

**Bank of North Dakota  
Budget 471  
House Bill No. 1015, Senate Bill No. 2414**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
1999-2001 legislative appropriation	178.50	\$8,567,000	\$27,442,439	\$36,009,439
1997-99 legislative appropriation	<u>178.50</u>	<u>5,918,600</u>	<u>25,930,649</u>	<u>31,849,249</u>
1999-2001 appropriation increase (decrease) to 1997-99 appropriation	0.00	\$2,648,400	\$1,511,790	\$4,160,190

**NOTE:** The 1999-2001 appropriation amounts include \$94,382 of other funds for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$13,304 of other funds for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000.

**Item Description**

**Bank of North Dakota transfers** - Section 17 of Senate Bill No. 2015 provides for transfers of up to \$50 million of Bank of North Dakota current earnings and accumulated and undivided profits to the general fund during the 1999-2001 biennium. The section provides that no transfers may be made which would reduce the Bank's capital structure below \$100 million and that no more than \$15 million of the amount transferred may come from accumulated and undivided profits.

**Bank of North Dakota contingent transfers** - Section 18 of Senate Bill No. 2015 provides for contingent transfers from the Bank's earnings and accumulated and undivided profits to the general fund. The contingent transfers may not exceed the lesser of \$40 million or the actual revenue shortfall of actual collections compared to the March 1999 legislative forecast. The section provides that no contingent transfer may be made before July 1, 2000, and that transfers may only be made to the extent that the transfer is needed to achieve a projected June 30, 2001, general fund balance of \$10 million. The section also provides that no transfers may be made which would reduce the Bank's capital structure below \$100 million.

**Status/Result**

Through April 2000, OMB has requested and the Bank of North Dakota has transferred \$15 million to the state general fund. The Bank's profits for calendar year 1999 were \$30,459,000, \$6,459,000 more than the estimated profits of \$24 million. The \$24 million is based on one-half of the biennial profit estimate of \$48 million. The Bank's capital as of December 31, 1999, was \$139,275,000. The Bank accrues, on a monthly basis, all profits to a liability account for transfers to the general fund, up to a maximum remaining liability of \$35 million. As of the end of March 1999, the Bank had accrued approximately \$22,831,000 toward the liability for transfers to the general fund. The \$139,275,000 of capital is not expected to change until the entire liability of \$35 million has been accrued, which is estimated to happen by the end of September 2000. Profits generated after the entire liability has been accrued will increase the Bank's capital. It is estimated that the Bank's capital at the end of 2000 could be approximately \$145 million.

As of April 17, 2000, no contingent transfers have been made from the Bank of North Dakota to the general fund. Through March 2000, actual general fund revenues have totaled \$540.02 million, \$14.26 million more than the revenues estimated at the close of the 1999 legislative session of \$525.76 million. The Bank's current capital is \$139,275,000 and does not reflect an accrued liability for any contingent transfer; therefore, if a transfer is made under the contingent transfer provisions, it would reduce the Bank's capital.