million) and contingent funding from the resources trust fund (\$60 million), totaling \$76.9 million, became available to defease the commission's outstanding bond issues of \$75.25 million and pay related fees. The State Water Commission retired five Southwest Pipeline Project series bonds and defeased another. The State Water Commission anticipated using funds available in the water development trust fund and the resources trust fund to pay off two remaining water development series bonds before the end of the 2013-15 biennium. The Legislative Assembly, in 2015 Senate Bill No. 2020, directed the State Water Commission to refinance the bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of \$45,840,221 at a variable interest rate of 1.75 percent. Principal and interest payments are estimated by the Bank to total \$7.6 million during the 2015-17 biennium and \$7.45 million during the 2017-19 biennium. The Bank loan will mature on June 30, 2030. The State Water Commission is making the loan payments from the resources trust fund.

⁴Sections 1 and 5 of Senate Bill No. 2020 appropriated \$755,817,897, or any additional funding that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2015-17 biennium. The decrease in the estimated expenditures of \$26,357,648 for the State Water Commission is due to a decrease in oil and gas tax collections explained in the note below.

⁵The Legislative Assembly in 2013 Senate Bill No. 2014 authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of one-half of 1 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings.

INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the 2013 Legislative Assembly in Senate Bill No. 2233, which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually the Bank receives one-half of 1 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund.

RESOURCES TRUST FUND HISTORY

The resources trust fund was created pursuant to the passage of Initiated Measure No. 6 in the November 1980 general election. Initiated Measure No. 6 created a 6.5 percent oil extraction tax, 10 percent of which was to be allocated to the resources trust fund. In June 1990 the Constitution of North Dakota was amended to establish the resources trust fund as a constitutional trust fund and provide that the principal and income of the fund could be spent only upon legislative appropriations for:

- Constructing water-related projects, including rural water systems; and
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

The 1995 Legislative Assembly amended Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 to 20 percent. The general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Article X, Section 24, of the Constitution of North Dakota.

Section 57-51.1-07, as amended by 2011 Senate Bill No. 2129, provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund;
- 20 percent allocated as provided in Article X, Section 24, of the Constitution of North Dakota;
- 30 percent to the legacy fund; and
- 30 percent to be allocated to the state's general fund with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in 2011 House Bill No. 1451.

The 2013 Legislative Assembly in Senate Bill No. 2014 authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of one-half of 1 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly, in 2013 Senate Bill No. 2233, established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

	2013-15 Biennium Actual		2015-17 Biennium Estimated	
	Beginning balance		\$27,330,704 ¹	
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 40 percent of an equivalent one-cent sales tax through June 30, 2014, and 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	\$251,290,016		\$196,780,218 ²	
Total estimated revenues		251,290,016		196,780,218
Total available		\$278,620,720		\$196,780,218
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$149,619,327		\$105,670,977	
City share (46.3 percent)	129,001,393		91,109,241	
Total estimated expenditures and transfers		278,620,720		196,780,218
Estimated ending balance		<u>\$0</u>		<u>\$0</u>

¹The amount shown for the 2013-15 biennium beginning balance represents the final distribution for the 2011-13 biennium, which was inadvertently recorded as a 2013-15 biennium distribution.

²The amount shown reflects the forecasted amounts based on the August 2016 revised legislative revenue forecast.

NOTE: The estimated revenue projection for the 2015-17 biennium made at the end of the 2015 legislative session for deposits in the fund was \$303,246,987. The decrease in the estimated fund revenues of \$106,466,769 is due to sales, use, and motor vehicle excise tax collections being less than the original legislative estimates primarily because of reduced activity in the oil and agriculture industries.

FUND HISTORY

North Dakota Century Code Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

The 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

Population Category Through June 30, 2011			
Counties	Percentage	Cities (Based on Population)	Percentage
17 counties with the largest population (allocated equally)	20.48%	80,000 or more	19.4%
17 counties with the largest population (allocated based on population)	43.52%	20,000 or more but less than 80,000	34.5%
Remaining counties (allocated equally)	14.40%	10,000 or more but less than 20,000	16.0%
Remaining counties (allocated based on population)	21.60%	5,000 or more but less than 10,000	4.9%
		1,000 or more but less than 5,000	13.1%
		500 or more but less than 1,000	6.1%
		200 or more but less than 500	3.4%
		Less than 200	2.6%
Total	100.00%		100.0%

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill did not change the total distribution percentages to cities and counties which remains at 53.7 percent to counties and 46.3 percent to cities. The allocation formula for specific counties and cities is:

Population Category Effective July 1, 2011		
Counties	Percentage	Cities
17 counties with the largest population (allocated equally)	20.48%	Based upon the proportion each city's population bears to total population
17 counties with the largest population (allocated based on population)	43.52%	
Remaining counties (allocated equally)	14.40%	
Remaining counties (allocated based on population)	21.60%	
Total	100.00%	

Senate Bill No. 2325 (2013), which became effective July 1, 2014, increased the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

House Bill No. 1067 (2015), which became effective July 1, 2015, and expires on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census date.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND
FOR THE 2013-15 AND 2015-17 BIENNIUMS**

	2013-15 Biennium Actual		2015-17 Biennium Estimated	
Beginning balance		\$969,920,162		\$557,226,995
Add revenues				
Production royalties ¹	\$220,997,679		\$104,217,341	
Mineral leases ¹	290,430		1,004,722	
Oil and gas bonuses ¹	22,706,090		10,483,202	
Loan income ¹	2,533,544		0	
Investment earnings ¹	3,775,510		5,940,604	
Oil and gas tax collections ²	1,184,491,267		119,180,000	
Total revenues		1,434,794,520		240,825,869
Total available		\$2,404,714,682		\$798,052,864
Less expenditures and transfers				
Transfer to legacy fund from oil and gas tax revenue ^{3,4}	\$180,149,222			
Transfer to legacy fund from other revenue sources ^{3,4}	21,730,109			
Transfer to the general fund (2013 HB 1015)	520,000,000			
Grants to critical access hospitals - Department of Human Services (2013 HB 1358)	9,600,000			
Grants for law enforcement needs - Attorney General (2013 HB 1358)	9,600,000			
Enhanced use lease grant program - Department of Commerce (2013 SB 2018)	2,500,000			
Grant program for nursing homes, basic care facilities, and providers of services to developmentally disabled individuals - Department of Commerce (2013 HB 1358)	2,000,000			
Private land study - Department of Trust Lands (2013 SB 2013)	50,000			
Funding for political subdivisions and state highways (2015 SB 2103)	1,100,000,000			
Short line railroad revolving loan fund (2015 HB 1012)			\$7,000,000	
Core library expansion project - Industrial Commission (2015 HB 1014)			13,625,322	
Contingent appropriation - Enhanced use lease grant program - Department of Commerce (2015 HB 1018)			7,500,000	
Veterinary diagnostics laboratory - Main Research Center (2015 HB 1020)			18,000,000	
Contract service fees - Commission on Legal Counsel for Indigents (2015 HB 1022)			200,000	
Grants for domestic violence shelters - Department of Commerce (2015 HB 1285)			650,000	
Transfer to infrastructure revolving loan fund - Bank of North Dakota (2015 HB 1443)			50,000,000	
Transfer to medical facility infrastructure loan fund - Bank of North Dakota (2015 SB 2012)			50,000,000	
Contingent transfer to highway fund - Department of Transportation ⁵ (2015 SB 2015)			0	
Transfer to school construction assistance loan fund - Department of Public Instruction and Bank of North Dakota (2015 SB 2039)			150,000,000	

Administrative costs/other fees	1,858,356		1,986,298	
Total expenditures and transfers		1,847,487,687		298,961,620
Ending balance		\$557,226,995		\$499,091,244
Restricted fund income				
Reserve relating to potential title disputes ⁶		141,197,060		146,007,505
Expanded school construction loan program - Department of Public Instruction (2013 HB 1013; 2015 SB 2013)		150,000,000		
Medical facility infrastructure loans - Bank of North Dakota (2013 SB 2187)		50,000,000		0
Bank of North Dakota - Maintain guarantee reserve fund balance ⁷ (2011 SB 2306; 2013 SB 2287)		25,000,000		25,000,000
Ending balance - Undesignated		\$191,029,935		\$328,083,739

¹The amounts shown reflect projections by the Department of Trust Lands for the 2013-15 and 2015-17 bienniums.

²House Bill No. 1451 (2011) created a new section to North Dakota Century Code Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$200 million is deposited in the general fund;
- The next \$341.79 million is deposited in the property tax relief fund;
- The next \$100 million is deposited in the general fund;
- The next \$100 million is deposited in the strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

House Bill No. 1176 (2015) increased the allocation of oil and gas gross production tax collections to counties decreasing the state's share, including the allocation to the strategic investment and improvements fund. House Bill No. 1377 (2015) amended Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to provide the following:

- The first \$200 million to the general fund;
- The next \$300 million to the tax relief fund;
- The next \$100 million to the general fund;
- The next \$100 million to the strategic investment and improvements fund;
- The next \$22 million to the state disaster relief fund, but not in an amount that would bring the unobligated balance of the fund to more than \$25 million;
- For the 2015-17 biennium, any remaining revenues are deposited:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund.
- After the 2015-17 biennium, any remaining revenues are deposited into the strategic investment and improvements fund.

Estimated revenues - These amounts reflect actual oil tax revenue collections deposited in the fund through July 2016 and estimated allocations for the remainder of the 2015-17 biennium. The forecasted amounts are based on the August 2016 revised legislative estimate. These amounts do not reflect any transfers to the legacy fund. The transfer amounts are shown under estimated expenditures and transfers.

³Section 15-08.1-08, as effective during the 2013-15 biennium, provided that if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month were deposited instead into the legacy fund.

⁴House Bill Nos. 1176 and 1377 (2015) amended Section 15-08.1-08 to eliminate the transfer of 25 percent of any revenues from the strategic investment and improvements fund to the legacy fund, if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month.

⁵Senate Bill No. 2015 (2015) provides a contingent transfer of \$25.85 million from the strategic investment and improvements fund to the highway fund and a contingent appropriation of \$25.85 million from the highway fund to the Department of Transportation for state highway investments. The \$25.85 million is available only if actual general fund revenues for the period beginning July 1, 2015, and ending December 31, 2015, exceed the legislative estimates for the same period by at least \$126 million, or if actual general fund revenues for the period beginning July 1, 2015, and ending June 30, 2016, exceed the legislative estimates for the same period by at least \$126 million. General fund revenues for the period beginning July 1, 2015, and ending December 31, 2015, did not exceed the legislative estimates.

⁶These amounts represent oil and gas bonuses received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Based on the outcome of legal settlements, these funds may need to be returned. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve pending the settlement of mineral ownership title disputes.

⁷Senate Bill No. 2306 (2011) provided guarantees on fuel production facility loans administered by the Bank of North Dakota be increased by \$10.5 million to \$12.5 million, and the value of all fuel production facility loan guarantees is increased by \$15 million, from \$10 million to \$25 million. Money in the strategic investment and improvements fund is available to the Bank to maintain 25 percent of the guarantee reserve fund balance not to exceed a total of \$6.25 million. Senate Bill No. 2287 (2013), which became effective on March 27, 2013, provides that money in the strategic investment and improvements fund is available to the Bank to maintain 100 percent of the guarantee reserve fund balance not to exceed a total of \$25 million. Any money transferred from the strategic investment and improvements fund to maintain the guarantee reserve fund is available to reimburse lenders for guaranteed loans in default.

NOTE: The estimated June 30, 2017, undesignated balance made at the end of the 2015 legislative session was \$401,538,777. The decrease in the estimated undesignated balance of \$73,455,038 is due to oil and gas tax collections being less than the original legislative estimates primarily because of lower than estimated oil prices.

FUND HISTORY

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests.

All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the strategic investment and improvements fund, pursuant to Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

If the unobligated balance in the fund at the end of any month exceeds \$300 million, 25 percent of any revenues received for deposit in the fund in the subsequent month must be deposited instead into the legacy fund. Unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

ANALYSIS OF THE TAX RELIEF FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

	2013-15 Biennium Actual		2015-17 Biennium Estimated	
Beginning balance		\$341,790,000		\$657,000,000
Add estimated revenues				
Allocation of oil and gas tax revenues	\$341,790,000		\$300,000,000 ^{1,2}	
Transfer from general fund for the property tax relief component of the integrated school aid formula for the 2015-17 biennium (Section 3 of 2013 HB 1015)	315,210,000			
Total estimated revenues		657,000,000		300,000,000
Total available		\$998,790,000		\$957,000,000
Less estimated expenditures and transfers				
Transfer to general fund (Section 5 of 2013 HB 1013) (Section 3 of 2015 SB 2015)	\$341,790,000		\$657,000,000	
Total estimated expenditures and transfers		341,790,000		657,000,000
Estimated ending balance		\$657,000,000		\$300,000,000

¹Estimated revenues - The amount shown reflects actual oil and gas gross production tax and oil extraction tax revenue allocations through July 2016 and forecasted amounts for the remainder of the 2015-17 biennium. The forecasted amounts are based on the August 2016 revised legislative estimate.

²House Bill No. 1377 (2015) repealed North Dakota Century Code Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and changed the allocation of the state's share of oil and gas tax revenue to provide the following:

- The first \$200 million to the general fund;
- The next \$300 million to the tax relief fund;
- The next \$100 million to the general fund;
- The next \$100 million to the strategic investment and improvements fund;
- The next \$22 million to the state disaster relief fund if the amounts do not bring the unobligated balance of the fund to more than \$25 million;
- For the 2015-17 biennium, any remaining revenues are deposited:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund; and
- After the 2015-17 biennium, any remaining revenues are deposited into the strategic investment and improvements fund.

NOTE: The estimated June 30, 2017, balance made at the end of the 2015 legislative session was \$300 million, the same as the current estimate.

FUND HISTORY

Section 57-64-05, as created by 2009 Senate Bill No. 2199, created the property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of 2013 House Bill No. 1013, changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from \$341.79 million per biennium to \$300 million per biennium.

GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers:

	Actual				Estimated
	2007-09	2009-11	2011-13	2013-15	2015-17
Beginning balance	\$295,541,176	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389
Revenues	2,520,712,137	2,753,012,281	4,530,367,522	4,906,838,448	3,570,433,290
Transfers to general fund	194,551,242	1,179,682,508	625,487,038	894,959,058	1,357,636,749
Total available	\$3,010,804,555	\$4,294,538,303	\$6,152,687,271	\$7,197,856,692	\$5,657,599,428
Expenditures	(\$2,524,024,493)	(\$3,236,291,030)	(\$4,575,567,500)	(\$6,468,327,303)	(\$5,657,570,705)
Transfers to budget stabilization fund	(124,936,548)	(61,414,562)	(181,060,585)	0	0
Total expenditures and transfers	(\$2,648,961,041)	(\$3,297,705,592)	(\$4,756,628,085)	(\$6,468,327,303)	(\$5,657,570,705)
Ending balance	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389	\$28,723

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2015-17 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2015-17 bienniums. It includes an analysis of the relationship between appropriations and the total personal income in the state. This analysis indicates that the percentage of general fund appropriations to personal income has varied with the highest percentage occurring in the 2013-15 biennium and the lowest percentage occurring in the 1967-69 biennium. Regarding all funds appropriations, the highest percentage occurred in the 1981-83 biennium and the lowest percentage in the 1967-69 biennium.

The biennial appropriation totals include major deficiency appropriations for the various bienniums made by subsequent Legislative Assemblies. The special funds appropriation totals do not necessarily reflect total expenditures of special funds since in some instances federal funds and certain fees are not specifically appropriated but authorized to be spent by Emergency Commission action or continuing appropriations.

TOTAL RESTATED GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2015-17 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations ¹	Total Special Funds Appropriations ¹	Grand Total All Funds Appropriations	Total Personal Income	Percentage of Appropriations to Personal Income	
					General Fund	All Funds
1967-69	\$145,638,671	\$205,351,205	\$350,989,876	\$3,293,000,000 ⁹	4.42%	10.66%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,459,000,000 ⁹	5.31%	12.88%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,137,000,000 ⁹	5.47%	11.94%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$5,770,000,000 ⁹	5.16%	11.33%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,987,000,000 ⁹	5.54%	11.00%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,051,000,000 ⁹	7.14%	14.16%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,102,000,000 ⁹	6.74%	14.38%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$11,206,000,000 ⁹	8.12%	18.88%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$14,757,000,000 ⁹	6.90%	14.68%
1985-87	\$1,134,183,661 ²	\$1,339,411,840	\$2,473,595,501	\$16,544,000,000 ⁹	6.86%	14.95%
1987-89	\$1,058,708,224 ³	\$1,440,445,277	\$2,499,153,501	\$17,508,000,000 ⁹	6.05%	14.27%
1989-91	\$1,061,507,822 ⁴	\$1,760,553,694 ⁵	\$2,822,061,516	\$17,419,000,000 ⁹	6.09%	16.20%
1991-93	\$1,202,891,103 ⁶	\$2,028,208,088	\$3,231,099,191	\$19,905,000,000 ⁹	6.04%	16.23%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$24,188,000,000 ⁹	5.18%	14.12%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$26,716,000,000 ⁹	5.06%	13.46%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$29,332,000,000 ⁹	5.15%	13.62%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$32,622,000,000 ⁹	4.95%	14.96%
2001-03	\$1,728,640,384 ⁷	\$3,049,996,983	\$4,778,637,367	\$35,082,000,000 ⁹	4.93%	13.62%
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$39,038,000,000 ⁹	4.65%	13.08%
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$43,236,000,000 ⁹	4.63%	13.38%
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$52,027,000,000 ⁹	4.95%	12.73%
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$58,147,000,000 ⁹	5.67%	15.37%
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$75,183,000,000 ⁹	5.72%	14.21%
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336	\$81,812,000,000 ⁹	8.41%	17.30%
2015-17	\$5,686,674,901 ⁸	\$8,290,287,409 ⁸	\$13,976,962,310	\$82,366,000,000 ¹⁰	6.90%	16.97%

¹Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

²In addition, changes made to general fund appropriations were (a) reductions of \$12,965,250 as a result of 1987 Legislative Assembly action; (b) a \$44,125,917 reduction as of May 1987 as a result of a 4 percent allotment reduction made by the Governor; and (c) an increase of \$4,388,862 for Emergency Commission action and 1983-85 carryover.

³In addition, changes made to general fund appropriations were reductions of \$3,175,000 required because of the cable television sales tax referral and \$21 million budget allotment mandated by the Governor in September 1988.

⁴This amount is adjusted for revisions made to general fund appropriations, including reductions of \$95,763,770 resulting from the December 1989 sales and individual income tax referrals, increases of \$5,967,192 relating to the use of the budget stabilization fund, and increases of \$22,395,712 resulting from an August 1990, 2 percent unallotment.

⁵This amount is adjusted for revisions made to special funds appropriations, including reductions of \$14,876,540 resulting from the December 1989 gas tax referral and a net reduction of \$1,003,977 resulting from higher education tuition increases and Department of Human Services estimated income adjustments.

⁶In addition, the Legislative Assembly in 1991 House Bill No. 1046, appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than 1991-93 revenue estimates made by the Legislative Assembly in 1991, excluding the effect of Sunday opening, by at least \$11 million. This did not become effective. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.

⁷The general fund appropriation amount for the 2001-03 biennium has been restated to reflect the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

⁸The general fund appropriation amount for the 2015-17 biennium has been restated to reflect the 6.55 percent general fund budget reductions made by the Legislative Assembly in the August 2016 legislative special session. The special fund appropriation amount has also been restated to reflect the \$116,053,293 transfer from the foundation aid stabilization fund to the Department of Public Instruction for state school aid payments, as a result of general fund budget allotments ordered by the Governor of 4.05 percent in February 2016 and 2.50 percent in August 2016.

⁹Source: United States Bureau of Economic Analysis.

¹⁰Source: Economy.com, Inc. - Moody's Analytics.

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT
ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 2005-07 THROUGH 2015-17 BIENNIUMS**

	2005-07	2007-09	2009-11	2011-13	2013-15	2015-17
Assistance to political subdivisions (excluding school-related funding)						
General fund appropriations						
Grants to public libraries	\$1,000,000	\$1,200,000	\$1,300,000	\$1,500,000	\$1,766,500	\$2,033,000
Library Vision 2014 grants			237,500	237,500	237,500	237,500
Public library repairs and maintenance matching grants						250,000
Homestead tax credit	4,500,000	8,104,000	7,313,000	8,792,788	20,000,000	18,690,000
Disabled veteran property tax credits			3,461,000	5,225,775	7,678,000	7,175,091
Aid to health districts	1,100,000	1,900,000	2,400,000	3,000,000	4,000,000	4,250,000
Children's special health services grants for multidisciplinary clinics					27,873	31,156
Suicide prevention grants					160,943	176,000
Weather-related transportation cost-sharing		52,400,000 ⁹				
Local matching funds for federal disaster relief			250,000 ¹⁴			
Emergency medical training grants to rural law enforcement			128,400			
Emergency medical services training		940,000	940,000	940,000	812,930	940,000
Emergency medical services operations				3,000,000	5,131,469	6,066,550
Regional public health network pilot project			275,000		699,992	
Public water system operator certification and training program				180,000	153,374	180,000
Funds to local public health units for immunization services			1,200,000 ¹⁵	1,500,000 ¹⁵	2,891,716 ¹⁵	1,276,853 ¹⁵
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences					459,000	640,000
Grants to counties for portable personal computers for county veterans' service officers			20,000	20,000	20,000	
Accreditation and emerging issues training for county veterans' service officers			20,000	30,000	30,000	0
Matching funds to counties and cities for senior citizen services and programs	720,000 ¹	1,000,000	1,091,200	1,174,668	1,264,502	1,367,686
Indian welfare assistance to counties	1,147,174	955,124	1,959,541	4,990,361	5,597,322	5,942,875
State administration of child support enforcement		7,490,245	2,315,025			
Child welfare, service payments to the elderly and disabled, and technology costs - State paying county share						19,300,000
County emergency human services mill levy grants						3,900,000
Boys' and girls' clubwork	53,000	53,000	53,000	53,000	53,000	53,000
Soil conservation district grants	630,000	730,000	837,800	987,800	1,137,800	1,133,362
Noxious weed control	67,817	67,817	65,817			
Payments in lieu of taxes on carbon dioxide pipeline property	1,545,000	1,365,000	1,151,000			
Clerk of court	11,810,929	13,587,187	15,253,306	16,795,673	20,432,528	24,603,806
Grants to airports	550,187	550,000	550,000	550,000	6,550,000	934,500
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties			35,000,000	48,000,000	220,000,000 ²⁶	104,664,000 ²⁶
County and township roadway projects in areas affected by oil and gas development				142,000,000 ¹⁸	160,000,000 ¹⁸	
Transportation funding distributions to townships in certain oil-producing counties					8,760,000	
Transportation funding distributions to townships in non-oil-producing counties						8,000,000 ²⁶
Transfer to state disaster relief fund for disaster-related expenses, additional rebuilders loan funding and flood-impacted housing rehabilitation, and road grade raising grants				48,700,000 ²⁵		
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties				252,800	277,800	228,952
Adjutant General firefighter training grants						374,172
Child care facility grants					2,600,000	2,250,000

Community service supervision grants					375,000	500,000
Guardianship grants					828,600	1,328,600
State-paid property tax relief credits					200,000,000	233,425,000
Total general fund (excluding school-related funding)	\$23,124,107	\$90,342,373	\$75,821,589	\$287,930,365	\$671,945,849	\$449,952,103
Percentage of total general fund appropriations	1.2%	3.5%	2.3%	6.7%	9.8%	7.9%
Special funds appropriations and revenue allocations						
Grants for local water projects and a feasibility study			\$2,634,000 ¹²	\$750,000 ¹²		
Noxious weed control	\$1,646,408	\$1,646,408	1,646,408	1,375,274	\$1,375,274	\$1,375,274
State aid distribution funds to cities and counties ³	84,212,635	105,043,938	120,322,918	210,348,132	251,290,016	196,780,218
Public transportation services (public transportation fund) ⁴	4,650,000	5,700,000	5,800,000	6,300,000	10,000,000	9,486,900
Insurance tax to fire departments (insurance tax distribution fund)	6,200,000	6,200,000	6,200,000	6,200,000	14,536,386	15,681,207
Flood-impacted housing assistance grant program (state disaster relief fund)					1,500,000	
Emergency medical services operations (insurance tax distribution fund)		1,250,000	2,750,000	1,250,000	1,250,000	1,250,000
Emergency medical services grants (community health trust fund)		300,000	300,000			
Community health grant program (community health trust fund)	4,700,000	4,700,000				
Community health trust fund cessation grants (community health trust fund)	395,000	260,000	225,000	225,000	131,855	234,000
Tobacco education and cessation program grants (tobacco prevention and control trust fund)			7,653,965	8,822,511	8,314,777	10,398,101
Abandoned vehicle cleanup (abandoned vehicle fund)					8,700	215,000
Gaming enforcement grants	617,000	617,000	510,000	510,000	510,000	510,000
Law enforcement grants					7,890,000	9,000,000
Matching funds to counties and cities for senior citizen services and programs	2,067,918 ¹⁰	2,407,214 ¹⁰	2,710,599 ¹⁰	3,476,461 ¹⁰	4,394,000 ¹⁰	6,667,719 ¹⁰
Energy development impact grants (oil and gas impact grant fund)	4,888,100	5,888,100	7,888,100	94,428,269	239,299,174 ²¹	139,300,000 ²¹
Grants to airports (Aeronautics Commission special funds collections)	2,447,126	2,950,000	5,280,000	5,080,000	7,450,000	6,500,000
Indian welfare assistance to counties (Department of Human Services "retained" funds)	1,964,607	1,964,607	1,964,607	1,964,607		
Motor vehicle fuel tax and registration fee allocations ⁵	129,600,000	129,900,000	161,500,000	153,800,000	220,500,000	230,900,000
Telecommunications tax allocations	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000
Coal severance tax allocations ⁶	15,838,815	15,740,801	15,127,988	14,614,035	14,964,452	14,900,000
Coal conversion tax allocations ⁶	7,497,297	7,565,608	10,208,486	11,937,024	11,423,662	11,400,000
Distributions to cities from the strategic investment and improvements fund						282,000,000
Oil and gas gross production tax allocations ⁷	52,886,035	89,031,247	157,419,253	265,629,305	676,845,379	541,690,000
Political subdivision allocation fund						8,210,000
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties (strategic investment and improvements fund)						128,000,000 ²⁶
Financial institution tax allocations		20,000,000	23,750,000	21,220,280		
Disaster relief funding (state disaster relief fund)			43,000,000 ¹¹	25,500,000 ²⁰		
Transportation funding distributions to counties, cities, and townships in oil-producing counties (strategic investment and improvements fund)						240,000,000 ¹⁸
Emergency snow removal grants (state disaster relief fund)			9,000,000 ¹⁹			
Rice Lake flood mitigation (state disaster relief fund)						2,000,000
Fargo interior flood control (state disaster relief fund)						30,000,000
Bismarck area flood levees (state disaster relief fund)						4,000,000
Cigarette tax allocations ⁸	2,831,416	2,851,194	2,724,707	3,048,138	3,319,389	3,300,000
Energy conservation grants to political subdivisions					1,200,000	1,200,000
Total special funds (excluding school-related funding)	\$339,242,357	\$420,816,117	\$605,416,031	\$853,279,036	\$1,493,003,064	\$1,911,798,419
Total major direct assistance to political subdivisions (excluding school-related funding)	\$362,366,464	\$511,158,490	\$681,237,620	\$1,141,209,401	\$2,164,948,913	\$2,361,750,522

School-related assistance to political subdivisions

General fund appropriations - School-related funding

State school aid per student formula payments	\$484,053,759	\$649,965,879	\$636,425,958 ¹⁶	\$816,821,478 ²²	\$0 ²⁷	\$0
State school aid - Integrated formula payments					1,573,016,326 ²⁷	1,586,319,357
Supplemental operations grants			16,795,584			
Supplemental one-time grants			85,644,337			
Mill levy reduction grants			295,211,264 ²⁴	341,790,000 ²⁴		
Rapid enrollment grants					10,623,963 ²⁷	12,504,529 ²⁹
School district safety grants					2,150,870 ²⁷	849,130 ³⁰
Reimbursement for cardiopulmonary resuscitation (CPR) training					24,557 ²⁷	200,000 ³¹
Teacher compensation payments to school districts	50,912,120					
Special education - Gifted and talented per-student payments	37,000,000					
School district reorganization bonuses	759,000					
Revenue supplement payments to school districts	5,000,000					
Transportation aid payments to school districts	33,500,000	33,500,000	43,500,000 ¹³	48,500,000	53,500,000	53,266,500 ³²
Contingent supplemental transportation aid payments to school districts			5,000,000 ¹³			
Special education contracts	15,500,000	17,500,000	15,500,000	16,000,000	16,500,000	16,166,850
Joint powers agreement incentives	1,000,000					
School food services	1,080,000	1,080,000	1,380,000	1,380,000	1,380,000	1,380,000
Adult education	1,055,000	1,055,000	1,850,000	3,110,411	3,110,411	4,110,411
Adult education contingent appropriation				500,000 ²³		
Alternative education program grants				300,000		
Prekindergarten space grants				125,000	114,995	125,000
Flood-damaged school infrastructure grant				500,000 ²⁵		
English language learner grants						1,000,000 ³³
Medicaid matching grants						163,611
Educational Technology Council grants	578,590	800,000	604,750	425,000	745,000	1,457,060
Vocational education	13,846,810	14,165,749	17,000,000	19,729,137	22,256,861	25,457,723
EduTech services, including school district antivirus licenses and PowerSchool funding	2,652,348	2,722,348	5,104,699	3,044,096	3,212,647	3,518,764
School district information technology network costs (statewide information technology network costs)	3,395,550 ²	3,413,972 ²	5,568,970 ²	4,798,992 ²	4,864,216	4,780,862
Total general fund - School-related funding	\$650,333,177	\$724,202,948	\$1,129,585,562	\$1,257,024,114	\$1,691,499,846	\$1,711,299,797
Percentage of total general fund appropriations	32.5%	28.1%	34.3%	29.3%	24.6%	30.1%

Special funds appropriations and revenue allocations - School-related funding

State school aid - Integrated formula payments (state tuition fund)	\$71,600,000	\$76,200,000	\$86,300,000	\$101,638,000	\$140,326,000 ²⁷	\$219,134,000
State school aid - Integrated formula payments (foundation aid stabilization fund)						111,186,643
Transportation aid payments to school districts (foundation aid stabilization fund)						3,733,500 ³²
Special education contracts (foundation aid stabilization fund)						1,133,150
Grants for adult education programs (displaced homemaker fund)	240,000	240,000	250,000	250,000	212,192	225,000
Rapid enrollment grants (oil and gas impact grant fund)				5,000,000		
Mill levy reduction grants to school districts (property tax relief fund)			4,233,000			
Educational Technology Council grants					100,000	600,000
Vocational education				112,724	250,000	124,488
Total special funds - School-related funding	\$71,840,000	\$76,440,000	\$90,783,000	\$107,000,724	\$140,888,192	\$336,136,781
Total major school-related assistance to political subdivisions	\$722,173,177	\$800,642,948	\$1,220,368,562	\$1,364,024,838	\$1,832,388,038	\$2,047,436,578
Total general fund assistance to political subdivisions	\$673,457,284	\$814,545,321	\$1,205,407,151	\$1,544,954,479	\$2,363,445,695	\$2,161,251,900
Total special funds assistance	\$411,082,357	\$497,256,117	\$696,199,031	\$960,279,760	\$1,633,891,256	\$2,247,935,200
Total major direct assistance to political subdivisions	\$1,084,539,641	\$1,311,801,438	\$1,901,606,182	\$2,505,234,239	\$3,997,336,951	\$4,409,187,100

NOTE: The 2015-17 biennium appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly or budget allotments ordered by the Governor.

¹ The 2005-07 appropriation consists of \$720,000 of state funding to providers for matching federal Title III funds in the Department of Human Services.

² The Legislative Assembly provides funding from the general fund for the statewide information technology network connections for K-12 and public libraries, net of an e-rate credit.

³ The 1987 Legislative Assembly, in House Bill No. 1590, provided that .6 percent of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989.

The 1997 Legislative Assembly, in House Bill No. 1019, reduced the .6 to .4 percent of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent of the revenues be distributed to cities. The 2013 Legislative Assembly increased the .4 to .435 percent of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning July 1, 2014.

⁴ Prior to the 2009-11 biennium, \$3 of each motor vehicle registration fee was deposited in the public transportation fund. Beginning with the 2009-11 biennium, the \$3 fee is deposited in the highway tax distribution fund, and the public transportation fund receives 1.5 percent of distributions from the highway tax distribution fund. The 2011-13 amounts include a \$100,000 transfer from the general fund to the public transportation fund. The 2013-15 amounts include a \$1.1 million contingent general fund transfer to the public transportation fund. The 2015-17 amounts include a \$186,900 contingent general fund transfer to the public transportation fund.

⁵ Prior to the 2009-11 biennium, 37 percent of the funds in the highway tax distribution fund were allocated to counties and cities, and one cent per gallon of motor fuels taxes was deposited in the township highway aid fund. Beginning with the 2009-11 biennium, counties and cities receive 34.5 percent of distributions from the highway tax distribution fund, the one cent per gallon of motor fuels taxes originally deposited in the township highway aid fund is deposited in the highway tax distribution fund, and townships receive 2.7 percent of distributions from the highway tax distribution fund. The amounts shown do not include highway tax distribution fund deposits in the public transportation fund which are shown separately in this schedule.

⁶ Beginning in the 2001-03 biennium, the coal severance tax allocation is based on the provision that 70 percent of the tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties.

Beginning in the 2001-03 biennium, the coal conversion tax allocation is based on the provision that 15 percent of the tax revenue is allocated to the county in which the plant is located. Previously, 35 percent had been allocated to the county in which the plant is located.

⁷ The oil and gas gross production tax allocation is based on a formula which allocates a percentage of gross production tax revenue to the producing county with the remainder going to the state. Prior to the 2009-11 biennium, the amount allocated to a county was capped based on the population of the county. The 2013-15 and 2015-17 allocations from the gross production tax revenue are distributed to counties, cities, school districts, townships, and hub cities based on a formula which provides one set of percentages for counties that received less than \$5 million in allocations and another set of percentages for counties that received \$5 million or more in allocations.

⁸ The cigarette tax allocation is based on the provision that 3 cents per regular package and 3.75 cents per larger package are distributed to cities based on population.

⁹ The 2009 Legislative Assembly provided in Senate Bill No. 2012 weather-related transportation cost-sharing funds to counties and cities (\$41.4 million), townships (\$10 million), and the public transportation fund (\$1 million).

¹⁰ The 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided in Senate Bill No. 2267 that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The 2011 Legislative Assembly, in Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The 2013 Legislative Assembly, in Senate Bill No. 2162, increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year. The 2015 Legislative Assembly, in Senate Bill No. 2143, increased the amount of collections allocated to the fund to 87.5 percent of the amount appropriated up to one mill.

¹¹ The 2009 Legislative Assembly provided in Senate Bill No. 2012, \$43 million from the state disaster relief fund for emergency snow removal grants (\$20 million) and funding for the local match needed to receive federal disaster relief funding (\$23 million).

¹² The 2009 Legislative Assembly provided in House Bill No. 1305, \$2,792,000 from the permanent oil tax trust fund for grants to local water supply projects in Burke, Divide, Mountrail, and Williams Counties and in Senate Bill No. 2305, \$342,000 from the resources trust fund to conduct a Beaver Bay embankment feasibility study during the 2009-11 biennium. The projects will not be completed during the 2009-11 biennium; therefore, the 2011 Legislative Assembly authorized \$500,000 of the funding to continue during the 2011-13 biennium. In addition, the 2011 Legislative Assembly provided \$250,000 for flood-related water projects in the Nelson County Water Resource District.

¹³ In addition, the 2009 Legislative Assembly provided in Section 16 of House Bill No. 1013, a \$5 million contingent general fund appropriation for transportation aid payments to school districts. The appropriation was contingent on the June 30, 2011, estimated ending general fund balance exceeding the amount forecasted by the Office of Management and Budget at the conclusion of the 2009 legislative session by more than \$30 million. The contingency was met and the contingent supplemental funding was distributed.

¹⁴ The 2009 Legislative Assembly provided in Section 34 of House Bill No. 1015, \$250,000 from the general fund to provide grants to cities that experienced tornado damage in the summer of 2007 for the purpose of matching federal emergency relief funds.

¹⁵ The 2009 Legislative Assembly provided in Senate Bill No. 2333 a \$1.2 million contingent general fund appropriation for providing funds to local public health units for immunization services. The appropriation was contingent on total funds available to the state for immunization services under the American Recovery and Reinvestment Act of 2009. The State Department of Health reported the American Recovery and Reinvestment Act of 2009 funding could not be used for this purpose and the department would use the funding from the general fund. The 2011 Legislative Assembly provided in Senate Bill No. 2276 a \$1.5 million general fund appropriation for the purpose of funding a program through which the department purchases vaccines through the federal vaccine purchasing contract. The 2013 and 2015 Legislative Assemblies provided in the department's base budget, an additional \$1 million and \$576,853, respectively for the universal vaccine program.

- ¹⁶ The 2009 Legislative Assembly reduced 2009-11 state school aid per-student formula payments provided from the general fund by \$13.5 million, from \$649.9 million provided in the 2007-09 biennium to \$636.4 million for the 2009-11 biennium. In addition, the 2009 Legislative Assembly provided \$85.6 million of one-time federal funds made available to the state under the American Recovery and Reinvestment Act of 2009 and \$86.3 million of state tuition fund distributions for state school aid per-student formula payments.
- ¹⁷ The Department of Human Services is unable to determine the amount of general fund support in the department's legislative appropriation for state administration of child support.
- ¹⁸ The 2011 Legislative Assembly provided for a transfer of \$142 million from the general fund to the highway fund for county and township roadway projects in areas affected by oil and gas development. House Bill No. 1358 (2013) appropriated \$160 million from the general fund to the Department of Transportation for transportation funding distributions to oil-producing counties. Senate Bill No. 2103 (2015) appropriated \$240 million from the strategic investment and improvements fund to the Department of Transportation for transportation funding distributions to oil-producing political subdivisions.
- ¹⁹ Senate Bill No. 2369 (2011) provided that the Adjutant General may use \$9 million from the state disaster relief fund for emergency snow removal grants to be awarded by June 30, 2011. Any unawarded amount of the \$9 million was allowed to be utilized in the 2011-13 biennium for disaster relief initiatives as outlined in Section 4 of 2011 Senate Bill No. 2369.
- ²⁰ Section 4 of 2011 Senate Bill No. 2369 provided an appropriation of \$22 million from the permanent oil tax trust fund to the state disaster relief fund and provided authority for the Adjutant General to use the funding for disaster relief relating to 2011 spring flooding, flood disasters in incorporated cities, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidentially declared disasters in the state. Senate Bill No. 2016 (2011) provided authority to the Adjutant General to use up to \$3.5 million from the state disaster relief fund for the purpose of providing the required state share of funding for defraying the expenses associated with presidentially declared state disasters pursuant to North Dakota Century Code Section 37-17.1-27.
- ²¹ House Bill No. 1358 (2013) provides \$239,299,174 for energy infrastructure and impact grants from money deposited in the oil and gas impact grant fund. Of this amount, \$103.5 million is designated for specific grant categories. House Bill No. 1176 (2015) provides \$139.3 million for energy infrastructure impact grants from money deposited in the oil and gas impact grant fund, of which, \$132.5 million is designated for specific grant categories. The actual grant awards for the 2015-17 biennium may be less than the amount appropriated due to lower oil and gas tax allocations to the fund resulting from lower oil prices than forecasted.
- ²² In addition the 2011 Legislative Assembly provided \$101,638,000,000 of state tuition fund distributions for state school aid per-student formula payments and approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction carry over \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per-student payments. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to 2009 House Bill No. 1400. The 2011 Legislative Assembly also provided \$21.2 million of one-time federal education jobs funding made available to the state under federal House Resolution No. 1586 signed into law in August 2010 and \$5 million from the oil and gas impact grant fund for rapid enrollment grants.
- ²³ The 2011 Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction reserve \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium and carry over the funding to the 2011-13 biennium for state school aid per-student payments. The 2011 Legislative Assembly provided that after reserving the \$9 million for state school aid per-student payments in the 2011-13 biennium, the next \$500,000 of 2009-11 excess state school aid funding be reserved for adult education learning center grants to be disbursed if federal funding for adult education received by the department is less than \$900,000 in any year of the 2011-13 biennium.
- ²⁴ This is funding provided to school districts as mill levy reduction grants (property tax relief); however, school districts were required to lower property tax mill levies resulting in a reduction of property tax revenue equal to the amount of the mill levy reduction grants.
- ²⁵ The Legislative Assembly during its November 2011 special legislative session, in Senate Bill No. 2371, provided a one-time transfer of \$48.7 million from the general fund to the state disaster relief fund for disaster-related expenses (\$32.7 million), additional rebuilders loan funding and flood-impacted housing rehabilitation (\$10 million), and road grade raising grants (\$6 million). The bill also included a \$500,000 general fund appropriation for a flood-damaged school infrastructure grant.
- ²⁶ Senate Bill No. 2176 (2013) appropriated \$100 million from the general fund to the State Treasurer for transportation funding distributions to non-oil-producing political subdivisions. House Bill No. 1358 (2013) appropriated \$120 million from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing counties. House Bill No. 1012 (2015) appropriated from the general fund \$8 million (\$7,676,000 after the February 2016 4.05 percent general fund budget allotment, and funding was not reduced by the additional August 2016 2.5 percent general fund budget allotment as the final distributions had been completed at the beginning of July 2016 and the State Treasurer will not attempt to recover those funds) to the State Treasurer to provide allocations for the benefit of townships in non-oil-producing counties for township roads. House Bill No. 1176 (2015) appropriated \$112 million (\$104,664,000 after allotments) from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions. Senate Bill No. 2103 (2015) appropriated from the strategic investment and improvements fund \$16 million to the State Treasurer for transportation funding distributions to non-oil-producing county townships and appropriated from the strategic investment and improvements fund \$112 million to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions.
- ²⁷ The 2013 Legislative Assembly approved a change in the K-12 school funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine a base level of support necessary to education students and this base level of support will be provided through a combination of local tax sources, local revenue and state integrated formula payments. The 2013 Legislative Assembly provided integrated formula payments totaling \$1,752,000,000, of which \$1,611,774,000 is from the general fund and \$140,326,000 is from the state tuition fund. The new formula results in an increase of \$491.9 million from the state school aid and mill levy grants, totaling \$1.26 billion provided during the 2011-13 biennium. The increase of \$491.9 million includes increases in funding of \$453.2 million from the general fund and \$38.7 million from the state tuition fund. Integrated formula payments include \$656.5 million for an increase in the mill levy buydown from 75 mills to 125 mills for the 2013-15 biennium, an increase of \$314.7 million from the \$341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium. The 2013 Legislative Assembly also provided from the general fund \$13.6 million for rapid enrollment grants (House Bill No. 1261), \$3 million for safety grants (Senate Bill No. 2267), and \$450,000 for the reimbursement of CPR training (Senate Bill No. 2238).
- ²⁸ The 2013 Legislative Assembly, in Senate Bill No. 2325, repealed the business privilege/financial institution tax and increased the allocation of sales and use tax and motor vehicle tax allocations to the state aid distribution fund to replace the loss of funds to counties and cities from the repeal of the business privilege/financial institution tax.
- ²⁹ The Legislative Assembly provided \$14.8 million made available from the general fund for rapid enrollment grants is one-time funding. The appropriation for rapid enrollment grants was reduced by \$2,295,471 as a result of budget allotments in February and August of 2016.

- ³⁰ The Legislative Assembly, in Section 12 of 2015 Senate Bill No. 2013, provided the amount appropriated for school district safety grants in Section 1 of Chapter 59 of the 2013 Session Laws is not subject to Section 54-44.1-11 and any unexpended funds are available for school district safety grants during the 2015-17 biennium. The Department of Public Instruction distributed \$2,150,870 for school district safety grants during the 2013-15 biennium and \$849,130 was made available for school district safety grants during the 2015-17 biennium.
- ³¹ The Legislative Assembly provided \$450,000 made available from the general fund for CPR training grants is one-time funding. The appropriation for CPR training grants was reduced by \$250,000 as a result of the February 2016 general fund budget allotment.
- ³² In addition to \$57 million provided from the general fund for transportation aid during the 2015-17 biennium in 2015 Senate Bill No. 2013, the Legislative Assembly provided, in Section 13 of Senate Bill No. 2015, that if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. The Superintendent must prorate the available funding according to the percentage of the total transportation formula amount to which each school district is entitled.
- ³³ The 2015 Legislative Assembly, in Senate Bill No. 2013, provided \$1 million for grants to the four school districts that serve the largest number of first and second level English language learners in K-12. The Superintendent of Public Instruction must distribute a pro rata share of the available grant dollars to each eligible district based upon the total number of first and second level English language learners enrolled in the four districts.