

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2007-09 BIENNIUM

		2007-09 Biennium
Beginning balance - July 1, 2007		\$8,989,953
Add estimated revenues		
Transfers to date from tobacco settlement trust fund	\$16,416,485 ¹	
Projected remaining transfers from tobacco settlement trust fund	15,750,653	
Total estimated revenues		32,167,138 ²
Total available		\$41,157,091 ³
Less estimated expenditures and transfers		
State Water Commission (2007 SB 2020)		
Water projects	\$24,995,375 ⁴	
Bond payments	13,992,714 ⁴	
Administrative expenses	1,067,910 ⁴	
Total estimated expenditures and transfers		40,055,999
Estimated ending balance - June 30, 2009		\$1,101,092

¹For the 2007-09 biennium, two transfers totaling \$16,416,485 have been made from the tobacco settlement trust fund as of May 1, 2008. Total transfers of \$104,920,359 have been made from the tobacco settlement trust fund to the water development trust fund.

²Revenues - Interest earned on the water development trust fund is deposited in the state general fund.

³In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending that the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect full payment. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced the estimated tobacco settlement revenues for the 2007-09 biennium by 5 percent. The water development trust fund share of the 5 percent reduction represents \$1,657,964 for the 2007-09 biennium. The revenues for the water development trust fund originally estimated during the 1999 legislative session and the estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments and legal challenges are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	\$25,917,197	\$23,805,353
2001-03	27,514,610	24,136,363
2003-05	23,072,046	20,839,504
2005-07	23,072,046	19,644,728
2007-09	37,003,986	31,501,306
2009-11	37,003,986	33,159,270
2011-17 (\$37,003,986/\$33,159,270 per biennium)	111,011,958	99,477,810
2017-25 (\$26,366,170/\$23,626,724 per biennium)	105,464,680	94,506,896
Total	\$390,060,509	\$347,071,230

⁴Section 5 of Senate Bill No. 2020 (2007) appropriated \$40,055,999, or any additional amount that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission.

Total 2007-09 biennium bond payments will be \$13,992,714. The remaining balance of approximately \$26.1 million will be available for State Water Commission projects and administrative expenses.

NOTE: The estimated June 30, 2009, balance made at the end of the 2007 legislative session was \$1,267,991. The decrease in the estimated balance of \$166,899 is due to the actual July 1, 2007, balance of \$8,989,953 being \$832,731 less than the July 1, 2007, balance estimated at the close of the 2007 legislative session of \$9,822,684 and actual 2008 transfers from the tobacco settlement trust fund being \$665,832 more than estimated.

FUND HISTORY

North Dakota Century Code Section 54-27-25, created by 1999 House Bill No. 1475, established a water development trust fund to be used for the long-term water development and management needs of the state. This section creates a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund:

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.

North Dakota Century Code Section 61-02.1-04, created by 1999 Senate Bill No. 2188, provides that the principal and interest on bonds issued for flood control projects, the Southwest Pipeline Project, and an outlet to Devils Lake must be repaid with money appropriated from the water development trust fund.