

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS (REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$200,000,000		\$311,092,167
Add estimated revenues				
Transfer from general fund	\$111,092,167 ¹		\$0	
Investment income	0 ²		0 ²	
Total estimated revenues		111,092,167		0
Total available		\$311,092,167		\$311,092,167
Less estimated expenditures and transfers				
None				
Total estimated expenditures and transfers		0 ³		0 ³
Estimated ending balance		\$311,092,167		\$311,092,167

¹North Dakota Century Code Chapter 54-27.2 provides that any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund except that, beginning July 1, 2009, the balance in the budget stabilization fund may not exceed 10 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown is based on the executive budget estimate of a June 30, 2009, general fund balance of \$502,933,108 and the executive recommendation providing total 2009-11 biennium general fund appropriations of \$3,110,921,665; therefore, the maximum balance in the fund is limited to \$311,092,167.

²Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under NDCC Section 54-27.2-01.

³No transfers from the budget stabilization fund are anticipated; however, the Governor is recommending in Section 11 of House Bill No. 1015 to amend NDCC Section 54-27.2-03 to allow the Governor to transfer amounts from the budget stabilization fund to the general fund to provide for any estimated general fund revenue shortfall rather than only allowing transfers to provide for revenue shortfalls that are at least 2.5 percent less than the original legislative general fund revenue forecast.

FUND HISTORY

The budget stabilization fund was established by the 1987 Legislative Assembly in House Bill No. 1596. Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides that any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section currently provides that any money in the fund in excess of 5 percent of the general fund budget as approved by the most recently adjourned Legislative Assembly must be deposited in the state general fund. The 2007 Legislative Assembly approved House Bill No. 1429 which transferred \$100,527,369 from the ending 2005-07 biennium general fund balance into the fund providing a total of \$200,000,000 in the fund. The bill also increases, effective July 1, 2009, the maximum balance allowed in the fund from 5 percent to 10 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides that any amount in the state general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides that the Governor may order a transfer from the budget stabilization fund to the general fund if the director of the Office of Management and Budget projects that general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. Any transfer made must be reported to the Budget Section.