

## **EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION**

In addition to general agency budget recommendations, elected officials' salary increases, and capital construction bonding proposals, the following recommendations included in the executive budget require statutory changes by the 2009 Legislative Assembly to implement:

### **REVENUES**

- Amends NDCC Section 57-51.1-07.2 to increase the general fund share of oil and gas taxes from the current level of \$71 million to \$110 million (Section 12 of House Bill No. 1015 (2009)).
- Amends NDCC Section 57-51-15 to:
  - Increase the maximum amount of oil and gas gross production tax collections that may be deposited in the oil and gas impact grant fund from \$6 million to \$20 million (Section 7 of Senate Bill No. 2013 (2009)).
  - Increase county caps used for the distribution of oil and gas gross production tax to counties by \$1 million per year. This results in an estimated increase of \$7.7 million available for distribution to counties during the 2009-11 biennium (Section 7 of Senate Bill No. 2013 (2009)).
- Amends NDCC Section 57-51.1-07.3 to increase the maximum amount of oil and gas tax collections that may be deposited in the oil and gas research fund from \$3 million to \$5 million per biennium (Section 2 of Senate Bill No. 2014 (2009)).
- Amends NDCC Section 54-27.2-03 to allow the Governor to order transfers from the budget stabilization fund to provide for any general fund revenue shortfall rather than only a shortfall in excess of 2.5 percent (Section 11 of House Bill No. 1015 (2009)).
- Reduces individual income tax rates by .42 percent reducing the top rate from 5.54 percent to 5.12 percent and the lowest rate from 2.0 percent to 1.68 percent. This results in an estimated decrease in individual income tax collections of \$100 million for the 2009-11 biennium. (The bill containing the proposed changes is pending introduction.)
- Amends NDCC Section 37-17.1-07.1 to increase the maximum fee for a facility for the hazardous chemicals preparedness and response program from \$150 to \$475 (Section 2 of House Bill No. 1016 (2009)).

### **FUNDING TRANSFERS**

- Provides for transfers from Bank of North Dakota profits to the general fund of \$60 million, the same as the 2007-09 biennium. The 2009-11 transfer may not reduce the Bank's capital below \$225 million (Section 10 of Senate Bill No. 2014 (2009)). For the 2007-09 biennium, the transfer was not allowed to reduce the Bank's capital below \$175 million. Based

on the executive budget recommendations that anticipate a \$60 million transfer from the Bank of North Dakota during the 2007-09 biennium and \$60 million during the 2009-11 biennium, the Bank's capital at the end of the 2009-11 biennium is projected to be \$300 million.

- Repeals the transfer from Mill and Elevator Association profits to the general fund of \$5 million for the 2007-09 biennium (Section 3 of Senate Bill No. 2014 (2009)).
- Provides for transfers from Mill and Elevator Association profits to the general fund of \$2.5 million for the 2009-11 biennium (Section 11 of Senate Bill No. 2014 (2009)).
- Provides for a transfer from the lands and minerals trust fund to the general fund of \$43.5 million, \$28.5 million more than the \$15 million transfer authorized for the 2007-09 biennium (Section 6 of Senate Bill No. 2013 (2009)).

### **ELEMENTARY EDUCATION**

- Makes changes affecting the school funding formula. (The bill containing the proposed changes is pending introduction.)

### **PROPERTY TAX RELIEF**

- Provides a continuing appropriation of up to \$300 million per biennium from the permanent oil tax trust fund for providing property tax relief to counties through the school funding formula (Section 15 of House Bill No. 1013 (2009)). The bill containing the program's details is pending introduction.

### **HIGHER EDUCATION**

- Continues provisions approved by the 2007 Legislative Assembly allowing for the continuation of higher education institutions' special funds, including tuition; the carryover at the end of each biennium unspent general fund appropriations; and block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding (Senate Bill No. 2038 (2009)).
- Amends NDCC Section 15-62.2-02 to increase student financial assistance grants from \$1,000 to \$2,000 per academic year (Section 17 of Senate Bill No. 2003 (2009)).
- Amends NDCC Section 15-10-37 to provide students an incentive to participate and graduate in science, technology, engineering, and math programs and remain in North Dakota and work in these fields (Section 18 of Senate Bill No. 2003 (2009)).

## **STATE DEPARTMENT OF HEALTH**

- Amends NDCC Sections 43-12.2-01 and 43-12.2-03 relating to the state community matching loan repayment program for nurse practitioners, physician assistants, and certified nurse midwives to increase the maximum loan repayment amount from \$10,000 to \$30,000 and increase the number of recipients (Sections 4 and 5 of House Bill No. 2004 (2009)).

## **DEPARTMENT OF HUMAN SERVICES**

- Amends NDCC Section 50-24.1-02.3 to increase the funeral set-aside for Medicaid recipients from \$5,000 to \$7,000 (Section 6 of House Bill No. 1012 (2009)).
- Amends NDCC Section 50-29-04 to increase the eligibility income limits for Healthy Steps (children's health insurance program) to 200 percent of the federal poverty level. As of October 1, 2008, the Healthy Steps income level is 150 percent of the federal poverty level (Section 7 of House Bill No. 1012 (2009)).
- Require background checks of all child care providers (Senate Bill No. 2123 (2009)).

## **INDUSTRIAL COMMISSION**

- Combines the biomass research incentive fund with the renewable energy development fund (Senate Bill No. 2129 (2009)).

## **MILITARY-RELATED PROGRAMS**

- Recommends unexpended funds for the veterans' bonus program from the 2007-09 biennium be continued and utilized for similar bonuses during the 2009-11 biennium (Section 3 of House Bill No. 1016 (2009)).
- Amends NDCC Section 37-38-03 to expand eligibility for the veterans' bonus program to include multiple deployments (Section 4 of House Bill No. 1016 (2009)).

## **TRANSPORTATION**

- Recommends amending the highway tax distribution fund formula to include the distribution of amounts previously excluded from the formula and changes to the percentage allocations on funds in the highway tax distribution fund. Under current law, funds in the highway tax distribution fund are allocated 63.0 percent to the highway fund, 23.0 percent to counties, and 14.0 percent to cities. The proposed changes provide that funds be allocated 63.28 percent to the highway fund, 20.17 percent to counties, 12.28 percent to cities, 2.74 percent to townships, and 1.53 percent to public transportation. Certain funds previously deposited directly into the public transportation fund, the township highway aid fund, and the highway fund will be deposited into the highway tax distribution fund and allocated pursuant to the proposed new formula (Section 2 of Senate Bill No. 2012 (2009)). The bill containing the statutory changes is pending introduction.

## **RETIREE HEALTH CREDIT**

- Provides for and funds an increase in the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and pays for the increase by increasing the retiree health credit employer contribution by .14 percent, from 1 percent to 1.14 percent of payroll (Senate Bill No. 2154 (2009)).

## **TEACHERS' FUND FOR RETIREMENT**

- Provides funding of \$5 million for supplemental retirement payments for retired teachers (Section 4 of House Bill No. 1022 (2009)). The bill containing the statutory changes is pending introduction.