

June 3, 2009

**2009-11 BUDGET STATUS SUMMARY
AS OF MAY 4, 2009 (Final)**

Beginning Balance and Revenues

| | |
|--|----------------------------|
| Legislative budget estimate of unobligated general fund cash balance - July 1, 2009 | \$321,091,738 ¹ |
| Add 2009-11 estimated revenues | |
| Proposed executive budget general fund revenues | <u>\$2,783,873,000</u> |
| Legislative revenue changes | |
| Major increases | |
| HB 1015 - Provides for a transfer from the permanent oil tax trust fund | \$140,000,000 |
| HB 1279 - Reduces individual income tax rates (executive recommendation) (Defeated) | 100,000,000 |
| SB 2199 - Provides for a transfer from the permanent oil tax trust fund | 295,000,000 |
| SB 2014 - Provides a transfer from the Bank of North Dakota for Ag PACE disaster program | 1,000,000 |
| SB 2014 - Increases the transfer from the State Mill and Elevator | 2,235,836 |
| Major decreases | |
| February 2009 revenue forecast revision | (93,002,000) |
| HB 1209 - Provides individual income tax credit for long-term health care premiums | (1,500,000) |
| HB 1256 - Provides an income tax reduction for certain qualified dividends | (4,600,000) |
| HB 1317 - Reduces the pull tab excise tax | (3,683,070) |
| HB 1428 - Raises the maximum aggregate income tax credit for renaissance zone investments | (2,500,000) |
| HB 1485 - Maintains the general fund share of oil and gas taxes at \$71 million (Defeated) | (39,000,000) |
| SB 2004 - Provides for emergency medical services grants | (1,500,000) |
| SB 2012 - Decreases the general fund share of motor vehicle excise taxes | (30,464,750) |
| SB 2013 - Reduces the transfer from the lands and minerals trust fund | (8,500,000) |
| SB 2014 - Removes the transfer from the Bank of North Dakota | (60,000,000) |
| SB 2040 - Provides a sales and use tax exemption for telecommunications infrastructure | (4,738,000) |
| SB 2184 - Excludes manufacturer incentives and discounts from motor vehicle excise tax | (4,416,000) |
| SB 2199 - Reduces individual and corporate income taxes | (100,000,000) |
| SB 2221 - Creates a credit against coal conversion privilege taxes | (7,420,000) |
| Other increases (decreases) | <u>(2,981,894)</u> |
| Total legislative changes affecting revenues | <u>\$173,930,122</u> |
| Total estimated general fund revenues and beginning balance - 2009-11 | <u>\$3,278,894,860</u> |

Appropriations

| | |
|---|------------------------|
| Executive budget general fund appropriations - 2009-11 | \$3,110,921,665 |
| Legislative appropriations changes | |
| Major increases | |
| SB 2199 - Property tax relief | \$295,000,000 |
| HB 1481 - Heritage Center expansion | 39,700,000 |
| SB 2030 - State Penitentiary project | 19,465,804 |
| SB 2018 - Department of Commerce | 12,541,264 |
| SB 2444 - Flood disaster relief | 12,500,000 |
| SB 2025 - Veterans' Home construction | 7,944,991 |
| HB 1350 - Grant for construction of the Great Plains Applied Energy Research Center | 5,000,000 |
| HB 1006 - State Tax Commissioner | 4,028,795 |
| SB 2075 - Veterans' Home improvements | 3,389,414 |
| SB 2201 - Property tax credit for disabled veterans | 3,000,000 |
| HB 1400 - Education programs | 2,900,000 |
| SB 2004 - State Department of Health | 1,997,227 |
| SB 2225 - Child care provider grants | 1,820,000 |
| SB 2333 - Local public health unit immunizations | 1,475,000 |
| HB 1020 - State Water Commission | 1,330,701 |
| HB 1043 - Dementia care services program | 1,200,000 |
| HB 1019 - Parks and Recreation Department | 1,118,091 |
| Major decreases | |
| SB 2012 - Department of Transportation | (115,400,000) |
| HB 1012 - Department of Human Services | (73,428,430) |
| SB 2015 - Department of Corrections and Rehabilitation | (28,807,658) |
| SB 2003 - North Dakota University System | (20,928,804) |
| HB 1018 - State Historical Society | (18,360,555) |
| HB 1013 - Department of Public Instruction | (7,949,095) |
| HB 1022 - Retirement and investment agencies | (5,000,000) |
| SB 2021 - Information Technology Department | (2,329,074) |
| HB 1003 - Attorney General | (2,251,570) |
| SB 2009 - State Fair | (2,000,000) |
| Other increases (decreases) net | <u>487,715</u> |
| Total legislative changes affecting appropriations | <u>\$138,443,816</u> |
| Total 2009-11 general fund appropriations | <u>\$3,249,365,481</u> |

Estimated Ending Balance

| | |
|---|----------------------------|
| Estimated budget status general fund balance - June 30, 2011 | <u>\$29,529,379</u> |
|---|----------------------------|

Comparison of 2009-11 General Fund Appropriations to 2007-09 Appropriations

| | |
|---|-----------------------------------|
| Current status of 2009-11 general fund appropriations | \$3,249,365,481 |
| 2007-09 legislative general fund appropriations | <u>2,461,973,956</u> ² |
| Increase (decrease) | <u>\$787,391,525</u> |
| Percentage increase (decrease) | 31.98% |

Footnotes

| | |
|--|-----------------------------------|
| ¹ Beginning balance - Executive budget unobligated general fund cash balance - July 1, 2009 | \$502,933,109 ^a |
| Legislative action affecting the July 1, 2009, balance | |
| February 2009 revenue forecast revision | 18,920,389 |
| SB 2012 - Provides cost-sharing funds for weather-related costs | (59,900,000) |
| SB 2012 - Provides a transfer to the disaster relief fund | (43,000,000) |
| SB 2201 - Excludes manufacturer discounts and incentives from motor vehicle excise tax | (442,800) |
| SB 2025 - Supplemental funding for Veterans' Home reflected as 2009-11 appropriation | 12,036,404 |
| SB 2090 - Provides tax exemption for Montana residents | (46,000) |
| SB 2393 - Provides for emergency snow removal grants | (1,000,000) |
| HB 1023 - Decreases general fund deficiency appropriations | 2,057,184 |
| HB 1083 - Changes filing date for monthly sales tax filers for May in odd-numbered years | (15,560,000) |
| HB 1012 - Provides additional general fund turnback and carryover authority | <u>30,030,000</u> |
| Total legislative changes affecting the beginning balance | <u>(\$56,904,823)</u> |
| Estimated general fund cash balance prior to budget stabilization fund transfer | \$446,028,286 |
| Less transfer to budget stabilization fund | <u>(124,936,548)</u> ^b |
| Estimated unobligated general fund cash balance - July 1, 2009 | <u>\$321,091,738</u> |

^a The beginning balance is based on the 2007-09 general fund beginning balance of \$295,541,176, the 2007-09 revised general fund revenue forecast of \$2,681,898,795 and appropriation authority of \$2,474,506,863 (general fund appropriations of \$2,461,973,956 plus proposed deficiency appropriations of \$10,496,503 and less estimated general fund turnback of \$10 million).

^b North Dakota Century Code (NDCC) 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 reflects the current estimated 2009-11 biennium general fund appropriations of \$3,249,365,481; therefore, the maximum balance in the fund is limited to \$324,936,548.

² Includes a \$5 million contingent general fund appropriation for school district deferred maintenance and physical plant improvement grants, which became effective in February 2008.

Permanent Oil Tax Trust Fund - 2009-11 Biennium¹

| | | |
|--|-------------------|---------------------------------|
| Beginning balance | | \$474,841,147 ¹ |
| Estimated revenues | | |
| Oil and gas production tax and oil extraction tax collections - Legislative forecast | \$291,392,000 | |
| Adjustments | | |
| Changes allocation to oil and gas research fund (SB 2051) | 1,000,000 | |
| Changes allocation to oil and gas impact grant fund (HB 1304) | 12,000,000 | |
| Changes allocations to counties (HB 1304) | (20,300,000) | |
| Changes general fund share of oil tax revenues (HB 1485) (Defeated) | <u>39,000,000</u> | |
| Total estimated revenues | | <u>323,092,000</u> ² |
| Total available | | \$797,933,147 |
| Less estimated expenditures | | |
| Transfer to the general fund (HB 1015) | 140,000,000 | |
| Funding for Prairie Public Broadcasting (HB 1015) | 1,008,100 | |
| Transfer to general fund (SB 2199) | 295,000,000 | |
| Transfer to property tax relief sustainability fund (SB 2199) | 295,000,000 | |
| Tribal college assistance grants (HB 1394) | 700,000 | |
| Water project grants (HB 1305) | 2,792,000 | |
| Higher education building projects (SB 2003) | 10,400,000 | |
| Funding for operations of Dickinson State University (SB 2003) | 350,000 | |
| Funding for operations of Dickinson Research Center (SB 2020) | <u>925,000</u> | |
| Total estimated expenditures | | <u>746,175,100</u> |
| Ending balance | | \$51,758,047 |

¹ Reflects \$250,000 for livestock disaster assistance for the 2007-09 biennium.

² Oil extraction tax incentive rates under NDCC Chapter 57-51.1 did not become effective on May 1, 2009, as anticipated in the February 2009 legislative forecast. As a result, oil extraction tax rate incentives approved in HB 1235 became effective. The net effect of these two changes, if they do not change again prior to June 30, 2011, is estimated to increase permanent oil tax trust fund revenues by \$16.5 million for the period beginning May 1, 2009, and ending June 30, 2011. The amount shown does not reflect this estimated increase. Depending on oil prices, the incentive rates under Chapter 57-51.1 could become effective in October 2009.

The forecasted oil tax revenue collections are based on a number of factors, including tax rate incentives and exemptions, oil prices, oil production, etc.

Actual prices, production and other factors throughout the 2009-11 biennium could increase or decrease actual oil tax revenue collections by amounts that increase or decrease the \$16.5 million discussed above.

Budget Stabilization Fund - 2009-11 Biennium

| | | |
|------------------------------|-----------------------------|---|
| Beginning balance | | \$324,936,548 |
| Estimated revenues | | |
| None | <u> </u> | <u> </u> \$0 |
| Total estimated revenues | | <u> </u> 324,936,548 |
| Less estimated expenditures | | |
| None | <u> </u> | <u> </u> \$0 |
| Total estimated expenditures | | <u> </u> 0 |
| Ending balance | | <u> </u> \$324,936,548 |

Estimated June 30, 2011, Fund Balance Summary

| | Executive Recommendation | Current Budget Status | Increase (Decrease) |
|------------------------------|-------------------------------------|----------------------------------|--------------------------------|
| General fund | \$64,792,277 | \$29,529,379 | (\$35,262,898) |
| Permanent oil tax trust fund | 829,047,147 | 51,758,047 | (777,289,100) |
| Budget stabilization fund | <u>311,092,167</u> | <u>324,936,548</u> | <u>13,844,381</u> |
| Total | <u>\$1,204,931,591</u> | <u>\$406,223,974</u> | <u>(\$798,707,617)</u> |

This summary and additional detail are available online at www.state.nd.us/lr/fiscal/biennium-reports/61-2009/budget-status/.