

**2011 HOUSE CONSTITUTIONAL REVISION**

**HCR 3018**

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Constitutional Revision Committee  
Prairie Room, State Capitol

HCR 3018  
March 2, 2011  
Job #14863

☐ Conference Committee

Committee Clerk Signature

*May Main*

## Explanation or reason for introduction of bill/resolution:

Relating to the permitted growth of the foundation aid stabilization fund.

## Minutes:

Attachments #1

**Chairman Koppelman:** We'll open the hearing on HCR 3018.

**Representative Kroeber, District 12, Jamestown:** (See attached testimony #1)

**Representative Kasper:** When you add up all the dollars that your bill would transfer for education, would this be over and above what we're currently spending on education or would this go into the foundation aid formula? How do you see those dollars distributed compared to what we are doing now?

**Representative Kroeber:** We are taking and making allotments to our schools out of this fund now. These were the old tuition apportionment dollars where every student in the district from age 5 through 18 would receive X amount of dollars. The school district would receive that money. As with the large education bill that we passed last time; they have just blended that money into the total foundation aid. It would just become some additional dollars that would be going to our schools that would be part of our overall appropriation. It would not change how that's handled now. These are true funds and we just use the interest with a bit of leeway that the land department has for their investments.

**Representative Kasper:** If the executive forecast is correct for 11-13, would we be taking an additional 134 million and sending it to the schools based upon the projected numbers?

**Representative Kroeber:** No, we would not. It would simply increase the amount total of the 1.4 million that is in the land fund by about 100 million dollars. These are true trust fund type dollars. The dollars stay in the fund and they use the interest from the fund. There is an exception that they can use a small amount of other dollars, but that's it.

**Vice Chairman Kretschmar:** If the half that is for the foundation stabilization ever decreases to under 100 million, would the current formula jump back in to get the fund back up again?

**Representative Kroeber:** No. The fund could never go under the 100 million because we would have the 100 million stabilized by this bill plus it would be allowed to increase over the 100 million at that 2%. The fund would have some growth to it. The committee would be very welcome to look at if times have changed that much since last biennium. If other people do not feel that the 100 million is the amount that it should be, that is something that the committee could look at also.

**Chairman Koppelman:** Further testimony in support? Any testimony in opposition? Any neutral testimony? We'll close the hearing on HCR 3018.

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Constitutional Revision Committee  
Prairie Room, State Capitol

HCR 3018  
March 24, 2011  
Job #15981

☐ Conference Committee

Committee Clerk Signature

*May Mai*

## Minutes:

**Chairman Koppelman:** This resolution relates to the permitted growth of the foundation aid stabilization fund and my understanding of the intent of this is that it would limit the growth of that fund and there seems to be some concern that with oil revenue being what it is, that fund could bloat and that money could sit there for no particular purpose. I visited again with Representative Kroeber today to make sure that I understood it correctly. His objective is to say if you have 100 million dollars in that fund, that's enough to accomplish the purpose of the fund which is to stabilize foundation aid. If the state is in a situation as it was back in the 80's and early 90's where the Governor may have to do an allotment because of a defecate circumstance, that the money that our school districts need to carry out their business would still go out. The potential dilemma is that now we could have more than is necessary for that and the money, after that threshold, could just sit there and this would allow that money to flow back into the general fund and be used for other purposes as deemed by the legislature. That's my understanding. What are the wishes of the committee?

**Representative Streyle:** I move a do pass.

**Representative Meier:** Second.

**Vice Chairman Kretschmar:** I see it is for the primary. Is that OK?

**Chairman Koppelman:** I think that is OK. I don't see any reason to change that. I think it would lead to confusion on a general election ballot. Any further discussion? Call a roll on a do pass recommendation on HCR 3018.

10 Yes, 0 No, 1 Absent

Do Pass

Carrier: Representative Holman

## FISCAL NOTE

Requested by Legislative Council  
01/28/2011

### REVISION

Bill/Resolution No.: HCR3018

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$32,000)		(\$95,700)	
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This resolution provides for a constitutional change to limit growth of the foundation aid stabilization fund to 2% per year once the balance reaches \$100 million and provide that additional revenue be deposited instead into the common schools trust fund.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Under current law, the foundation aid stabilization fund receives 10 percent of oil extraction tax revenues with no limit on the fund balance. As of December 31, 2010, the balance in the foundation aid stabilization fund is approximately \$109 million, in excess of the \$100 million threshold specified in this measure. If this measure is approved by the voters and takes effect in December 2012, approximately \$35 million would be deposited in the common schools trust fund rather than the foundation aid stabilization fund during the last seven months of the 2011-13 biennium, based on the 2010 executive revenue forecast.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Interest earned on the foundation aid stabilization fund is transferred to the general fund. Interest earned on the common schools trust fund accrues to that fund. Because this measure would limit growth of the foundation aid fund, general fund interest income would be reduced. Assuming average monthly oil collections estimated for the last seven months of fiscal year 2013 continue at that rate for the 2013-15 biennium, and interest rate projections remain unchanged for 2013-15, general fund revenues would be reduced by \$32,000 in 2011-13 and by \$95,700 in 2013-15.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

<b>Name:</b>	Joe Morrisette	<b>Agency:</b>	OMB
<b>Phone Number:</b>	328-1024	<b>Date Prepared:</b>	01/27/2011

# FISCAL NOTE

Requested by Legislative Council  
01/21/2011

Bill/Resolution No.: HCR3018

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This resolution provides for a constitutional change to limit growth of the foundation aid stabilization fund to 2% per year once the balance reaches \$100 million and provide that additional revenue be deposited instead into the common schools trust fund.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Under current law, the foundation aid stabilization fund receives 10 percent of oil extraction tax revenues with no limit on the fund balance. As of December 31, 2010, the balance in the foundation aid stabilization fund is approximately \$109 million, in excess of the \$100 million threshold specified in this measure. If this measure is approved and takes effect in December 2012, approximately \$35 million would be deposited in the common schools trust fund rather than the foundation aid stabilization fund during the last seven months of the 2011-13 biennium, based on the 2010 executive revenue forecast. Because this measure would not increase or decrease total revenues to state special funds, there is no state fiscal impact.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Joe Morrisette	Agency:	OMB
Phone Number:	328-1024	Date Prepared:	01/27/2011



Date: March 24, 2011  
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HCR 3018

House Constitutional Revision Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Streyle Seconded By Rep. Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Koppelman	✓		Representative Conklin	✓	
Vice Chairman Kretschmar	✓		Representative Holman	✓	
Representative Kasper	✓		Representative Winrich	✓	
Representative Louser	✓				
Representative Meier	✓				
Representative Owens	AB				
Representative Schatz	✓				
Representative Streyle	✓				

Total (Yes) 10 No 0

Absent 1

Floor Assignment Representative Holman

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

**REPORT OF STANDING COMMITTEE**

**HCR 3018: Constitutional Revision Committee (Rep. Koppelman, Chairman)**  
recommends **DO PASS** (10 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).  
HCR 3018 was placed on the Eleventh order on the calendar.

2011 SENATE FINANCE AND TAXATION

HCR 3018

# 2011 SENATE STANDING COMMITTEE MINUTES

## Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

HCR 3018  
4/5/2011  
Job Number 16333

☐ Conference Committee

*A. Bittmiller*

### Explanation or reason for introduction of bill/resolution:

A concurrent resolution for the amendment of section 24 of article X of the Constitution of North Dakota, relating to the permitted growth of the foundation aid stabilization fund.

### Minutes:

Written Testimony Attached

**Chairman Cook** opened the hearing on HCR 3018.

**Representative Kroeber** – (See attached introduction A)

**Senator Hogue** – Explain to me why you think that is good for the state. We are going to decrease the amount that goes into our general fund and at the same time we are assuming more of the cost of education. I understand how that would be good for the local school districts but how is that good for the state?

**Representative Kroeber** – I truly believe that education should basically be a state responsibility by constitution. I believe we should be taking and putting in the majority of the dollars for our public education K-12 in the state.

**Senator Triplett** – Can you share with us your thought process when you put these numbers together? You just sort of invited us to use our collective wisdom here to change the cap amount or the growth amount if we wanted to, can you just describe what sort of range of possibilities you looked at and how you came to the numbers that you arrived at?

**Representative Kroeber** – You have to remember this would never be used unless there was an allotment. We also have the budget stabilization fund which has approximately \$340 million in it. You have to remember that this would be taken and would be used first to take and cover any short falls. Even in the first time that we would have a decrease and this can only be used when the budget projections fall, I think, it's below 2% then the Governor can take and use the budget stabilization fund.

**Senator Dotzenrod** – On the last paragraph of your testimony you've got a sentence that says "distributions from the permanent trust fund to our schools are estimating to be about \$92 million. That permanent trust fund, is that the common schools trust fund?"

**Representative Kroeber – Correct**

**Bev Nelson, North Dakota School Board Association** – In some ways we are neutral on this bill but we had some questions about it in case it did pass that we wanted to clarify. We think it does some good things. When these bills have come up in the past we have registered some concern about putting dollar amounts in the constitution. If you choose to put dollar amounts in, and \$100 million for example, say 6-8 years from now we were to have a 10% allotment, for K-12 for 1 year that would be close to \$500 million, so 10% of that would be \$50 million. Should that happen, this fund for stabilization would go from \$100 million down to \$50 million. My question is, on line 22 when it says that once you get the \$100 million the foundation aid stabilization fund may not be allowed to grow by more than 2%. My question is if we have an allotment and now we are down to \$50 million and we can only grow at 2% how do we get back to \$100 million? It may be worth looking in to some wording that would indicate that all the money, if it goes below \$100 million that all the money available would go toward building it back up at which time it could only grow 2%. Then as far as the change on page 2 to the constitution, right now this fund only has one use, and it sits there as a safeguard for state wide allotments. If this were to pass it would allow the Governor to use the interest income just for that one year of the biennium if estimates for student enrollment caused a reduction in foundation aid payments. We like that because we have no other resource for that. There have been years in the past where we budget on getting a certain amount for schools and come May we find out the enrollments were much higher so they prorate it back down and we don't get quite as much as we had budgeted for. So we like that change. I don't know that it would happen that often but it's nice to have a fall back if the income is sufficient it would be helpful.

**Vice Chairman Miller** – How important is the foundation aid stabilization fund anymore? In 5 years or so when we get this legacy fund built up and you have the ability to tap into that and we also have the budget stabilization fund, would it be better maybe to just roll this money into the common schools trust fund and not have a foundation aid stabilization fund?

**Bev Nelson, North Dakota School Board Association** – I think we should have a safeguard for schools for foundation aid in the case of allotment so my answer would be yes. The other things you speak about are not guaranteed to go to help schools in an allotment situation.

**Chairman Cook** – When is the last time a school district did not get the foundation aid payment that was put into code?

**Bev Nelson, North Dakota School Board Association** – I'm not sure.

**Chairman Cook** asked for testimony opposed to HCR 3018. No one came forward.

**Chairman Cook** asked for neutral testimony for HCR 3018.

**Representative Carlson** offered amendment .01001.

**Chairman Cook** closed the hearing on HCR 3018.

# 2011 SENATE STANDING COMMITTEE MINUTES

## Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

HCR 3018  
4/6/2011  
Job Number 16385

☐ Conference Committee

A. Bittmiller

### Explanation or reason for introduction of bill/resolution:

A concurrent resolution for the amendment of section 24 of article X of the Constitution of North Dakota, relating to the permitted growth of the foundation aid stabilization fund.

### Minutes:

Committee Work

**Chairman Cook** opened discussion on HCR 3018.

**Vice Chairman Miller** – I'll move a Do Not Pass.

Seconded by **Senator Hogue**.

**Vice Chairman Miller** – While the idea has some merit I think I have some problems with that I probably wouldn't vote for it on the ballot if it was presented to me anyway but I think the overall issue needs to be looked at and addressed and we might want to consider a major constitutional overall with this and a major educational overall in some point in time. I don't know if this is the right move right now but in addition to that I just think this time is past. We don't have the time to work on this right now. This bill should have been before us a month ago and we could have probably given it a much greater hearing and that is why I move a do not pass.

**Chairman Cook** – Earlier this session we defeated a SCR 4004 which is very similar to this and that was defeated 29-17 or something like that.

**Senator Hogue** – My big deal is that I had a chance to talk to the Secretary of State about the new measure that was filed with the signatures this past week and they've got about another 20 some days to count those signatures but what that measure says is that it's going to do away with all property taxes and it's going to require the state to replace those property tax revenues with other sources of money. Cigarette taxes, lottery taxes, oil and gas taxes, and I hope that measure fails but who knows what's going to happen so I think any other constitutional provision that has us going in the opposite way taking money that would otherwise go into the general fund would be a mistake right now.

**Senator Dotzenrod** – If we kill this and there are no changes is there limits on how to get at that money? This money is going into the foundation aid stabilization fund, can the

Governor as part of his executive budget propose if the fund has got quite a bit of money say well I want to use \$150 million of these dollars for whatever, or can't he get at it, or what?

**Chairman Cook** – You'd have to go to the voters and change it.

**Senator Triplett** – It's only for the allotment notion that if the revenues fall short within a biennium and so what's been budgeted is actually not physically available, then the Governor can order an allotment to school districts to make up so it's only in a crisis basically.

**Senator Dotzenrod** – Otherwise that money is going to stay in that and continue to grow.

**Chairman Cook** – We have a motion for a Do Not Pass on HCR 3018.

**Senator Triplett** – To respond to Senator Hogue's concern about the general fund, this is a pretty small hit to the general fund all things considered. In the upcoming biennium it's estimated in the fiscal note at \$32,000 and in the following biennium at only \$95,700 so in terms of the general fund revenues this is pretty much peanuts.

**Chairman Cook** – Ask the clerk to take the roll. (5-2-0)

Carried by **Senator Hogue**.

Date: 4-6-11  
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 3018

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Miller Seconded By Senator Hogue

Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman	X		Jim Dotzenrod		X
Joe Miller – Vice Chairman	X		Connie Triplett		X
Randy Burckhard	X				
David Hogue	X				
Dave Oehlke	X				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Senator Hogue

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



2011 TESTIMONY

HCR 3018

## HCR3018-Foundation Aid Stabilization Fund

Chairman Koppelman and members of the Constitutional Revision Committee. I am Rep. Joe Kroeber from District 12 which includes 5/6 of Jamestown. This resolution is to amend section 24 of Article X of the Constitution relating to the permitted growth of the Foundation Aid Stabilization fund.

This Foundation Aid Stabilization Fund was created in 1994 when the voters of ND approved an amendment to provide that 20 percent of the oil extraction tax revenue be allocated as follows: 50% of the 20% to the Common Schools Trust Fund and 50% of the 20% to the Foundation Aid Stabilization Fund.(check chart on page 2)

This resolution makes the following changes. Whenever the Foundation Aid Stabilization Fund reaches a level of one hundred million dollars, the fund may not be allowed to grow by more than two percent per year. If in any year the amount to be deposited exceeds the permitted rate of growth, the excess taxes must be deposited in the Common Schools Trust Fund. It also allows that the fund maybe expended upon order of the governor to meet any shortfalls in amounts appropriated for elementary and secondary education during a given biennium. The second change is to allow dollars from this fund to be used in the current biennium if the projected enrollment numbers by DPI are not exactly correct. All other provisions of this constitutional amendment would stay in place.

The status of the Foundation Aid Stabilization Fund is estimated to be about \$234,128,814 at the end of 2011-2012. (Check chart on page 3)

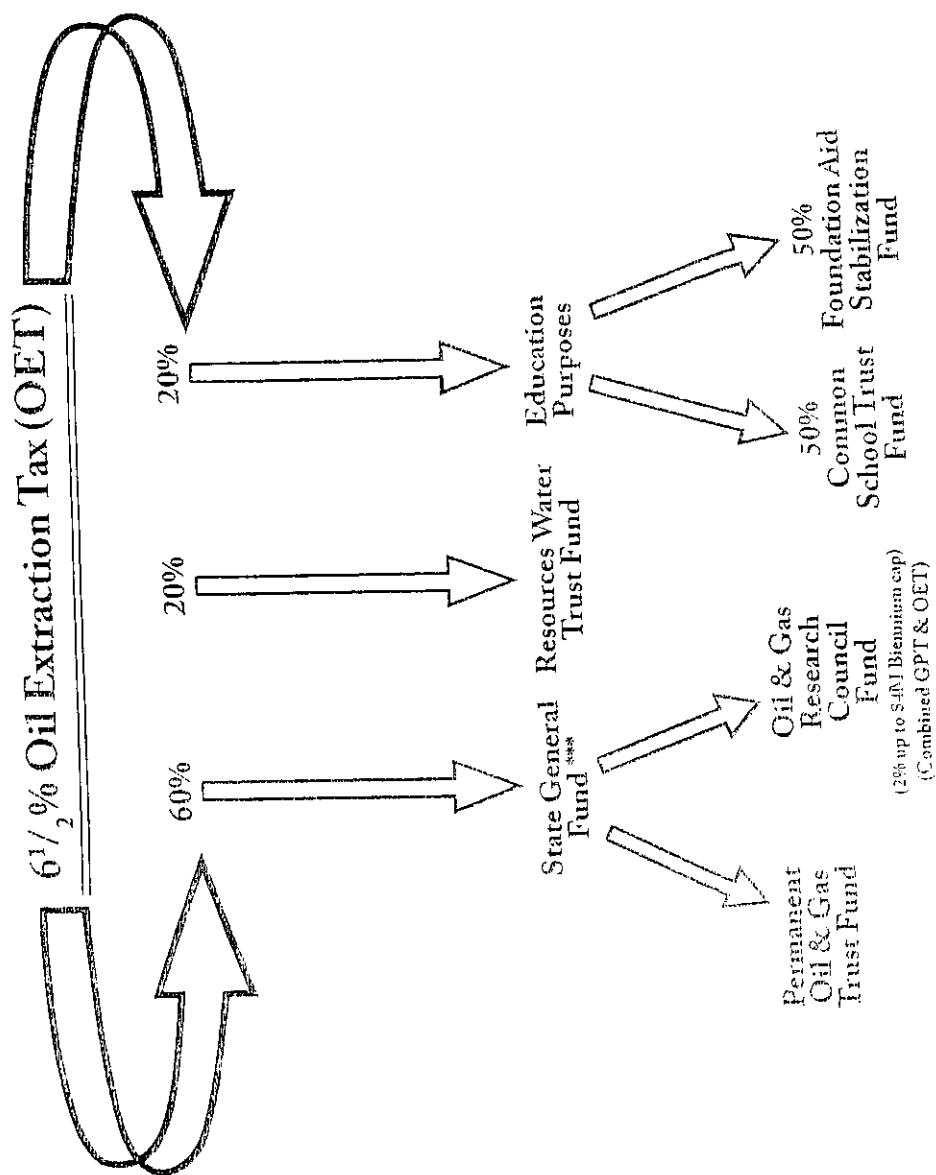
My reasons for requesting these changes are that we should be able to protect our Elementary & Secondary Schools appropriations for foundation aid, transportation aid and special education aid from allotments which by executive action may be necessary due to a revenue shortfall with the \$100,000,000 plus dollars which will remain in the fund. I feel it is important to keep these extra dollars working for our elementary and secondary schools. Distributions from the permanent trust fund to our schools are estimated to be about \$92,514,000 in the 2011-2013 biennium. This fund is a true trust fund and provides millions of dollars for our schools each year. This change would further increase funding for our schools.

The State Land Board handles all investments and distributions from the fund. There is about 1.4 billion dollars in the fund as of 9/30/11.

Mr. Chairman and members of the committee, I will try to answer any questions you may have.

# ND Association of Oil & Gas Producing Counties

## Oil Taxes 2009



# Foundation Aid Stabilization Fund Status Statement

	2007-09 Actual <sup>11</sup>	2009-11		2011-13 Executive Forecast
		Legislative Forecast	Revised Forecast	
Beginning Balance	\$29,009,838	\$64,484,111	\$65,750,547 <sup>12</sup>	\$134,222,814
Revenue: Oil extraction tax allocations	\$36,740,709	\$24,892,171	\$68,472,267 <sup>13</sup>	\$99,906,000 <sup>14</sup>
Transfers: Transfer to state school aid program	\$0	\$0	\$0	\$0
Ending Balance	\$65,750,547 <sup>12</sup>	\$89,376,282	\$134,222,814	\$234,128,814

<sup>11</sup> Final revenues and expenditures per state accounting system reports, dated June 30, 2010.

<sup>12</sup> Actual July 1, 2009 balance.

<sup>13</sup> Based on actual revenues through October 31, 2010, and estimated revenues for the remainder of the biennium using the November 2010 executive revenue forecast.

<sup>14</sup> Revenue estimates based on the November 2010 executive revenue forecast, which assumes oil prices averaging \$72 to \$75 per barrel and production increasing to 425,000 barrels per day by the end of the 2011-13 biennium.

## Notes:

The foundation aid stabilization fund was created in 1994 upon voter approval of Article X, Section 24 of the Constitution of North Dakota. Section 24 provides that 20% of oil extraction taxes are to be allocated as follows:

- 50% to the common schools trust fund
- 50% to the foundation aid stabilization fund

Section 24 also provides that interest from the foundation aid stabilization fund must be transferred to the general fund; the principal can only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that in the case of an allotment, all agencies that receive monies from a fund must be allotted on a uniform basis. The exception is that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

# 2, Pg 2

## HCR3018-Foundation Aid Stabilization Fund

Chairman Cook and members of the Finance and Taxation Committee. I am Rep. Joe Kroeber from District 12 which includes 5/6 of Jamestown. This resolution is to amend section 24 of Article X of the Constitution relating to the permitted growth of the Foundation Aid Stabilization fund.

This Foundation Aid Stabilization Fund was created in 1994 when the voters of ND approved an amendment to provide that 20 percent of the oil extraction tax revenue be allocated as follows: 50% of the 20% to the Common Schools Trust Fund and 50% of the 20% to the Foundation Aid Stabilization Fund.(check chart on page 2)

This resolution makes the following changes. Whenever the Foundation Aid Stabilization Fund reaches a level of one hundred million dollars, the fund may not be allowed to grow by more than two percent per year. If in any year the amount to be deposited exceeds the permitted rate of growth, the excess taxes must be deposited in the Common Schools Trust Fund. It also allows that the fund maybe expended upon order of the governor to meet any shortfalls in amounts appropriated for elementary and secondary education during a given biennium. The second change is to allow dollars from this fund to be used in the current biennium if the projected enrollment numbers by DPI are not exactly correct. All other provisions of this constitutional amendment would stay in place.

The status of the Foundation Aid Stabilization Fund is estimated to be about \$234,128,814 at the end of 2011-2013. (Check chart on page 3)

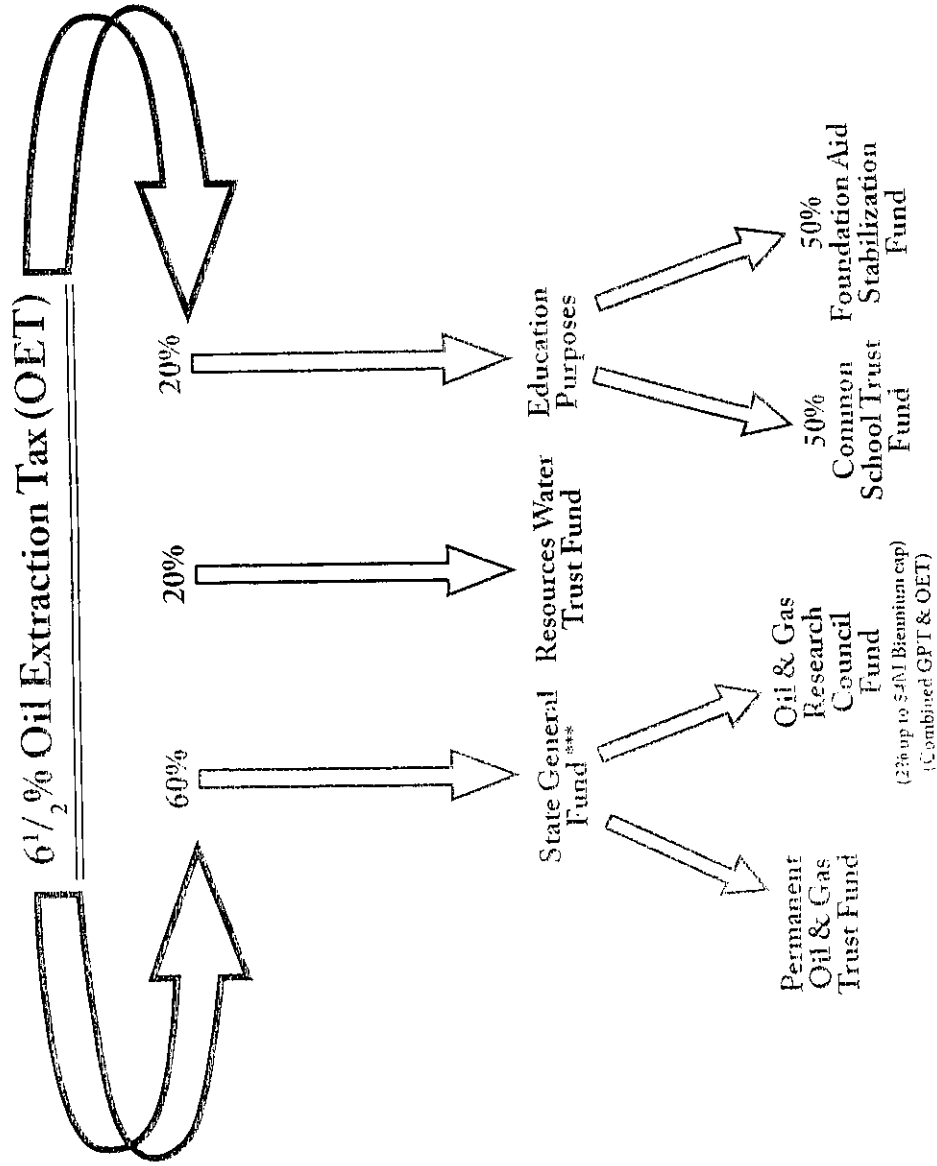
My reasons for requesting these changes are that we should be able to protect our Elementary & Secondary Schools appropriations for foundation aid, transportation aid and special education aid from allotments which by executive action may be necessary due to a revenue shortfall with the \$100,000,000 plus dollars which will remain in the fund. I feel it is important to keep these extra dollars working for our elementary and secondary schools. Distributions from the permanent trust fund to our schools are estimated to be about \$92,514,000 in the 2011-2013 biennium. This fund is a true trust fund and provides millions of dollars for our schools each year. This change would further increase funding for our schools.

The State Land Board handles all investments and distributions from the fund. There is about 1.4 billion dollars in the fund as of 9/30/11.

Mr. Chairman and members of the committee, I will try to answer any questions you may have.

# ND Association of Oil & Gas Producing Counties

Oil Taxes  
2009



# Foundation Aid Stabilization Fund Status Statement

	2007-09 Actual <sup>1</sup>	2009-11 Legislative Forecast      Revised Forecast	2011-13 Executive Forecast
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<sup>2</sup> Actual July 1, 2009 balance.

<sup>3</sup> Based on actual revenues through October 31, 2010, and estimated revenues for the remainder of the biennium using the November 2010 executive revenue forecast.

<sup>4</sup> Revenue estimates based on the November 2010 executive revenue forecast, which assumes oil prices averaging \$72 to \$75 per barrel and production increasing to 425,000 barrels per day by the end of the 2011-13 biennium.

## Notes:

The foundation aid stabilization fund was created in 1994 upon voter approval of Article X, Section 24 of the Constitution of North Dakota. Section 24 provides that 20% of oil extraction taxes are to be allocated as follows:

- 50% to the common schools trust fund
- 50% to the foundation aid stabilization fund

Section 24 also provides that interest from the foundation aid stabilization fund must be transferred to the general fund; the principal can only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that in the case of an allotment, all agencies that receive monies from a fund must be allotted on a uniform basis. The exception is that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.