



# North Dakota Legislative Council

Prepared by the Legislative Council staff  
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## SUMMARY OF THE STATE BUDGET - TENTATIVE FINAL APRIL 29, 2023

### GENERAL FUND STATUS

	2023-25 Base Level	2023-25 Budget	Increase (Decrease)
Estimated beginning balance <sup>1</sup>	\$1,398,719,379	\$1,198,158,717	(\$200,560,662)
Estimated ongoing general fund revenues <sup>1</sup>	5,093,906,670	4,888,217,924	(205,688,746)
Estimated one-time general fund revenues	0	116,102,278	116,102,278
Total available	\$6,492,626,049	\$6,202,478,919	(\$290,147,130)
Less:			
Ongoing general fund appropriations <sup>2</sup>	4,878,875,745	5,838,688,814	959,813,069
One-time general fund appropriations <sup>2</sup>	0	257,504,723	257,504,723
Estimated ending balance	<b>\$1,613,750,304</b>	<b>\$106,285,382</b>	<b>(\$1,507,464,922)</b>

<sup>1</sup>The 2023-25 base level amounts shown for the beginning balance and general fund revenues reflect the January 2023 legislative base revenue forecast.

<sup>2</sup>The executive budget, as proposed by Governor Doug Burgum, recommended \$5,489,362,605 in ongoing general fund appropriations and \$374,889,588 in one-time general fund appropriations.

### TOTAL STATE BUDGET - 2021-23 AND 2023-25 BIENNIUMS

	2021-23 Biennium <sup>1</sup>	2023-25 Biennium	Increase (Decrease)	
			Amount	Percent
General fund appropriations	\$5,010,457,330	\$6,096,193,537	\$1,085,736,207	21.7%
Estimated income	12,836,238,167	13,513,408,110	677,169,943	5.3%
Total all funds appropriations	<b>\$17,846,695,497</b>	<b>\$19,609,601,647</b>	<b>\$1,762,906,150</b>	<b>9.9%</b>

<sup>1</sup>The 2021-23 biennium amounts do not reflect Emergency Commission action nor deficiency appropriations approved by the 68<sup>th</sup> Legislative Assembly.

<sup>2</sup>The 2021-23 biennium estimated income amount includes \$2,078,611,166 of federal coronavirus-related funding, and \$680,000,000 of bonding authority.

### TAX RELIEF

Major changes to provide property and income tax relief, as approved by the 2023 Legislative Assembly in House Bill No. 1158, include:

- An estimated \$358.3 million of individual income tax relief by exempting taxable income in the first tax bracket from taxation, consolidating the income tax brackets from five brackets to three brackets, and reducing the income tax rates.
- An estimated \$103.3 million of property tax relief through a newly created primary residence credit of \$500 per year to each primary residence beginning with tax year 2024.
- An estimated \$53.5 million of additional property tax relief through an expansion of the homestead credit by consolidating the income thresholds from six levels to two levels, increasing the income limit from \$42,000 to \$70,000, and increasing the taxable value exemption from \$5,265 to \$9,000. (**NOTE:** A taxable valuation limit of \$5,625 relates to an exemption of \$125,000 of true and full value while a taxable value exemption of \$9,000 relates to an exemption of \$200,000 of true and full value.)

### MAJOR SPECIAL FUNDS STATUS - 2023-25 BIENNIUM

Appropriations and transfers for the 2023-25 biennium from the **strategic investment and improvements fund** total \$1.2 billion and include:

- **\$210 million** for higher education capital projects;

- **\$24 million** for the University System capital building fund;
- **\$179 million** to the Department of Transportation, including \$114 million for matching federal highway funding and \$51 million to establish a flexible transportation fund;
- **\$70.5 million** to the Industrial Commission, including \$60 million to the clean sustainable energy fund to provide grants and repay a line of credit;
- **\$135.1 million** to the Department of Corrections and Rehabilitation, including \$131.2 million for a new women's correctional facility;
- **\$10 million** to the legacy investment for technology fund;
- **\$95 million** to the North Dakota Development Fund;
- **\$68 million** to the Department of Commerce for the beyond visual line of sight uncrewed aircraft systems program, enhanced use lease grant program, tourism destination development initiative program, and other grant programs;
- **\$93.7 million** for agriculture research and extension service projects, including \$87 million for the Waldron Hall replacement project;
- **\$135 million** to the Public Employees Retirement System to address the unfunded liability of the main system defined benefit retirement plan;
- **\$48.4 million** to the Department of Health and Human Services including \$11 million for procurement and grants management system and \$12.5 million for the design of a new state hospital;
- **\$26.5 million** to the Department of Career and Technical Education for career academy inflation costs;
- **\$27 million** to the Parks and Recreation Department for deferred maintenance, capital projects, and various grants; and
- **\$19.5 million** to the Department of Public Instruction for integrated formula payments (\$14 million) and science center grants (\$5.5 million).

Appropriations and transfers for the 2023-25 biennium from the **foundation aid stabilization fund** total \$232 million, of which \$157 million is appropriated to the Department of Public Instruction for state school aid and \$75 million is transferred to the school construction assistance revolving loan fund.

The **budget stabilization fund** is estimated to have a July 1, 2023, balance of **\$914.4 million**.

Major changes to the legacy fund and legacy earnings fund, as approved by the 68<sup>th</sup> Legislative Assembly include:

- **House Bill No. 1379** - Changes the allocation of legacy fund earnings from the legacy earnings fund to provide funding for bond payments (\$102.6 million), tax relief (\$225 million), and road and bridge projects (\$100 million) with any remaining amounts allocated 50 percent to the general fund (\$64.2 million) and 50 percent to the strategic investment and improvements fund (\$64.2 million).
- **Senate Bill No. 2330** - Defines legacy fund earnings using a percent of market value calculation based on 8 percent of the 5-year average of legacy fund assets. Prior to the change, the earnings reflected interest, dividends, and realized gains and losses, but excluded unrealized gains and losses.

**2023-25 BIENNIUM ONGOING GENERAL FUND APPROPRIATION ADJUSTMENTS**

Bill	2023-25 Ongoing General Fund Adjustment	
	Amount <sup>1</sup>	Percent
HB 1002 - Judicial branch <sup>2</sup>	\$17,310,949	15.7%
HB 1003 - Higher education <sup>3</sup>	106,080,539	15.5%
HB 1011 - Highway Patrol <sup>4</sup>	10,278,480	28.3%
HB 1015 - Department of Corrections and Rehabilitation <sup>5</sup>	23,895,700	11.0%
HB 1019 - Department of Career and Technical Education <sup>6</sup>	9,465,645	22.7%
HB 1021 - Information Technology Department <sup>7</sup>	9,572,372	33.0%
HB 1158 and SB 2006 - Homestead property tax credit	54,400,000	302.2%
SB 2012 - Department of Health and Human Services <sup>8</sup>	356,363,119	22.9%
SB 2013 - Department of Public Instruction <sup>9</sup>	69,973,571	4.2%

Bill	2023-25 Ongoing General Fund Adjustment	
	Amount <sup>1</sup>	Percent
SB 2015 - Office of Management and Budget	93,877,320	276.7%
Other agencies	208,595,374	42.4%
<b>Total</b>	<b>\$959,813,069</b>	<b>19.7%</b>

<sup>1</sup>Adjustments are from the 2023-25 base level.

<sup>2</sup>The judicial branch increase includes funding for increased jury compensation, information technology costs, and 21 new FTE positions, including 3 new district court judges.

<sup>3</sup>The higher education increase includes \$6 million for needs-based student financial assistance grants, \$5 million for research network costs, \$82.4 million for funding formula adjustments, including a tuition increase limit, and \$2.8 million for a behavioral health initiative.

<sup>4</sup>The Highway Patrol increase includes a funding source adjustment of \$7 million for law enforcement salaries from the federal Coronavirus Relief Fund to the general fund.

<sup>5</sup>The Department of Corrections and Rehabilitation increase includes a funding source adjustment of \$18.4 million for law enforcement salaries from the federal Coronavirus Relief Fund to the general fund.

<sup>6</sup>The Department of Career and Technical Education increase includes funding for new and expanding secondary career and technical education programs (\$9.5 million), the cost to continue career and technical education reimbursement rates (\$3.5 million), and grants to schools for work-based learning coordinators (\$1.5 million). A total of \$6.4 million was removed from the general fund due to transferring the Center for Distance Education to the Department of Public Instruction.

<sup>7</sup>The Information Technology Department increase includes funding for the North Dakota Health Information Network (\$2 million), K-12 Classlink project (\$1.2 million), and salaries and operating expenses for new FTE positions and related projects (\$4.7 million).

<sup>8</sup>The Department of Health and Human Services increase includes inflationary increases of \$26.2 million, increased ongoing revenue for human service centers and the State Hospital of \$30 million, and grant cost and caseload changes of \$122.3 million.

<sup>9</sup>The Department of Public Instruction increase is due to primarily increases in the state school aid formula (\$214 million) and funding provided for school meals (\$6 million) and the paraprofessional-to-teacher program (\$3 million). These increases are primarily offset by cost to continue savings in state school aid (\$46.4 million), a reduction in special education contract grants (\$3 million), increased distributions from the common schools trust fund made available for state school aid (\$77.8 million), an increase in the funding appropriated from the foundation aid stabilization fund for state school aid (\$13.5 million), and funding provided from the strategic investment and improvements fund for state school aid (\$14 million).

<sup>10</sup>The Office of Management and Budget major increases include \$45.1 million for a targeted salary equity funding pool, \$40.1 million for a new and vacant FTE funding pool, \$4.65 million for additional guardianship grants, and \$5.56 million for an employer retirement contribution pool. The funding in the pools will be transferred to all executive branch agencies.

## STATE FUNDING FOR MAJOR CAPITAL PROJECTS, GRANTS, AND INFRASTRUCTURE

	Amount
Office of Management and Budget	
Deferred maintenance pool (strategic investment and improvements fund (SIIF))	\$20,000,000
Information Technology Department	
Broadband grants (federal funds)	148,250,000
Higher Education, including North Dakota State University agriculture research and extension	
Bismarck State College polytechnic center inflation (general fund)	9,960,000
Williston State College medical health care building (SIIF)	27,962,053
University of North Dakota engineering building (SIIF)	57,400,000
North Dakota State University engineering building (SIIF)	59,000,000
North Dakota State University Waldron Hall replacement (SIIF)	87,000,000
North Dakota State College of Science agriculture, automation, and autonomous systems building (SIIF)	18,975,000
Dickinson State University agriculture and CTE building (SIIF)	17,100,000
Mayville State University Old Main renovation (SIIF)	15,000,000
Valley City State University McCarthy Hall renovation (SIIF)	10,474,918
Department of Career and Technical Education	
Career center initiative grants (SIIF)	26,500,000
Department of Health and Human Services	
State Hospital planning (SIIF)	12,500,000
Job Service North Dakota	
Unemployment insurance modernization project (federal State Fiscal Recovery Fund)	45,000,000
Aeronautics Commission	
Airport grants (other funds)	31,100,000
Department of Corrections and Rehabilitation	
Heart River Correctional Center women's prison facility (SIIF)	131,200,000
Adjutant General	
Camp Grafton fitness facility (federal State Fiscal Recovery Fund)	9,000,000
Dickinson Readiness Center (federal State Fiscal Recovery Fund)	8,900,000
Department of Commerce	
Workforce investment program grants (general fund)	12,500,000
Tourism destination development grants (SIIF)	25,000,000
Beyond visual line of sight uncrewed aircraft system grants (SIIF)	26,000,000
Enhanced use lease grant program (SIIF)	10,000,000
North Dakota Development Fund grants (SIIF)	95,000,000
Weatherization and energy assistance programs (federal funds)	120,000,000
Agriculture Commissioner	
Bioscience innovation fund grants (general fund and SIIF)	12,000,000
Parks and Recreation Department	
Theodore Roosevelt Presidential Library (Bank of North Dakota (BND) line of credit)	70,000,000
State Historical Society	
Military museum (BND line of credit)	20,000,000
Department of Water Resources	
Southwest Water Pipeline (resources trust fund and other funds)	130,000,000
Northwest Area Water Supply Project (resources trust fund and other funds)	86,000,000
Red River Valley Water Supply Project (resources trust fund and other funds)	180,000,000
Western Area Water Supply Project (resources trust fund and other funds)	46,000,000
City of Bismarck water treatment plant (resources trust fund and other funds)	50,000,000
Mouse River flood control (resources trust fund and other funds)	76,100,000
Valley City flood control (resources trust fund and other funds)	13,200,000
Heart River flood control (resources trust fund and other funds)	12,300,000
Department of Transportation	
Flexible transportation fund (motor vehicle excise taxes and SIIF)	222,500,000
Flood projects loan (BND line of credit)	28,500,000
US Highway 85 loan (BND line of credit)	50,000,000
<b>Total</b>	<b>\$2,020,421,971</b>