

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2007-09 BIENNIUM

	2007-09 Biennium	
Beginning balance - July 1, 2007		\$200,000,000
Add estimated revenues		
Investment income	\$0 ¹	
Total available		\$200,000,000
Less estimated expenditures and transfers		
None	\$0	
Estimated ending balance - June 30, 2009		\$200,000,000 ²

¹Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under North Dakota Century Code Section 54-27.2-01.

²The 2007 Legislative Assembly approved House Bill No. 1429 which increases effective July 1, 2009, the maximum balance allowed in the budget stabilization fund **from 5 percent to 10 percent** of the general fund budget approved by the most recently adjourned Legislative Assembly. As a result, depending on the actual 2007-09 biennium ending general fund balance and the total 2009-11 biennium general fund appropriations approved by the 2009 Legislative Assembly, the June 30, 2009, balance may be more than \$200 million.

NOTE: The estimated June 30, 2009, balance made at the end of the 2007 legislative session was \$200 million.

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 that any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section currently provides that any money in the fund in excess of 5 percent of the general fund budget as approved by the most recently adjourned Legislative Assembly must be deposited in the state general fund. The 2007 Legislative Assembly approved House Bill No. 1429 which transferred \$100,527,369 from the ending 2005-07 biennium general fund balance into the fund providing a total of \$200 million in the fund. The bill also increases effective July 1, 2009, the maximum balance allowed in the fund from 5 percent to 10 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides that any amount in the state 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 that 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 that 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.