

CONTINGENT TRANSFERS FROM THE BANK OF NORTH DAKOTA TO THE GENERAL FUND

This memorandum identifies historical information regarding legislation authorizing transfers from the Bank of North Dakota to the general fund, contingent upon revenue shortfalls.

The 1995 Legislative Assembly, in Section 12 of House Bill No. 1017, provided for contingent transfers from the Bank of North Dakota's earnings and accumulated and undivided profits to the general fund. The section provided that if the Director of the Office of Management and Budget determined by April 1, 1997, a transfer was necessary for a July 1, 1997, general fund balance of \$10 million, a contingent transfer of up to \$4 million would be made to the general fund. The section also provided that no transfers could be made which would reduce the Bank's capital structure below \$76 million. No transfer was made pursuant to this contingency during the 1995-97 biennium. The 1995 Legislative Assembly also provided for a transfer of up to \$59.9 million from the Bank to the general fund, not contingent upon a revenue shortfall. The actual transfer was \$50.2 million.

The 1997 Legislative Assembly, in Section 23 of House Bill No. 1015, provided for contingent transfers from the Bank of North Dakota's earnings and accumulated and undivided profits to the general fund. The contingent transfers could not exceed the lesser of \$23 million or the actual revenue shortfall of actual collections compared to the March 1997 legislative forecast. The section also provided that no transfers could be made which would reduce the Bank's capital structure below \$100 million. No transfer was made pursuant to this contingency during the 1997-99 biennium. The 1997 Legislative Assembly also provided for a transfer of \$29.6 million from the Bank to the general fund, not contingent upon a revenue shortfall, which was made.

The 1999 Legislative Assembly, in Section 18 of Senate Bill No. 2015, provided for contingent transfers from the Bank of North Dakota's earnings and accumulated and undivided profits to the general fund. The contingent transfers could not exceed the lesser of \$40 million or the actual revenue shortfall of actual collections compared to the March 1999 legislative forecast. The section provided no contingent transfer could be made before July 1, 2000, and that transfers could only be made to the extent that the transfer was necessary to achieve a projected June 30, 2001, general fund balance of \$10 million. The section also provided that no transfers could be made which would reduce the Bank's capital structure below \$100 million. No transfer was made pursuant to this contingency during the 1999-2001 biennium. The 1999 Legislative Assembly also provided for a transfer of \$50 million from the Bank to the general fund, not contingent upon a revenue shortfall, which was made.

The 2001 Legislative Assembly, in Section 12 of House Bill No. 1015, provided for contingent transfers from the Bank of North Dakota's earnings and accumulated and undivided profits to the general fund. The contingent transfers could not exceed the lesser of \$25 million or the revenue shortfall of actual collections compared to the March 2001 legislative forecast. The section also provided that no transfers could be made which would reduce the Bank's capital structure below \$140 million. A transfer of \$18,699,787 was made pursuant to this contingency during the 2001-03 biennium. The 2001 Legislative Assembly also provided for a transfer of \$60 million from the Bank to the general fund, not contingent upon a revenue shortfall, which was made.

The 2003 Legislative Assembly, in Section 10 of Senate Bill No. 2015, provided for contingent transfers from the Bank of North Dakota's earnings and accumulated and undivided profits to the general fund. The contingent transfers could not exceed the lesser of \$9 million or the revenue shortfall of actual collections compared to the March 2003 legislative forecast. Section 11 of Senate Bill No. 2015 provided that no transfers could be made which would reduce the Bank's capital structure below \$140 million. No transfer was made pursuant to this contingency during the 2003-05 biennium. The 2003 Legislative Assembly also provided for a transfer of \$60 million from the Bank to the general fund, not contingent upon a revenue shortfall, which was made.

The 2005 Legislative Assembly provided for a transfer of \$60 million from the Bank of North Dakota to the general fund, not contingent upon a revenue shortfall, which was made.

The 2007 Legislative Assembly provided for a transfer of \$60 million from the Bank of North Dakota to the general fund, not contingent upon a revenue shortfall, which was made.

It is estimated the Bank of North Dakota will have \$732,125,000 in capital as of June 30, 2017. The Bank's capital on December 13, 1995, was \$76 million.