

## CAPITAL CONSTRUCTION - OVERVIEW

### CAPITAL PROJECTS

The Legislative Assembly provided funding of \$944,398,249, an increase of \$190,030,080 from the executive recommendation of \$754,268,169, for the following capital projects:

- \$227,731,578 for major capital projects.
- \$18,294,470 for extraordinary repairs, including the energy improvement project.
- \$698,372,201 for other projects (including \$629,530,311 for the Department of Transportation and \$42,699,560 for the State Water Commission).

The following schedule provides information regarding the funding sources for major capital projects and extraordinary repairs and other projects included in the executive recommendation and authorized by the Legislative Assembly:

	2005-07 Executive Recommendation		2005-07 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Major capital projects	\$1,841,255	\$160,352,333	\$1,986,255	\$225,745,323
Extraordinary repairs	10,443,498	8,464,764	10,829,706	7,464,764
Bond payments	18,249,556	2,146,611	18,249,556	2,146,611
Other projects	334,000	552,436,152	334,000	677,642,034
Total	\$30,868,309	\$723,399,860	\$31,399,517	\$912,998,732

In addition to the \$60 million of bonding authority authorized in North Dakota Century Code Section 61-02.1-02.1, the Legislative Assembly added Section 14 to 2005 House Bill No. 1021 to authorize the State Water Commission to issue up to \$7 million in bonds for water and flood control projects during the 2005-07 biennium. The repayment provisions of the additional \$7 million bond issuance must be the same as the \$60 million bond issuance as provided in Section 61-02.1-02.1.

### STATE FACILITY ENERGY IMPROVEMENT PROGRAM

North Dakota Century Code Section 54-44.5-08 (1999 Senate Bill No. 2312) establishes the state facility energy improvement program and

provides that all state agencies and institutions should, with the assistance of the Office of Management and Budget, identify capital improvements which may result in energy savings. Those capital improvement projects, which are selected to be implemented, are financed with the resulting savings in energy costs.

The Legislative Assembly approved the executive recommendation to provide \$2,331,554 for state facility improvement program capital improvements at the University of North Dakota. This total includes projects in nine separate buildings, and the average estimated payback period is seven years.

### LEASE PAYMENTS

The Legislative Assembly provided funding in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, and State Fair Association for the 2005-07 biennium general fund lease payments for repayment of notes issued to finance capital projects.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session. This maximum for the 2005-07 biennium is \$19,587,060 based on the March 2005 revenue forecast for sales, use, and motor vehicle excise tax collections. The estimated general fund lease payments for the 2005-07 biennium are \$18,021,705, which is \$1,565,355 less than the legal limit of debt service.

The Legislative Assembly did not change the executive recommendation to capitalize interest for three years on the 2005 bond issuance, instead of the two years which was done in previous bond issuances. Therefore, the first principal payment for the 2005-07 biennium bonding will not be due until the second year of the 2007-09 biennium.

Please see the schedule on capital construction lease payments and outstanding principal balances for additional information.