

ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND INVESTMENT AND INTEREST INCOME FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	<u>1999-2001 Biennium</u>	<u>2001-03 Biennium</u>
Beginning balance - Investment and interest income	\$0 ¹	\$125,318 ¹
Add estimated revenues		
Investment income	\$2,552,635	\$1,794,274
School construction loan income	1,105,429	1,165,000
Oil, gas, and coal impact loan income	<u>518,314</u>	<u>720,000</u>
Total estimated revenues	<u>4,176,378</u>	<u>3,679,274</u>
Total available	\$4,176,378	\$3,804,592
Less estimated expenditures and transfers		
Administrative expenses	\$22,060	\$26,161
Transfer to the general fund	<u>4,029,000 ²</u>	<u>3,630,000 ³</u>
Total estimated expenditures and transfers	<u>4,051,060</u>	<u>3,656,161</u>
Estimated ending balance - Investment and interest income	<u><u>\$125,318 ⁴</u></u>	<u><u>\$148,431 ⁴</u></u>

NOTE: North Dakota Century Code (NDCC) Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the state general fund. The amounts shown on the preceding analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

¹ Beginning balance - July 1, 1999, and 2001 - The beginning balance does not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to NDCC Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2001, the total value of permanent fund assets was \$55.1 million, of which \$26.3 million was school construction loans receivable, \$4.1 million was coal, oil, and gas impact loans receivable, and \$24.6 million was either invested or was a receivable of investment or other earnings.

² Transfer to the general fund - 1999-2001 biennium - The original legislative general fund revenue estimate for the 1999-2001 biennium included \$3,475,000 from the income of the coal development trust fund. However, the revised revenue forecast for the 1999-2001 biennium, as adopted by the 2001 Legislative Assembly, includes the transfer of \$4,029,000 from the income of the coal development trust fund.

³ Transfer to the general fund - 2001-03 biennium - The amount shown is the amount included in the 2001-03 legislative revenue forecast, which is \$630,000 more than the amount included in the Schafer revenue forecast, no change from the amount included in the Hoeven revenue forecast.

⁴ Estimated ending balance - The estimated ending balance does not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to NDCC Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2001, the total value of permanent fund assets was \$55.1 million, of which \$26.3 million was school construction loans receivable, \$4.1 million was coal, oil, and gas impact loans receivable, and \$24.6 million was either invested or was a receivable of investment or other earnings.

FUND HISTORY

The coal development trust fund originated in 1979 with passage of House Bill No. 1257, now codified as various sections of NDCC Chapter 57-62. In 1980 the voters of North Dakota approved constitutional measure No. 5, creating Article X, Section 21, of the Constitution of North Dakota and establishing the coal development trust fund as a constitutional trust fund.

North Dakota Century Code Section 57-62-02 provides that 30 percent of the coal severance tax must be deposited in the coal development trust fund. Section 57-62-02 provides that the Board of University and School Lands shall administer the fund and use moneys in the fund for loans to coal-impacted counties, cities, and school districts and for loans to school districts for school construction. Section 15-60-10 limits to \$40 million the outstanding principal balance of school construction loans from the coal development trust fund.

North Dakota Century Code Section 57-61-01.5 provides that 70 percent of the moneys deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 30 percent of the coal severance taxes deposited in the fund (4.5 percent of total coal severance taxes collected) remain in the coal development trust fund to be used for the purposes provided in Section 57-62-02.