

## **EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION**

In addition to general agency budget recommendations, elected officials salary increases, and capital construction bonding proposals, the following recommendations included in the executive budget require legislation by the 2001 Legislative Assembly:

### **FUNDING TRANSFERS**

1. Provides for transfers from Bank of North Dakota profits to the general fund of \$50 million, the same amount projected to be transferred for the 1999-2001 biennium. The transfers may not reduce the Bank's capital structure below \$100 million (Section 11 of 2001 House Bill No. 1015). The Bank's capital at the end of the 2001-03 biennium after the \$50 million transfer is made is projected to be \$182.5 million.
2. Provides for transfers from Bank of North Dakota profits to the general fund in addition to the transfer discussed in No. 1 above, of up to \$25 million if revised revenue projections during the 2001-03 biennium indicate that general fund revenues will be less than the estimates approved by the 2001 Legislative Assembly. The transfers may not exceed the actual amount that revenues are less than estimated and the transfers may not reduce the Bank's capital structure below \$100 million (Section 12 of 2001 House Bill No. 1015). The 1999 Legislative Assembly provided for additional contingent transfers from the Bank of up to \$40 million or the revenue shortfall of actual collections compared to the original legislative forecast. That contingent transfer could not be made before July 1, 2000, and may only be made to the extent that the transfer is needed to achieve a projected June 30, 2001, general fund balance of \$10 million.
3. Provides for transfers from Mill and Elevator profits to the general fund of \$6 million, \$3 million more than the \$3 million transfer authorized for the 1999-2001 biennium (Section 9 of 2001 Senate Bill No. 2015).
4. Requires the Department of Human Services, at the request of the director of the Office of Management and Budget, to sell loans in the developmental disabilities revolving loan fund No. 1 established under North Dakota Century Code ( NDCC) Chapter 6-09.6 to the Bank of North Dakota in order to generate general fund revenues of up to \$2.7 million (Section 9 of 2001 House Bill No. 1015). These

revenues are included in the 2001-03 executive budget revenue forecast. The 1999 Legislative Assembly authorized the Office of Management and Budget to direct the Department of Human Services to sell these loans to the Bank of North Dakota during the last six months of the 1999-2001 biennium to the extent necessary to maintain the projected ending general fund balance of \$11.3 million. The sale was estimated to generate \$2,150,000. These loans are not expected to be sold during the 1999-2001 biennium.

5. Provides for a transfer of \$3,545,102, \$545,102 more than the transfer authorized for the 1999-2001 biennium, from the lands and minerals trust fund to the general fund (Section 8 of 2001 House Bill No. 1015).
6. Provides for a transfer of \$300,000, \$100,000 more than the transfer authorized for the 1999-2001 biennium, from the financial institutions regulatory fund to the general fund (Section 8 of 2001 House Bill No. 1015).

### **ELEMENTARY EDUCATION**

1. Increases per student payments from \$2,230 being provided for the second year of the 1999-2001 biennium to \$2,323 for the first year of the 2001-03 biennium and \$2,420 for the second year of the 2001-03 biennium (2001 House Bill No. 1146).
2. Adjusts the weighting factors for calculating per student state aid payments to school districts from the current level of 75 percent of the five-year average to 85 percent for the first year of the 2001-03 biennium and to 100 percent for the second year of the 2001-03 biennium (2001 House Bill No. 1145).
3. Establishes a quality schools commission for studying the provision of education in public schools and appropriates \$575,192 of special funds for operating costs of the commission (2001 House Bill No. 1157). 2001 House Bill No. 1013 includes an appropriation to the Department of Public Instruction of \$575,192 from the general fund to provide as a grant to this commission.
4. Requires the Board of University and School Lands to distribute all investment income relating to the tobacco settlement proceeds deposited in the common schools trust fund during the 2001-03 biennium. (The appropriation in 2001 House Bill No. 1013 reflects

this recommendation, but no other provisions are included to direct the board to take this action.)

5. Removes funding for membership dues for the Education Commission on the States (2001 House Bill No. 1013). The executive budget is not, however, recommending that the related statute (NDCC Chapter 15.1-04) be removed or that the state withdraw from the commission.

### **HIGHER EDUCATION**

1. Eliminates specific appropriations for tuition (\$177.7 million) and local funds (\$578.1 million) at the institutions of higher education (2001 Senate Bill No. 2003).
2. Appropriates funding for each higher education institution in two line items--operations and capital assets (2001 Senate Bill No. 2003).

### **HUMAN SERVICES**

1. Continues the intergovernmental transfer program established by 1999 Senate Bill No. 2168 that allows the Department of Human Services to make government nursing facility funding pool payments to access additional federal Medicaid funding that is deposited in the health care trust fund (2001 House Bill No. 1179).

### **POLITICAL SUBDIVISIONS**

1. Repeals NDCC Section 57-06-17.2, which would have required the State Treasurer to make payments in lieu of taxes to counties that are providing a property tax exemption on carbon dioxide pipeline property under NDCC Section 57-06-17.1 (2001 House Bill No. 1121). Without this change, the State Treasurer would have paid to these counties an estimated \$900,000 by March 2001 and \$2.2 million during the 2001-03 biennium. House Bill No. 1121, as introduced, does not appear to address the March 2001 payment.

### **WATER COMMISSION**

1. Continues authorization of bonding included in 1999 Senate Bill No. 2188 and authorizes an additional \$30.8 million of bonding for flood control and water development projects (2001 House Bill No. 1023). The bill limits the total amount that may be bonded during the 2001-03 biennium to \$62.3 million. In addition, the bill allows the State Water Commission to either sell bonds or use funds available in the water development trust fund of up to \$28.6 million for the flood control or water development projects.

2. Allows moneys in the water development trust fund to be used for defraying the expenses of the State Water Commission (Section 9 of 2001 House Bill No. 1023).
3. Authorizes the State Water Commission to sell its maintenance shop property in Bismarck and use the proceeds to purchase land and construct a new maintenance shop (Sections 7 and 9 of 2001 House Bill No. 1023).

### **HIGHWAY FUNDING**

1. Increases motor vehicle registration fees by \$15 per vehicle per year (2001 Senate Bill No. 2159). This increase is estimated to generate \$20.4 million, \$12.9 million of which is deposited in the state highway fund and \$7.5 million of which is distributed to cities and counties.
2. Increases motor vehicle registration fees by \$5 per vehicle for one year to provide funding necessary for a new license plate issue. This increase is estimated to generate \$3,750,000 for the 2001-03 biennium. (As of December 21, 2000, a bill to make this change has not been introduced.)
3. Authorizes the Department of Transportation to borrow funds from the Bank of North Dakota to match federal emergency relief funds that may become available for highway projects (2001 Senate Bill No. 2112).

### **ETHANOL**

1. Extends by two years, the one-cent motor vehicle fuel tax refund reduction used to generate a portion of the revenues designated for ethanol incentive payments from December 31, 2001, to December 31, 2003 (Section 9 of 2001 Senate Bill No. 2019).
2. Extends the number of years an ethanol plant may receive a production incentive from the state from 12 to 14 years. After 2009, the state may not provide production incentives to any ethanol plant (Section 11 of 2001 Senate Bill No. 2019).
3. Provides that an ethanol plant that was in operation before July 1, 1995, and has a production capacity of fewer than 15 million gallons of ethanol may receive up to \$850,000 of production incentives each year and an ethanol plant that was in operation before July 1, 1995, and has a production capacity of 15 million gallons or more and any ethanol plant that begins operation after June 30, 1995, may equally share in up to \$400,000 of production incentives each year.