

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

| | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|----------------------------------|---------------------------|----------------------|----------------------------|---------------|
| Beginning balance | | \$583,545,799 | | \$572,485,454 |
| Add revenues | | | | |
| Investment income | \$0 ¹ | | \$0 ¹ | |
| Transfer from general fund | 0 ² | | 0 ² | |
| Total revenues | | \$0 | | \$00 |
| Total available | | \$583,545,799 | | \$572,485,454 |
| Less expenditures and transfers | | | | |
| Transfer to general fund | \$11,060,345 ³ | | \$572,485,454 ⁴ | |
| Total expenditures and transfers | | \$11,060,345 | | \$572,485,454 |
| Ending balance | | <u>\$572,485,454</u> | | <u>\$0</u> |

¹Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under North Dakota Century Code Section 54-27.2-01. Interest earnings for the 2013-15 biennium were deposited in the general fund due to the fund being at its maximum amount allowed. Depending on the timing of 2015-17 biennium transfers from the budget stabilization fund to the general fund, a portion of interest earnings for the 2015-17 biennium may be retained in the fund. The amount shown assumes no interest will be retained in the fund during the 2015-17 biennium.

²Chapter 54-27.2 provides 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 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. Based on 2015-17 biennium general fund appropriations of \$6,026,162,678, there was not a transfer to the budget stabilization fund at the end of the 2013-15 biennium. Any transfer made at the end of the 2015-17 biennium will be based on general fund appropriations made by the 2017 Legislative Assembly.

³The Office of Management and Budget transferred \$11,060,345 from the budget stabilization fund to the general fund at the end of the 2013-15 biennium to reduce the budget stabilization fund balance to an amount equal to 9.5 percent of general fund appropriations provided by the Legislative Assembly during the 2015 legislative session.

⁴Section 3 of 2015 Senate Bill No. 2379, as approved by the Legislative Assembly during the August 2016 special legislative session, authorizes the Director of the Office of Management and Budget to transfer up to \$572,485,452 to provide for a positive balance in the general fund on June 30, 2017, from the budget stabilization fund to the general fund during the 2015-17 biennium.

NOTE: The estimated June 30, 2017, balance made at the end of the 2015 regular legislative session was \$583,545,799. The decrease in the estimated balance is due to unexpected transfers from the budget stabilization fund to the general fund.

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 any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section currently provides 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 general fund. The 2011 Legislative Assembly approved House Bill No. 1451, which decreased, effective July 1, 2011, the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.

- Section 54-27.2-02 provides 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.
- Section 54-27.2-03 provides 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 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.

ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2015-17 bienniums:

| Biennium | Fiscal Year | Beginning Assets (Excluding Land and Minerals Values) | Distributions | Total Average Investment Return (Interest Income and Capital Gains) |
|-----------|-------------|---|---------------|--|
| 1997-99 | 1998 | \$400,689,879 | \$23,200,000 | 13.57% |
| | 1999 | \$444,823,559 | \$23,200,000 | 7.50% |
| 1999-2001 | 2000 | \$467,059,293 | \$23,775,000 | 11.05% |
| | 2001 | \$521,509,978 | \$23,775,000 | 2.03% |
| 2001-03 | 2002 | \$533,360,593 | \$28,896,500 | (1.34%) |
| | 2003 | \$522,905,814 | \$28,896,500 | 4.57% |
| 2003-05 | 2004 | \$547,047,877 | \$30,000,000 | 12.60% |
| | 2005 | \$614,738,548 | \$30,000,000 | 8.58% |
| 2005-07 | 2006 | \$686,273,875 | \$31,100,000 | 7.51% |
| | 2007 | \$761,901,287 | \$31,100,000 | 12.82% |
| 2007-09 | 2008 | \$887,092,909 | \$33,400,000 | (4.22%) |
| | 2009 | \$908,928,685 | \$33,400,000 | (13.75%) |
| 2009-11 | 2010 | \$846,314,086 | \$38,589,000 | 14.48% |
| | 2011 | \$1,221,501,801 | \$38,589,000 | 17.99% |
| 2011-13 | 2012 | \$1,622,412,984 | \$46,257,000 | 2.42% |
| | 2013 | \$1,917,135,220 | \$46,257,000 | 10.65% |
| 2013-15 | 2014 | \$2,417,363,782 | \$65,163,000 | 13.85% |
| | 2015 | \$3,128,315,233 | \$65,163,000 | .50% |
| 2015-17 | 2016 | \$3,437,988,002 | \$103,067,000 | 1 |
| | 2017 | 1 | \$103,067,000 | 1 |

¹Article IX, Section 2, of the Constitution of North Dakota, was amended in November 2006 through voter approval of Measure No. 1 (2005 House Concurrent Resolution No. 3037). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was \$3,368,290,148 as of March 31, 2016.**

MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides that the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. In 2006 Measure No. 1 approved by voters removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

Article IX, Section 5

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

Article X, Section 24

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of Measure No. 1 (1993 Senate Concurrent Resolution No. 4011). In 2015 the Legislative Assembly approved Senate Concurrent Resolution No. 4003 which provides for a constitutional amendment to Section 24 that, if approved by voters, would allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes. Although the resolution also simplifies other language in the section, it does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

Select North Dakota Century Code Provisions

Section 47-30.1-23

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. Forty-five percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund must be transferred to the common schools trust fund and become a part of the principal of the fund.

The Legislative Assembly, in 2015 Senate Bill No. 2003, amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement.

Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

To date, \$180,657,304 of tobacco settlement money received by the state has been transferred to the common schools trust fund. The following is a summary of transfers to the common schools trust fund from the tobacco settlement trust fund, estimated based on actual revenues received through June 2016 and estimated revenues per the August 2016 revised legislative forecast, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and related disputes.

| | |
|-------------------------------------|-------------------------|
| 1999-2001 | \$23,805,353 (actual) |
| 2001-03 | \$23,998,745 (actual) |
| 2003-05 | \$20,977,123 (actual) |
| 2005-07 | \$19,722,653 (actual) |
| 2007-09 | \$27,672,929 (actual) |
| 2009-11 | \$18,248,834 (actual) |
| 2011-13 | \$18,108,052 (actual) |
| 2013-15 | \$19,003,716 (actual) |
| 2015-17 | \$18,119,900 (estimate) |
| 2017-25 (\$23,626,724 per biennium) | \$94,506,896 (estimate) |

DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

Article IX, Section 2

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the 5-year average value of the trust assets, excluding the value of land and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (2005 House Concurrent Resolution No. 3037). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 biennium and all subsequent bienniums are based on the distribution formula.
- All fines for violation of state laws. (This money is not added to the trust fund, but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of Measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.
- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

Select North Dakota Century Code Provisions

Section 15-01-02

This section provides that the Board of University and School Lands has full control of:

- The selection, appraisal, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

INVESTMENT OF THE COMMON SCHOOLS TRUST FUND

Section 15-03-04 provides that the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

**ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE
2009-11, 2011-13, 2013-15, AND 2015-17 BIENNIUMS**

| | 2009-11 Biennium Actual | | 2011-13 Biennium Actual | | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|---|----------------------------|--------------|----------------------------|---------------|----------------------------|---------------|-------------------------------|--------------|
| Beginning balance | | \$37,623,216 | | \$34,675,167 | | \$77,651,986 | | \$75,867,942 |
| Add revenues | | | | | | | | |
| Transfer from the general fund | | | | | | | | |
| Transfer from the permanent oil tax trust fund (2011 SB 2369) | \$22,000,000 ¹ | | | | | | | |
| Transfer from the general fund (Section 17 of 2011 SB 2371) | | | \$48,700,000 ² | | | | | |
| Interest income | 199,420 | | 70,784 | | \$81,030 | | \$62,000 | |
| Federal funds - Volunteer hours adjustment and local share federal-to-federal mission assignments | 612,263 | | 1,604,101 | | | | | |
| Revenue/Refund from cities/counties | | | | | 1,007,480 | | 200,000 | |
| National Guard reimbursements | 136,057 | | 705,950 | | | | | |
| Oil and gas tax collections | | | 22,000,000 ³ | | 22,000,000 ³ | | 14,640,643 ¹⁴ | |
| Total revenues | | 22,947,740 | | 73,080,835 | | 23,088,510 | | 14,902,643 |
| Total available | | \$60,570,956 | | \$107,756,002 | | \$100,740,496 | | \$90,770,585 |
| Less estimated expenditures | | | | | | | | |
| Emergency snow removal grants | 9,000,000 ⁴ | | | | | | | |
| Costs relating to disasters occurring prior to 2009 | 513,321 ⁵ | | 826,535 ⁶ | | 1,306,121 ¹³ | | | |
| Costs relating to 2009 flooding | 5,739,762 ⁵ | | 2,656,019 ⁶ | | 2,530,274 ^{13,17} | | 1,472,049 ²¹ | |
| Costs relating to the January 2010 winter snowstorm | 1,506,693 ⁵ | | 69,717 ² | | 310,392 ^{13,17} | | | |
| Costs relating to 2010 flooding | 3,390,192 ⁵ | | 164,272 ² | | 320,896 ^{13,17} | | 1,357,717 ²¹ | |
| Costs relating to the April 2010 ice storm | 2,854,089 ⁵ | | 544,138 ² | | 565,976 ^{13,17} | | 102,476 ²¹ | |
| Costs relating to the April 2011 blizzard | 16,937 ⁵ | | | | | | | |

| | | | | |
|--|------------------------|-----------------------------|----------------------------|--------------------------|
| Costs relating to 2011 flooding | 2,874,795 ⁵ | 12,261,836 ^{2,7,8} | 7,430,968 ^{13,17} | 13,576,830 ²¹ |
| 2011 ice storm (2013 HB 1016) | | | 616,217 ¹⁷ | |
| Costs relating to flooding in incorporated cities | | 1,715,887 ⁸ | 1,461,014 ¹³ | 23,099 ²¹ |
| Disaster response coordination contract | | 400,000 ⁹ | 400,000 ⁹ | 200,000 ⁹ |
| State disasters and flood mitigation efforts | | 7,240 ⁸ | 91,986 ¹³ | 4,698,342 ²¹ |
| Contingent appropriation for 2012 disaster event | | 0 ² | | |
| Housing rehab and retention | | 5,458,372 ² | 2,461,071 ² | 2,080,557 ²¹ |
| Flood-impacted housing assistance grant program | | | 1,500,000 ¹¹ | |
| Road grade raising projects - Department of Transportation | | 6,000,000 ² | | |
| Disaster recovery planning and technical services | | | 1,031,218 ¹² | 1,468,782 ¹² |
| Fargo interior flood protection (Section 11 of 2015 SB 2020) | | | | 30,000,000 ¹⁵ |
| Chronic flooding relief (Section 3 of 2015 SB 2016) | | | | 2,000,000 ¹⁶ |
| 2013 Southern Red River flood | | | 842,470 ¹⁷ | 666,901 ²¹ |
| 2013 Northern Red River flood | | | 748,665 ¹⁷ | 1,004,177 ²¹ |
| 2013 Winter Storm (October) | | | 36,116 ¹⁷ | 895,944 ²¹ |
| 2014 rain storms | | | 219,170 ¹⁷ | 223,711 ²¹ |
| Valley City flood protection (2015 SB 2023) | | | 3,000,000 ¹⁸ | |
| Double Ditch site repairs (Section 5 of 2015 SB 2018) | | | | 2,000,000 ¹⁹ |
| Bismarck area flood protection (Section 15 of 2015 SB 2020) | | | | 4,000,000 ²⁰ |
| Total estimated expenditures and transfers | 25,895,789 | 30,104,016 ¹⁰ | 24,872,554 | 65,770,585 ²² |
| Estimated ending balance | <u>\$34,675,167</u> | <u>\$77,651,986</u> | <u>\$75,867,942</u> | <u>\$25,000,000</u> |

¹Senate Bill No. 2369 (2011) provided a \$22 million transfer from the permanent oil tax trust fund to the state disaster relief fund and authorized the Adjutant General to use this funding for costs associated with state disasters and flood mitigation efforts.

²Section 17 of 2011 Senate Bill No. 2371 provided the Office of Management and Budget transfer \$48.7 million from the general fund to the state disaster relief fund during the 2011-13 biennium for the following purposes:

| Relief Assistance | Transfer Amount | Appropriation Authority |
|---|---------------------|--|
| Disaster-related expenses | \$32,700,000 | Section 15 of 2011 Senate Bill No. 2371 provided appropriation authority of \$29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters. Section 16 of Senate Bill No. 2371 provided a contingent appropriation of \$5 million from the state disaster relief fund to the Adjutant General relating to grants to political subdivisions for a portion of the local share required to match federal emergency relief funding. The funding is contingent upon a 2012 disaster event exceeding \$50 million in damages across the state. |
| Flood-impacted housing assistance grant program | 10,000,000 | Section 9 of Senate Bill No. 2371 appropriated \$10 million from the state disaster relief fund to the Adjutant General for providing: <ul style="list-style-type: none"> • Additional rebuilders loan program funding to the Bank of North Dakota. • Funding to political subdivisions for flood-impacted housing rehabilitation. Funding must be used as deemed most effective in that community to assist homeowners in rehabilitation or replacement of their flood-damaged homes and to retain homeowners in the community. |
| Road grade raising grants | 6,000,000 | Section 14 of Senate Bill No. 2371 appropriated \$6 million from the state disaster relief fund to the Department of Transportation for grants to counties for road grade raising projects on federal aid-eligible roads. |
| Total | \$48,700,000 | |

³House Bill No. 1451 (2011) created North Dakota Century Code Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$2 million is deposited in the general fund;
- The next \$341.79 million is deposited in the property tax relief fund;
- The next \$100 million is deposited in the general fund;
- The next \$100 million is deposited in the strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

⁴Section 2 of 2011 Senate Bill No. 2369 authorized up to \$9 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships. Section 2 of the bill provided a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed \$9 million in grants prior to June 30, 2011, and reported to the Budget Section regarding the grants awarded under this section on September 15, 2011.

⁵Section 6 of 2009 Senate Bill No. 2012 authorized up to \$23 million from the state disaster relief fund to be used for paying costs relating to the 2009 flood disaster, snow removal damage to roads, and other disasters in accordance with Section 8 of the bill. Section 8 of the bill provided a political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 may apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding.

⁶Section 1 of 2011 Senate Bill No. 2016 included spending authority of \$7.8 million from the state disaster relief fund for expenses related to the 2009 flood disaster (\$3,369,258) and other unclosed state disasters (\$4,473,046) in the 2011-13 biennium.

⁷Section 5 of 2011 Senate Bill No. 2016 appropriated \$3.5 million from the state disaster relief fund to the Adjutant General for the purpose of providing the required state share of funding for defraying the expenses associated with presidentially declared disasters pursuant to Section 37-17.1-27.

⁸Section 4 of 2011 Senate Bill No. 2369 appropriated \$22 million from the state disaster relief fund for flood-related costs for the remainder of the 2009-11 biennium and for the 2011-13 biennium. Subject to Emergency Commission and Budget Section approval, the Adjutant General may use the funding for city flood mitigation projects (up to \$3.2 million) and for disaster relief relating to 2011 spring flooding, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidentially declared disasters in the state. In September 2011 the Adjutant General received Emergency Commission and Budget Section approval for 2011-13 expenses of \$17.5 million for flood disasters, \$1.2 million for funding specific city flood mitigation projects, and \$4.8 million for road grade raising and matching grants to political subdivisions.

⁹In 2011 Senate Bill No. 2016, the Legislative Assembly provided authority to the Department of Emergency Services to utilize \$400,000 from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters. House Bill No. 1016 (2013) continued the same level of funding for the 2013-15 biennium. Senate Bill No. 2016 (2015) provides a \$200,000 appropriation from the state disaster relief fund for disaster response coordination for the 2015-17 biennium.

¹⁰Total 2011-13 state disaster relief fund appropriation authority provided to the Adjutant General consists of:

| | |
|-------------------|----------------|
| \$22,000,000 | see Footnote 8 |
| 3,500,000 | see Footnote 7 |
| 7,842,304 | see Footnote 6 |
| 400,000 | see Footnote 9 |
| <u>42,700,000</u> | see Footnote 2 |
| \$76,442,304 | |

¹¹Section 4 of 2013 House Bill No. 1016 appropriated \$1.5 million from the state disaster relief fund to the Housing Finance Agency to provide grants to counties, cities, local housing authorities, and other nonprofit entities providing flood-impacted housing assistance. The section required an entity requesting grant funding to certify to the Housing Finance Agency that housing occupants were eligible to receive housing assistance under federal Department of Housing and Urban Development guidelines, that a land use agreement was in place for temporary housing units, and that a plan had been developed for the disposal of temporary housing units. The Housing Finance Agency was to develop guidelines for the distribution of funds, including the frequency of the distribution of grant funds.

¹²The 2013-15 biennium legislative appropriations include funding of \$1.5 million for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs associated with preparedness, mitigation, and response and recovery. Senate Bill No. 2016 (2015) provides funding of \$1 million for continuing the disaster recovery planning and technical assistance contracted services for the 2015-17 biennium.

¹³Section 1 of 2013 House Bill No. 1016 included spending authority of \$13.9 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2013-15 biennium.

¹⁴This amount reflects estimated oil tax revenue allocations for the 2015-17 biennium based on the August 2016 revised legislative estimate. House Bill No. 1377 (2015) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$200 million is deposited in the general fund;
- The next \$300 million is deposited in the tax relief fund;
- The next \$100 million is deposited in the general fund;
- The next \$100 million is deposited in the strategic investment and improvements fund;
- The next \$22 million is deposited in the disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$25 million; and

- Any additional revenues:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund.

¹⁵Section 11 of 2015 Senate Bill No. 2020 appropriates \$30 million from the state disaster relief fund to the State Water Commission for flood protection projects within the city limits of Fargo.

¹⁶Section 3 of 2015 Senate Bill No. 2016 appropriates \$2 million from the state disaster relief fund to the Adjutant General to provide for repair and replacement of infrastructure and for removal of debris and other health hazards in organized service districts that are experiencing chronic flooding. The Adjutant General is required to consult with the Environmental Division of the State Department of Health regarding the process of environmental cleanup.

¹⁷Subdivision 9 of Section 1 of 2015 Senate Bill No. 2023 provides a deficiency appropriation of \$5 million from the state disaster relief fund for four disasters occurring in 2013 and 2014 (\$2.1 million) and for disasters occurring in 2009, 2010, and 2011 (\$2.9 million).

¹⁸Subdivision 6 of Section 1 of 2015 Senate Bill No. 2023 provides a deficiency appropriation of \$3 million from the state disaster relief fund to Valley City State University for flood protection.

¹⁹2015 Senate Bill No. 2018 appropriates \$2 million from the state disaster relief fund for Double Ditch historic site repairs.

²⁰Section 14 of 2015 Senate Bill No. 2020 appropriates \$4 million from the state disaster relief fund to the State Water Commission for levee projects for the Missouri River Correctional Center (\$1.2 million) and for Lincoln township's Fox Island area (\$2.8 million).

²¹Section 1 of 2015 Senate Bill No. 2016 included spending authority of \$17.8 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2015-17 biennium.

²²This amount is an estimate based on actual expenditures through March 31, 2016, and agency estimated expenditures through June 30, 2017.

FUND HISTORY

Section 37-17.1-27 (Section 4 of 2009 Senate Bill No. 2012) establishes a state disaster relief fund. In 2011 Senate Bill No. 2369, the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidentially declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. Senate Bill No. 2292 (2013) further amended the section to allow money in the fund to be used for wide area search and rescue activities. Any interest or other fund earnings must be deposited in the fund.

Section 3 of 2015 House Bill No. 1377 amends Section 57-51.1-07.5 relating to the allocation of oil and gas taxes to the state disaster relief fund. The section provides that no oil and gas taxes may be deposited in the state disaster relief fund if the unobligated balance in the fund exceeds \$25 million.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

| | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|---|-------------------------|---------------|----------------------------|----------------------------|
| Beginning balance | | \$335,364,942 | | \$617,625,443 |
| Add revenues | | | | |
| Oil extraction tax allocations | \$282,260,501 | | \$123,448,294 ¹ | |
| Total revenues | | 282,260,501 | | 123,448,294 |
| Total available | | \$617,625,443 | | \$741,073,737 |
| Less expenditures and transfers | | | | |
| Transfer to state school aid program | \$0 | | \$116,053,293 ² | |
| Contingent transfer to the school construction assistance loan fund (2015 SB 2039) ³ | | | | |
| Contingent transfer to the scholarship endowment fund (2015 SB 2039) ³ | | | | |
| Total expenditures and transfers | | 0 | | 116,053,293 |
| Ending balance | | \$617,625,443 | | \$625,020,444 ³ |

¹Estimated revenues - Based on actual oil extraction tax collections deposited in the fund through June 2016 and estimated allocations for the remainder of the 2015-17 biennium per the August 2016 revised legislative forecast.

²Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. In February 2016 the Governor issued a 4.05 percent budget allotment and in March 2016, \$71,758,143 was transferred from the foundation aid stabilization fund to the Department of Public Instruction to offset state school aid, transportation, and special education reductions as a result of the general fund budget allotment. In August 2016 the Governor issued another 2.5 percent budget allotment which will result in an additional transfer of \$44,295,150 from the foundation aid stabilization fund to the general fund.

³The 2015 Legislative Assembly approved Senate Concurrent Resolution No. 4003, which proposes a constitutional amendment to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039, which establishes a scholarship endowment fund and a school construction assistance loan fund. The bill provides for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund) and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund) contingent on the approval of Senate Concurrent Resolution No. 4003 by the voters in November 2016. Senate Bill No. 2039 also provides any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for educational-related purposes, including state aid to school districts and educational-related property tax relief to school district patrons. Integrated formula payments, transportation aid, and special education grants total \$1,822,100,000 during the 2013-15 biennium, of which \$140,326,000 is provided from the state tuition fund and \$1,681,774,000 is provided from the general fund. Based on the August 2016 revised legislative revenue forecast and final legislative action, it is estimated the foundation aid stabilization fund balance will exceed 15 percent of the 2013-15 biennium general fund appropriation for state school aid of \$252,266,100 by an estimated \$372,754,344 by the end of the 2015-17 biennium. If Senate Concurrent Resolution No. 4003 is approved by the voters, the foundation aid stabilization fund will become available December 1, 2016, as follows:

| | |
|--|----------------------------|
| Estimated foundation aid stabilization fund balance - December 1, 2016 | \$584,755,524 ¹ |
| Reserve balance - 15 percent of the general fund appropriation for state aid to school districts, including integrated formula payments, transportation aid, and special education grants, during the 2013-15 biennium | \$252,266,100 |
| Transfer to the scholarship endowment fund | \$166,244,712 |
| Transfer to the school construction assistance fund | \$166,244,712 |

¹To the extent that the balance in the foundation aid stabilization fund exceeds 15 percent of the general fund appropriation for state aid to school districts, for the most recently completed biennium, oil extraction tax allocations deposited into the foundation aid stabilization fund after December 1, 2016, are available for educational-related purposes, including state aid to school districts and educational-related property tax relief to school district patrons. Based on the August 2016 revised legislative revenue forecast, it is estimated \$40,264,920 in oil extraction tax allocations will be deposited in the foundation aid stabilization fund between December 1, 2016, and June 30, 2017.

NOTE: The estimated June 30, 2017, balance made at the end of the 2015 regular legislative session was \$746,124,942. The decrease in the estimated balance of \$121,104,498 is due to decreased oil activity resulting in the 2015-17 actual and estimated revenues of \$123,448,294 being \$10,781,706 less than originally projected revenues of \$134,230,000 and anticipated transfers totaling \$116,053,293 from the foundation aid stabilization fund to the general fund to offset a general fund budget allotment of state school aid. The reductions are partially offset by the actual July 1, 2015, balance of \$617,625,443 being \$5,730,501 more than the July 1, 2015, balance estimated at the close of the 2015 legislative session of \$611,894,942.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 24, of the Constitution of North Dakota--to provide that 20 percent of oil extraction tax revenue be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

The principal of the foundation aid stabilization fund may only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that the Director of the Budget may order an allotment to control the rate of expenditures of state agencies. This section provides that an allotment must be made by a specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

Article X, Section 24, of the Constitution of North Dakota, provides that the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the period July 1, 2015, through June 30, 2016, \$305,002 of interest from the foundation aid stabilization fund has been allocated to the general fund.

The 2015 Legislative Assembly approved Senate Concurrent Resolution No. 4003, which purposes a constitutional amendment to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for educational-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039, which establishes a scholarship endowment fund and a school construction assistance loan fund. The bill provides for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund) and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund) contingent on the approval of Senate Concurrent Resolution No. 4003 by the voters in November 2016. Senate Bill No. 2039 also provides any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for educational-related purposes, including state aid to school districts and educational-related property tax relief to school district patrons.

ANALYSIS OF THE LEGACY FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

| | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|---|-------------------------|-----------------|----------------------------|-----------------|
| Beginning balance | | \$1,194,228,388 | | \$3,325,913,159 |
| Add revenues | | | | |
| Oil and gas gross production and extraction tax collections (30 percent of collections) ¹ | \$1,691,786,379 | | \$810,680,000 | |
| Transfer of oil and gas tax revenues from the strategic investment and improvements fund ^{2,3} | 205,041,523 | | 0 | |
| Transfer of other revenue sources from the strategic investment and improvements fund ^{3,4} | 21,730,109 | | 0 | |
| Investment earnings ⁵ | 213,126,760 | | 130,000,000 | |
| Total revenues | | 2,131,684,771 | | 940,680,000 |
| Total available | | \$3,325,913,159 | | \$4,266,593,159 |
| Total expenditures and transfers ⁶ | | 0 | | 0 |
| Ending balance | | \$3,325,913,159 | | \$4,266,593,159 |

¹Estimated revenues - The amount shown reflects actual oil and gas gross production tax and oil extraction tax revenue allocations through July 2016 and forecasted amounts for the remainder of the 2015-17 biennium. The forecasted amounts are based on the August 2016 revised legislative estimate. These amounts do not reflect any transfers from the strategic investment and improvements fund, which are shown separately on the schedule.

²Pursuant to North Dakota Century Code Section 15-08.1-08, if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund. The amounts reflect only the transfers from the strategic investment and improvements fund from oil and gas tax revenue.

³In 2015 House Bill Nos. 1176 and 1377, the Legislative Assembly amended Section 15-08.1-08 to eliminate the transfer of 25 percent of any revenues from the strategic investment and improvements fund to the legacy fund if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month.

⁴These amounts reflect transfers to the legacy fund from the strategic investment and improvements fund from revenue sources other than oil and gas tax revenue, pursuant to Section 15-08.1-08.

⁵Based on current law, the investment earnings for purposes of determining the legacy fund earnings accruing prior to July 1, 2017, and the transfer of earnings to the general fund at the end of each biennium after June 30, 2017, include only the realized earnings. The schedule below provides more detail on the investment earnings since the fund was established on July 1, 2011.

| | 2011-13 Biennium Actual | 2013-15 Biennium Actual | 2015-17 Biennium Estimated | Total |
|---------------------------|----------------------------|----------------------------|-------------------------------|---------------|
| Realized earnings | \$18,520,564 | \$145,255,008 | \$130,000,000 | \$293,775,572 |
| Unrealized earnings | (12,004,313) | 67,871,752 | 0 | 55,867,439 |
| Total investment earnings | \$6,516,251 | \$213,126,760 | \$130,000,000 | \$349,643,011 |

The investment earnings for the legacy fund for the 2015-17 biennium through May 31, 2016, were \$42.4 million, including realized earnings of approximately \$56.5 million and unrealized earnings (losses) of (\$14.1 million).

⁶The principal and earnings of the legacy fund may not be spent until after June 30, 2017.

NOTE: The beginning balance for the 2013-15 biennium reflects the balance reported by the Retirement and Investment Office resulting in a decrease of \$86,486,098 compared to the beginning balance at the end of the 2015 legislative session. The decrease relates to the timing of oil and gas tax allocations and investment earnings. The estimated June 30, 2017, balance made at the end of the 2015 legislative session was \$4,325,859,817. The decrease in the estimated balance of \$59,266,658 is due in part to oil and gas tax collections being less than the original legislative estimates primarily because of lower than estimated oil prices.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 26, of the Constitution of North Dakota--to provide 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

In 2015 House Bill Nos. 1176 and 1377, the Legislative Assembly amended Section 15-08.1-08 to eliminate the transfer of 25 percent of any revenues from the strategic investment and improvements fund to the legacy fund, if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month.

ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

| | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|--|-----------------------------|----------------------------|----------------------------|---------------|
| Beginning balance | | \$0 | | (\$5,217,411) |
| Add revenues | | | | |
| Oil and gas gross production tax collections | \$18,641,973 ¹ | | \$19,620,000 ⁴ | |
| Interest income | 8,182 | | 17,608 | |
| Total revenues | | \$18,650,155 | | \$19,637,608 |
| Total available | | | | \$14,420,197 |
| Less expenditures and transfers | | | | |
| Grant award commitments | \$23,777,531 ^{1,2} | | 14,270,197 ⁵ | |
| Administrative expenses | 90,035 | | 150,000 ⁶ | |
| Total expenditures and transfers | | \$23,867,566 | | |
| Ending balance | | (\$5,217,411) ³ | | \$0 |

¹Pursuant to North Dakota Century Code Section 57-51-15, 4 percent of the 1 percent of oil and gas gross production tax collections is deposited in the fund up to \$15 million per fiscal year or \$30 million per biennium. Oil and gas gross production tax collections of \$18.64 million were deposited in the fund during the 2013-15 biennium.

²The Industrial Commission established five rounds of grant awards and approved contract awards of \$23,777,531 during the 2013-15 biennium. The commission awarded grants of \$5,848,133 on December 2, 2013, \$2,509,428 on April 1, 2014, \$5,752,839 on August 1, 2014, \$5,202,225 on January 9, 2015, and \$4,464,906 on June 10, 2015. In addition, \$211,683 of grant awards were withdrawn during the 2013-15 biennium. Many of the grants are for multiyear projects; therefore, not all of the grant funds awarded were expended during the 2013-15 biennium. The commission expended \$2,386,248 from the fund during the 2013-15 biennium for grants.

³The 2013-15 biennium estimated ending balance of (\$5,217,411) is based on grants awarded to date, not amounts anticipated to be spent. Because some grant awards are paid over multiple years, the Industrial Commission spent only \$2,476,283 of the \$18,650,155 by June 30, 2015, leaving an estimated balance of \$16,173,872.

⁴House Bill No. 1176 (2015) amends Section 57-51-15 to increase the amount deposited in the North Dakota outdoor heritage fund from 4 percent of the 1 percent of oil and gas gross production tax collections to 8 percent of the 1 percent, and to increase the maximum oil and gas gross production tax collection deposits from \$15 million to \$20 million per year and from \$30 million to \$40 million per biennium. The July 2016 revised revenue forecast for oil and gas taxes estimates oil and gas gross production tax collections of \$19.6 million will be deposited in the fund during the 2015-17 biennium.

⁵The amount shown reflects estimated funds that will be available for grants in the 2015-17 biennium. The Industrial Commission awarded grants of \$4,719,843 as of July 31, 2016. In addition, funding of \$145,202 has been returned during the 2015-17 biennium from projects that did not utilize the total award amount. Many of the grants are for multiyear projects; therefore, not all of the grant funds awarded will be expended during the 2015-17 biennium. The commission has expended \$4,610,478 from the fund as of July 31, 2016. The commission anticipates approximately \$12 million will be expended from the fund during the 2015-17 biennium for grants.

⁶The amount shown reflects estimated administrative expenses that will be expended during the 2015-17 biennium. The Industrial Commission expended \$86,219 as of July 31, 2016.

NOTE: The estimated June 30, 2017, balance made at the end of the 2015 regular legislative session was also \$0. However, oil and gas tax collections are anticipated to be \$7.8 million less than projected, resulting in a reduction in anticipated grant awards for the 2015-17 biennium.

FUND HISTORY

The North Dakota outdoor heritage fund was established in 2013 House Bill No. 1278 (Chapter 54-17.8) to provide, pursuant to a continuing appropriation, grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to enhancing conservation practices in this state by:

- Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improving, maintaining, and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching;
- Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and
- Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

For the 2013-15 biennium, pursuant to Section 57-51-15, 4 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund, up to \$15 million per year. Effective July 1, 2015, 8 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund. A maximum of \$20 million of oil and gas gross production tax collections may be deposited in the fund each year. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

| | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|--|---------------------------|---------------|----------------------------|---------------|
| Beginning balance, excluding infrastructure revolving loan fund | | \$292,961,846 | | \$523,636,206 |
| Add revenues | | | | |
| Oil extraction tax collections | \$564,521,004 | | \$246,900,000 ¹ | |
| Repayments and reimbursements | 11,472,148 | | 15,000,000 | |
| Investment earnings/Miscellaneous income | 3,549,572 | | 4,071,043 | |
| Total revenues | | 579,542,724 | | 265,971,043 |
| Total available | | \$872,504,570 | | \$789,607,249 |
| Less funds designated for the infrastructure revolving loan fund (North Dakota Century Code Section 61-02-78) | \$11,407,864 ² | | \$24,690,000 ² | |
| Less expenditures and transfers | | | | |
| State Water Commission - Grants, projects, and project administration, including expenditures approved by the Budget Section pursuant to 2013 HB 1020 and 2015 SB 2020 | 333,260,500 ³ | | 755,817,897 ⁴ | |
| Total State Water Commission expenditures and loans | | \$344,668,364 | | \$780,507,897 |
| Transfer to renewable energy development fund (Section 57-51.1-07) | \$3,000,000 ⁵ | | \$3,000,000 ⁵ | |
| Transfer to energy conservation grant fund (Section 57-51.1-07) | 1,200,000 ⁵ | | 1,200,000 ⁵ | |
| Total transfers | | 4,200,000 | | 4,200,000 |
| Ending balance, excluding funds designated for infrastructure revolving loan fund | | \$523,636,206 | | \$4,899,352 |

NOTE: The estimated ending balance does not reflect the ending balance of the infrastructure revolving loan fund. The combined estimated June 30, 2017, balance is \$40,997,216 compared to \$44,528,619 at the end of the 2015 legislative session. The decrease in the estimated balance of \$3,531,403 is due to oil and gas tax collections being \$21,560,000 less than the original legislative estimates primarily because of lower than estimated oil prices, which was offset by the beginning balance being \$15,084,554 more than estimated at the end of the 2015 legislative session due to the large trigger on the oil extraction tax not taking effect, and by increases in estimated repayments and investment earnings of \$2,944,043 resulting in a revised estimated ending balance of \$40,997,216 (\$4,899,352 resource trust fund excluding the infrastructure revolving loan fund and \$36,097,864 for the infrastructure revolving loan fund) for the 2015-17 biennium.

¹Estimated revenues - The amount shown reflects actual oil and gas gross production tax and oil extraction tax revenue allocations through July 2016 and forecasted amounts for the remainder of the 2015-17 biennium. The forecasted amounts are based on the August 2016 revised legislative estimate.

²This amount represents 10 percent of oil extraction tax collections designated for the infrastructure revolving loan fund effective January 1, 2015, through June 30, 2015, for the 2013-15 biennium and actual oil extraction tax collections through April 2016 and estimated oil extraction tax collections for the remainder of the 2015-17 biennium based on the August 2016 legislative revenue forecast and final legislative action. Sections 1 and 5 of 2015 Senate Bill No. 2020 appropriated \$37,106,000 (\$10,260,000 estimated 2013-15 oil extraction tax collections and \$26,846,000 estimated 2015-17 oil extraction tax collections) from the infrastructure revolving loan fund for the purpose of providing loans for water supply, flood protection, or other water development and water management projects. Infrastructure revolving loan fund collections are estimated to total \$36,097,864 through the 2015-17 biennium. The decrease in the estimated funds available in the infrastructure revolving loan fund of \$1,008,136 is due to a combination of an increased share of oil and gas tax collections from the original legislative estimates for the 2013-15 biennium of \$1,147,864, primarily because of the large trigger on the oil extraction tax not taking effect and a decreased share of oil and gas tax collections from the original legislative estimates for the 2015-17 biennium of \$2,156,000, primarily because of lower than estimated oil prices. The outstanding balance of loans issued from the infrastructure revolving loan fund is \$10,879,567 through July 31, 2016. The following is a history of actual and estimated collections for the infrastructure revolving loan fund:

| Infrastructure Revolving Loan Fund Share of Oil Extraction Tax Collections | |
|--|---|
| | Actual and Estimated Total Infrastructure Revolving Loan Fund Collections |
| 2013-15 biennium - actual | \$11,407,864 |
| 2015-17 biennium - estimated | 24,690,000 |
| Total | \$36,097,864 |

³Sections 1 and 4 of 2013 House Bill No. 1020 appropriated \$700.9 million, or any additional amount that becomes available subject to Budget Section approval, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2013-15 biennium. If funding available from the resources trust fund for water projects for the 2013-15 biennium exceeds \$287 million, Section 13 of the bill provided legislative intent that, of the funds appropriated to the commission in the water and atmospheric resources line item, \$60 million from the resources trust fund was provided to the commission for the purpose of paying off or defeasing the commission's outstanding bond issues. Funding from the water development trust fund provided for bond payments (\$16.9 million) and contingent funding from the resources trust fund (\$60 million), totaling \$76.9 million, became available to defease the commission's outstanding bond issues of \$75.25 million and pay related fees. The State Water Commission retired five Southwest Pipeline Project series bonds and defeased another. The State Water Commission anticipated using funds available in the water development trust fund and the resources trust fund to pay off two remaining water development series bonds before the end of the 2013-15 biennium. The Legislative Assembly, in 2015 Senate Bill No. 2020, directed the State Water Commission to refinance the bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of \$45,840,221 at a variable interest rate of 1.75 percent. Principal and interest payments are estimated by the Bank to total \$7.6 million during the 2015-17 biennium and \$7.45 million during the 2017-19 biennium. The Bank loan will mature on June 30, 2030. The State Water Commission is making the loan payments from the resources trust fund.

⁴Sections 1 and 5 of Senate Bill No. 2020 appropriated \$755,817,897, or any additional funding that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2015-17 biennium. The decrease in the estimated expenditures of \$26,357,648 for the State Water Commission is due to a decrease in oil and gas tax collections explained in the note below.

⁵The Legislative Assembly in 2013 Senate Bill No. 2014 authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of one-half of 1 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings.

INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the 2013 Legislative Assembly in Senate Bill No. 2233, which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually the Bank receives one-half of 1 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund.

RESOURCES TRUST FUND HISTORY

The resources trust fund was created pursuant to the passage of Initiated Measure No. 6 in the November 1980 general election. Initiated Measure No. 6 created a 6.5 percent oil extraction tax, 10 percent of which was to be allocated to the resources trust fund. In June 1990 the Constitution of North Dakota was amended to establish the resources trust fund as a constitutional trust fund and provide that the principal and income of the fund could be spent only upon legislative appropriations for:

- Constructing water-related projects, including rural water systems; and
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

The 1995 Legislative Assembly amended Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 to 20 percent. The general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Article X, Section 24, of the Constitution of North Dakota.

Section 57-51.1-07, as amended by 2011 Senate Bill No. 2129, provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund;
- 20 percent allocated as provided in Article X, Section 24, of the Constitution of North Dakota;
- 30 percent to the legacy fund; and
- 30 percent to be allocated to the state's general fund with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in 2011 House Bill No. 1451.

The 2013 Legislative Assembly in Senate Bill No. 2014 authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of one-half of 1 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly, in 2013 Senate Bill No. 2233, established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

| | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|---|----------------------------|---------------|-------------------------------|---------------|
| | Beginning balance | | \$27,330,704 ¹ | |
| Add estimated revenues | | | | |
| Sales, use, and motor vehicle excise taxes (based on 40 percent of an equivalent one-cent sales tax through June 30, 2014, and 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014) | \$251,290,016 | | \$196,780,218 ² | |
| Total estimated revenues | | 251,290,016 | | 196,780,218 |
| Total available | | \$278,620,720 | | \$196,780,218 |
| Less estimated expenditures and transfers | | | | |
| Payments to political subdivisions | | | | |
| County share (53.7 percent) | \$149,619,327 | | \$105,670,977 | |
| City share (46.3 percent) | 129,001,393 | | 91,109,241 | |
| Total estimated expenditures and transfers | | 278,620,720 | | 196,780,218 |
| Estimated ending balance | | <u>\$0</u> | | <u>\$0</u> |

¹The amount shown for the 2013-15 biennium beginning balance represents the final distribution for the 2011-13 biennium, which was inadvertently recorded as a 2013-15 biennium distribution.

²The amount shown reflects the forecasted amounts based on the August 2016 revised legislative revenue forecast.

NOTE: The estimated revenue projection for the 2015-17 biennium made at the end of the 2015 legislative session for deposits in the fund was \$303,246,987. The decrease in the estimated fund revenues of \$106,466,769 is due to sales, use, and motor vehicle excise tax collections being less than the original legislative estimates primarily because of reduced activity in the oil and agriculture industries.

FUND HISTORY

North Dakota Century Code Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

The 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

| Population Category Through June 30, 2011 | | | |
|---|-------------------|-------------------------------------|-------------------|
| Counties | Percentage | Cities (Based on Population) | Percentage |
| 17 counties with the largest population (allocated equally) | 20.48% | 80,000 or more | 19.4% |
| 17 counties with the largest population (allocated based on population) | 43.52% | 20,000 or more but less than 80,000 | 34.5% |
| Remaining counties (allocated equally) | 14.40% | 10,000 or more but less than 20,000 | 16.0% |
| Remaining counties (allocated based on population) | 21.60% | 5,000 or more but less than 10,000 | 4.9% |
| | | 1,000 or more but less than 5,000 | 13.1% |
| | | 500 or more but less than 1,000 | 6.1% |
| | | 200 or more but less than 500 | 3.4% |
| | | Less than 200 | 2.6% |
| Total | 100.00% | | 100.0% |

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill did not change the total distribution percentages to cities and counties which remains at 53.7 percent to counties and 46.3 percent to cities. The allocation formula for specific counties and cities is:

| Population Category Effective July 1, 2011 | | |
|---|-------------------|--|
| Counties | Percentage | Cities |
| 17 counties with the largest population (allocated equally) | 20.48% | Based upon the proportion each city's population bears to total population |
| 17 counties with the largest population (allocated based on population) | 43.52% | |
| Remaining counties (allocated equally) | 14.40% | |
| Remaining counties (allocated based on population) | 21.60% | |
| Total | 100.00% | |

Senate Bill No. 2325 (2013), which became effective July 1, 2014, increased the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

House Bill No. 1067 (2015), which became effective July 1, 2015, and expires on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census date.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND
FOR THE 2013-15 AND 2015-17 BIENNIUMS**

| | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|---|-------------------------|-----------------|----------------------------|---------------|
| | | | | |
| Beginning balance | | \$969,920,162 | | \$557,226,995 |
| Add revenues | | | | |
| Production royalties ¹ | \$220,997,679 | | \$104,217,341 | |
| Mineral leases ¹ | 290,430 | | 1,004,722 | |
| Oil and gas bonuses ¹ | 22,706,090 | | 10,483,202 | |
| Loan income ¹ | 2,533,544 | | 0 | |
| Investment earnings ¹ | 3,775,510 | | 5,940,604 | |
| Oil and gas tax collections ² | 1,184,491,267 | | 119,180,000 | |
| Total revenues | | 1,434,794,520 | | 240,825,869 |
| Total available | | \$2,404,714,682 | | \$798,052,864 |
| Less expenditures and transfers | | | | |
| Transfer to legacy fund from oil and gas tax revenue ^{3,4} | \$180,149,222 | | | |
| Transfer to legacy fund from other revenue sources ^{3,4} | 21,730,109 | | | |
| Transfer to the general fund (2013 HB 1015) | 520,000,000 | | | |
| Grants to critical access hospitals - Department of Human Services (2013 HB 1358) | 9,600,000 | | | |
| Grants for law enforcement needs - Attorney General (2013 HB 1358) | 9,600,000 | | | |
| Enhanced use lease grant program - Department of Commerce (2013 SB 2018) | 2,500,000 | | | |
| Grant program for nursing homes, basic care facilities, and providers of services to developmentally disabled individuals - Department of Commerce (2013 HB 1358) | 2,000,000 | | | |
| Private land study - Department of Trust Lands (2013 SB 2013) | 50,000 | | | |
| Funding for political subdivisions and state highways (2015 SB 2103) | 1,100,000,000 | | | |
| Short line railroad revolving loan fund (2015 HB 1012) | | | \$7,000,000 | |
| Core library expansion project - Industrial Commission (2015 HB 1014) | | | 13,625,322 | |
| Contingent appropriation - Enhanced use lease grant program - Department of Commerce (2015 HB 1018) | | | 7,500,000 | |
| Veterinary diagnostics laboratory - Main Research Center (2015 HB 1020) | | | 18,000,000 | |
| Contract service fees - Commission on Legal Counsel for Indigents (2015 HB 1022) | | | 200,000 | |
| Grants for domestic violence shelters - Department of Commerce (2015 HB 1285) | | | 650,000 | |
| Transfer to infrastructure revolving loan fund - Bank of North Dakota (2015 HB 1443) | | | 50,000,000 | |
| Transfer to medical facility infrastructure loan fund - Bank of North Dakota (2015 SB 2012) | | | 50,000,000 | |
| Contingent transfer to highway fund - Department of Transportation ⁵ (2015 SB 2015) | | | 0 | |
| Transfer to school construction assistance loan fund - Department of Public Instruction and Bank of North Dakota (2015 SB 2039) | | | 150,000,000 | |

| | | | | |
|---|-----------|---------------|-----------|---------------|
| Administrative costs/other fees | 1,858,356 | | 1,986,298 | |
| Total expenditures and transfers | | 1,847,487,687 | | 298,961,620 |
| Ending balance | | \$557,226,995 | | \$499,091,244 |
| Restricted fund income | | | | |
| Reserve relating to potential title disputes ⁶ | | 141,197,060 | | 146,007,505 |
| Expanded school construction loan program - Department of Public Instruction (2013 HB 1013; 2015 SB 2013) | | 150,000,000 | | |
| Medical facility infrastructure loans - Bank of North Dakota (2013 SB 2187) | | 50,000,000 | | 0 |
| Bank of North Dakota - Maintain guarantee reserve fund balance ⁷ (2011 SB 2306; 2013 SB 2287) | | 25,000,000 | | 25,000,000 |
| Ending balance - Undesignated | | \$191,029,935 | | \$328,083,739 |

¹The amounts shown reflect projections by the Department of Trust Lands for the 2013-15 and 2015-17 bienniums.

²House Bill No. 1451 (2011) created a new section to North Dakota Century Code Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$200 million is deposited in the general fund;
- The next \$341.79 million is deposited in the property tax relief fund;
- The next \$100 million is deposited in the general fund;
- The next \$100 million is deposited in the strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

House Bill No. 1176 (2015) increased the allocation of oil and gas gross production tax collections to counties decreasing the state's share, including the allocation to the strategic investment and improvements fund. House Bill No. 1377 (2015) amended Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to provide the following:

- The first \$200 million to the general fund;
- The next \$300 million to the tax relief fund;
- The next \$100 million to the general fund;
- The next \$100 million to the strategic investment and improvements fund;
- The next \$22 million to the state disaster relief fund, but not in an amount that would bring the unobligated balance of the fund to more than \$25 million;
- For the 2015-17 biennium, any remaining revenues are deposited:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund.
- After the 2015-17 biennium, any remaining revenues are deposited into the strategic investment and improvements fund.

Estimated revenues - These amounts reflect actual oil tax revenue collections deposited in the fund through July 2016 and estimated allocations for the remainder of the 2015-17 biennium. The forecasted amounts are based on the August 2016 revised legislative estimate. These amounts do not reflect any transfers to the legacy fund. The transfer amounts are shown under estimated expenditures and transfers.

³Section 15-08.1-08, as effective during the 2013-15 biennium, provided that if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month were deposited instead into the legacy fund.

⁴House Bill Nos. 1176 and 1377 (2015) amended Section 15-08.1-08 to eliminate the transfer of 25 percent of any revenues from the strategic investment and improvements fund to the legacy fund, if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month.

⁵Senate Bill No. 2015 (2015) provides a contingent transfer of \$25.85 million from the strategic investment and improvements fund to the highway fund and a contingent appropriation of \$25.85 million from the highway fund to the Department of Transportation for state highway investments. The \$25.85 million is available only if actual general fund revenues for the period beginning July 1, 2015, and ending December 31, 2015, exceed the legislative estimates for the same period by at least \$126 million, or if actual general fund revenues for the period beginning July 1, 2015, and ending June 30, 2016, exceed the legislative estimates for the same period by at least \$126 million. General fund revenues for the period beginning July 1, 2015, and ending December 31, 2015, did not exceed the legislative estimates.

⁶These amounts represent oil and gas bonuses received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Based on the outcome of legal settlements, these funds may need to be returned. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve pending the settlement of mineral ownership title disputes.

⁷Senate Bill No. 2306 (2011) provided guarantees on fuel production facility loans administered by the Bank of North Dakota be increased by \$10.5 million to \$12.5 million, and the value of all fuel production facility loan guarantees is increased by \$15 million, from \$10 million to \$25 million. Money in the strategic investment and improvements fund is available to the Bank to maintain 25 percent of the guarantee reserve fund balance not to exceed a total of \$6.25 million. Senate Bill No. 2287 (2013), which became effective on March 27, 2013, provides that money in the strategic investment and improvements fund is available to the Bank to maintain 100 percent of the guarantee reserve fund balance not to exceed a total of \$25 million. Any money transferred from the strategic investment and improvements fund to maintain the guarantee reserve fund is available to reimburse lenders for guaranteed loans in default.

NOTE: The estimated June 30, 2017, undesignated balance made at the end of the 2015 legislative session was \$401,538,777. The decrease in the estimated undesignated balance of \$73,455,038 is due to oil and gas tax collections being less than the original legislative estimates primarily because of lower than estimated oil prices.

FUND HISTORY

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests.

All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the strategic investment and improvements fund, pursuant to Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

If the unobligated balance in the fund at the end of any month exceeds \$300 million, 25 percent of any revenues received for deposit in the fund in the subsequent month must be deposited instead into the legacy fund. Unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

ANALYSIS OF THE TAX RELIEF FUND FOR THE 2013-15 AND 2015-17 BIENNIUMS

| | 2013-15 Biennium Actual | | 2015-17 Biennium Estimated | |
|--|-------------------------|---------------|------------------------------|---------------|
| Beginning balance | | \$341,790,000 | | \$657,000,000 |
| Add estimated revenues | | | | |
| Allocation of oil and gas tax revenues | \$341,790,000 | | \$300,000,000 ^{1,2} | |
| Transfer from general fund for the property tax relief component of the integrated school aid formula for the 2015-17 biennium (Section 3 of 2013 HB 1015) | 315,210,000 | | | |
| Total estimated revenues | | 657,000,000 | | 300,000,000 |
| Total available | | \$998,790,000 | | \$957,000,000 |
| Less estimated expenditures and transfers | | | | |
| Transfer to general fund (Section 5 of 2013 HB 1013) (Section 3 of 2015 SB 2015) | \$341,790,000 | | \$657,000,000 | |
| Total estimated expenditures and transfers | | 341,790,000 | | 657,000,000 |
| Estimated ending balance | | \$657,000,000 | | \$300,000,000 |

¹Estimated revenues - The amount shown reflects actual oil and gas gross production tax and oil extraction tax revenue allocations through July 2016 and forecasted amounts for the remainder of the 2015-17 biennium. The forecasted amounts are based on the August 2016 revised legislative estimate.

²House Bill No. 1377 (2015) repealed North Dakota Century Code Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and changed the allocation of the state's share of oil and gas tax revenue to provide the following:

- The first \$200 million to the general fund;
- The next \$300 million to the tax relief fund;
- The next \$100 million to the general fund;
- The next \$100 million to the strategic investment and improvements fund;
- The next \$22 million to the state disaster relief fund if the amounts do not bring the unobligated balance of the fund to more than \$25 million;
- For the 2015-17 biennium, any remaining revenues are deposited:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund; and
- After the 2015-17 biennium, any remaining revenues are deposited into the strategic investment and improvements fund.

NOTE: The estimated June 30, 2017, balance made at the end of the 2015 legislative session was \$300 million, the same as the current estimate.

FUND HISTORY

Section 57-64-05, as created by 2009 Senate Bill No. 2199, created the property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of 2013 House Bill No. 1013, changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from \$341.79 million per biennium to \$300 million per biennium.