

2009 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HCR 3037

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HCR 3037

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: February 12, 2009

Recorder Job Number: #9347

Committee Clerk Signature

Marlys Kienzle

Minutes:

Chairman Grande: Opened the hearing for HCR 3037.

Rep Berg: Representative for District 45 in Fargo. This resolution addresses one of the biggest dangers in budgeting.

Did detail of all his testimony that is attached to these minutes.

Testimony Attachment #1

Testimony Attachment #2

Testimony Attachment #3

Rep Wolf: Under the General Fund Revenues transfers and other revenues under the 107 million there is not a foot not so I do not understand what that is comprised from but under the 80 million, I know exactly what the number is comprised from.

Rep Berg: It is all that is in number 5 foot note there with the exception of Lands and Minerals Trusts Fund.

Chairman Grande: Closed the hearing of HCR 3037.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. Committee Work One HCR 3037

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: 02/12/2009

Recorder Job Number: 9400

Committee Clerk Signature

Melissa M. Erhardt

Minutes:

COMMITTEE WORK ONE HCR 3037:

Chairman Grande: We will discuss HCR 3037.

Vice Chairman Randy Boehning: Motion for a Do Pass.

Rep. Kasper: 2nd.

Chairman Grande: Do Pass Motion by Rep. Boehning, 2nd by Rep. Kasper.

Discussion? Clerk will call the roll on a Do Pass.

Clerk Erhardt: Roll Call. Yes: 12. No: 0. Absent: 1. Carrier: Rep. Froseth.

Chairman Grande: I would like to put this on the consent calendar and if that is a wrong motion on my part it will move to the regular calendar and Rep. Froseth will have to be ready.

Date: 4/2/19
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3137

House Government and Veterans Affairs

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Boehning

Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Chairman Grande	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep. Amerman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Vice Chairman Boehning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep. Conklin	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rep. Dahl	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep. Schneider	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rep. Froseth	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep. Winrich	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rep. Karls	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rep. Wolf	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rep. Kasper	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Rep. Meier	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Rep. Nathe	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			

Total (Yes) 12

No 0

Absent _____

Floor Assignment Rep Froseth

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

Consent Calendar

REPORT OF STANDING COMMITTEE

HCR 3037: Government and Veterans Affairs Committee (Rep. Grande, Chairman)
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (12 YEAS,
0 NAYS, 1 ABSENT AND NOT VOTING). HCR 3037 was placed on the Tenth order
on the calendar.

2009 SENATE APPROPRIATIONS

HCR 3037

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 3037

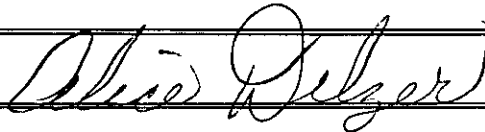
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 03-09-09

Recorder Job Number: 10440

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee back to order in reference to House Resolution 3037 in regards to a concurrent resolution directing the Legislative Council to prepare and publish a four-year general fund budget report.

Representative Rick Berg, District 45, Fargo, ND presented the House Resolution and handed out an oil price comparison sheet prepared by the ND Legislative Council. Attachment #1 I believe the reason our state is on solid financial footing is because we have balanced our ongoing revenue with our ongoing spending. We recognized one time spending separately as our ongoing spending as we addressed in House bill 1313 which appeared before the committee. On the second page it shows the balance between our ongoing spending and ongoing revenue. As you can see the last six years our revenue has been higher than our spending. Since 2003 there have only been 3 states in the country that have had a balance sustainable budget: Arkansas, North Dakota and Wyoming. Only six percent of the 50 states have been able to keep themselves out of a deficit. If ND continues we have a bright future. What this resolution does is that it simply says when the governor presents us with the forecast of his executive budget legislative will put together a very preliminary four year budget and we can easily look at it and determine what we need to be concerned about. He explained the last page of his handout put together by Allen Knudson.(3.00). All we are trying

to do is give us one more tool for the appropriations process. With this process we will be able to identify the areas.

Senator Warner I am a little confused about the priorities used to generate the data priorities. He had questions on the raises.

Rep. Berg said that there were a couple of different ways to do this. This is just doing some ten year trends. We talked about the cost to continue. It is going to be more than the average two years in the previous biennium. A four year look would be helpful in this matter. I am not here to say how we should put it together but we should have something to look at before we start our appropriation process.

Chairman Holmberg closed the hearing on Resolution 3037.

2009 SENATE STANDING COMMITTEE MINUTES

House Concurrent Resolution 3037

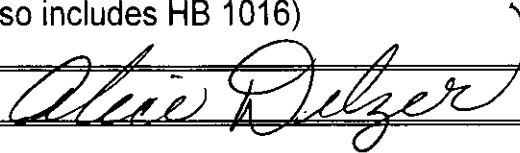
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 04-07-09

Recorder Job Number: 11755 (also includes HB 1016)

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HRC 3037. Roll call was taken. All Senators were present and Bill Horton was also present. General discussion followed regarding stimulus money, Adj. Gen., Water Commission, Human Services, and OMB.

HRC 3037 STARTS AT (4.16) ON THE TAPE.

VICE-CHAIRMAN GRINDBERG MOVED A DO PASS. 2ND BY VICE-CHAIRMAN BOWMAN.

Chairman Holmberg This bill tells the Legislative Council to prepare a 4 year estimate. Becky, what kind of sources would you use if you were the person that was tasked with doing this?

Becky Keller, Legislative Council We would use historical data, use some information from OMB where they project things to be.

Chairman Holmberg you would look for example, corporate income tax, what has been happening over the last years and project that out.

Becky We would try to look at what forecasters nationwide are saying. We would get an idea from leadership what will be happening. There would be several things we'd have to look at.

Senator Seymour I think taking part of the governor's budgets for like 3 years and compare them to where it ended up and keep going from there.

Senator Krebsbach What involvement or input does the Council now have in preparation of the two year budget that the governor prepares?

Becky I am not aware that we have any input.

Tammy Dolan, OMB There is very little input, just keeping them informed along the way when we have meetings with agencies.

Chairman Holmberg Keep in mind the Legislative Council puts together the legislative budget and that is not touched by the governor.

Senator Christmann Did we ever hear anything from Allen? Has the question been delivered to him whether this would add significant cost to the council in doing their work? Will they need another person to do this?

Chairman Holmberg They monitor all these bill and they have never mentioned it to me. Allen will be here in just a minute.

Tammy We are on call 24/7.

Senator Robinson If you want a good product here it is going to take a lot of work. If you look at the last interim the budget that was put forth, it took a lot of man hours for the Legislative Council and so much of it was redundant. We had to do it over and over again. We had the budget section, then a month later we had finance committee so they spent considerable amount of time on that effort. This is asking for still another level. It's not like it just happened without any impact on Legislative Council staff. We need to be careful what our expectations are or we will be adding staff. At some point you break.

Chairman Holmberg The one thing, in defense of the budget and finance interim committee it's very difficult to get much discussion going in the budget section because of it's size, but the one change that I recall that came out that was a positive nature had to do with the display of how the bills were presented to us, the three columns, but keep in mind the law required the budget section to make that request, not the interim committee. That's why the committee

made the recommendation to the budget section, which made the recommendation to OMB to prepare them that way. And I have only heard good things about that one initiative.

Senator Robinson There was also considerable effort and encouragement for that committee to come up with a level of spending to respond to the governor's budget and a number of us thought that that was taking our responsibility a bit too far. We were a small committee of the legislature, not even a full budget section, and for us to say here's the parameters we thought was beyond our scope of responsibility. The question is how far are we going to go and the more we asked, the more cost we have.

Chairman Holmberg Let's ask Allen our questions because he is the one that is going to be tasked to seeing that this be prepared. We are looking at 3037. We are wondering what is the impact on the work load of the Legislative Council and how is this all going to be put together and if this passes what you envision happening.

Allen Knudson, Legislative Council We'd be happy to prepare whatever you want us to do. The one concern we have is in the timing of it. We would do this the same time we work on the governor's budget which is in December, so the amount of time we would have to be spending on this would take away from them time we would spend working on the governor's budget if we are going to have everything ready by the time you get here in January. So that would be one concern. We do some of this now throughout the session. We look at potential costs for the next biennium so some of it can't be done. If the expectation is that it will all be ready by the time you get here in January, there are some concerns about how much time we could actually devote to the executive budget.

Senator Seymour Could it be done like have it target October so you don't have that rush in there? You are talking about 4 years in advance, right?

Allen As I read it when the governor's budget comes out in December we not only look at all the work we do but what is the analysis of that budget for the next biennium. For now we are looking at 09-11. And we also would be looking at what is the impact for the recommendations for 2011 – 2013 and the timing of that, we would meet at some point during session so you could evaluate what that future impact is as well.

Senator Krauter The timing of this is what concerns me. Knowing what your work load is, do you perceive you should probably have another FTE dedicated to this. The report I get, the analysis, there is a lot in there.

Allen It depends on the expectation. Certainly another person would help with that.

Senator Krauter Being this is a resolution, a legislature's intent versus something in statute, to me it is the step getting the camel in someone else's tent and if we go down that road we need to facilitate the Council to do these types of things. I don't have a problem, either way, we do it or we don't. This is the start of it; we'll take the governor's budget, do an analysis of it but also we are going to put together a budget and we'd better have the staff in the background. This is just my thoughts.(14.32)

Chairman Holmberg That has been before the legislature on more than one occasion. , a legislative budget and has never done very well.

Senator Krauter As a citizen legislator, as opposed to full time legislator, we rely on the council and the executive branch a lot too.

Senator Robinson The amount of information we as budget legislators are able to process, it is not only confusing for us but this would add a whole new dimension to the public. I am not so sure we aren't creating a situation when you get information over-load. We have seen of that this session with the advent of the stimulus, it gets to be quite a process just to stay on top of all of the executive budget, what's happening with legislative changes to that budget and

then we roll in the stimulus, to have another budget out there, might add to the confusion. All of a sudden what value is it if it becomes one of those that sits on the shelf.

Senator Lindaas I can't imagine how much it would effect as far as accuracy, because even during the session because it is a moving target. I don't know if I would be one to push this.

Chairman Holmberg It is a resolution but to the Legislative Council staff, it would be the law.

V. Chair Bowman Budgeting is basically a guideline to follow. We do what we think what is best anyway when we get done. If you came in with an 80% of expected incomes and then allowed the legislature body to spend the other 20% it would be so much easier for all of us, because we have to try to find money in another budget to fund the things that we think are important. We don't have any flexibility other than try to reduce somebody elses salary or budget so we can have something. And if you have an 80% budget, which is basic things you have to do and then allow us to make the decisions on that other, and that might not be the right number, but think about that how hard it is to get something done If you are going over the budget. But if we had some flexibility in that budget to that it would be a lot easier for us and the governor to make that decision.(18.27)

Senator Mathern I am going to support this motion. There is a bigger problem, I don't know of any successful business that makes budget decisions just once every 2 years. This is a further gathering of information that probably wouldn't be that reliable in terms of 100% accuracy but it does provide some sort of prospective. I suspect there is a little bit of motivation behind this to show dark clouds ahead. We have to be careful here. But numbers generally are a little bit more accurate. I think it is a matter of adding more data to our system. I wish we would do it

Chairman Holmberg The council already does this. During the session they will be asked, or end of session, use these assumptions and tell us what this will look like in 2 years? You

Senate Appropriations Committee

Bill/Resolution No. 3037

Hearing Date: 04-07-09

already have that experience of making those types of projections and if it was December 3rd, and we were in pre-session and one of the majority leaders came upstairs, or one of the minority leaders and ask can you give me a projection of what it is going to look like in four years if we continue these spending patterns, maybe it's to look at what Senator Mathern said, look for dark clouds, but the bottom line is you would do it and it would get done. A motion was a Do Pass on House Resolution 3037. Would you call the roll?

A ROLL CALL VOTE WAS TAKEN RESULTING IN 5 YEAS, 9 NAYS, 0 ABSENT. THE MOTION DID NOT CARRY.

Chairman Holmberg Could we have another motion?

SENATOR WARNER MOVED A DO NOT PASS. SECONDED BY SENATOR WARDNER. A ROLL CALL VOTE WAS TAKEN ON A DO NOT PASS ON 3037 RESULTING IN 9 YEAS, 5 NAYS, 0 ABSENT. SENATOR WARDNER WILL CARRY THE BILL. .

Chairman Holmberg closed the hearing on HCR 3037. (23.34)

Date: 4/7/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 3039

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Grindberg Seconded By Bowman

Representatives	Yes	No	Representatives	Yes	No
Senator Fischer		<input checked="" type="checkbox"/>	Senator Warner		<input checked="" type="checkbox"/>
Senator Christmann	<input checked="" type="checkbox"/>		Senator Robinson		<input checked="" type="checkbox"/>
Senator Krebsbach		<input checked="" type="checkbox"/>	Senator Krauter		<input checked="" type="checkbox"/>
Senator Bowman	<input checked="" type="checkbox"/>		Senator Lindaas		<input checked="" type="checkbox"/>
Senator Kilzer		<input checked="" type="checkbox"/>	Senator Mathern	<input checked="" type="checkbox"/>	
Senator Grindberg	<input checked="" type="checkbox"/>		Senator Seymour	<input checked="" type="checkbox"/>	
Senator Wardner		<input checked="" type="checkbox"/>			
Chairman Holmberg	<input checked="" type="checkbox"/>				

Total Yes 5 No 9

Absent did not pass

Floor Assignment _____

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

Date: 4/7/09Roll Call Vote # 22009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 3037Senate Senate Appropriations Committee☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ AmendedMotion Made By Wardner Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Chairman		✓	Sen. Aaron Krauter	✓	
Sen. Bill Bowman, VCh		✓	Sen. Elroy N. Lindaas	✓	
Sen. Tony S. Grindberg, VCh		✓	Sen. Tim Mathern	✓	✓
Sen. Randel Christmann		✓	Sen. Larry J. Robinson	✓	
Sen. Tom Fischer	✓		Sen. Tom Seymour	✓	
Sen. Ralph Kilzer	✓		Sen. John Warner	✓	
Sen. Karen K. Krebsbach	✓				
Sen. Rich Wardner	✓				

Total Yes 9 No 5

Absent _____

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)
April 7, 2009 9:18 a.m.

Module No: SR-59-6373
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3037: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO NOT PASS (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HCR 3037 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HCR 3037

Attachment
#1

States Reporting Budget Gaps: FY 2001 - FY 2010											
State	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Total
Alabama		✓	✓		✓				✓		4
Alaska		✓	✓	✓	✓	✓			✓		6
Arizona		✓	✓	✓	✓	✓		✓	✓	✓	8
Arkansas		✓									1
California		✓	✓	✓	✓	✓		✓	✓	✓	8
Colorado	✓	✓	✓	✓	✓	✓			✓		7
Connecticut		✓	✓	✓	✓	✓		✓	✓	✓	8
Delaware	✓		✓	✓				✓	✓	✓	6
Florida		✓						✓	✓	✓	4
Georgia		✓	✓	✓				✓	✓	✓	6
Hawaii		✓	✓	✓	✓				✓	✓	6
Idaho		✓	✓	✓					✓	✓	5
Illinois		✓	✓	✓	✓	✓		✓	✓		7
Indiana	✓	✓	✓	✓	✓	✓					6
Iowa		✓	✓	✓	✓	✓			✓	✓	7
Kansas		✓	✓	✓	✓			✓	✓	✓	7
Kentucky	✓	✓	✓	✓	✓	✓		✓	✓		8
Louisiana			✓	✓	✓	✓			✓	✓	6
Maine		✓	✓	✓	✓	✓	✓*	✓	✓	✓	9
Maryland	✓	✓	✓	✓	✓	✓			✓	✓	8
Massachusetts		✓	✓	✓	✓	✓		✓	✓	✓	8
Michigan	✓	✓	✓	✓	✓	✓			✓	✓	8
Minnesota		✓	✓	✓	✓	✓			✓	✓	7
Mississippi	✓	✓	✓	✓					✓		5
Missouri	✓	✓	✓	✓	✓	✓				✓	7
Montana			✓	✓	✓						3
Nebraska		✓	✓	✓	✓	✓			✓	✓	7
Nevada		✓	✓					✓	✓	✓	5
New Hampshire		✓	✓	✓	✓			✓	✓		6
New Jersey	✓	✓	✓	✓	✓				✓	✓	7
New Mexico		✓	✓						✓		3
New York			✓	✓	✓	✓			✓	✓	6
North Carolina	✓	✓	✓	✓	✓	✓			✓	✓	8
North Dakota		✓	✓								2
Ohio	✓	✓	✓	✓	✓	✓			✓		7
Oklahoma		✓	✓	✓	✓					✓	5

States Reporting Budget Gaps: FY 2001 - FY 2010

State	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Total
Oregon	✓	✓	✓	✓		✓			✓	✓	7
Pennsylvania	✓	✓	✓	✓					✓		5
Puerto Rico		✓						✓	✓		3
Rhode Island		✓	✓	✓	✓	✓		✓	✓	✓	8
South Carolina	✓	✓	✓	✓	✓	✓		✓	✓	✓	9
South Dakota		✓	✓	✓				✓	✓	✓	6
Tennessee	✓	✓	✓					✓	✓	✓	6
Texas				✓							1
Utah		✓	✓	✓					✓	✓	5
Vermont		✓	✓	✓		✓			✓	✓	6
Virginia	✓	✓	✓	✓	✓			✓	✓	✓	8
Washington		✓	✓	✓	✓	✓			✓	✓	7
West Virginia	✓			✓	✓	✓					3
Wisconsin		✓	✓	✓	✓			✓	✓	✓	7
Wyoming											0
United States	17	43	45	42	33	26	1	20	42	32	

Key:

✓ = Budget gap reported.

Maine* = In FY 2007 before the March 2007 revenue revision, the state had an estimated balance of \$86.4 million, which was committed to various purposes in the emergency supplemental budget passed in early February. The March revenue revision reduced FY 2007 general fund resources by nearly \$34 million, creating a \$34 million budget shortfall.

Source: NCSL survey of state legislative fiscal offices, 2001-2009.

Attachment
#2**PRELIMINARY OUTLOOK - NORTH DAKOTA 2009-11 BIENNIUM
GENERAL FUND BUDGET**

The schedule below is prepared as an early discussion paper regarding the 2009-11 biennium budget. All amounts shown are based on preliminary estimates.

Revenue items are based on the Office of Management and Budget (OMB) July 2008 revenue forecast for the remainder of the 2007-09 and 2009-11 bienniums. Amounts shown for possible increases in state employee salaries, elementary and secondary education, higher education, major human services programs, etc., are not recommended amounts but are provided so the reader can substitute whatever level he or she believes appropriate. Only major items have been included.

Additional amounts that may be requested as part of agency budget requests are not reflected on this schedule.

The amounts shown do not reflect potential general fund changes that may result if the following proposed ballot measures are approved in the November general election:

1. Creation of a constitutional permanent oil tax trust fund - Measure No. 1 limits the amount of oil tax revenue that may be deposited in the general fund to \$100 million each biennium, adjusted by the consumer price index in future bienniums. The measure requires approval by 75 percent of the Legislative Assembly to spend money from the permanent oil tax trust fund. The measure is anticipated to increase general fund revenues by \$29 million for the 2009-11 biennium; however, any revenues transferred to the permanent oil tax trust fund after July 1, 2009, would require approval by 75 percent of the Legislative Assembly to spend.
2. Reduction of individual and corporate income tax rates - Measure No. 2 reduces individual income tax rates by approximately 50 percent and corporate income tax rates by 15 percent. The measure is anticipated to reduce 2009-11 biennium general fund revenues by approximately \$414.2 million.

	General Fund		
	Ongoing Revenues and Expenditures	One-Time Resources and Expenditures	Total
Beginning balance			
Estimated balance - June 30, 2009		\$468,416,090 ¹	\$468,416,090
Less: Potential deficiency appropriation requests		(5,494,249) ²	(5,494,249)
Potential transfer to budget stabilization fund		(72,787,000) ³	(72,787,000)
Estimated balance - July 1, 2009		\$390,134,841	\$390,134,841 ⁴
Revenues			
2009-11 biennium revenues based on the OMB July 2008 forecast	\$2,734,683,000 ⁵		\$2,734,683,000
Transfers	84,400,000 ⁶		84,400,000
Total revenues	\$2,819,083,000		\$2,819,083,000
Total 2009-11 biennium resources	\$2,819,083,000	\$390,134,841	\$3,209,217,841
Appropriations			
2007-09 biennium general fund appropriations	(\$2,317,447,000)	(\$144,527,000) ⁷	(\$2,461,974,000)
Remove 2007-09 biennium one-time appropriation		144,527,000	144,527,000
Potential funds available	\$501,636,000	\$390,134,841	\$891,770,841
Less general fund requirements due to 2007 legislative action or federal program changes:			
• Increased costs for Department of Human Services grants resulting from an anticipated reduction in the federal medical assistance percentage (FMAP)	(11,000,000)		(11,000,000)
• Cost to continue the 5 percent second-year inflationary increase for Department of Human Services service providers	(8,800,000)		(8,800,000)
• Additional funding for continuation of state administration of child support enforcement activities	(3,400,000)		(3,400,000)
• Cost to continue to provide continuous Medicaid eligibility for an entire biennium (18 months in 2007-09)	(750,000)		(750,000)
• Loan repayments to the Bank of North Dakota relating to the state matching share of additional medical assistance grants for developmental disabilities services		(1,000,000)	(1,000,000)

	General Fund		
	Ongoing Revenues and Expenditures	One-Time Resources and Expenditures	Total
<ul style="list-style-type: none"> Cost to continue the 2007-09 biennium level of medical assistance grants for developmental disabilities services 	(1,000,000)		(1,000,000)
<ul style="list-style-type: none"> Cost to continue the 4 percent second-year salary increase for state employees for two years in the 2007-09 biennium 	(8,400,000)		(8,400,000)
<ul style="list-style-type: none"> Loan repayments to the Bank of North Dakota relating to additional centers of excellence grants awarded in excess of the \$15 million anticipated by the 2007 Legislative Assembly to be repaid during the 2007-09 biennium (assuming the total available of \$20 million is awarded during the 2007-09 biennium) 		(5,000,000)	(5,000,000)
<ul style="list-style-type: none"> Ongoing and maintenance costs for the Information Technology Department's statewide automated victim information and notification (SAVIN) system 	(850,000)		(850,000)
<ul style="list-style-type: none"> Cost to continue the three new virtual area career and technology centers established by the Department of Career and Technical Education for an entire biennium 	(800,000)		(800,000)
<ul style="list-style-type: none"> Increased general fund bond payments, excluding higher education 	(1,700,000)		(1,700,000)
Total cost-to-continue items	(\$36,700,000)	(\$6,000,000)	(\$42,700,000)
Remaining balance available	\$464,936,000	\$384,134,841	\$849,070,841
Other potential selected general fund spending increases the 2009 Legislative Assembly may be asked to consider:			
<ul style="list-style-type: none"> State employee salary increases, excluding higher education, of 4 percent for each year of the biennium 	(\$25,200,000) ^a		(\$25,200,000) ^a
<ul style="list-style-type: none"> State employee health insurance increases based on an annual increase of approximately 13.5 percent and assuming 60 percent of health insurance premium costs are paid from the general fund 	(22,000,000)		(22,000,000)
<ul style="list-style-type: none"> Additional funding for elementary and secondary education - Same dollar increase as the 2007-09 biennium 	(73,700,000)		(73,700,000)
<ul style="list-style-type: none"> Higher education - Same dollar increase as the 2007-09 biennium (The University System has requested a base funding increase of \$115.8 million for the higher education institutions, including the UND School of Medicine and Health Sciences and the Forest Service, and \$85.4 million of one-time funding requests.) 	(53,000,000)	(\$28,500,000)	(81,500,000)
<ul style="list-style-type: none"> Information technology project requests (as prioritized by the State Information Technology Advisory Committee (SITAC)) 		(42,100,000)	(42,100,000)
<ul style="list-style-type: none"> Department of Human Services - Five percent annual increases for growth and inflation of major department programs 	(23,900,000)		(23,900,000)
<ul style="list-style-type: none"> Department of Corrections and Rehabilitation - Facility expansion costs of \$67 million as recommended by the Correctional Facility Review Committee (in addition to the \$42 million estimated to be available in the State Penitentiary land fund) 		(25,000,000)	(25,000,000)
<ul style="list-style-type: none"> Property tax relief - Continuation of level approved by the 2007 Legislative Assembly 	(112,000,000)		(112,000,000)
<ul style="list-style-type: none"> Continuation of centers of excellence grants (Legislative intent was included in Section 14 of 2005 Senate Bill No. 2018 providing that a total of \$50 million be provided for centers of excellence grants. The Legislative Assembly provided \$20 million for the 2005-07 biennium and \$20 million for the 2007-09 biennium. The amount shown is the amount remaining.) 		(10,000,000)	(10,000,000)
<ul style="list-style-type: none"> Inflationary increases of 3 percent per year for remaining agency expenditures not included above 	(6,300,000)		(6,300,000)
Total other potential selected general fund spending increases	(\$316,100,000)	(\$105,600,000)	(\$421,700,000)
Estimated remaining funds to provide for other potential funding requests and June 30, 2011, ending balance^a	\$148,836,000	\$278,534,841	\$427,370,841

¹The estimated June 30, 2009, balance is based on actual general fund collections through September 2008 and the OMB July 2008 revenue forecast for the remainder of the 2007-09 biennium. The amount does not include any amount resulting from 2007-09 biennium unspent general fund appropriations (tombback).

²Potential amount resulting from 2007-09 biennium deficiency appropriation requests include:

• Adjutant General (Department of Emergency Services) - State disasters	\$3,400,000
• North Dakota State University - 2000 flood expenditures	575,142
• University of North Dakota - 1997 flood expenditures	1,310,955
• Agricultural Experiment Station	136,152
• Attorney General - Prosecution witness and litigation fees	72,000
Total	\$5,494,249

³The amount shown as a potential transfer to the budget stabilization fund is based on the assumption that 2009-11 biennium general fund appropriations will increase by 10.8 percent over 2007-09 biennium general fund appropriations. The 10.8 percent increase is the 10-year average increase in general fund appropriations from 1999-2001 through 2007-09 bienniums. After this transfer, the balance in the budget stabilization fund would be \$272.8 million.

⁴In addition to the \$368.1 million estimated July 1, 2009, general fund balance, the current estimate of the balance in the permanent oil tax trust fund is \$631.6 million and the preliminary estimate of the balance in the budget stabilization fund is \$272.8 million on July 1, 2009.

⁵The amount shown for 2009-11 biennium revenues is based on the OMB July 2008 preliminary revenue forecast for the 2009-11 biennium. The 2009-11 biennium revenue amount reflects the discontinuation of the property tax income tax credits approved in 2007 Senate Bill No. 2032 of an estimated \$112 million since the schedule reflects potential property tax relief as a 2009-11 biennium spending increase.

⁶The amount shown reflects the following major transfers to the general fund compared to the 2007-09 biennium:

	2007-09	2009-11	Variance
Bank of North Dakota	\$60,000,000	\$60,000,000	\$0
Student loan trust fund	3,100,000	3,100,000	0
Mill and Elevator	5,000,000	5,000,000	0
Gas tax administration	1,274,056	1,300,000	25,944
Lands and minerals trust fund	15,000,000	15,000,000	0
Permanent oil tax trust fund	115,000,000	0	(115,000,000)
Health care trust fund			
Total transfers	\$199,374,056	\$84,400,000	(\$114,974,056)

The amount shown for 2007-09 biennium one-time general fund appropriations includes a \$5 million contingent general fund appropriation to the Department of Public Instruction for school district deferred maintenance and physical plant improvement grants authorized in 2007 Senate Bill No. 2200, which became effective in February 2008.

⁸The amounts shown are the estimated cost of a 4 percent first-year and a 4 percent second-year salary increase—the same percentage increases provided for the 2007-09 biennium. Additional information and costs of various salary increase levels are listed below:

Salary Increase	General Fund Estimated Cost
1 percent for one year	\$2,100,000
3 percent increase for each year of the biennium	18,900,000
4 percent increase for each year of the biennium	25,200,000
5 percent increase for each year of the biennium	31,500,000
6 percent increase for each year of the biennium	37,800,000
7 percent increase for each year of the biennium	44,100,000

⁹**Other potential funding requests** - The other potential funding requests listed below include major items that would result in increased general fund spending or decreased general fund revenues. The items shown are those that have been made public and are based on agency budget requests, funding recommendations, or proposals made by the candidates for Governor in the 2008 general election as available on each candidate's website.

Other Potential Funding Requests	Effect on Potential Funds Remaining Available
Elementary and secondary education - Increase state aid to schools by at least \$100 million	A minimum of (\$26,300,000)
Higher education - Increase base funding for higher education by \$115.8 million and one-time funding by \$85.4 million	(\$119,700,000)
Higher education student assistance - Increase student tuition assistance by at least \$34 million	A minimum of (\$34,000,000)

State employee salary increases - Provide state employee salary increases of 4 percent for each year with a minimum increase of \$75 per month and adjust classified employee pay grades to provide that the pay range midpoints are at 95 percent of market. The estimated general fund cost of this proposal is \$44.6 million as recommended by the State Employees Compensation Commission.	(\$19,400,000)
Property tax relief - Provide property tax relief of \$300 million to \$700 million	(\$188,000,000) to (\$588,000,000)
Income tax reductions - Reduce income taxes by amounts necessary to reduce general fund income tax collections by \$100 million to \$300 million	(\$100,000,000) to (\$300,000,000)
Total other potential funding requests	A minimum of (\$487,400,000) to (\$1,087,400,000)

Appendix A (attached) provides a detailed comparison of estimated general fund revenues.

Appendix B (attached) provides the preliminary estimate of ongoing and one-time revenues for the 2009-11 biennium and effects of various spending levels.

ATTACH:2

General Fund Revenue Comparisons							
	Actual Revenue 2005-07 Biennium	Revised Revenue Forecast 2007-09 Biennium ¹	2007-09 Biennium Increase (Decrease) Compared to 2005-07 Biennium	2007-09 Biennium Percentage Increase (Decrease) Compared to 2005-07 Biennium	Preliminary Forecast 2009-11 Biennium	2009-11 Biennium Increase (Decrease) Compared to 2007-09 Biennium	2009-11 Biennium Percentage Increase (Decrease) Compared to 2007-09 Biennium
Ongoing revenue							
Sales and use tax	\$841,930,866	\$1,030,079,626	\$188,148,760	22.3%	\$1,147,883,000	\$117,803,374	11.4%
Motor vehicle excise tax	125,722,268	128,333,056	2,610,788	2.1%	141,405,000	13,071,944	10.2%
Individual income tax	587,659,377	704,167,328 ²	116,507,951	19.8%	758,965,000	54,797,672	7.8%
Corporate income tax	232,294,310	265,361,698 ³	33,067,388	14.2%	265,655,000	293,302	0.1%
Insurance premium tax	52,873,010	64,100,000	11,226,990	21.2%	66,500,000	2,400,000	3.7%
Financial institutions tax	9,702,362	10,761,402	1,059,040	10.9%	10,000,000	(761,402)	(7.1%)
Oil and gas production tax	45,970,447	39,308,315	(6,661,132)	(14.5%)	39,309,315	0	0.0%
Oil extraction tax	25,029,553	31,690,685	6,661,132	26.6%	31,690,685	0	0.0%
Cigarette and tobacco tax	44,683,370	45,139,687	456,317	1.0%	44,118,000	(1,021,687)	(2.3%)
Coal conversion tax	49,217,864	47,465,410	(1,752,454)	(3.6%)	46,682,000	(783,410)	(1.7%)
Wholesale liquor tax	12,787,869	13,854,874	1,067,005	8.3%	14,320,000	465,126	3.4%
Gaming tax	17,986,019	19,200,000	1,213,981	6.7%	18,800,000	(400,000)	(2.1%)
Lottery	12,600,000	11,155,000	(1,445,000)	(11.5%)	11,155,000	0	0.0%
Departmental collections	53,781,397	58,800,000	5,018,603	9.3%	61,500,000	2,700,000	4.6%
Interest	36,507,217	43,020,000	6,512,783	17.8%	57,700,000	14,680,000	34.1%
Mineral leasing and royalties	13,960,279	20,500,000	6,539,721	46.8%	19,000,000	(1,500,000)	(7.3%)
Total ongoing revenue	\$2,162,706,208	\$2,532,938,081	\$370,231,873	17.1%	\$2,734,683,000	\$201,744,919	8.0%
Transfers							
Bank of North Dakota	\$60,000,000	\$60,000,000	\$0	0.0%	\$60,000,000	\$0	0.0%
Mill and Elevator	5,000,000	5,000,000	0	0.0%	5,000,000	0	0.0%
Gas tax administration	1,400,000	1,274,056	(125,944)	(9.0%)	1,300,000	25,944	2.0%
Student loan trust fund	9,000,000	3,100,000	(5,900,000)	(65.6%)	3,100,000	0	0.0%
Lands and minerals trust fund	6,800,000	15,000,000	8,200,000	120.6%	15,000,000	0	0.0%
Permanent oil tax trust fund	55,300,000	115,000,000	59,700,000	108.0%	0	(115,000,000)	(100.0%)
Health care trust fund	16,900,000	0	(16,900,000)	(100.0%)	0	0	0.0%
Other transfers	310,132	0	(310,132)	(100.0%)	0	0	0.0%
Total transfers	\$154,710,132	\$199,374,056	\$44,663,924	28.9%	\$84,400,000	(\$114,974,056)	(57.7%)
Total ongoing revenue and transfers	\$2,317,416,340	\$2,732,312,137	\$414,895,797	17.9%	\$2,819,083,000	\$86,770,863	3.2%
¹ The 2007-09 biennium revised revenue forecast is based on the Office of Management and Budget's July 2008 revised general fund revenue estimates.							
² For comparison purposes, the \$101 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.							
³ For comparison purposes, the \$11 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.							

¹The 2007-09 biennium revised revenue forecast is based on the Office of Management and Budget's July 2008 revised general fund revenue estimates.

²For comparison purposes, the \$101 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.

³For comparison purposes, the \$11 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.

Permanent Tax Trust Fund

	Actual Revenue 2005-07 Biennium	Revised Revenue Forecast 2007-09 Biennium ¹	2007-09 Biennium Increase (Decrease) Compared to 2005-07 Biennium	2007-09 Biennium Percentage Increase (Decrease) Compared to 2005-07 Biennium	Preliminary Forecast 2009-11 Biennium ²	2009-11 Biennium Increase (Decrease) Compared to 2007-09 Biennium	2009-11 Biennium Percentage Increase (Decrease) Compared to 2007-09 Biennium
Revenues	\$169,800,000	\$625,000,000	\$455,200,000	268.1%	\$666,000,000	\$41,000,000	6.6%

¹The 2007-09 biennium revised revenue forecast is based on the Office of Management and Budget's July 2008 revised revenue estimates. Oil production is anticipated to average 159,600 barrels per day for fiscal year 2009. The forecast anticipates oil prices to begin fiscal year 2009 at \$110 per barrel decreasing to \$95 per barrel by the end of the biennium.

²The 2009-11 biennium revised revenue forecast is based on the Office of Management and Budget's July 2008 revised revenue estimates. Oil production is anticipated to average 161,000 barrels per day for fiscal year 2010 and 182,000 barrels per day for fiscal year 2011. The forecast anticipates oil prices to begin the 2009-11 biennium at \$95 per barrel decreasing to \$75 per barrel by the end of the biennium.

2009-11 PRELIMINARY ESTIMATE GOING AND ONE-TIME REVENUES AND EFFECTS OF VARIOUS SPENDING LEVELS

Preliminary Estimate of Ongoing Revenues and Potential Spending Levels - 2009-11 Biennium

	Option A Preliminary Outlook ¹	Option B 8 percent ²	Option C 10.8 percent ³	Option D 15.8 percent ⁴	Option E 21.6 percent ⁵
	(Amounts shown in millions)				
Estimated ongoing revenues	\$2,734.7	\$2,734.7	\$2,734.7	\$2,734.7	\$2,734.7
Estimated ongoing transfers	84.4	84.4	84.4	84.4	84.4
Estimated total available ongoing funds	\$2,819.1	\$2,819.1	\$2,819.1	\$2,819.1	\$2,819.1
Potential appropriations					
Base level - 2007-09 ongoing appropriations	(\$2,317.4)	(\$2,317.4)	(\$2,317.4)	(\$2,317.4)	(\$2,317.4)
Cost-to-continue items	(36.7)	(36.7)	(36.7)	(36.7)	(36.7)
Optional levels - Additional appropriations or revenue reductions	(316.1)	(148.7)	(213.6)	(329.5)	(465.0)
Total potential appropriations or revenue reductions	(\$2,670.2)	(\$2,502.8)	(\$2,567.7)	(\$2,683.6)	(\$2,819.1)
Potential ongoing funding balance (shortfall)	\$148.9	\$316.3	\$251.4	\$135.5	\$0.0
Adjusted balance - Measure No. 1 approval ⁶	\$177.9	\$345.3	\$280.4	\$164.5	\$29.0
Adjusted balance - Measure No. 2 approval ⁷	(\$265.3)	(\$97.9)	(\$162.8)	(\$278.7)	(\$414.2)
Adjusted balance - Measure Nos. 1 and 2 approval	(\$236.3)	(\$68.9)	(\$133.8)	(\$249.7)	(\$385.2)

¹ The **Option A** level amount is based on amounts identified in the "Preliminary Outlook - North Dakota 2009-11 Biennium General Fund Budget" report and reflects a **15.2 percent increase** compared to 2007-09 biennium ongoing appropriations. See Option A for a chart showing historic and projected revenue and spending trends.

² The **Option B** level amount is based on the same percentage increase (**8 percent**) that ongoing revenues are anticipated to increase during the 2009-11 biennium compared to 2007-09 biennium revised revenue estimates. See Option B for a chart showing historic and projected revenue and spending trends.

³ The **Option C** level amount is based on the same percentage increase (**10.8 percent**) that general fund appropriations have increased, on average, each biennium for the past 10 years. See Option C for a chart showing historic and projected revenue and spending trends.

⁴ The **Option D** level amount is based on the same percentage increase (**15.8 percent**) that general fund ongoing appropriations increased for the 2007-09 biennium compared to the 2005-07 biennium. See Option D for a chart showing historic and projected revenue and spending trends.

⁵ The **Option E** level amount is based on spending all the additional ongoing revenues available for the 2009-11 biennium which results in a 21.6 percent increase compared to 2007-09 biennium ongoing appropriations. See Option E for a chart showing historic and projected revenue and spending trends.

Measure No. 1 - Creation of a constitutional permanent oil tax trust fund - The measure limits the amount of oil tax revenue that may be deposited in the general fund to \$100 million each biennium, adjusted by the consumer price index in future bienniums. The measure requires approval by 75 percent of the Legislative Assembly to spend money from the permanent oil tax trust fund. The estimated fiscal effect of this measure is to increase general fund revenues by \$29 million for the 2009-11 biennium (\$100 million compared to \$71 million); however, any revenues transferred to the permanent oil tax trust fund after July 1, 2009, will require approval by 75 percent of the Legislative Assembly to spend.

Measure No. 2 - Reduction of individual and corporate income tax rates - The measure reduces individual income tax rates by approximately 50 percent and corporate income tax rates by 15 percent. The estimated fiscal effect of this measure is to reduce general fund revenues by \$414.2 million for the 2009-11 biennium.

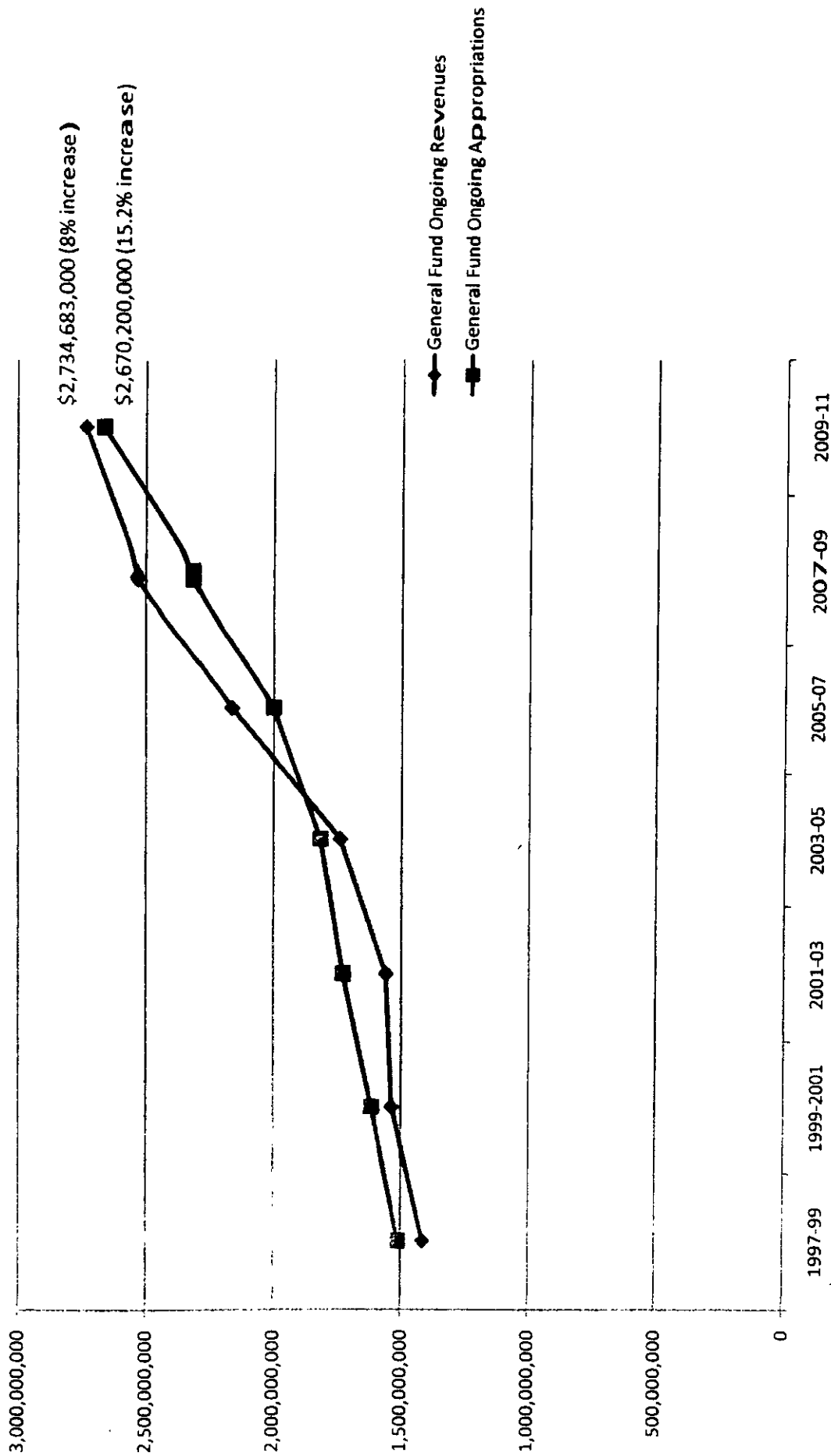
Preliminary Estimate of One-Time Revenues - 2009-11 Biennium

	General Fund	Permanent Oil Tax Trust Fund	Total
	(Amounts shown in millions)		
Estimated balance - July 1, 2009	\$390.1	\$632.2	\$1,022.3
Estimated revenues		666.0	666.0
Estimated total available under current law	<u>\$390.1</u>	<u>\$1,298.2</u>	<u>\$1,688.3</u>
Adjusted total available - Measure No. 1 approval ¹	\$390.1	\$632.2	\$1,022.3
Adjusted total available - Measure No. 2 approval ²	\$390.1	\$1,298.2	\$1,688.3
Adjusted total available - Measure Nos. 1 and 2 approval	\$390.1	\$632.2	\$1,022.3

¹ **Measure No. 1** - Creation of a constitutional permanent oil tax trust fund - The measure limits the amount of oil tax revenue that may be deposited in the general fund to \$100 million each biennium, adjusted by the consumer price index in future bienniums. The measure requires approval by 75 percent of the Legislative Assembly to spend money from the permanent oil tax trust fund. The estimated fiscal effect of this measure is to increase general fund revenues by \$29 million for the 2009-11 biennium (\$100 million compared to \$71 million); however, any revenues transferred to the permanent oil tax trust fund after July 1, 2009, will require approval by 75 percent of the Legislative Assembly to spend.

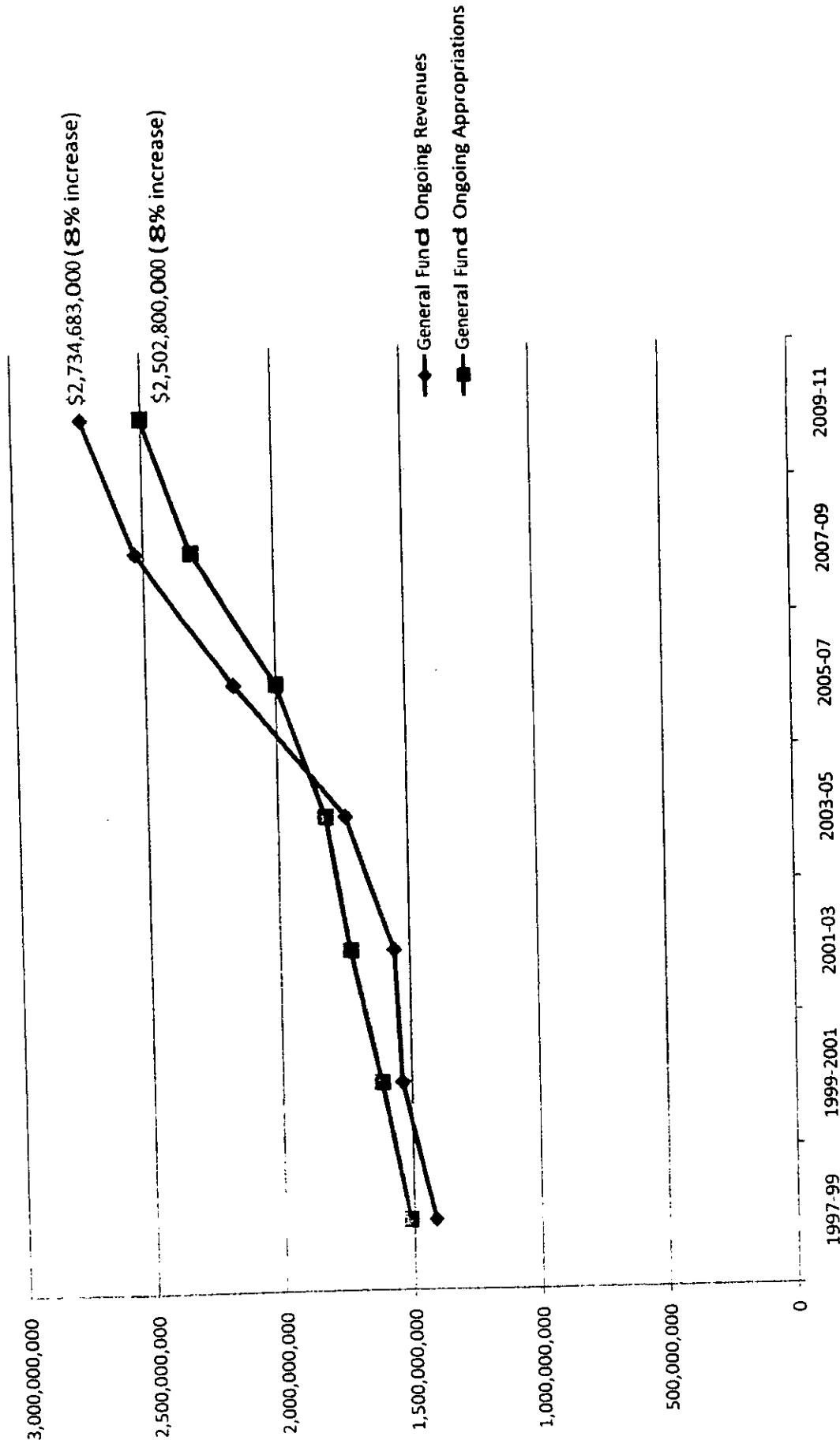
² **Measure No. 2** - Reduction of individual and corporate income tax rates - The measure reduces individual income tax rates by approximately 50 percent and corporate income tax rates by 15 percent. The estimated fiscal effect of this measure is to reduce general fund revenues by \$414.2 million for the 2009-11 biennium.

GENERAL FUND ONGOING REVENUES AND APPROPRIATIONS OPTION A - 15.2 PERCE



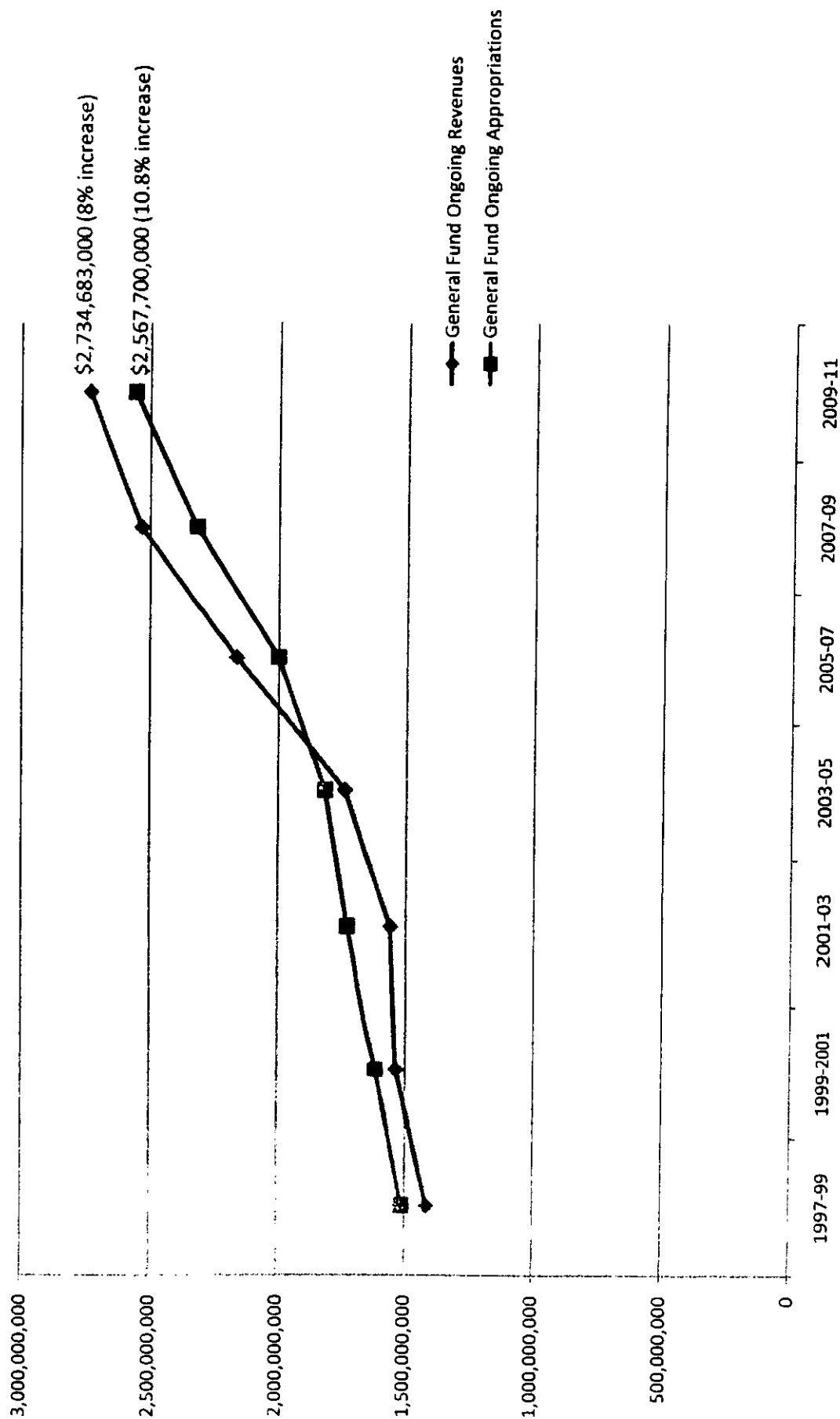
NOTE: For comparison purposes, the \$112 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.

GENERAL FUND ONGOING REVENUES AND APPROPRIATIONS OPTION B - 8 PERCENT



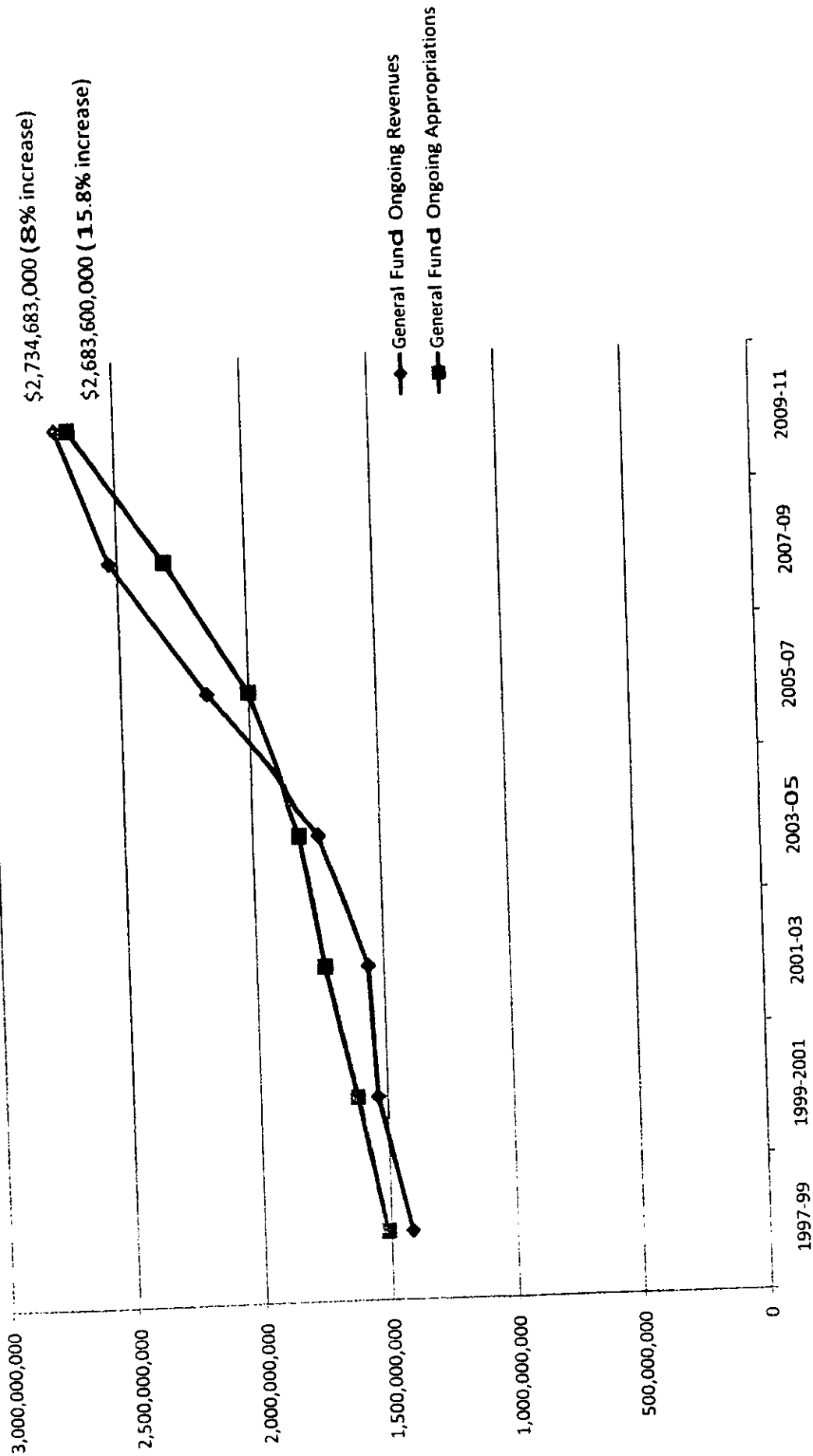
NOTE: For comparison purposes, the \$112 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.

GENERAL FUND ONGOING REVENUES AND APPROPRIATIONS OPTION C - 10.8 PERCENT



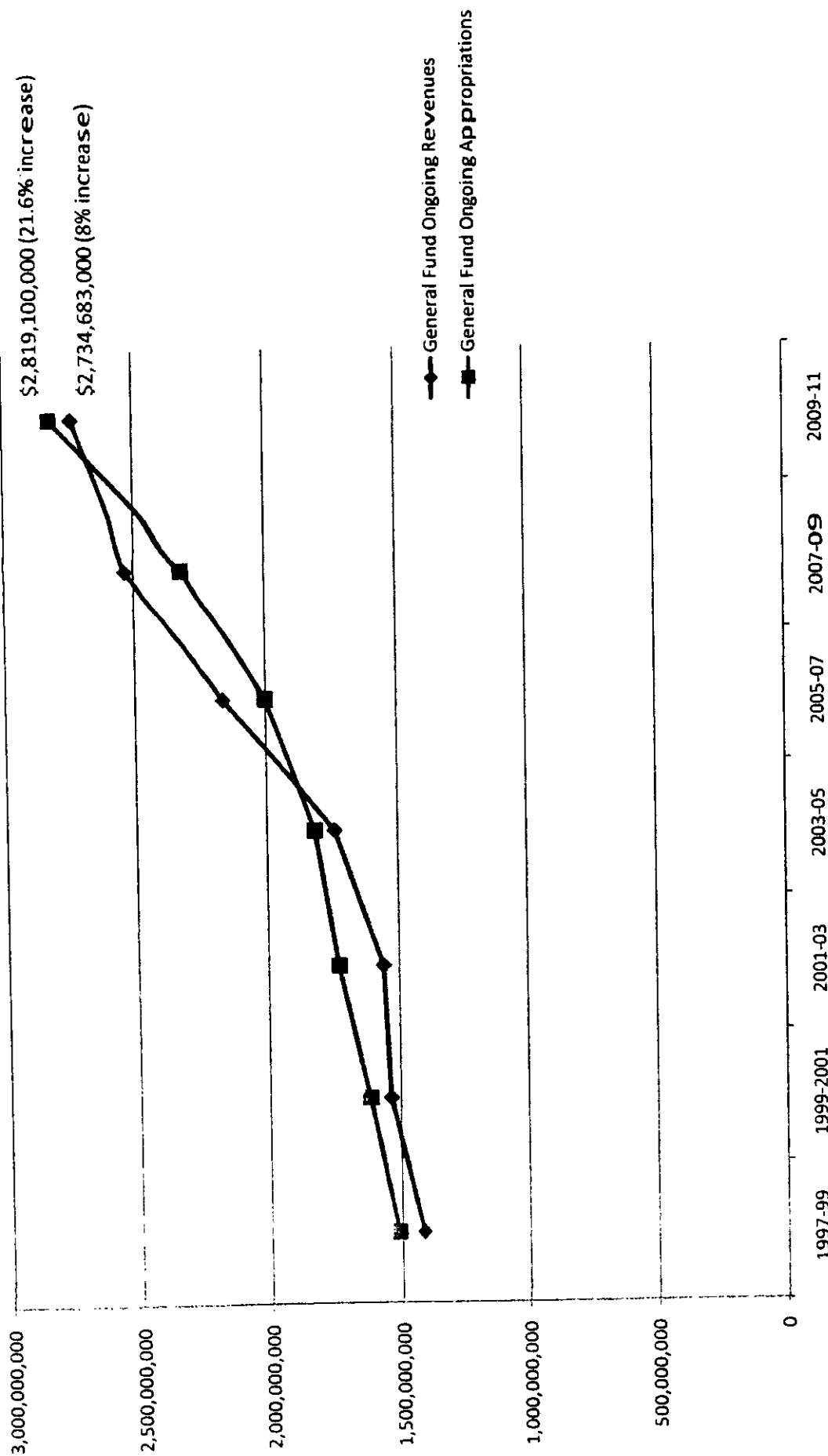
NOTE: For comparison purposes, the \$112 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.

GENERAL FUND ONGOING REVENUES AND APPROPRIATIONS OPTION D - 15.8 PERCENT



NOTE: For comparison purposes, the \$112 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.

GENERAL FUND ONGOING REVENUES AND APPROPRIATIONS OPTION E - 21.6 PERCENT



NOTE: For comparison purposes, the \$112 million of anticipated revenue reduction relating to property tax income tax credits during the 2007-09 biennium is not being reflected as a reduction to 2007-09 revenues.

COMPARISON OF PROJECTED GENERAL FUND REVENUES AND GENERAL FUND APPROPRIATIONS FOR THE 2009-11 AND 2011-13 BIENNIUMS

The following is a comparison of general fund revenues and general fund appropriations recommended in the 2009-11 executive budget and the trend estimate for the 2011-13 biennium based on historic revenues and appropriations changes:

Biennium	Beginning Balance	General Fund Revenues		Total Available	General Fund Appropriations		
		Ongoing Taxes and Fees ¹	Transfers and Other Revenues ²		Ongoing	One-Time	Ending Balance
2009-11 (executive budget)	\$391,840,942	\$2,676,585,000 ³	\$107,288,000	\$3,175,713,942	\$2,753,672,083	\$357,249,582	\$64,792,277
2011-13 (trend estimate)	\$64,792,277	\$2,997,775,200 ⁴	\$80,500,000 ⁵	\$3,143,067,477	\$3,075,851,717 ⁶	\$490,508,880	(\$423,923,120)

¹The ongoing general fund taxes and fees include sales tax, motor vehicle excise tax, individual income tax, corporate income tax, and other ongoing revenues.

²The transfers and other revenues include transfers from the Bank of North Dakota, Mill and Elevator, and other special funds and gas tax administration.

³The ongoing taxes and fees for the 2009-11 biennium includes taxes and fees according to the December 2008 executive revenue forecast.

⁴The trend estimate of ongoing taxes and fees for the 2011-13 biennium reflects growth based on an increase of 12.0 percent--the 10-year average increase from the 2001-03 biennium through the 2009-11 biennium.

⁵The trend estimate of transfers and other revenues for the 2011-13 biennium consists of \$60 million from the Bank of North Dakota, \$5 million from the Mill and Elevator, \$14.2 million from the lands and minerals trust fund, and \$1.3 million of gas tax administration.

⁶The ongoing general fund appropriations for the 2011-13 biennium reflect growth based on an increase of 11.7 percent--the 10-year average increase from the 2001-03 biennium through the 2009-11 biennium.

⁷Total general fund appropriations for the 2011-13 biennium reflect growth based on an increase of 14.6 percent--the 10-year average increase from the 2001-03 biennium through the 2009-11 biennium.

Attachment #3

OIL PRICE COMPARISON

This memorandum provides information relating to oil price comparisons for select crude purchasers and an estimate of the volume of oil purchased by each company for fiscal years 2006 through 2008.

OIL PRICES

The table below provides information on the average monthly oil prices from select crude oil purchasers:

	North Dakota Tesoro	Flint Hills ¹	Plains Sweet ²	Plains Sour ²
July 2005	\$53.49	\$54.32	\$47.90	\$41.80
August 2005	\$59.53	\$60.28	\$54.69	\$47.80
September 2005	\$59.91	\$60.66	\$54.50	\$48.15
October 2005	\$58.86	\$57.61	\$51.44	\$45.09
November 2005	\$52.86	\$53.61	\$47.42	\$41.07
December 2005	\$53.82	\$54.57	\$46.49	\$40.14
January 2006	\$58.44	\$60.51	\$47.27	\$40.92
February 2006	\$53.52	\$54.22	\$36.86	\$30.51
March 2006	\$54.11	\$55.15	\$32.70	\$26.35
April 2006	\$61.61	\$55.15	\$46.50	\$33.61
May 2006	\$62.35	\$62.32	\$51.66	\$38.31
June 2006	\$62.53	\$65.59	\$53.89	\$38.54
July 2006	\$65.95	\$69.21	\$57.30	\$46.59
August 2006	\$64.61	\$67.82	\$56.20	\$48.60
September 2006	\$55.79	\$59.03	\$47.38	\$39.78
October 2006	\$50.72	\$52.02	\$38.44	\$34.71
November 2006	\$50.64	\$49.85	\$38.23	\$34.63
December 2006	\$53.72	\$52.99	\$40.19	\$36.59
January 2007	\$46.20	\$44.68	\$32.33	\$28.73
February 2007	\$51.02	\$49.21	\$37.16	\$33.56
March 2007	\$52.28	\$52.49	\$40.86	\$34.84
April 2007	\$55.71	\$55.89	\$44.88	\$38.23
May 2007	\$57.11	\$56.37	\$44.23	\$37.63
June 2007	\$60.93	\$60.16	\$48.05	\$41.45
July 2007	\$67.63	\$66.86	\$58.24	\$48.16
August 2007	\$65.40	\$65.12	\$54.04	\$46.43
September 2007	\$71.21	\$70.03	\$58.14	\$45.94
October 2007	\$76.92	\$76.56	\$59.94	\$47.76
November 2007	\$85.69	\$85.93	\$68.28	\$57.12
December 2007	\$82.25	\$81.52	\$81.05	\$53.66
January 2008	\$84.14	\$83.97	\$66.42	\$64.22
February 2008	\$86.42	\$84.64	\$75.29	\$66.08
March 2008	\$96.65	\$95.82	\$87.46	\$75.07
April 2008	\$104.08	\$103.29	\$96.66	\$91.02
May 2008	\$117.17	\$116.40	\$109.25	\$103.57
June 2008	\$125.62	\$125.31	\$117.88	\$110.84
July 2008	\$125.10	\$125.14	\$116.02	\$110.59
August 2008	\$106.54	\$107.47	\$95.79	\$92.89
September 2008	\$94.21	\$94.16	\$81.36	\$80.56
October 2008	\$64.72	\$66.49	\$53.58	\$52.93
November 2008	\$43.85	\$46.36	\$33.25	\$32.77
December 2008	\$27.11	\$26.94	\$16.77	\$15.87

¹The amounts shown reflect prices for oil shipped through the Enbridge pipeline.

²The amounts shown reflect prices for oil shipped through any spare pipeline space (sweet prices) or shipping by rail (sour prices).

VOLUME OF OIL SHIPPED BY SELECT TRANSPORTATION SOURCES

The table below provides information relating to the estimated percentage of North Dakota oil purchased by the crude purchasers identified in the above section:

	2006	2007	2008 ¹
North Dakota Tesoro	49.9%	45.6%	33.1%
Flint Hills	18.3%	21.2%	25.5%
Plains Pipeline	12.1%	18.1%	22.0%
88 Oil ²	21.7%	15.1%	19.4%
Total	100%	100%	100%

¹The amounts shown for 2008 reflect purchases through November 2008.

²88 Oil is the purchaser that buys crude for shipment to the Guernsey, Wyoming, and Denver, Colorado, refineries. Price per barrel information is not available for this purchaser; however, a representative from the Department of Mineral Resources indicates the 88 Oil prices are within a few cents of Tesoro's Wyoming sweet posting.