



OMB

▶ **Status of the General Fund**

Presented to the

**Government**

**Services Committee**

**September 19, 2012**

**Pam Sharp**  
**Director of OMB**

  
**OMB**  
Office of Management  
and Budget

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to the Legislative Forecast**  
**2011-13 Biennium**  
**August 2012**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	April 2011 Leg. Forecast	Actual	Variance	Percent	April 2011 Leg. Forecast	Actual	Variance	Percent
Sales Tax	70,499,000	101,992,607	31,493,607	44.7%	803,137,000	1,253,709,677	450,572,677	56.1%
Motor Vehicle Excise Tax	7,520,000	11,773,285	4,253,285	56.6%	104,193,000	144,802,154	40,609,154	39.0%
Individual Income Tax	19,054,000	6,316,237	(12,737,763)	-66.9%	315,916,000	499,661,896	183,745,896	58.2%
Corporate Income Tax		172,405	172,405	100.0%	61,734,000	199,897,981	138,163,981	223.8%
Insurance Premium Tax	3,500,000	3,641,526	141,526	4.0%	38,000,000	42,687,818	4,687,818	12.3%
Financial Institutions Tax		2,367	2,367	100.0%	2,270,000	3,785,326	1,515,326	66.8%
Oil & Gas Production Tax*	16,956,688	16,956,688	0	0.0%	163,458,104	163,458,104	0	0.0%
Oil Extraction Tax*	23,991,583	23,991,583	0	0.0%	136,541,896	136,541,896	0	0.0%
Gaming Tax	892,799	872,505	(20,294)	-2.3%	5,634,118	6,984,646	1,350,528	24.0%
Lottery					5,500,000	7,000,000	1,500,000	27.3%
Cigarette & Tobacco Tax	1,962,000	2,552,422	590,422	30.1%	26,033,000	31,491,799	5,458,799	21.0%
Wholesale Liquor Tax	617,000	796,312	179,312	29.1%	8,748,000	10,115,941	1,367,941	15.6%
Coal Conversion Tax	1,464,000	1,494,871	30,871	2.1%	19,290,000	20,992,996	1,702,996	8.8%
Mineral Leasing Fees	1,416,667	2,237,512	820,845	57.9%	11,333,338	30,158,326	18,824,988	166.1%
Departmental Collections	1,732,132	2,678,462	946,330	54.6%	34,933,842	39,271,876	4,338,034	12.4%
Interest Income	985,000	478,072	(506,928)	-51.5%	21,762,500	7,674,798	(14,087,702)	-64.7%
State Mill & Elevator-Transfer					3,325,000	3,822,989	497,989	15.0%
Major Special Fund Transfers					295,000,000	295,000,000	0	0.0%
Other Transfers					928,125	1,048,638	120,513	13.0%
<b>Total Revenues and Transfers</b>	<b>150,590,868</b>	<b>175,956,853</b>	<b>25,365,984</b>	<b>16.8%</b>	<b>2,057,737,923</b>	<b>2,898,106,861</b>	<b>840,368,938</b>	<b>40.8%</b>

\* Oil and gas production and extraction tax collections totaled \$162.1 million in August. The general fund reached its biennial cap of \$300.0 million and \$24.1 million was deposited into the strategic investment and improvements fund. Once \$100.0 million is deposited into this fund, \$22.0 million will be deposited into the state disaster fund. After the cap is reached in that fund, additional revenues will once again be deposited into the strategic investment and improvements fund. Through August, \$489.8 million has been deposited into the legacy fund.

The original legislative forecast assumed the general fund cap would not be reached until March 2013. However, due to the general fund cap of \$300.0 million, the biennium total will not change, regardless of timing. In order to avoid overstating the general fund variance, the remaining forecasted amount for oil taxes is reflected in the month of August, which is the last month oil taxes will be deposited into the general fund during this biennium.

# PRELIMINARY REVENUE FORECAST

## OFFICE OF MANAGEMENT & BUDGET

	2011-13			2013-15	
	2011 Legislative Forecast	Revised Forecast	Change	Preliminary Forecast	Change from 2011-13 Leg. Forecast
<b>Tax Types</b>					
Sales and Use Tax	\$1,382,234,660	\$2,095,391,016	\$713,156,356	\$2,598,484,000	\$1,216,249,340
Motor Vehicle Excise Tax	183,039,167	256,450,505	73,411,338	325,519,000	142,479,833
Individual Income Tax	544,665,667	872,684,013	328,018,346	958,628,000	413,962,333
Corporate Income Tax	126,243,667	376,529,771	250,286,104	406,202,000	279,958,333
Insurance Premium Tax	70,560,000	78,056,968	7,496,968	78,056,968	7,496,968
Financial Inst. Tax	5,041,666	7,583,160	2,541,494	7,900,000	2,858,334
Oil & Gas Production Tax	133,834,000	179,259,416	45,425,416	133,834,000	0
Oil Extraction Tax	166,166,000	120,740,313	(45,425,687)	166,166,000	0
Gaming	9,241,952	11,222,421	1,980,469	10,800,000	1,558,048
Cigarette and Tobacco Tax	43,902,000	54,695,013	10,793,013	58,919,000	15,017,000
Wholesale Liquor Tax	14,934,000	17,384,477	2,450,477	18,701,000	3,767,000
Coal Conversion Tax	35,764,000	39,065,126	3,301,126	39,300,000	3,536,000
Mineral Leasing Fees	17,000,000	34,781,711	17,781,711	17,000,000	0
Departmental Collections	63,284,446	71,222,034	7,937,588	71,222,034	7,937,588
Interest	42,700,000	14,166,716	(28,533,284)	29,366,716	(13,333,284)
<b>Revenues Before Transfers</b>	<b>\$2,838,611,225</b>	<b>\$4,229,232,660</b>	<b>\$1,390,621,435</b>	<b>\$4,920,098,718</b>	<b>\$2,081,487,493</b>
<b>Transfers</b>					
State Mill profits - Transfer	6,650,000	7,645,978	995,978		
Lottery	11,000,000	12,500,000	1,500,000		
Property Tax Relief Sustainability Fund	295,000,000	295,000,000	0		
SII Fund	305,000,000	305,000,000	0		
Gas tax admin - Transfer	1,485,000	1,485,000	0		
Misc.	0	120,513	120,513		
<b>Total transfers</b>	<b>\$619,135,000</b>	<b>\$621,751,491</b>	<b>\$2,616,491</b>		
<b>Total revenues and transfers</b>	<b>\$3,457,746,225</b>	<b>\$4,850,984,151</b>	<b>\$1,393,237,926</b>		



**GENERAL FUND STATUS STATEMENT  
2011-13 BIENNIUM (BASED ON PRELIMINARY FORECAST)  
AS OF AUGUST 31, 2012**

Beginning balance:		
Beginning unobligated balance - July 1, 2011	\$996,832,711	
Balance obligated for authorized carryover of appropriations	<u>106,945,443</u>	
Total beginning balance		\$1,103,778,154
Revenues:		
Actual revenues through August 2012	\$2,898,106,861	
Estimated remaining revenues (prelim forecast)	<u>1,962,452,670</u>	
Total revenues		<u>4,860,559,531</u>
Total available		\$5,964,337,685
Expenditures:		
Legislative appropriations - One time	(\$533,958,760)	
Legislative appropriations - Ongoing	(3,532,895,032)	
Legislative appropriations - Special session	(96,832,668)	
Contingent legislative appropriations - Special session	(73,000,000)	
Authorized carryover from previous biennium	(106,945,443)	
2011-13 authority used in 2009-11 pursuant to emergency clause	<u>519,254</u>	
Total authorized expenditures		(4,343,112,649)
Estimated deficiency requests:		
Dept. of Human Services - FY2013 reduced FMAP	(\$21,200,000)	
Department of Health	(582,894)	
Job Service ND	(5,847)	
Highway Patrol	(500,000)	
Forest Service	(250,000)	
Tax Department	(981,855)	
State Fair	<u>(1,397,630)</u>	
Total estimated deficiency requests		<u>(24,918,226)</u>
Estimated ending balance before transfer to budget stabilization		<u>\$1,596,306,810</u> <sup>v1</sup>

<sup>v1</sup> NDCC Section 54-27.2-02 provides that any end of biennium balance in excess of \$65.0 million must be transferred to the budget stabilization fund, up to a cap of 9.5 percent of general fund appropriations. Appropriations authorized during the 2011 special session result in the need to increase the budget stabilization fund cap by \$16.1 million. This will reduce or eliminate investment earnings available for transfer to the general fund and may result in an additional transfer from the end of biennium general fund balance.

**SELECTED SPECIAL FUNDS  
AUGUST 31, 2012 FUND BALANCES**

<b>Fund</b>	<b>Balance</b>
Budget stabilization fund	\$394,218,270
Legacy fund	\$492,099,148
Foundation aid stabilization fund	\$227,308,001
Property tax relief sustainability fund	\$341,790,000

**PRELIMINARY REVENUE FORECAST**  
**ESTIMATED OIL TAXES**  
**FISCAL YEARS 2013, 2014, AND 2015**

	Fiscal Year Amounts				Biennial Amounts	
	Actual FY12	Estimated FY13	Estimated FY14	Estimated FY15	Estimated 2011-13	Estimated 2013-15
Oil and gas impact grant fund	\$100,000,000	\$0	\$100,000,000	\$0	\$100,000,000	\$100,000,000
Oil and gas research fund	4,000,000	0	4,000,000	0	4,000,000	4,000,000
Distributions to cities and counties	118,077,571	128,172,000	140,293,000	147,198,000	246,249,571	287,491,000
Tribal allocations	71,460,357	90,300,000	93,000,000	98,400,000	161,760,357	191,400,000
Legacy fund	446,334,851	739,728,293	713,874,825	767,202,000	1,186,063,144	1,481,076,825
Foundation aid stabilization fund	79,754,818	115,298,165	131,838,675	141,638,000	195,052,983	273,476,675
Common schools trust fund	79,754,818	115,298,165	131,838,675	141,638,000	195,052,983	273,476,675
Resources trust fund	159,509,637	230,596,330	263,677,350	283,276,000	390,105,967	546,953,350
General fund share	259,051,729	40,948,271	300,000,000	0	300,000,000	300,000,000
Property tax relief fund	341,790,000	0	341,790,000	0	341,790,000	341,790,000
State disaster fund	0	22,000,000	22,000,000	0	22,000,000	22,000,000
Strategic investment and improvements fund	0	687,549,226	230,270,225	1,076,388,000	687,549,226	1,306,658,225
<b>Total</b>	<b>\$1,659,733,781</b>	<b>\$2,169,890,450</b>	<b>\$2,472,582,750</b>	<b>\$2,655,740,000</b>	<b>\$3,829,624,231</b>	<b>\$5,128,322,750</b>
Price range (price per barrel)	\$81-\$92	\$70	\$75	\$80	\$70	\$75-80
Production range (barrels)	425,000-680,000	680,000-830,000	830,000-850,000	850,000	425,000-830,000	830,000-850,000

## MAJOR FUNDS - ESTIMATED BALANCES

	Estimated June 30, 2013
General fund	\$1,596,306,810
Budget stabilization fund	\$402,485,213
Legacy fund	\$1,186,063,144
Property tax relief fund	\$341,790,000
Foundation aid stabilization fund	\$335,246,747
Strategic investment and improvements fund	\$687,549,226 *

\* Estimated oil tax deposits, not unobligated balance

**Contingent Appropriations and Transfers  
September 2012**

Department	Amount	Contingent Requirement	Contingent Approval	Current Status
Department of Health	\$500,000 General Fund Appropriation and \$500,000 BND Borrowing Authority	If there is litigation with EPA	Attorney General Approval	General Fund and BND borrowing authority have been approved by the Attorney General; appropriation for the Department of Health has been adjusted
Industrial Commission	\$192,393 General Fund Appropriation and 1.0 FTE	If oil rigs exceed 180 for 30 days	Emergency Commission Approval	Approved at September 12, 2011 Emergency Commission Meeting
	\$192,393 General Fund Appropriation and 1.0 FTE	If oil rigs exceed 190 for 30 days	Emergency Commission Approval	Approved at September 12, 2011 Emergency Commission Meeting
	\$359,186 General Fund Appropriation and 2.0 FTE	If number of oil wells exceed 9,300	Emergency Commission Approval	The trigger has not yet been met
Williston Research Center	\$210,000 General Fund Appropriation and 1.0 FTE	If 50% of biennium costs of Director position are not provided by Montana State Ag Research Center		MT contract was not renewed; General Fund dollars are being utilized
Tax Commissioner	\$142,323 General Fund Appropriation and 1.0 FTE	If new compliance officer generates in excess of \$500,000 in tax collections, can add this second compliance officer	Emergency Commission Approval	Approved at September 10, 2012 Emergency Commission Meeting
State Treasurer	\$23,000,000 General Fund Appropriation	If oil and gas tax revenues from July 1, 2011 through February 29, 2012 exceed projections by at least \$48.0 million, distributions are made to non-oil producing political subdivisions		Contingency has been met; appropriation for State Treasurer has been adjusted
Department of Trust Lands	\$30,000,000 General Fund Transfer to Oil & Gas Impact Grant Fund	If oil and gas tax revenues from July 1, 2011 through February 29, 2012 exceed projections by at least \$48.0 million, transfer is made from General Fund to Oil and Gas Impact Fund		Contingency has been met; transfer has been made from General Fund to Oil and Gas Impact Fund
	\$30,000,000 Oil & Gas Impact Fund Appropriation	If above noted transfer is made, this appropriation is made to the Department of Trust Lands		Contingency has been met; appropriation for Department of Trust Lands has been adjusted
	\$5,000,000 General Fund Transfer to Oil & Gas Impact Grant Fund	If necessary, to provide for grants to eligible counties experiencing new oil and gas development		Contingency has not been met; transfer has not been made
	\$5,000,000 Oil & Gas Impact Fund Appropriation	If counties become eligible for grants as a result of new oil and gas development, this appropriation is made to the Department of Trust Lands		Contingency has not been met; no eligible counties; appropriation for Department of Trust Lands has not been adjusted
Bank of ND	\$20,000,000 General Fund Transfer to Rebuilders Loan Program (RLP)	If \$30.0 million from Bank earnings is fully obligated for the RLP by June 30, 2013 an additional \$20.0 million is made available from the General Fund		Loans from the RLP surpassed the initial \$30.0 million contribution from BND in mid-August, 2012. As of September 14, 2012, loans funded from the amount available from the General Fund totaled \$3.4 million
Adjutant General	\$5,000,000 State Disaster Relief Fund Appropriation	If 2012 disasters exceed \$50.0 million		Have not had a disaster meeting the \$50.0 million threshold

# Preliminary Cost to Continue Items

## 2013-15 Biennium

Rev. 9/18/2012

	(In Millions of \$)
<b>Heritage Center Expansion</b>	
<i>Historical Society</i>	
Exhibit Specialist position funded for one year only	.06
<i>OMB</i>	
Custodial Staff funded for one year only	.15
Utilities/Operating funded for one year only	.24
<b>K-12 Education</b>	
<i>Dept. of Public Instruction</i>	
State School Aid, delayed implementation of Middle School factor and replacing \$9 million 2009-11 ending balance carried forward	27.1
Increase in enrollment	38.5
Continuation of mill levy reduction grant program-valuation increases (DPI est.)	53.8
<i>Career and Technical Education</i>	
Continuation of current program reimbursement rate	.5
<b>Penitentiary Expansion</b>	
Staffing	3.4
Utilities/Maintenance	.4
Inmate Costs (food, clothing)	.3
Contract Housing Savings	(2.6)
<b>Industrial Commission</b>	
Salaries Funded at various stages in the biennium	.15
Operating for new staff	.08
<b>Highway Patrol</b>	
Special Session Salaries	.19
Operating	.07
<b>Human Services</b>	
2 <sup>nd</sup> Year 3% Provider Increases	8.0
FMAP Continuation (of June 30, 2013 rate, decreasing to 50% on October 1, 2014)	91.5
Salaries for implementation of Affordable Care Act	.15
Cost and caseload increases (preliminary)	35.0
<b>Higher Education</b>	
2 <sup>nd</sup> Year Salary Increase	5.6
2 <sup>nd</sup> Year Retirement Contribution Increase	3.7
2 <sup>nd</sup> Year Growth in Resident Positions and Medical and Allied Health Students	2.0
<b>State Employees</b>	
2 <sup>nd</sup> Year 3% Salary Increase	10.8
2 <sup>nd</sup> Year Retirement Contribution Increase	4.5
<b>Tax Credits</b>	
Homestead Tax	1.7
Disabled Vets	2.9
<b>TOTAL</b>	<b>\$288.19</b>