

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1278

2005 HOUSE APPROPRIATIONS

HB 1278

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1278
Appropriation of General Funds

House Appropriations Full Committee

Conference Committee

Hearing Date January 18, 2005

Tape Number

2

Side A

X

Side B

Meter #

#13.2 - #20.3

Committee Clerk Signature

Chris Alexander

Minutes:

Rep. Ken Svedjan, Chairman opened the hearing on HB1278 and the clerk read the bill title.

Rep. Jeff Delzer explained the bill by saying that there was an infusion of \$50 million of Federal money to the state and there was much discussion over where that money ought to go. It was decided that it would go into the general fund. This bill directs such moneys to be put into a special fund. It is up to the committee to recommend the special fund, or perhaps another special fund such as the Budget Stabilization Fund, etc.

Rep. Ken Svedjan, Chairman commented that a motion was passed in the Emergency Commission when the first of the installments of the \$50 million was received and there was real concern in the Emergency Commission on behalf of the Legislature that these dollars could be expended without the Legislature being involved at all. So a motion was passed to instruct the Emergency Commission to bring a bill to this Assembly to stop this from happening. There has

been some question now whether the Emergency Commission is allowed to sponsor a bill, but Rep Delzer had been working on this in the interim. (meter Tape #2, side A, #14.6)

Rep. Mike Timm, Vice Chairman asked if this bill in any way effects the \$50 million.

Rep. Jeff Delzer answered no that this would go into effect in August of 2005.

Rep. Keith Kempenich asked if this in the form of an amendment to recommend that these funds be put into the Stabilization Fund?

Rep. Jeff Delzer we could discuss how to do this but there are two other bills that are coming, the Budget Stabilization Fund bill and another that refer to the Stabilization Fund and a reserve fund, so we can discuss this as we go along.

Rep. Francis J. Wald asked if this would include any interest in these accounts as well?

Rep. Jeff Delzer answered that it would depend on what fund it went to. If the committee would decide to set up a special fund for this, then we would have to define what would happen to the interest. If it goes into a fund that is already defined then it would follow that definition.

Rep. Eliot Glassheim commented that there might need to be an escape clause of some kind that would allow for disbursement of funds in an emergency.

Rep. Jeff Delzer commented that the bill on the Budget Stabilization Fund covers such a clause. (meter Tape #2, side A, #17.3)

Rep. Keith Kempenich commented that this is why he mentioned the need for an amendment earlier.

Rep. Ole Aarsvold asked about line #19 in HB1278. Doesn't every federal money come with a purpose or a program?

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House Appropriations Committee

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Rep. Jeff Delzer answered that the \$50 million stated that it was for general operating expenses.

It is mostly true that federal dollars are designated funds, but in this case they were not.

Rep. Tom Brusegaard asked if IGT dollars came in this way too.

Rep. Ken Svedjan, Chairman answered that the ITG money was money from Medicaid eligible institutions so it was recommended that the moneys be spent in like areas, though the IGT money lost its identity once we received it.

Rep. Jeff Delzer The Provider Tax that we passed the last time has to go to general fund usage and that's federal dollars again.

Rep. Ken Svedjan, Chairman asked for any further testimony on HB1278. Seeing none, Chairman Svedjan closed the hearing on HB1278 and adjourned the meeting. (meter Tape #2, side A, #20.3)

Govt Performance
HB 1278

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date January 31, 2005

Tape Number

1

Side A

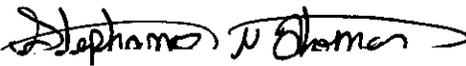
X

B Side

Meter #

1-4850

Committee Clerk Signature



Minutes: **Chair Carlson** opened the general discussion hearing on HB 1278, relating to the appropriation of federal funds.

Review of sections. (SEE HB 1278)

Rep. Glasheim: Could the Governor spend it without our authorization, or must we wait a year or two, and just have it sit there?

Chair Carlson: In 1985/87 the total revenue shortfall was 57 million, and for 1987/89 it was 23 million. If this money had been put directly in the general fund, it would have been spent.

Rep. Glasheim: Without this law, what would happen to that 50 million? Emergency Commission and Budget Section could appropriate it?

1278

Rep. Skarphol: Without this law, it would have gone into the general fund, and had there been a shortfall in revenue, it could have been spent.

Chair Carlson: Review Budget Stabilization Fund. (SEE HB 1394)

Rep. Skarphol: Anything in excess is 65, isn't it?

Rep. Glasheim: Any amount in the state general fund in excess of 65 million at the end of any biennium, must be transferred to the Stabilization Fund.

Rep. Monson: I'm almost hearing that this is starting another fund besides the Budget Stabilization Fund.

Chair Carlson: It is, because the Budget Stabilization fund is basically excess revenue from taxes. This deals only with federal funds that comes available that are not appropriated, nor specifically given of an agency permission to except.

Rep. Monson: I understand what it's trying to do, but all it's doing is setting aside, where we still can appropriate it during this legislative session.

Chair Carlson: I'm not so sure that you need a special fund. I think you need to recognize that the money is there, and except the staff money must be separately appropriated next biennium.

Rep. Skarphol: I move a do pass.

Rep. Monson: I second it.

Rep. Glasheim: I'd like to see us be able to access that money, if we have the shortfall. I'd like to see us have a mechanism for spending the money, if our budget has general fund shortfalls.

Rep. Monson: I don't necessarily disagree, but I think it's a temporary allotment. It would be a temporary allotment most likely if this were in place. The money would be put into a fund, and it

just wouldn't get spent, or we wouldn't re appropriate it into those allotted categories until we met again.

Rep. Skarphol: If were going to maintain the Budget Stabilization Fund, there's nothing to prevent us from referencing this section as also being a source of revenue.

Rep. Glassheim: What would happen if you put this in the Budget Stabilization Fund? What would happen mechanically if you did?

Rep. Skarphol: It depends on the final design of the Budget Stabilization Fund. If we create a special fund for this, then in the legislation that determines the final structure, we could reference accessing these dollars.

Rep. Glassheim: If there is no Budget Stabilization Fund, then what happens to surpluses?

Chair Carlson: They stay in the general fund. They just sit there.

Rep. Glassheim: If we don't repeal it, it will take 65 million out?

Chair Carlson: The money would go in there making it unavailable for spending without appropriating it out of there, which is why they have the repealer. If the Budget Stabilization account had 65 million dollars in it today, how do you get it out of there? What action is required to get the money out of there?

Rep. Monson: You could repeal it.

Rep. Skarphol: What if in the current biennium, this provision has been in law, and we ended up 40 million short. What should the mechanism be for the state to be able to utilize it in that event?

General Discussion

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House Government Performance

January 31, 2005

1278

Chair Carlson: Why would you hamstring yourself, when it was there to help you if you have a need? Then when you have a need, you said you can't spend it because were locking it up until the next biennium.

Rep. Skarphol: I withdraw my motion.

Rep. Monson: I withdraw my second.

Chair Carlson: We need to come up with an amendment with a pecking order.

Closed General Discussion Hearing.

*Govt Performance
HB 1278*

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date February 10, 2005

Tape Number

Side A

B Side

Meter #

1

X

1-950

2

X

1-600

Committee Clerk Signature

Stephanie N Thomas

Minutes: **Chair Carlson** opened general discussion on HB 1278, relating to the appropriation of federal funds.

Discussion of Amendment. (SEE AMENDMENT 50008.0101)

Rep. Skarphol: I would move Amendment 0101.

Rep. Monson: I second.

Chair Carlson: What does a special fund mean?

Allen Knudson, Legislative Council: If there were funds that were available, then OMB would need to create a special fund just for that purpose.

Chair Carlson: Rep. Glassheim has a substitute motion for the Amendments.

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Rep. Glassheim: I'd like us to be able to use those funds upon approval of Emergency

Commission and Budget section for any appropriated purpose in the general fund. I want to be able to use the money for appropriated purposes.

Allen: If I understand Rep. Glassheim's concern, it would be just one program, What this does is it would be in the general fund revenue overall. This wouldn't address Rep. Glassheim's concerns.

Chair Carlson: Are procedure now, is it not, that we will normally allow funds to be allocated or moved around, and we still fund what we said we fund. If the federal dollars are short, then they come to the budget section for the deficiency appropriation to cover those shortfalls in the next biennium. Isn't that how we handle them now?

Rep. Monson: Yes.

Rep. Skarphol: If your going to put provisions in here that they have to go to the Emergency Commission, isn't that the same thing? Don't the deficiency appropriations have to go to the Emergency Commission?

Allen: Not the deficiency appropriations, the Emergency Commission has 500,000 dollars of appropriation authority for emergencies.

Rep. Monson: In your situation, let's say that there was a federal Medicare program that didn't bring in as much money as we had thought it would, and as much money as we had appropriated. At the same time, we got some other unrestricted federal funds in here, you'd like us to be able to, without going anywhere, transfer these funds to the fund that was shorted?

Rep. Glassheim: Up to the limit that we already appropriated for, and probably with budget section approval so that we don't have to spend it, but we might.

Rep. Monson: Realistically though, you think that would ever happen? If the federal government is shorting one, they're sure not going to give us a bunch of unrestricted money.

Rep. Glassheim: It did happen that way. We had 50 million dollars sitting there, and I think we were short, and so the Human Service Program.

Chair Carlson: They got their own special money. There was 76 million that came in here, and 20 some million that was sent specifically to Human Services, and the rest of it was unrestricted.

Rep. Skarphol: I guess I don't have a problem doing what Rep. Glassheim is suggesting here. I agree that would be appropriate. It's not all that different than what we're trying to accomplish with this amendment. It's been appropriated, and all the budget section has to do is approve it, as to continue the authorization. We're not appropriating new money, and I would want us to have the ability to have some input into whether or not we have to appropriate all of it in budget section. So up to the amount would be OK with you?

Rep. Glassheim: Sure.

Recessed until after floor session.

Reconvened General Discussion on HB 1278.

Discussion on Amendment. (SEE AMENDMENT 50008.0102)

Chair Carlson: Does A say what we want it to say?

Allen Knudson, Legislative Council: I believe it does.

Rep. Skarphol: I think we do need to have it so that funding deficiency is up to the appropriated dollars of the agency.

Chair Carlson: Give me some kind of idea what you think it would read.

Allen: Something to the effect of, available to replace any funding deficiency of an agency or department, up to the amount of the agency or departments appropriation.

Rep. Skarphol: I move 0102, with the language changes of council.

Rep. Glasheim: I second.

Rep. Monson: Do pass, as amended.

Rep. Glasheim: Second.

Chair Carlson: HB1278 is do pass, as amended.

Closed General Discussion Hearing

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1278

House Appropriations Committee

Conference Committee

Hearing Date Monday, February 14, 2005

Tape Number	Side A	Side B	Meter #
1	X		25.3-end

Committee Clerk Signature

*True Testimony for
Chris Alexander*

Minutes:

Chairman Svedjan opened discussion on HB 1278 concerning the appropriation of federal funds. **Rep. Skarphol** introduced Amendment .0103 which establishes a much needed mechanism for determining how undesignated federal funds should be utilized. This issue arose during the interim regarding the \$50 million the State received. Amendment .0103 creates a new subsection 4 and he read parts a.- d. into the record, offering explanation for each item:

- a. If an agency had federal or special funds reduced below their appropriated authority, and should unrestricted funds come in, those funds could flow to that agency to the level of the previous appropriation.
- b. If at some point during the latter part of the biennium, a funding shortfall required an allotment on the part of the Governor, and should undesignated federal funds come in, those funds could be utilized to off set that allotment and bring the budget up to what had been appropriated prior to that.

- c. If option a. or b. are not used, then c. would take place, which would put funds back into the Bank of North Dakota.
- d. If any funds remain, after any or all of the above scenarios had taken place, those funds would be deposited in a special fund until the Legislative Assembly appropriates the funds.

Rep. Skarphol moved that Amendment .0103 be approved; **Rep. Monson** seconded.

Chairman Svedjan called for discussion. **Rep. Delzer** said section a. changes the whole idea behind the bill. He cited an example from the past biennium regarding Human Services. There are a lot of places where the Legislature appropriates federal funds or special funds, whether the money is there or not. It changes throughout the biennium, depending on how much is received. Section .a gives the agencies access to money without legislative approval. **Rep. Skarphol** asked if the Department of Human Services had a \$50 million short fall in the federal funds they received. **Rep. Delzer** replied in the negative, but noted that each agency has special funds that may or may not be covered. He suggested that should the money come in, it would be used in place of federal funds rather than general funds, which is what it was meant for. **Rep. Skarphol** said he was not aware that Human Services has spending authority which exceeds its appropriation. **Rep. Delzer** offered a substitute motion to take section .a out of the proposed amendment; seconded by **Rep. Brusegaard**. Under discussion, **Rep. Glassheim** said the Committee's language to handle this is "subject to Emergency Commission and Budget Section approval." Money does not flow anywhere by itself. **Rep. Timm** cited an example of F-Map which is short \$32 million and whether or not the \$50 could have been used for this shortage. **Rep. Delzer** said the opposite would be true in that case. As part of this package, the F-Map rate

was enhanced for 2 ½ years. The State received around \$11 million more than what was expected. They expected 8 and the turn back is somewhere around 5.

Rep. Delzer also said with regard to the Emergency Commission and Budget Section approval, if funds were to come in, the next Legislature, or a special session, would be called to deal with it. If it's important enough to be spent in the current biennium, then it should be decided by the whole legislative assembly rather than a subsection or the Emergency Commission.

Chairman Svedjan questioned why the Legislature would use a wind fall to replace federal dollars. **Rep. Skarphol** said that's why North Dakota got the \$50 million; most states are having short falls and federal policy was adopted to address these issues. **Chairman Svedjan** said the \$50 million came to the State for general government operations. It came with no greater specificity than that. **Rep. Delzer** added that the money was meant to help state funds, not because the states were short federal funds. **Rep. Glassheim** suggested that section a. might be salvaged if the words "federal" or "special" were replaced with "general."

Hearing no further discussion on the motion to remove subsection .a from Amendment .0103, **Chairman Svedjan** called for a voice vote. Motion passed.

Rep. Timm moved to adopt the rest of the Amendment .0103; **Rep. Kempenich** seconded.

Chairman Svedjan called for discussion. **Rep. Arsvold** asked which of the subsections was not the purview of the budget section of Emergency Commission currently. **Chairman Svedjan** said he doubted there was a way to reduce the general fund allotment. Same goes for returning funds to the Bank of North Dakota. What this provides is a pecking order should the budget receive substantial funds. He said he doubted the Budget Section or the Emergency Commission has authority to do that. **Rep. Arsvold** asked if the general fund allotment was made by the executive

branch and **Chairman Svedjan** confirmed. **Rep. Arsvold** noted that's not within the Legislature's purview. He suggested the budget sections and Emergency Commission would have an opportunity to make adjustments to that allotment on a needs basis. **Chairman Svedjan** said, "If you're talking about a revenue that's been allotted, you've got to have the revenue first. We can't make changes to an allotment if you don't have the revenue to do it. What this is saying is that if you get the revenue, you could use it to supplant a prior allotment." **Rep. Delzer** said that some of the original sponsors of the bill feared that if there were extra funds, and there was a shortfall and the money was put in the general fund, it would be used up automatically. The Amendment makes it available to be used for any general fund allotment, that's basically saying the same thing. As a sponsor, he doubted he could support that.

Rep. Glassheim moved to substitute the motion to restore section a. with the language "available to replace any reduction in general funds of an agency." **Rep. Skarphol** seconded. **Rep.**

Glassheim noted that if a Legislature appropriates funds to an agency and there is a short fall, if a wind fall comes, then wouldn't the Legislature want to allow for the possibility filling in for the short fall. **Rep. Timm** stated the intent of the original bill was to put the money into a special fund until the next legislative assembly appropriated it. The Amendment is causing all sorts of dissension. Maybe the Committee should consider the original bill and forget the Amendment.

Rep. Brusegaard noted that with regard to **Rep. Glassheim's** substitute motion, the only way there can be a reduction in appropriated general funds to an agency is by executive allotment.

Rep. Delzer said he agreed with **Rep. Timm**. Hearing no further discussion on the substitute motion to restore subsection a. and change the words "federal" and "special" to "general,"

Page 5
House Appropriations Committee
Bill/Resolution Number HB 1278
Hearing Date Monday, February 14, 2005

Chairman Svedjan asked for a voice vote, which was not definitive. He called for a roll call vote (#1). Motion failed (5-18-0).

Rep. Timm moved a DO PASS on HB 1278 without amendment; **Rep. Wald** seconded. Hearing no further discussion, **Chairman Svedjan** called for a roll call vote (#2). Motion carried 14-9-0.

Rep. Timm will carry the bill to the floor.

Chairman Svedjan ended discussion on HB 1278.

Meeting adjourned.

January 31, 2005

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1278

Page 1, line 22, replace "deposited" with an underscored colon

Page 1, after line 22, insert:

- "a. Available to reduce any general fund allotment under section 54-44.1-12;
- b. Transferred to the Bank of North Dakota to replace any funds transferred from the Bank to the general fund in response to a projected shortfall of general fund revenues during the current or previous biennium; and
- c. Any remaining funds, deposited"

Renumber accordingly

February 10, 2005

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1278

Page 1, line 22, replace "deposited" with an underscored colon

Page 1, after line 22, insert:

- "a. Available to replace any funding deficiency of an agency or department up to the amount of the deficiency subject to emergency commission and budget section approval;
- b. Available to reduce any general fund allotment under section 54-44.1-12;
- c. Transferred to the Bank of North Dakota to replace any funds transferred from the Bank to the general fund in response to a projected shortfall of general fund revenues during the current or previous biennium; and
- d. Any remaining funds, deposited"

Renumber accordingly

Date: Feb. 10, 2005
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1278

House *Government Performance*

Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *Do Pass, As amended*

Motion Made By *Rep Monson* Seconded By *Rep. Glassheim*

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlson	X		Rep. Glassheim	X	
Vice Chairman Skarphol	X				
Rep. Monson	X				

Total (Yes) *4* No *0*

Absent *0*

Floor Assignment *Rep. Glassheim*

If the vote is on an amendment, briefly indicate intent:

Language Change By Legislative Council

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1278

Page 1, line 22, replace "deposited" with an underscored colon

Page 1, after line 22, insert:

- "a. Available to replace any reduction in federal or special funds of an agency providing that total agency spending does not exceed the agency's appropriation, subject to emergency commission and budget section approval;
- b. Available to reduce any general fund allotment under section 54-44.1-12;
- c. Transferred to the Bank of North Dakota to replace any funds transferred from the Bank to the general fund in response to a projected shortfall of general fund revenues during the current or previous biennium; and
- d. Any remaining funds, deposited"

Renumber accordingly

Date: 2/14/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1278

House Appropriations - Full Committee

Check here for Conference Committee

Legislative Council Amendment Number

50008.0103

Action Taken

To Approve
Substitute motion to restore subsection
a. changing the words "federal" and "special"

Motion Made By

Rep. Timm

Seconded By

Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman		✓	Rep. Bob Skarphol		✓
Rep. Mike Timm, Vice Chairman		✓	Rep. David Monson		✓
Rep. Bob Martinson		✓	Rep. Eliot Glassheim	✓	
Rep. Tom Brusegaard		✓	Rep. Jeff Delzer		✓
Rep. Earl Rennerfeldt		✓	Rep. Chet Pollert		✓
Rep. Francis J. Wald		✓	Rep. Larry Bellew		✓
Rep. Ole Aarsvold	✓		Rep. Alon C. Wieland		✓
Rep. Pam Gulleason	✓		Rep. James Kerzman	✓	
Rep. Ron Carlisle		✓	Rep. Ralph Metcalf		✓
Rep. Keith Kempenich		✓			
Rep. Blair Thoreson		✓			
Rep. Joe Kroeber	✓				
Rep. Clark Williams		✓			
Rep. Al Carlson		✓			

Total (Yes)

5

No

18

Absent

0

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

continued:
to "general."

Date: 2/15/05
Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1278

House Appropriations - Full Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken: Do Pass HB 1278 without amendments
Motion Made By: Rep. Timm Seconded By: Rep. Wald

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	✓		Rep. Bob Skarphol		✓
Rep. Mike Timm, Vice Chairman	✓		Rep. David Monson		✓
Rep. Bob Martinson	✓		Rep. Eliot Glassheim		✓
Rep. Tom Brusegaard	✓		Rep. Jeff Delzer	✓	
Rep. Earl Rennerfeldt	✓		Rep. Chet Pollert	✓	
Rep. Francis J. Wald	✓		Rep. Larry Bellew	✓	
Rep. Ole Aarsvold		✓	Rep. Alon C. Wieland	✓	
Rep. Pam Gulleson	✓		Rep. James Kerzman		✓
Rep. Ron Carlisle	✓		Rep. Ralph Metcalf		✓
Rep. Keith Kempenich	✓				
Rep. Blair Thoreson	✓				
Rep. Joe Kroeber		✓			
Rep. Clark Williams		✓			
Rep. Al Carlson		✓			

Total (Yes) 14 No 9

Absent 0

Floor Assignment Rep. Timm

If the vote is on an amendment, briefly indicate intent:

Date: **February 14, 2005**
Roll Call Vote #: **2**

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1278

House Appropriations - Full Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken **DO PASS**

Motion Made By **Rep Timm**

Seconded By **Rep Wald**

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol		X
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson		X
Rep. Bob Martinson	X		Rep. Eliot Glassheim		X
Rep. Tom Brusegaard	X		Rep. Jeff Delzer	X	
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold		X	Rep. Alon C. Wieland	X	
Rep. Pam Gulleeson	X		Rep. James Kerzman		X
Rep. Ron Carlisle	X		Rep. Ralph Metcalf		X
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber		X			
Rep. Clark Williams		X			
Rep. Al Carlson		X			

Total Yes **14** No **9**

Absent **0**

Floor Assignment **Rep Timm**

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 15, 2005 5:46 a.m.

Module No: HR-30-2881
Carrier: Timm
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1278: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO PASS
(14 YEAS, 9 NAYS, 0 ABSENT AND NOT VOTING). HB 1278 was placed on the
Eleventh order on the calendar.

2005 SENATE APPROPRIATIONS

HB 1278

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1278

Senate Appropriations Committee

Conference Committee

Hearing Date 03/09/05

Tape Number	Side A	Side B	Meter #
1	x		1500-4265

Committee Clerk Signature



Minutes: **Chairman Holmberg** opened hearing on HB 1278.

Rep. Delzer, District 8 appeared in support of HB 1278. An overview, background, and purpose of the bill was given. Rep Delzer stating that this bill is a result of the Federal Fiscal relief Act. If this bill is accepted, the money would go into a special fund until the legislature acts upon it. If funds are needed to be spent in the same biennium a special session would be needed to do so, otherwise it would sit in the fund until the next legislative session.

Sen. Tallackson: Would this effect HMS or other budgets?

Rep. Delzer: This would effect any federal funds that are not intended for a specific purpose or program and are not required to be spent prior to the next regular legislative session.

Sen. Mathern: I can't imagine a situation where we would get money, that has no specific purpose.

Rep. Delzer: That is exactly what happened with the 50 million, there were no strings attached what so ever. That was simply federal fiscal relief.

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Senate Appropriations Committee

Bill/Resolution Number HB 1278

Hearing Date 03/09/05

Rep. Svedjan, District 17 appeared in support of HB 1278. Rep. Svedjan explain the purpose of the bill to the committee, stating that if the 50 million came in and was put into the general fund, and our economy would turn south, that 50 million could be accessed without the legislature having to approve it. Rep. Svedjan also stated that it has nothing to do with potential deceptive practices of the executive branch or any other branch. Stating that our concern is that the funding could be used with out legislative oversight.

Questions were raised regarding lines 21 and 22.

Rep. Delzer: Lines 21 and 22 has to do with accepting funds, the only thing we are trying to do is deal with the spending of the funds.

No further questions were asked.

Chairman Holmberg closed hearing on HB 1278.

Date 3-9-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~SB~~ HB 1225

Senate SENATE APPROPRIATIONS

Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do PASS

Motion Made By A

Seconded By Fisch

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER		
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS	/	
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN		/
SENATOR ANDRIST	/		SENATOR ROBINSON		
SENATOR CHRISTMANN	/		SEN. TALLACKSON	/	
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD	..				
SENATOR SCHOBINGER					
SENATOR THANE	/				

Total (Yes) 8 No 2

Absent 5

Floor Assignment Andrist

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 9, 2005 9:41 a.m.

Module No: SR-43-4487
Carrier: Andrist
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1278: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS
(8 YEAS, 2 NAYS, 5 ABSENT AND NOT VOTING). HB 1278 was placed on the
Fourteenth order on the calendar.

2005 TESTIMONY

HB 1278

BUDGET ALLOTMENTS AND BANK OF NORTH DAKOTA CONTINGENT TRANSFERS RELATED TO REVENUE SHORTFALLS

The following table provides information regarding general fund revenue shortfalls addressed by budget allotments, tax referrals allotments, and contingent transfers from the Bank of North Dakota due to general fund revenue shortfalls:

Biennium	Amount
1985-87	
4 percent allotment mandated by the Governor	\$44,125,917
Reductions made by the 50th Legislative Assembly	12,965,250
Total general fund revenue shortfall for the 1985-87 biennium	<u>\$57,091,167</u>
1987-89	
Cable television sales tax referral reductions	\$3,174,998
Budget allotments ordered by the Governor	<u>20,520,081</u>
Total general fund revenue shortfall for the 1987-89 biennium	\$23,695,079
1989-91	
Sales, individual income, and gas tax referral reductions	\$95,763,770
Budget stabilization fund transfer	(5,967,192)
2 percent unallotment (August 1990)	<u>(22,395,712)</u>
Total general fund revenue shortfall for the 1989-91 biennium	\$67,400,866
1991-93	
Budget allotments ordered by the Governor	\$4,305,000
2001-03	
1.05 percent allotment ordered by the Governor	\$18,343,329
Bank of North Dakota contingent transfer	<u>18,699,787</u>
Total general fund revenue shortfall for the 2001-03 biennium	\$37,043,116

Appendix A provides additional information regarding Bank of North Dakota profits, equity, and transfers. Appendix B provides additional appropriation information for the 1967-69 through 2003-05 bienniums.

ATTACH:2

HISTORY OF BANK OF NORTH DAKOTA PROFITS AND EQUITY

HISTORIC BANK OF NORTH DAKOTA PROFITS, CAPITAL, ASSETS, AND LIABILITIES

The following schedule shows the Bank of North Dakota profits (before transfers), capital, assets, and liabilities for calendar years 1992 through 2006:

Calendar Year	Profits (Before Transfers)	Year-End Capital	Year-End Assets	Year-End Liabilities
1992	\$22,340,000	\$114,119,000	\$1,064,109,000	\$949,990,000
1993	\$17,530,000	\$100,000,000	\$872,220,000	\$772,220,000
1994	\$18,031,000	\$100,206,000	\$935,070,000	\$934,864,000
1995	\$21,639,000	\$76,000,000	\$1,033,816,000	\$957,816,000
1996	\$23,191,000	\$98,477,000	\$1,068,082,000	\$969,605,000
1997	\$25,544,000	\$128,888,000	\$1,162,415,000	\$1,033,527,000
1998	\$28,137,000	\$139,931,000	\$1,609,039,000	\$1,469,108,000
1999	\$30,459,000	\$139,275,000	\$1,687,167,000	\$1,547,892,000
2000	\$32,582,000	\$153,045,000	\$1,806,517,000	\$1,653,472,000
2001	\$33,059,000	\$170,496,000	\$2,107,456,000	\$1,936,960,000
2002	\$32,191,000	\$149,113,000	\$1,974,448,000	\$1,825,335,000
2003	\$31,694,000	\$153,744,000	\$1,953,178,000	\$1,799,434,000
2004 (estimates)	\$34,100,000	\$155,000,000	\$1,950,000,000	\$1,795,000,000
2005 (estimates)	\$34,500,000	\$161,000,000	\$1,975,000,000	\$1,814,000,000
2006 (estimates)	\$35,000,000	\$161,000,000	\$2,000,000,000	\$1,839,000,000

BANK OF NORTH DAKOTA TRANSFERS TO THE GENERAL FUND

The following schedule shows the Bank of North Dakota-authorized transfers to the general fund and actual transfers to the general fund from the 1991-93 through 2005-07 bienniums:

Biennium	Authorized Transfers	Actual Transfers
1991-93	\$23,217,457 ¹	\$27,217,457 ¹
1993-95	\$48,000,000	\$14,100,000 ²
1995-97	\$59,900,000	\$50,214,540
1997-99	\$29,600,000	\$29,600,000 ³
1999-2001	\$50,000,000 ⁴	\$50,000,000
2001-03	\$85,000,000 ⁵	\$78,699,787 ⁶
2003-05	\$60,000,000 ⁷	\$60,000,000 ⁸
2005-07	\$60,000,000 ⁹	

¹The 1991 Legislative Assembly authorized the transfer of \$23.2 million from the accumulated profits of the Bank of North Dakota to the general fund during the 1991-93 biennium. Senate Bill No. 2053 (1993) transferred an additional \$4 million from the accumulated profits of the Bank to the general fund prior to June 30, 1993.

²The 1995 Legislative Assembly reduced the 1993-95 biennium Bank of North Dakota transfers to \$14.1 million.

³Section 21 of House Bill No. 1015 (1997) provided that any balance in or amounts to be transferred to the budget stabilization fund on July 1, 1997, were to be transferred to the Bank of North Dakota and added to the Bank's undivided profits (capital). As a result, in October 1997, \$17,116,291 was transferred to the Bank of North Dakota.

⁴Section 12 of Senate Bill No. 2015 (1999) provided that the Bank of North Dakota transfer \$50 million from the Bank's current earnings and accumulated undivided profits (capital) to the state general fund. No more than \$15 million of the \$50 million to be transferred could come from the accumulated and undivided profits of the Bank, and no transfer could reduce the Bank's capital structure below \$100 million.

⁵Section 11 of House Bill No. 1015 (2001) provided that the Bank of North Dakota transfer \$60 million from the Bank's current earnings and accumulated undivided profits to the state general fund. No more than \$15 million of the \$60 million to be transferred may come from the accumulated and undivided profits of the Bank, and no transfer may reduce the Bank's capital structure below \$140 million. The Budget Section approved the transfer of an additional amount of up to \$25 million to the state general fund from the earnings and accumulated and undivided profits of the Bank pursuant to Section 12 of House Bill No. 1015 (2001).

⁶The Bank of North Dakota transferred the regular \$60 million and made a contingent transfer of \$18.7 million to the state general fund. The 2001 Legislative Assembly authorized a transfer of up to \$25 million to the general fund in the event of a revenue shortfall during the 2001-03 biennium, but only \$18.7 million of that amount was required.

⁷Section 9 of Senate Bill No. 2015 (2003) provided that the Bank of North Dakota transfer \$60 million from the Bank's current earnings and accumulated undivided profits to the state general fund. No more than \$15 million of the \$60 million to be transferred may come from the accumulated and undivided profits of the Bank. In addition, Section 10 of Senate Bill No. 2015 (2003) provided for a contingent Bank transfer not to 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 (2003) provided that no transfer may reduce the Bank's capital structure below \$140 million.

⁸In June 2004 the Bank of North Dakota transferred \$30 million to the state general fund. The Bank of North Dakota plans to transfer \$30 million on June 30, 2005.

⁹The 2005-07 budget provides that the Bank of North Dakota transfer \$60 million to the general fund.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2003-05 BIENNIUMS¹**

	General Fund Appropriations	Special Fund Appropriations	Total All Appropriations	General Fund Revenues ²
1967-69				
Executive budget	\$132,496,141	\$204,346,811	\$336,842,952	\$148,269,822
Legislative increase (decrease)	13,142,530	1,004,394	14,146,924	16,980,000
Legislative budget	\$145,638,671	\$205,351,205	\$350,989,876	\$165,249,822
1969-71				
Executive budget	\$166,602,105	\$216,086,092	\$382,688,197	\$181,000,000
Legislative increase (decrease)	17,084,026	45,659,367	62,743,393	22,092,623
Legislative budget	\$183,686,131	\$261,745,459	\$445,431,590	\$203,092,623
1971-73				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	(384,651)	10,528,371	10,143,720	1,769,348
Legislative budget	\$226,255,732	\$267,845,499	\$494,101,231	\$243,609,348
1973-75				
Executive budget	\$267,951,706	\$314,124,492	\$582,076,198	\$307,075,000
Legislative increase (decrease)	6,733,531	38,835,098	45,568,629	(5,705,492)
Legislative budget	\$274,685,237	\$352,959,590	\$627,644,827	\$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	23,135,698	3,168,074	26,303,772	
Legislative budget as restated	\$297,820,935	\$356,127,664	\$653,948,599	\$301,369,508
1975-77				
Executive budget	\$438,882,752	\$394,903,834	\$833,786,586	\$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				(23,135,698)
Legislative budget	\$442,529,561	\$436,181,752	\$878,711,313	\$512,971,280

1977-79

Executive budget	\$538,440,978	\$477,421,009	\$1,015,861,987	\$647,900,000
Legislative increase (decrease)	35,376,433	87,268,156	122,644,589	371,650
Legislative budget	\$573,817,411	\$564,689,165	\$1,138,506,576	\$648,271,650
Add				
Deficiency appropriations provided by the 1979 Legislative Assembly	1,250,441	407,544	1,657,985	
Legislative budget as restated	\$575,067,852	\$565,096,709	\$1,140,164,561	\$648,271,650

1979-81

Executive budget	\$646,401,970	\$710,607,537	\$1,357,009,507	\$694,467,657
Legislative increase (decrease)	8,317,480	57,780,260	66,097,740	10,028,475
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				(1,250,441)
Legislative budget	\$654,719,450	\$768,387,797	\$1,423,107,247	\$703,245,691
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	25,697,704	3,953,973	29,651,677	
Legislative budget as restated	\$680,417,154	\$772,341,770	\$1,452,758,924	\$703,245,691

1981-83

Executive budget	\$1,030,540,733	\$1,043,972,705	\$2,074,513,438	\$1,129,692,934
Legislative increase (decrease)	(126,944,501)	133,544,456	6,599,955	(102,960,239)
Legislative budget	\$903,596,232	\$1,177,517,161	\$2,081,113,393	\$1,026,732,695
Add				
Deficiency appropriations provided by the 1983 Legislative Assembly	6,653,000	27,775,132	34,428,132	
Legislative budget as restated	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$1,026,732,695

1983-85

Executive budget	\$924,455,265 ³	\$1,114,112,221	\$2,038,567,486	\$974,408,000
Legislative increase (decrease)	80,655,781	25,386,761	106,042,542	68,097,250
Legislative budget	\$1,005,111,046	\$1,139,498,982	\$2,144,610,028	\$1,042,505,250
Add				
Deficiency appropriations provided by the 1985 Legislative Assembly	12,750,124	8,556,647	21,306,771	
Legislative budget as restated	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$1,042,505,250

1985-87

Executive budget	\$1,188,601,469 ⁴	\$1,292,110,406	\$2,480,711,875	\$1,219,290,080
Legislative increase (decrease)	(63,055,462)	42,502,011	(20,553,451)	(62,146,218)
Legislative budget	\$1,125,546,007	\$1,334,612,417	\$2,460,158,424	\$1,157,413,862
Add				
Deficiency appropriations provided by the 1987 Legislative Assembly	130,000	4,799,423	4,929,423	
49th Legislative Assembly personal property tax replacement deficiency appropriation not spent until 1985-87 biennium	8,507,654		8,507,654	
Impact of revised revenue estimate				(75,126,740)
Legislative budget as restated	\$1,134,183,661 ⁵	\$1,339,411,840	\$2,473,595,501	\$1,082,017,122

1987-89

Executive budget	\$1,114,031,918	\$1,406,353,403	\$2,520,385,321	\$1,119,465,000
Legislative increase (decrease)	(56,862,745)	32,891,874	(23,970,871)	(56,462,787)
Legislative budget	\$1,057,169,173	\$1,439,245,277	\$2,496,414,450	\$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	\$1,058,708,224 ⁶	\$1,440,445,277	\$2,499,153,501	\$1,063,002,213

1989-91

Executive budget	\$1,115,265,227	\$1,690,091,064	\$2,805,356,291	\$1,126,110,000
Legislative increase (decrease)	4,520,393	86,034,147	90,554,540	(2,152,095)
Legislative budget	\$1,119,785,620	\$1,776,125,211	\$2,895,910,831	\$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and Department of Human Services estimated income adjustments		(1,003,977)	(1,003,977)	
Use of budget stabilization fund	5,967,192		5,967,192	
Two percent unallotment (August 1990)	22,395,712		22,395,712	
Legislative budget as restated	\$1,061,507,822	\$1,760,553,694	\$2,822,061,516	\$1,028,079,292

1991-93

Executive budget	\$1,166,588,941	\$1,901,143,193	\$3,067,732,134	\$1,185,456,000
Legislative increase (decrease)	32,041,733	125,939,720	157,981,453	36,936,959
Legislative budget	\$1,198,630,674 ⁷	\$2,027,082,913	\$3,225,713,587 ⁷	\$1,222,392,959
Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	\$1,202,891,103	\$2,028,208,088	\$3,231,099,191	\$1,222,392,959

1993-95

Executive budget	\$1,228,289,194	\$2,248,975,882	\$3,477,265,076	\$1,253,054,000
Legislative increase (decrease)	22,940,773	(88,551,589)	(65,610,816)	7,099,865
Legislative budget	\$1,251,229,967	\$2,160,424,293	\$3,411,654,260	\$1,260,153,865
Add				
Deficiency appropriations provided by the 1995 Legislative Assembly	696,000	2,081,527	2,777,527	
Legislative budget as restated	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$1,260,153,865

1995-97

Executive budget	\$1,345,660,131	\$2,207,522,902	\$3,553,183,033	\$1,355,491,421
Legislative increase (decrease)	1,284,129	34,396,992	35,681,121	2,668,581
Legislative budget	\$1,346,944,260	\$2,241,919,894	\$3,588,864,154	\$1,358,160,002
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$1,358,160,002

1997-99

Executive budget	\$1,494,395,064	\$2,507,943,925	\$4,002,338,989	\$1,504,489,758
Legislative increase (decrease)	(5,154,977)	(22,576,608)	(27,731,585)	(4,393,735)
Legislative budget	\$1,489,240,087	\$2,485,367,317	\$3,974,607,404	\$1,500,096,023
Add				
Deficiency appropriations provided by the 1999 Legislative Assembly	21,507,334	250,000	21,757,334	
Legislative budget as restated	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$1,500,096,023

1999-2001

Executive budget	\$1,615,319,416	\$2,711,061,796	\$4,326,381,212	\$1,625,566,507
Legislative increase (decrease)	(21,280,878)	504,237,505 ⁸	482,956,627	(20,209,113)
Legislative budget	\$1,594,038,538	\$3,215,299,301	\$4,809,337,839	\$1,605,357,394
Add				
Deficiency appropriations provided by the 2001 Legislative Assembly	20,843,672	49,972,043	70,815,715	
Legislative budget as restated	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$1,605,357,394

2001-03

Executive budget	\$1,706,299,108	\$2,970,092,352	\$4,676,391,460	\$1,720,969,291
Legislative increase (decrease)	40,684,605	52,604,631	93,289,236	38,009,116
Legislative budget	\$1,746,983,713	\$3,022,696,983 ⁹	\$4,769,680,696	\$1,758,978,407
Add				
Deficiency appropriations provided by the 2003 Legislative Assembly		27,300,000	27,300,000	
Less				
1.05 percent budget allotment	(18,343,329)		(18,343,329)	
Legislative budget as restated	\$1,728,640,384 ¹⁰	\$3,049,996,983	\$4,778,637,367 ¹⁰	\$1,758,978,407

2003-05

Executive budget	\$1,762,103,934	\$3,231,267,168	\$4,993,371,102	\$1,772,149,343
Legislative increase (decrease)	41,557,227	24,511,067	66,068,294	41,764,727
Legislative budget	\$1,803,661,161	\$3,255,778,235	\$5,059,439,396	\$1,813,914,070

¹ This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

² The general fund revenues include estimated general fund balances at the beginning of a biennium, which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

The 1967 Legislative Assembly increased the sales tax from 2.25 percent to 3 percent.

The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from 3 percent to 4 percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by \$4.7 million.

The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by \$3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by \$3.3 million. In addition, revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.

The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by \$14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by \$10 million. In addition, a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the

business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the state general fund.

The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from 4 percent to 3 percent.

The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by \$4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by \$7 million.

The 1981 Legislative Assembly reduced estimated income tax collections by \$51,700,000 as a result of an updating of the definition of federal taxable income and reducing income tax rates, changed the percentage of oil extraction tax going to the general fund from 45 to 30 percent resulting in a reduction of \$39,766,667, transferred a portion of the oil and gas production tax to the highway tax distribution fund and townships resulting in a reduction of \$32,000,000 to general fund revenues, and added \$21,500,000 due to a March 19, 1981, Executive Budget Office revision of revenue estimates.

The 1983 Legislative Assembly reduced revenues by \$58,406,000 due to revised revenue estimates of the Executive Budget Office; increased revenues by \$86,030,000 to change the percentage of oil extraction tax going to the general fund from 30 to 90 percent; and provided major tax increases of \$102,750,000 for personal and corporate income taxes, \$41,590,000 in accelerated tax collections, \$8,200,000 in coal conversion taxes, \$9,500,000 in cigarette taxes, and \$4,200,000 in liquor taxes. Also, the executive budget and legislative revenue estimates for the 1983-85 biennium reflect an increase in the sales tax from 3 percent to 4 percent.

The 1985 Legislative Assembly reduced general fund revenues by \$56,057,658 due to revised revenue estimates of the Executive Budget Office; and increased revenues by \$9,415,651 relating to a transfer from the coal development impact fund to the general fund, by \$5,320,000 to remove the sales tax exemption from candy and selected carbonated beverages, and by \$7,832,450 related to keeping the percentage of the oil extraction tax allocated to the general fund at 90 percent rather than 85 percent in the original executive budget.

Revenues for the 1985-87 biennium were reduced by \$75,126,740 after the 1985 legislative session consisting of a reduction of \$110,386,758 due to revised revenue estimates of the Executive Budget Office, primarily a result of significant oil tax revenue shortfalls; an increase of \$18,984,018 due to a higher than estimated July 1, 1985, general fund balance; and increases totaling \$16,276,000 as a result of the 1986 special session action, of which \$13,276,000 relates to a one-cent sales and use tax increase for the last six months of the 1985-87 biennium, and a \$3,000,000 increase relating to increasing the individual income tax from 10.5 to 14 percent and implementing mandatory withholding effective January 1, 1987 (this is the fiscal impact after the referral measure relating to the income tax increase was defeated in March 1987).

The 1987 Legislative Assembly increased general fund revenues by \$9,220,000 due to revised revenue estimates of the Executive Budget Office, by \$46,140,000 due to a temporary .5 percent sales, use, and aircraft excise tax increase from 5 to 5.5 percent and to include cable television, by \$8,300,000 due to a one-year 10 percent individual income tax surtax, by \$9,724,000 due to a nine-cent per package cigarette tax increase, and by \$4,255,000 due to removing the royalty owners exemption from the oil extraction tax. Revenues were reduced by \$4,625,000 to provide a 15-month oil extraction tax exemption and to reduce the oil extraction tax rate from 6.5 to 4 percent for new wells.

The 1989 Legislative Assembly increased general fund revenues by \$32,236,000 due to revised revenue estimates of the Executive Budget Office, by \$87,241,000 due to a one-cent sales and use tax increase from 5 to 6 percent (the actual increase was from 5.5 to 6 percent; however, .5 percent was a temporary tax and the rate would have reverted to 5 percent), by \$4,714,200 for a 6 percent sales tax on bingo, by \$42,600,000 to increase the individual income tax from 14 to 17 percent of federal tax liability and the equivalent increases in the long-form rates, and by \$4,600,000 to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 to 1.75 percent.

The 1991 Legislative Assembly increased general fund revenues by \$16.3 million due to allowing Sunday opening and by \$23.2 million due to a transfer from Bank of North Dakota earnings.

The 1993 Legislative Assembly increased general fund revenues by \$11.8 million due to repealing the capital construction fund which received a portion of the sales, use, and motor vehicle excise tax, by \$15.5 million due to increasing the cigarette tax by 15 cents (from 29 cents to 44 cents) and other tobacco products from 22 to 28 percent of the wholesale price, and by \$8.2 million due to increasing the tax on charitable gaming tickets (pull tabs) from 2 to 4.5 percent.

The 1995 Legislative Assembly increased general fund revenues by \$2.7 million due to increasing court fees and providing that the fees be deposited in the general fund rather than with the counties, additional revenues being projected in the March revenue forecast, and requiring a sales certificate on used vehicle sales. Revenues were reduced as a result of increasing the oil extraction tax allocation to the resources trust fund and decreasing transfers from the Mill and Elevator and state agency 1993-95 estimated turnback.

The 1997 Legislative Assembly reduced general fund revenues by \$4.4 million due to decreasing Bank of North Dakota transfers to the general fund, decreasing state aid distribution fund transfers to the general fund, expanding the exemptions from the coal conversion tax, and a reduction resulting from the March revenue forecast. Revenues were increased as a result of estimating additional agency turnback for the 1995-97 biennium and additional oil and gas production tax revenues and increasing the percentage of sales and use tax collections that are deposited in the general fund.

The 1999 Legislative Assembly reduced general fund revenues by \$20.2 million due to a reduction resulting from the March revenue revision, decreasing Bank of North Dakota transfers to the general fund, and a sales tax rate reduction for used farm machinery and repair parts and used irrigation equipment. Revenues were increased as a result of increased departmental collections from governmental nursing facility payment reimbursements, the contingent sale of developmentally disabled facility loans to the Bank of North Dakota, increased special fund transfers, and additional court filing fee revenue.

The 2001 Legislative Assembly increased general fund revenues by \$38 million due to an increase resulting from the March revenue revision, increasing Bank of North Dakota transfers to the general fund, the providing of a transfer from the student loan trust fund, and increased departmental collections from governmental nursing facility payment reimbursements.

The 2003 Legislative Assembly increased general fund revenues by \$41.7 million due to an increase resulting from the March revenue revision, a 1 percent lodging tax increase, increasing the transfer from the student loan trust fund, and the providing of transfers from the water development trust fund and the health care trust fund.

³ This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

⁴ This is the amount of general fund appropriations recommended by Governor Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor Sinner recommended reductions to general fund appropriations which totaled \$72,995,855. Governor Sinner's revised general fund appropriation level was \$1,115,605,614.

⁵ In addition to adjustments for deficiency appropriations, the Governor mandated a 4 percent general fund allotment reduction totaling \$44,125,917 as of May 1987, the 50th Legislative Assembly made general fund reductions totaling \$12,965,250, and \$4,388,862 was added for Emergency Commission action and 1983-85 carryover, which resulted in a 1985-87 general fund spending level of \$1,081,481,356.

⁶ Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by the Governor because of an anticipated reduction in general fund revenues.

⁷ In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to \$9.5 million from the general fund for rural development if 1991-93 revenues were more than the 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.

⁸ The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.

⁹ The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition

income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

¹⁰ In addition to an adjustment for deficiency appropriations, the Governor mandated a 1.05 percent general fund allotment reduction totaling \$18,343,329 in July 2002.

DEM 2003-05 SALARY INCREASES

(Including Only Those Positions W/O Personnel Changes)

Position No.	Name	Title	July 2003 Salary	12/31/2004 Salary	Increase (Decrease)	Percentage Increase (Decrease)	Estimated Annual Cost W/O Benefits	GF %	Estimated Annual GF Cost W/O Benefits	BARS July 2005 Salary	Difference From Current Salary
5648	Amy Anton	Prog. Spec. II	\$2,465	\$3,600	\$1,135	46.0%	\$13,620	50.0%	\$6,810	\$3,500	(\$100)
5651	Bruce Buchholtz	Prog. Spec. II	2,331	2,548	217	9.3%	2,604	33.0%	859	2,748	200
5654	Raymond Deboer	Prog. Spec. I	2,277	2,677	400	17.6%	4,800	0.0%	0	2,477	(200)
5649	Kathleen Donahue	Prog. Spec. II	2,623	3,300	677	25.8%	8,124	50.0%	4,062	3,200	(100)
5658	Judy Feist	Acct. Tech. II	2,049	2,259	210	10.2%	2,520	50.0%	1,260	2,299	40
5639	Douglas Friez	Director	5,499	6,900	1,401	25.5%	16,812	40.0%	6,725	6,900	0
5647	Lonnie Hoffer	Prog. Spec. III	3,018	3,518	500	16.6%	6,000	50.0%	3,000	3,518	0
5642	Kenneth Jarolimek	Prog. Spec. III	3,631	3,731	100	2.8%	1,200	48.0%	576	3,700	(31)
5653	Debbie LaCombe	Prog. Spec. II	2,533	3,000	467	18.4%	5,604	50.0%	2,802	3,000	0
5641	Ross Mushik	Business Mgr II	3,677	4,900	1,223	33.3%	14,676	40.0%	5,870	4,900	0
5644	Janell Quinian	Prog. Spec. III	3,410	3,510	100	2.9%	1,200	48.0%	576	3,550	40
5640	Susan Reinertson	Asst. Director	4,300	5,900	1,600	37.2%	19,200	40.0%	7,680	5,900	0
5645	Laurence Ruebel	Data Proc. Coord. II	3,055	3,390	335	11.0%	4,020	50.0%	2,010	3,400	10
5655	Annette Scholf	Admin. Asst. I	1,682	1,707	25	1.5%	300	50.0%	150	1,707	0
5652	Russell Timmreck \1	Chief, Emerg. Op Cntr	3,300	5,750	2,450	74.2%	29,400	40.0%	11,760	5,750	0
5607	Colleen Anderson	Admin. Asst. I	2,462	2,662	200	8.1%	2,400	0.0%	0	2,712	50
5626	Elaine Czczok	Comm. Spec. II	2,542	2,842	300	11.8%	3,600	86.0%	3,096	2,942	100
5630	Dennis Czichotzki	Comm. Spec. II	2,295	2,595	300	13.1%	3,600	85.0%	3,060	2,695	100
5624	Mary Danzl	Comm. Spec. II	2,022	2,322	300	14.8%	3,600	83.0%	2,988	2,422	100
5633	Bonita Dever	Comm. Spec. II	2,327	2,627	300	12.9%	3,600	85.0%	3,060	2,727	100
5632	Deborah Entzel	Comm. Spec. II	2,147	2,447	300	14.0%	3,600	84.0%	3,024	2,547	100
5637	Raymond Fianagan	Comm. Spec. II	2,100	2,400	300	14.3%	3,600	84.0%	3,024	2,500	100
5623	Peggy Goike	Comm. Spec. II	2,338	2,638	300	12.8%	3,600	85.0%	3,060	2,738	100
5634	Margie Thomas	Comm. Spec. II	2,104	2,404	300	14.3%	3,600	84.0%	3,024	2,504	100
5614	Adam Heck	Comm. Supervisor	3,071	3,421	350	11.4%	4,200	88.0%	3,696	3,371	(50)
5618	Charles Hendrickson	Comm. Spec. III	2,733	3,053	320	11.7%	3,840	87.0%	3,341	3,133	80
5611	Wesley Hendrickson	Comm. Spec. III	3,688	3,938	250	6.8%	3,000	0.0%	0	3,838	(100)
5631	Jacque Jensen	Comm. Spec. II	2,337	2,637	300	12.8%	3,600	85.0%	3,060	2,737	100
5612	David Kulackoski	Comm. Supervisor	3,190	3,540	350	11.0%	4,200	89.0%	3,738	3,490	(50)
5636	Ola Lillestol	Comm. Spec. II	2,028	2,328	300	14.8%	3,600	84.0%	3,024	2,428	100
5622	Kevin Mattern	Comm. Spec. II	2,089	2,389	300	14.4%	3,600	84.0%	3,024	2,489	100
5620	Jill Monroe	Comm. Spec. II	1,999	2,299	300	15.0%	3,600	83.0%	2,988	2,399	100
5615	Gary Monzelowky	Comm. Supervisor	3,072	3,422	350	11.4%	4,200	88.0%	3,696	3,372	(50)
5619	Charles Weisser	Comm. Spec. III	2,633	2,953	320	12.2%	3,840	87.0%	3,341	3,033	80
Total							\$198,960		\$108,384		\$1,019