

**Bank of North Dakota
Budget No. 471
Senate Bill Nos. 2014 and 2187**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	179.50	\$0	\$52,452,928	\$52,452,928
2013-15 legislative appropriations	179.50	0	103,150,147	103,150,147
Legislative increase (decrease) to executive budget	0.00	\$0	\$50,697,219	\$50,697,219
Legislative increase (decrease) to 2011-13 appropriations	3.00	(\$54,400,000)	\$46,296,992	(\$8,103,008)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 legislative appropriations	\$9,400,000	\$45,000,000	\$54,400,000
2013-15 legislative appropriations	0	0	0
2013-15 legislative increase (decrease) to 2011-13 appropriations	(\$9,400,000)	(\$45,000,000)	(\$54,400,000)
Percentage increase (decrease) to 2011-13 appropriations	(100.0%)	(100.0%)	(100.0%)
2013-15 legislative increase (decrease) to executive budget	\$0	\$0	\$0
Percentage increase (decrease) to executive budget	N/A	N/A	N/A

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

Salaries and Wages

The legislative action affecting the recommended appropriation for the Bank of North Dakota 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 other funds (\$881,231) 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. (The amount shown includes \$923,440 which was inadvertently added for salary adjustments.) (The correct adjustment should have been a reduction of \$226,221 of other funds.)			\$697,219	\$697,219

Added funding from the strategic investment and improvements fund for a medical facility infrastructure loan program (Senate Bill No. 2187).			50,000,000	50,000,000
Total	0.00	\$0	\$50,697,219	\$50,697,219

FTE Changes

The 2013-15 biennium appropriation includes funding for 179.5 FTE positions, an increase of 3 FTE positions from the 2011-13 biennium authorized level of 176.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE loan officer position, 1 FTE compliance officer position, and 1 FTE collection officer position.

Economic Development

The Legislative Assembly did not change the executive budget recommended level of funding for the partnership in assisting community expansion fund (PACE), Ag PACE, biofuels PACE, or the beginning farmer revolving loan fund from transfers from Bank of North Dakota profits rather than the general fund. The following is a comparison of the funding for the PACE fund, Ag PACE fund, biofuels PACE fund, and the beginning farmer revolving loan fund:

	2011-13 Appropriation	2013-15 Executive Recommendation	2013-15 Appropriation
PACE fund	\$6,000,000	\$28,000,000	\$28,000,000
Ag PACE fund	1,000,000	2,000,000	2,000,000
Biofuels PACE fund	1,000,000	2,000,000	2,000,000
Beginning farmer revolving loan fund	1,400,000	6,000,000	6,000,000
Total	\$9,400,000	\$38,000,000	\$38,000,000
Funding sources			
General fund	\$9,400,000	\$0	\$0
Other funds - Bank of North Dakota current earnings and undivided profits	\$0	\$38,000,000	\$38,000,000

Other Transfers

Section 3 of Senate Bill No. 2132 provides for a transfer of \$5 million from the current and undivided profits of the Bank of North Dakota to the rebuilders loan program fund for the 2013-15 biennium (see **Related Legislation** section below).

The following schedule provides an analysis of the Bank of North Dakota's estimated capital structure for the 2013-15 biennium:

June 30, 2013, estimated capital level	\$515,000,000
Estimated 2013-15 biennium profits	160,000,000 ¹
2013-15 biennium transfers relating to economic development (Sections 7 through 10 of Senate Bill No. 2014)	(38,000,000)
Estimated capital on June 30, 2015	\$637,000,000

¹Actual calendar year 2012 profits were \$81.6 million.

Other Sections in Bill

Transfer to PACE fund - Section 7 provides for a transfer of \$28 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2013-15 biennium.

Transfer to Ag PACE fund - Section 8 provides for a transfer of \$2 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2013-15 biennium.

Transfer to biofuels PACE fund - Section 9 provides for a transfer of \$2 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2013-15 biennium.

Transfer to the beginning farmer revolving loan fund - Section 10 provides for a transfer of \$6 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2013-15 biennium.

Beginning entrepreneur loan guarantee program - Section 20 amends North Dakota Century Code Section 6-09.15-01(1) to allow the Bank of North Dakota to determine the net worth criteria for loan applicants, Section 21 adds a new subsection to Section 6-09.15-01 to add a definition for child care providers for the beginning entrepreneur loan guarantee program, and Section 22 adds a new section to Chapter 6-09.15 to require that a beginning entrepreneur who receives a loan for a child care facility must be a child care provider.

Emergency measure - Section 36 declares Sections 7 through 10 to be an emergency measure.

Related Legislation

House Bill No. 1078 increases the amount the Bank of North Dakota may invest in North Dakota alternative and venture capital investments and early-stage capital funds from \$10 million to \$15 million.

House Bill No. 1079 extends the use of the Flex PACE program to assist with financing of affordable multifamily housing units through June 30, 2015, and increases the maximum amount that may be used for the interest rate buydown from \$300,000 to \$500,000 per loan.

House Bill No. 1185 allows unexpended appropriations made for the rebuilders loan program for the 2011-13 biennium to continue into the 2013-15 biennium.

Senate Bill No. 2096 provides a continuing appropriation for funds received by the Bank of North Dakota relating to the federal student loan program.

Senate Bill No. 2132 provides for payments from the rebuilders loan program of up to \$35 million to be transferred to replenish the Bank of North Dakota's profits which were deposited in the rebuilders loan program fund and provides for a transfer of \$5 million from the Bank's current earnings and undivided profits to the rebuilders loan program fund. Payments in excess of \$35 million are to be deposited in the general fund and allows unexpended appropriations made for the rebuilders loan program for the 2011-13 biennium to continue into the 2013-15 biennium.

Senate Bill No. 2187 provides for a medical facility infrastructure loan program to be administered by the Bank of North Dakota, provides a continuing appropriation to the Bank for funds in the newly created medical facility infrastructure fund, provides for a transfer of \$50 million from the strategic investment and improvements fund to the medical facility infrastructure fund, provides for a transfer of any balance remaining in the medical infrastructure fund on July 1, 2017, to the strategic investment and improvements fund, and provides for a report by the Bank to the 64th and 65th Legislative Assemblies on the status of the loan program. In addition, **Section 60 of 2013 House Bill No. 1013 provides** if, as of December 31, 2014, any portion of the \$150 million provided to the Department of Public Instruction for school construction loans remains uncommitted for the purpose of providing school construction loans, the Board of University and School Lands may authorize up to \$50 million of the uncommitted amount for the purpose of providing medical facility infrastructure loans in accordance with Senate Bill No. 2187.

Senate Bill No. 2361 requires the Bank of North Dakota to administer a student loan consolidation program, including a rural physician student loan consolidation program.