

HOUSE BILL NO. 1394

Introduced by

Representatives Carlson, Belter, Delzer, Svedjan, Timm

1 A BILL for an Act to provide for general fund budget limits; to create a state reserve fund; and to
2 amend and reenact sections 54-27.2-01, 54-27.2-02, and 54-27.2-03 of the North Dakota
3 Century Code, relating to the budget stabilization fund.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. Limitation on general fund budget increases by governor or**
6 **legislative assembly.** Total biennial general fund appropriations as recommended by the
7 governor or as approved by the legislative assembly may not increase when compared to the
8 previous biennium's general fund appropriations approved by the legislative assembly by a
9 percentage greater than the average increase of the consumer price index and the percentage
10 increase in North Dakota personal income as projected by an economic forecasting company
11 under contract with the state for the biennial period for which the appropriations are made.

12 **SECTION 2. State reserve fund - Supervision - Limits on appropriations.** The
13 state reserve fund is a special fund in the state treasury. The state investment board shall
14 supervise investment of the state reserve fund in accordance with chapter 21-10. Any interest
15 or other state reserve fund earnings must be deposited in the fund. The principal and interest
16 of the state reserve fund may be appropriated only upon approval of at least two-thirds of the
17 members elected to each house of the legislative assembly. Each legislative assembly shall
18 review the balance in the fund and make a determination of the feasibility and desirability of
19 temporarily reducing tax rates or providing tax rebates to taxpayers.

20 **SECTION 3. AMENDMENT.** Section 54-27.2-01 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **54-27.2-01. Budget stabilization fund.** The budget stabilization fund is a special fund
23 in the state treasury. The state investment board shall supervise investment of the budget
24 stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization

1 fund earnings must be deposited in the fund. Any amounts provided by law for deposit in the
2 fund and any interest or earnings of the fund which would bring the balance in the fund to an
3 amount greater than ~~five percent of the current biennial state general fund budget, as finally~~
4 ~~approved by the most recently adjourned special or regular session of the legislative assembly,~~
5 forty million dollars may not be deposited or retained in the fund but must be deposited instead
6 in the state ~~general~~ reserve fund.

7 **SECTION 4. AMENDMENT.** Section 54-27.2-02 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **54-27.2-02. Certain general fund revenues to be deposited in the budget**
10 **stabilization fund.** Notwithstanding any other provision of law except ~~section~~ sections
11 54-27.2-01 and 57-51.1-07.2, any amount in the state general fund at the end of any biennium
12 in excess of sixty five million dollars at the end of any biennium the ending general fund
13 balance projected by the legislative assembly that originally approved that biennium's budget
14 must be transferred by the state treasurer to the budget stabilization fund. For purposes of this
15 section, "at the end of any biennium" means after cancellation of unexpended appropriations
16 under section 54-44.1-11.

17 **SECTION 5. AMENDMENT.** Section 54-27.2-03 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **54-27.2-03. Transfers and expenditures from budget stabilization fund.** If the
20 director of the office of management and budget projects that general fund revenues for the
21 biennium will be at least two and one-half percent less than estimated by the most recently
22 adjourned special or regular session of the legislative assembly, and if the governor orders a
23 transfer, which must be reported to the budget section of the legislative council, the state
24 treasurer shall transfer the appropriate funds from the budget stabilization fund to the state
25 general fund to offset the decrease in general fund revenues. The amount transferred from the
26 budget stabilization fund upon order of the governor may not exceed the difference between an
27 amount two and one-half percent below the general fund revenue projections for the biennium
28 of the most recently adjourned special or regular session of the legislative assembly and the
29 revised general fund revenue projections for the biennium by the director of the office of
30 management and budget. The amount transferred from the budget stabilization fund upon
31 order of the governor to the state general fund may be expended within the limits of legislative

- 1 guidelines and general fund appropriations of the most recently adjourned special or regular
- 2 session of the legislative assembly. For purposes of this section, "general fund revenues for
- 3 the biennium" and "general fund revenue projections for the biennium" include the general fund
- 4 balance at the beginning of the biennium.