

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2005-07 BIENNIUM AS OF MAY 2006

Beginning balance		\$0
Add estimated revenues		
Transfer from general fund	\$99,472,631	
Investment income	<u>0¹</u>	
Total estimated revenues		<u>99,472,631</u>
Total available		\$99,472,631
Less estimated expenditures		
None		
Total estimated expenditures		<u>0</u>
Estimated ending balance		<u><u>\$99,472,631</u></u>

¹Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under North Dakota Century Code Section 54-27.2-01.

NOTE: The estimated June 30, 2007, balance made at the end of the 2005 Legislative Assembly was \$67,156,213. The increase of \$32,316,418 is due to the June 30, 2005, ending general fund balance exceeding the projection made by the 2005 Legislative Assembly resulting primarily from additional general fund revenues during the 2003-05 biennium.

FUND HISTORY

The budget stabilization fund was established by the 1987 Legislative Assembly in House Bill No. 1596. Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides that any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section also provides that any money in the fund in **excess of 5 percent of the general fund appropriations** provided by the most recently adjourned Legislative Assembly must be deposited in the state general fund.
- Section 54-27.2-02 provides that any amount in the state general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides that the Governor may order a transfer from the budget stabilization fund to the general fund if the director of the Office of Management and Budget projects that general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. Any transfer made must be reported to the Budget Section.