

**ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND
FOR THE 2007-09 AND 2009-11 BIENNIUMS**

| | 2007-09 Biennium ¹ | | 2009-11 Biennium ¹ | |
|--|-------------------------------|-------------|-------------------------------|-------------|
| Beginning balance | | \$260,267 | | \$402,499 |
| Add estimated revenues | | | | |
| Investment income | \$1,579,852 | | \$1,007,247 | |
| School construction loan income | 1,339,872 | | 1,740,000 | |
| Oil, gas, and coal impact loan income | 422,288 | | 399,323 | |
| Total estimated revenues | | 3,342,012 | | 3,146,570 |
| Total available | | \$3,602,279 | | \$3,549,069 |
| Less estimated expenditures and transfers | | | | |
| Administrative expenses | \$99,780 | | \$89,858 | |
| Transfer to the general fund | 3,100,000 | | 3,400,000 | |
| Total estimated expenditures and transfers | | 3,199,780 | | 3,489,858 |
| Estimated ending balance | | \$402,499 | | \$59,211 |

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, 2009, the total value of permanent fund assets was \$61.1 million, of which \$34.2 million was school construction loans receivable, \$5.2 million was coal impact loans receivable, and \$21.7 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 \$50 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.