

**Bank of North Dakota  
Budget 471  
Senate Bill No. 2015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2001-03 legislative appropriation	178.50	\$8,500,000	\$30,881,998	\$39,381,998
1999-2001 legislative appropriation	178.50	8,567,000	27,442,439	36,009,439
2001-03 appropriation increase (decrease) to 1999-2001 appropriation	0	(\$67,000)	\$3,439,559	\$3,372,559

**NOTE:** The 2001-03 legislative appropriation amounts include \$101,131 of other funds for the agency's share of the \$5,000,000 funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

**Item Description**

**Bank of North Dakota transfers** - Section 11 of House Bill No. 1015 provides for transfers of up to \$60 million of Bank of North Dakota current earnings and accumulated and undivided profits to the general fund during the 2001-03 biennium. The section provides that no transfers may be made which would reduce the Bank's capital structure below \$140 million and that no more than \$15 million of the amount transferred may come from accumulated and undivided profits.

**Status/Result**

Through March 2002, the Office of Management and Budget has requested and the Bank of North Dakota has transferred \$15 million to the general fund. The Bank of North Dakota has made arrangements to transfer the remaining \$45 million in three equal transfers of \$15 million in June 2002, December 2002, and June 2003.

The Bank's profits for calendar year 2001 were \$33 million, \$2 million more than estimated profits of \$31 million. The \$31 million is based on one-half of the 2001-03 biennium profit estimate of \$62 million. The Bank accrues, on a monthly basis, all profits to a liability account for transfers to the general fund, up to the maximum remaining liability of \$45 million. The Bank anticipates accruing the entire liability by the end of May 2003.

The following schedule shows an analysis of the Bank's estimated capital structure for the 2001-03 biennium:

June 30, 2001, capital	\$170,500,000
Estimated 2001-03 biennium profits	62,000,000
2001-03 biennium transfers	(60,000,000)
June 30, 2003, estimated capital	\$172,500,000 <sup>1</sup>

<sup>1</sup> Section 12 of House Bill No. 1015 provides for contingent transfers from the Bank of North Dakota to the general fund if actual 2001-03 biennium revenues are less than projected. The maximum contingent transfer of \$25 million would reduce the Bank's estimated June 30, 2003, capital from \$172.5 million to \$147.5 million.

**Bank of North Dakota contingent transfers** - Section 12 of House Bill No. 1015 provides for contingent transfers from the Bank's earnings and accumulated and undivided profits to the general fund. The contingent transfers may not exceed the lesser of \$25 million or the actual revenue shortfall of actual collections compared to the March 2001 legislative forecast. The section also

As of March 2002, no contingent transfers have been made from the Bank of North Dakota to the general fund. Through January 2002, actual general fund revenues have totaled \$453,610,000, \$22,525 more than the revenues estimated at the close of the 2001 legislative session of \$453,590,000.

provides that no transfers may be made which would reduce the Bank's capital structure below \$140 million.

**Beginning entrepreneur loan guarantee program** - Senate Bill No. 2349 changes the limit of loans which may be guaranteed under the beginning entrepreneur loan guarantee program from \$500,000 to \$4,000,000 and provides that the Bank of North Dakota furnish each beginning entrepreneur who requests a loan guarantee information regarding other resources and services provided by local, state, federal, or private entities that are available to assist in the startup of a new business.

Pursuant to North Dakota Century Code Chapter 6-09.15, the Bank of North Dakota established a beginning entrepreneur loan guarantee program to assist individuals in the startup or purchase of a revenue-producing enterprise. Under the program, the Bank of North Dakota may guarantee up to 85 percent of a loan up to a loan amount of \$100,000. The amount of loans outstanding under the program may not exceed \$4 million. As of December 31, 2001, the Bank of North Dakota has provided guarantees totaling \$766,000 and has outstanding guarantee commitments of \$37,000.

The Bank of North Dakota provides individuals who request a loan guarantee information regarding the programs available through the One Stop Capital Center. The One Stop Capital Center is a partnership of the Bank of North Dakota, Dakota Certified Development Corporation, North Dakota Department of Commerce, United States Department of Agriculture Rural Development, and the United States Small Business Administration that provides financial assistance to individuals starting, buying, or expanding a business.

Pursuant to 1999 Senate Bill No. 2414, the Bank of North Dakota established the College SAVE program, which is a qualified state tuition program that meets the requirements of Section 529 of the Internal Revenue Code. Morgan Stanley was selected as the administrator of the program and is responsible for marketing the program within North Dakota and throughout the United States. The Bank of North Dakota is responsible for overseeing the program and approving program changes.

Morgan Stanley began a nationwide marketing campaign for the college SAVE program in March 2002. As of March 1, 2002, all participants in the program outside the state of North Dakota are charged a maintenance fee of 0.5 percent per contribution. The Bank of North Dakota receives annually one-fifth of the maintenance fee collected by Morgan Stanley and deposits the funds in a College SAVE trust fund for later use.

The following table summarizes the number of accounts established and the amount of contributions received under the College SAVE program as of January 31, 2002.

	<b>Accounts</b>	<b>Contributions</b>
North Dakota	164	\$711,394
Other states	392	4,649,453
<b>Total</b>	<b>556</b>	<b>\$5,360,847</b>