

**State Treasurer
Budget No. 120**

House Bill Nos. 1005 and 1358, Senate Bill Nos. 2012, 2014, 2036 and 2176

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	8.00	\$1,897,585	\$0	\$1,897,585
2013-15 legislative appropriations	8.00	311,333,469	0	311,333,469
Legislative increase (decrease) to executive budget	0.00	\$309,435,884	\$0	\$309,435,884
Legislative increase (decrease) to 2011-13 appropriations	1.00	\$260,908,079 ¹	\$0	\$260,908,079 ¹

¹The amount shown reflects a \$720,000 general fund appropriation approved by the Legislative Assembly in 2013 for supplemental township transportation funding distributions to counties and townships for the 2011-13 biennium.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$1,438,802	\$48,986,588	\$50,425,390
2013-15 legislative appropriations	1,797,631	309,535,838	311,333,469
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$358,829	\$260,549,250	\$260,908,079
Percentage increase (decrease) to 2011-13 appropriations	24.9%	531.9%	517.4%
2013-15 legislative increase (decrease) to executive budget	\$91,562	\$309,344,322	\$309,435,884
Percentage increase (decrease) to executive budget	5.4%	161,524.0%	16,306.8%

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Treasurer is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from the general fund (\$13,038) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.		(\$6,438)		(\$6,438)

Added funding for information technology expenses relating to changes in oil revenue distribution and other changes, including \$13,247 for distribution changes included in Senate Bill No. 2014, for a total of \$377,591 in one-time funding for information technology expenses.	199,322	199,322
Added funding to reclassify a new FTE position from an account budget specialist to an accounting manager.	38,000	38,000
Added funding for temporary salaries.	60,000	60,000
Added funding for allocations to counties for the benefit of townships in oil-producing counties for the 2013-15 biennium (House Bill No. 1358) (see Transportation Funding Distribution section below).	8,760,000	8,760,000
Added funding to correct township transportation funding distributions made in the 2011-13 biennium (Senate Bill No. 2012) (see Transportation Funding Distribution section below).	385,000	385,000
Added funding for state-paid property tax relief credits (Senate Bill No. 2036) (see Property Tax Relief Credits section below).	200,000,000	200,000,000
Added funding for transportation funding distributions to non-oil-producing counties, cities, and townships for the 2013-15 biennium (Senate Bill No. 2176) (see Transportation Funding Distribution section below).	100,000,000	100,000,000
Total	0.00	\$309,435,884

FTE Changes

The 2013-15 biennium appropriation includes funding for 8 FTE positions, an increase of 1 FTE position from the 2011-13 biennium authorized level of 7 FTE positions. The Legislative Assembly added funding to convert a new account budget specialist position included in the executive recommendation to an accounting manager position.

One-Time Funding

In Section 2 of House Bill No. 1005, the Legislative Assembly identified \$377,591 of one-time funding from the general fund for the 2013-15 biennium for information technology development costs. The Legislative Assembly also provided one-time funding in other bills for various expenses and allocations. These items, summarized below, are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the State Treasurer is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

	General Fund	Special Funds	Total
Allocations to townships in oil-producing counties (HB 1358)	\$8,760,000		\$8,760,000
Correction of township transportation funding distributions made in the 2011-13 biennium (SB 2012)	385,000		385,000
Information technology expenses (SB 2014)	13,247		13,247
State-paid property tax relief credits (SB 2036)	200,000,000		200,000,000
Transportation funding distributions to non-oil-producing counties, cities, townships (SB 2176)	100,000,000		100,000,000
Total	\$309,158,247	\$0	\$309,158,247

Property Tax Relief Credits

The Legislative Assembly in Senate Bill No. 2036 provided \$200 million for state-paid property tax relief credits. Pursuant to North Dakota Century Code Section 57-20-07.2, property tax relief credits are available as follows:

1. The owner of taxable property is entitled to a credit against property taxes levied against the total amount of property or mobile home taxes in dollars levied against the taxable value of the property. The credit is equal to 12 percent of property or mobile home taxes levied in dollars against that property.
2. The owner, operator, or lessee of railroad property assessed by the State Board of Equalization under Chapter 57-05 or public utility operative property assessed by the State Board of Equalization under Chapter 57-06 is entitled to a credit against property taxes levied within each county against that property in the amount provided in subsection 1 against property taxes levied in dollars against that property in that county.
3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under Chapter 57-32 is entitled to a credit in the amount provided in subsection 1 against property taxes in dollars levied against that property. The Tax Commissioner shall determine the total amount of credits under this subsection and certify the amount to the State Treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

Transportation Funding Distributions

The Legislative Assembly appropriated \$100,000,000 from the general fund in Senate Bill No. 2176, and \$385,000 from the general fund in Senate Bill No. 2012 to the State Treasurer for providing special transportation funding distributions to counties, cities, and townships as follows:

1. Counties and cities in non-oil-producing counties - \$64 million pursuant to the formula in Section 54-27-19.
2. Townships in non-oil-producing counties - \$16 million pursuant to the formula in Section 54-27-19.1.
3. Townships in non-oil-producing counties - \$20,385,000 pursuant to provisions in the bill providing \$15,000 to each township.

A non-oil-producing county is defined as a county that received less than \$500,000 of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year 2012. The Legislative Assembly also appropriated \$8,760,000 from the general fund to the State Treasurer in House Bill No. 1358 for providing \$15,000 to each township in oil-producing counties in July 2013, and \$15,000 to each township in oil-producing counties in May 2014. An oil-producing county is defined as a county that received between \$500,000 and \$5,000,000 of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year 2013. Although House Bill No. 1358 based the distributions on fiscal year 2012 oil and gas allocations, House Bill No. 1015 amended House Bill No. 1358 to change the year to state fiscal year 2013.

Other Sections in House Bill No. 1005

Correction of overpayments and underpayments - Section 3 amends Section 54-11-01(18) to clarify that correction of overpayments and underpayments of tax distribution funds must result from an error made by the State Treasurer's office.

Salary of State Treasurer - Section 4 provides statutory changes to Section 54-11-13 relating to the salary of the State Treasurer. The Legislative Assembly authorized 2013-15 biennium annual salary increases of 4 percent for the first year of the biennium and 3 percent for the second year for elected officials. The State Treasurer's salary is to be increased from the current level of \$87,890 to \$91,406 effective July 1, 2013, and to \$94,148 effective July 1, 2014. Section 6 provides legislative intent that the State Treasurer's salary be increased to the salary of the next lowest paid elected official effective July 1, 2017.

State-Tribal oil and gas tax agreement - Section 5 amends Section 57-51.2-02(5) to clarify that the state's share of oil and gas gross production tax revenue is subject to distribution among political subdivisions as provided for in Chapter 57-51.