

**State Treasurer
Budget No. 120
Senate Bill No. 2005; House Bill No. 1012**

| | FTE Positions | General Fund | Other Funds | Total |
|--|----------------------|----------------------|--------------------|----------------------|
| 2015-17 legislative appropriations | 8.00 | \$260,057,355 | \$0 | \$260,057,355 |
| 2015-17 base budget | 8.00 | 1,797,631 | 0 | 1,797,631 |
| Legislative increase (decrease) to base budget | 0.00 | \$258,259,724 | \$0 | \$258,259,724 |

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

| | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|---|---|--|---|
| 2015-17 legislative appropriations | \$1,983,656 | \$258,073,699 | \$260,057,355 |
| 2013-15 legislative appropriations | 1,797,631 | 309,535,838 | 311,333,469 |
| 2015-17 legislative increase (decrease) to 2013-15 appropriations | \$186,025 | (\$51,462,139) | (\$51,276,114) |
| Percentage increase (decrease) to 2013-15 appropriations | 10.3% | (16.6%) | (16.5%) |

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE 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 Senate Bill No. 2015.

| | Changes to Base Budget | | | |
|---|-------------------------------|---------------------|--------------------|--------------|
| | FTE Positions | General Fund | Other Funds | Total |
| The legislative action: | | | | |
| Added funding for base payroll changes for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes. | | \$10,525 | | \$10,525 |
| Added funding for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year. | | 53,123 | | 53,123 |
| Added funding for employee health insurance premiums to reflect a premium estimate of \$1,130.22 per month. | | 28,519 | | 28,519 |
| Added funding for operating expenses, including \$71,658 for ongoing information technology costs, \$30,000 for temporary contract employees, and \$73,699 for one-time information technology costs. | | 175,357 | | 175,357 |

| | | |
|---|-------------|----------------------|
| Decreased funding for coal severance payments related to changes made by the 2013 Legislative Assembly, which required annual distributions instead of monthly distributions resulting in two-and-a-half years of payments in the 2013-15 biennium. | (7,800) | (7,800) |
| Added one-time funding for the state-paid property tax relief credit program. | 250,000,000 | 250,000,000 |
| Added one-time funding for transportation funding allocations to non-oil-producing townships. (House Bill No. 1012) | 8,000,000 | 8,000,000 |
| Total | <u>0.00</u> | <u>\$258,259,724</u> |
| | | <u>\$0</u> |
| | | <u>\$258,259,724</u> |

FTE Changes

The Legislative Assembly approved 8 FTE positions for the State Treasurer for the 2015-17 biennium, the same as the 2013-15 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2005, the Legislative Assembly identified \$250,073,699 of one-time funding from the general fund for the 2015-17 biennium for state-paid property tax relief credits (\$250,000,000) and information technology costs (\$73,699). Section 8 of House Bill No. 1012 includes a \$8 million one-time general fund appropriation for transportation funding distributions to non-oil-producing townships.

Deficiency Appropriations

In Section 1 of Senate Bill No. 2103, the Legislative Assembly appropriated \$298 million from the strategic investment and improvements fund to the State Treasurer for distributions to political subdivisions for the 2013-15 biennium. The distributions included \$100 million to the incorporated cities in the top 10 oil-producing counties, \$16 million for organized and unorganized townships in the 43 non-oil-producing counties, \$10 million to eligible incorporated cities, and \$172 million to Williston, Dickinson, Minot, and Watford City.

Other Sections in Senate Bill No. 2005

Salary of State Treasurer - Section 4 provides statutory changes to North Dakota Century Code Section 54-11-13 relating to the salary of the State Treasurer. The Legislative Assembly authorized 2015-17 biennium annual salary increases of 3 percent. The State Treasurer's salary is to be increased from the current level of \$94,148 to \$96,972 effective July 1, 2015, and to \$99,881 effective July 1, 2016.

Property tax relief credits - Sections 3 and 5 identify \$250 million for state-paid property tax relief credits of 12 percent. Pursuant to 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 12 percent credit against property taxes levied within each county for that property.
3. The owner, operator, or lessee of transmission lines assessed by the State Board of Equalization under Chapter 57-06 is entitled to a 12 percent credit against the per mile transmission tax levied within each county for those transmission lines. This credit was added in House Bill No. 1059 as listed in the related legislation section.
4. The owner, operator, or lessee of electric transmission or distribution property assessed by the State Board of Equalization under Chapter 57-33.2 is entitled to a 12 percent credit against the transmission or distribution taxes levied within each county for that property. This credit was added in House Bill No. 1059 as listed in the related legislation section.
5. 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 12 percent credit against property taxes levied within each county for that property.

6. The Tax Commissioner shall determine the estimated amount of credits and certify the amount to the State Treasurer for payments to each county. The credits must be allocated by the county treasurer to each taxing district based on the taxes collected.

Related Legislation

House Bill No. 1012 - Transportation funding allocations to non-oil-producing townships - The Legislative Assembly appropriated \$8 million from the general fund in House Bill No. 1012 to the State Treasurer for providing special transportation funding distributions to non-oil-producing townships. Pursuant to the provisions in the bill, \$5,000 must be allocated to each organized and unorganized township within non-oil-producing counties. The funding must be allocated in February 2016. To be eligible to receive an allocation, a township must be located in one of the 43 counties that received no allocation or an allocation of less than \$5 million under Section 57-51-15 (oil and gas production tax allocations) in state fiscal year 2014.

House Bill No. 1021 - Desktop support services - Requires certain state agencies, including the State Treasurer's office, to obtain desktop support services from the Information Technology Department.

House Bill No. 1059 - Electrical transmission line tax credits - Amends Section 57-20-07.2 to include electrical transmission lines and electrical transmission or distribution properties in the calculation of state-paid property tax relief credits. The estimated fiscal impact for the 2015-17 biennium is \$2.4 million of additional tax credits.

House Bill No. 1067 - Population estimates - Amends Section 57-39.2-26.1 to change the state aid distribution formula from allocations based on the decennial population to allocations based on the most recent actual or estimated census data.

House Bill No. 1093 - Highway tax distribution formula - Amends Section 54-27-19 related to the highway tax distribution formula to provide technical corrections for clarity and consistency.

Senate Bill No. 2103 - Distributions to political subdivisions - Provides a 2013-15 biennium appropriation of \$298 million from the strategic investment and improvements fund to the State Treasurer for distributions to counties, cities, and townships.

Senate Bill No. 2172 - Oil and gas tax revenue - Provides that oil and gas tax revenue is considered current period revenue and allocated according to current law formulas.