

ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance ¹		\$122,653		\$131,674
Add estimated revenues				
Investment income	\$1,989,921		\$1,537,058	
School construction loan income	1,366,701		1,710,000	
Oil, gas, and coal impact loan income	203,590		153,538	
Total estimated revenues		3,560,212		3,400,596
Total available		\$3,682,865		\$3,532,270
Less estimated expenditures and transfers				
Administrative expenses	\$28,538		\$10,328	
Transfer to the general fund	3,522,653		3,500,000	
Total estimated expenditures and transfers		3,551,191		3,510,328
Estimated ending balance ¹		\$131,674		\$21,942

¹The beginning and ending balances do not include the value of permanent assets of the coal development trust fund which must be maintained, pursuant to North Dakota Century Code (NDCC) Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2007, the total value of permanent fund assets was \$60.7 million, of which \$37.8 million was school construction loans receivable, \$1.6 million was coal impact loans receivable, and \$21.3 million was either invested or was a receivable of investment or other earnings.

North Dakota Century Code 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 general fund. The amounts shown on this 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.

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 the outstanding principal balance of school construction loans from the coal development trust fund to \$40 million.

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.