

ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND INVESTMENT AND INTEREST INCOME FOR THE 2003-05 AND 2005-07 BIENNIUMS

	<u>2003-05 Biennium</u>	<u>2005-07 Biennium</u>
Beginning balance - Investment and interest income	\$10,007 ¹	\$11,930 ¹
Add estimated revenues		
Investment income	\$1,129,839	\$1,438,279
School construction loan income	1,389,805	1,500,000
Oil, gas, and coal impact loan income	<u>286,319</u>	<u>206,472</u>
Total estimated revenues	<u>2,805,963</u>	<u>3,144,751</u>
Total available	\$2,815,970	\$3,156,681
Less estimated expenditures and transfers		
Administrative expenses	\$19,033	\$20,192
Transfer to the general fund	<u>2,785,007</u>	<u>3,100,000</u>
Total estimated expenditures and transfers	<u>2,804,040</u>	<u>3,120,192</u>
Estimated ending balance - Investment and interest income	<u><u>\$11,930²</u></u>	<u><u>\$36,489²</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.

¹Beginning balance - July 1, 2003, and 2005 - 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, 2005, the total value of permanent fund assets was \$58.8 million, of which \$33.4 million was school construction loans receivable, \$2.3 million was coal, oil, and gas impact loans receivable, and \$23.1 million was either invested or was a receivable of investment or other earnings.

²Estimated 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, 2005, the total value of permanent fund assets was \$58.8 million, of which \$33.4 million was school construction loans receivable, \$2.3 million was coal, oil, and gas impact loans receivable, and \$23.1 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 money in the fund for loans to coal-impacted counties, cities, and school districts and for loans to school districts for school construction. Section 15.1-36-02 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 money 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 (9 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.