

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS



	2009-11 Biennium Actual		2011-13 Biennium Estimated	
Beginning balance		\$324,936,548		\$386,351,110
Add revenues				
Transfer from general fund	\$61,414,562 ¹		\$0	
Investment income	0 ²		12,500,000 ³	
Total revenues		61,414,562		12,500,000
Total available		\$386,351,110		\$398,851,110
Less expenditures and transfers				
None				
Total expenditures and transfers		0 ⁴		0 ⁴
Ending balance		\$386,351,110		\$398,851,110

¹North Dakota Century Code Chapter 54-27.2, as amended by the Legislative Assembly in 2011 House Bill No. 1451, provides that any amount in the general fund at the end of the biennium in excess of \$65 million must be transferred to the budget stabilization fund except that, beginning July 1, 2011, the balance in the budget stabilization fund may not exceed 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. At the end of the 2009-11 biennium, the Office of Management and Budget (OMB) transferred \$61,414,562 from the general fund to the budget stabilization fund pursuant to Chapter 54-27.2. This amount was based on 2011-13 biennium general fund appropriations of \$4,066,853,792 as approved by the Legislative Assembly during its 2011 regular legislative session resulting in a maximum balance allowed in the fund of \$386,351,110.

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

³Due to the increase in general fund appropriations for the 2011-13 biennium approved by the Legislative Assembly during its November 2011 special session, the maximum balance allowed in the budget stabilization fund is now based on 2011-13 biennium general fund appropriations of \$4,236,686,460 resulting in a maximum balance allowed in the fund of \$402,485,214. Therefore, interest earned by the fund will be retained in the fund until the maximum balance is reached. Based on the fund's most recent three-year average return rate, interest earnings for the remainder of the 2011-13 biennium are estimated to be \$12.5 million.

⁴No transfers from the budget stabilization fund are anticipated.

FUND HISTORY

The budget stabilization fund was established by the Legislative Assembly in 1987 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 provides that any money in the fund in excess of 9.5 percent of the general fund budget as approved by the most recently adjourned Legislative Assembly must be deposited in the state general fund. The Legislative Assembly approved 2011 House Bill No. 1451 which decreased, effective July 1, 2011, the maximum balance allowed in the fund from 10 percent to 9.5 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 the 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 OMB 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 a 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by OMB. Any transfer made must be reported to the Budget Section.