

**Bank of North Dakota
Budget No. 471
Senate Bill Nos. 2014 and 2403; House Bill Nos. 1619 and 1623**

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriation	191.00	\$5,000,000 ¹	\$97,976,777	\$102,976,777
2023-25 legislative appropriation	<u>187.00</u>	<u>0</u>	<u>77,909,761</u>	<u>77,909,761</u>
2025-27 appropriation increase (decrease) to 2023-25 appropriation	4.00	\$5,000,000	\$20,067,016	\$25,067,016

¹The entire amount is one-time funding.

Item Description

Full-time equivalent changes - The Legislative Assembly approved 191 FTE positions for the Bank of North Dakota for the 2025-27 biennium, an increase of 4 FTE positions from the 2023-25 biennium authorized level of 187 FTE positions. The Legislative Assembly added 4 undesignated FTE positions during the January 2026 special legislative session to administer a Rural Health Loan Program.

New and vacant FTE pool - The Legislative Assembly transferred \$2,122,074 for the new and vacant FTE pool line item, all of which is for estimated savings from vacant positions.

Employee retention bonus program - House Bill No. 1014 (2023) required the Bank and the Industrial Commission to study the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank.

In February 2026, the Industrial Commission approved bonuses based on performance metrics for 2025, which are distributed over three years. The performance metrics include the Bank's financial performance, credit quality of loans, and completion of strategic goals related to the Bank's mission.

One-time funding - One-time funding includes:

- \$2,633,299 from other funds for capital improvement projects;
- \$15,000,000 from the Strategic Investment and Improvements Fund for a Long-term Care Facility Infrastructure Loan Program; and
- \$5,000,000 transferred from the General Fund to the Medical Facility Infrastructure Loan Fund for the Medical Facility Emergency Operating Loan Program.

Status/Result

As of March 2026, the Bank of North Dakota had not filled any of the new FTE positions but will evaluate the need for positions based on banking operations.

Through January 2026, the Bank had estimated vacant FTE position savings of \$481,054. The agency used all of the savings for accrued leave payouts, bonuses, and reclassifications. The number of vacancies ranged from 8 to 10 FTEs with an average monthly vacancy rate of 8.57 FTE positions from July 2025 through January 2026.

The 2025 bonuses totaled \$2,182,581, of which \$772,151 was distributed in the 1st year and the remaining \$1,410,430 will be distributed in the subsequent 2 years. Of the \$772,151, \$705,215 was distributed to 168 employees for the 1st year of payments and \$66,936 was distributed to 5 retiring employees for their full bonus payments. The bonuses are equal to 14.25 percent of an employee's base salary.

Through March 2026, the agency:

- Spent \$341,080 on capital improvement projects and anticipates the remaining funding will be spent by the end of the biennium.
- Committed \$15,000,000 for three long-term care facility projects with funding anticipated to be distributed as construction progresses.
- Approved a medical facility emergency operating loan for \$5,000,000 with \$3,103,619 distributed and the remaining \$1,896,381 anticipated to be distributed by the end of the biennium.

Estimated 2025-27 Bank of North Dakota capital structure

The following schedule shows an analysis of the Bank's estimated capital structure for the 2025-27 biennium:

June 30, 2025, capital	\$1,314,669,000 ¹
Estimated 2025-27 biennium profits	393,000,000 ²
Estimated 2025-27 biennium transfers	
Transfer to General Fund (Senate Bill No. 2014)	(140,000,000)
Transfers relating to economic development programs (Senate Bill No. 2014)	(60,000,000)
Transfer to the University of North Dakota for the North Dakota Small Business Development Center (Senate 2014)	(1,900,000)
Transfer to the Parks and Recreation Department for an interest rate buydown on the Theodore Roosevelt Presidential Library line of credit (Senate Bill No. 2014)	(5,000,000)
Transfer to the State Board of Higher Education for a tuition scholarship program for dual-credit courses (House Bill No. 1003)	(1,500,000)
Transfer to Agricultural Products Utilization Fund (House Bill No. 1009)	(3,000,000)
Estimated capital on June 30, 2027	\$1,496,269,000

¹Based on the Bank's quarterly regulatory filings, the tier one capital level was \$1,218,473,000 as of June 30, 2025, which reflects a tier one risk-based capital ratio of 15.9 percent compared to a benchmark of 8 percent.

²Actual fiscal year 2025 profits were \$231.7 million. The estimated 2025-27 biennium profits at the close of the 2025 regular legislative session was also \$393 million.

Transfer of Bank of North Dakota profits - The 2025 Legislative Assembly provided the following transfers of Bank profits:

1. Section 9 of Senate Bill No. 2014 provides for a transfer of \$140 million to the General Fund.
2. Section 10 of House Bill No. 1014 provides for a transfer of \$60 million to economic development programs administered by the Bank.
3. Section 10 of House Bill No. 1014 provides for a transfer of \$1.9 million to the University of North Dakota for the North Dakota Small Business Development Center.
4. Section 10 of House Bill No. 1014 provides for a transfer of \$5 million to the Parks and Recreation Department for an interest rate buydown

1. Of the \$140 million, the entire \$70 million was transferred in December 2025 and the remaining \$70 million is anticipated to be transferred in December 2026.
2. Of the \$60 million for economic development programs, \$12 million was transferred through March 2026. Interest rate buydowns through March 2026 totaled \$7,336,705, including \$2,786,485 for the Partnership in Assisting Community Expansion (PACE) Fund, \$922,694 for the Ag PACE Fund, \$682,972 for the Biofuels PACE Fund, and \$2,944,554 for the Beginning Farmer Revolving Loan Fund. Through March 2026, the Bank approved 8 loans totaling \$25,839,870 under the PACE Fund, 54 loans totaling \$4,470,344 under the Ag PACE Fund, 7 loans totaling \$1,142,500 under the Biofuels PACE fund, and 115 loans totaling \$24,449,854 under the Beginning Farmer Revolving Loan Fund.
3. Through March 2026, the Bank transferred the entire \$1.9 million to the University of North Dakota for the North Dakota Small Business Development Center.
4. Through March 2026, the Bank did not make any transfers to the Parks and Recreation Department for the interest rate buydown.

on the line of credit for the Theodore Roosevelt Presidential Library Project.

5. Section 9 of Senate Bill No. 2003 provides for a transfer of \$1.5 million to the North Dakota University System for dual-credit tuition scholarships.
6. Section 8 of House Bill No. 1009 provides for a transfer of \$3 million to the Agricultural Products Utilization Fund.

Bank of North Dakota loans:

1. House Bill No. 1008 provides a loan of up to \$900,000 to the Public Service Commission to pay any costs associated with a rail rate complaint case.
2. House Bill No. 1012 authorizes a line of credit of up to \$8,411,218 to the Department of Health and Human Services for a child welfare technology project and creates the Extraordinary Medical Needs Housing Loan Fund administered by the Bank of North Dakota to provide loans for new construction projects for individuals with disabilities that have extraordinary medical needs.
3. House Bill No. 1015 provides a line of credit of up to \$100 million to the Office of Management and Budget for costs associated with the construction of a new state hospital.
4. House Bill No. 1018 authorizes a line of credit of up to \$20 million to the State Historical Society for a military gallery expansion project.
5. House Bill No. 1020 authorizes a line of credit of up to \$100 million to the Department of Water Resources for a transfer to the Water Infrastructure Revolving Loan Fund to provide funding for local cost-share loans and increases a line of credit by \$160 million, from \$100 million to \$260 million, to provide funding for water projects.
6. House Bill No. 1027 changes borrowing authority from the Insurance Commissioner to the Office of Management and Budget for the State Fire and Tornado Fund related to changing the administration of the fund from the Insurance Commissioner to the Office of Management and Budget.
7. House Bill No. 1332 authorizes a line of credit of up to \$30 million to the Agriculture Commissioner for deposit in the Agriculture Diversification And Development Fund to provide funding for a value-added Agriculture Production Facility Incentive Grant Program.
8. House Bill No. 1487 provides a line of credit of up to \$5.6 million to the Office of Management and Budget to construct a facility in Minot to lease to other state agencies.
9. House Bill No. 1577 provides a line of credit of up to \$9.7 million to the Department of Environmental Quality for wastewater infrastructure grants.

5. Through March 2026, the Bank transferred \$500,000 to the North Dakota University System for dual-credit tuition scholarships.

6. Through March 2026, the Bank transferred the entire \$3 million to the Agricultural Products Utilization Fund.

The status of the loans as of March 31, 2026, is as follows:

1. The Public Service Commission has not accessed the loan.
2. The Department of Health and Human Services has not accessed the line of credit but is anticipated to request the full amount during the biennium.
3. The Office of Management and Budget has not accessed the line of credit but is anticipated to request the full amount during the biennium.
4. The State Historical Society has accessed \$13,881,222 of the line of credit.
5. The Department of Water Resources has not accessed the lines of credit. The Bank approved \$100 million for local cost-share loans but has not yet distributed the funding.
6. The Office of Management and Budget had not accessed any borrowing authority for the State Fire and Tornado Fund.
7. The Agriculture Commissioner has not accessed the line of credit.
8. Funding for the line of credit was approved but not yet distributed.
9. The Bank approved \$9.7 million but no funding has been distributed.

10. Senate Bill No. 2014 increases the amount the North Dakota Pipeline Authority may borrow for pipeline capacity positions by \$40 million, from \$60 million to \$100 million.
11. Senate Bill No. 2015 authorizes a contingent line of credit of up to \$989,891 to the Department of Corrections and Rehabilitation for purchasing tasers, body cameras, and ballistic vests if federal funding is not available.
12. Senate Bill No. 2017 allows the Office of Administrative Hearings to borrow up to \$150,000 to manage cash flow needs.
13. Senate Bill No. 2018 provides a line of credit of up to \$25 million to the Department of Commerce for a transfer to the North Dakota Development Fund.
14. Senate Bill No. 2188 extends the Clean Sustainable Energy Authority's access to a \$390 million line of credit through June 30, 2029.
15. Senate Bill No. 2265 authorizes a line of credit of up to \$3 million to the Department of Veterans' Affairs for a grant to a nonprofit organization for construction costs associated with infrastructure at a veterans' national cemetery.
16. Senate Bill No. 2342 authorizes a line of credit of up to \$5 million to the Agriculture Commissioner for deposit in the Agriculture Diversification and Development Fund to provide funding for the Value Added Milk Processing Facility Incentive Program.

Rural Health Loan Program - In House Bill No. 1623, the Legislative Assembly authorized the Bank to create the Rural Health Loan Program under the Medical Facility Infrastructure Loan Fund to provide short-term gap financing to grant recipients under the federal Rural Health Transformation Program with approved projects and a demonstrated financial need. The Bank may transfer up to \$40 million of profits to the Medical Facility Infrastructure Loan Fund for the Rural Health Loan Program, and loan repayments must be used to replenish any Bank profits transferred.

Rebuilders Permanent Loan Program - The 2011 Legislative Assembly established the Rebuilders Loan Program to provide loans to North Dakota residents affected by a 2011 flood event and authorized a total of \$55 million for the program, including \$35 million from Bank profits and \$20 million from the General Fund. Loan payments are used to replenish the Bank's profits, and any payments exceeding \$35 million are deposited in the General Fund.

The 2019 Legislative Assembly established the Rebuilders Home Loan Program to provide loans to North Dakota residents affected by river flooding in the state due to ice jams in the winter and spring of 2019 and authorized up to \$3.75 million from the principal repayments under the Rebuilders Loan Program, which were designated to replenish the Bank's profits, for the Rebuilders Home Loan Program.

10. The North Dakota Pipeline Authority has not accessed the borrowing authority and is not anticipated to access any of the funding during the biennium.
11. The Department of Corrections and Rehabilitation has not requested funding from the line of credit.
12. The Office of Administrative Hearings has not requested any borrowing for cash flow needs.
13. The Department of Commerce has not accessed the line of credit.
14. The outstanding balance on the line of credit was \$37,292,771 with an additional \$32,707,229 anticipated to be requested during the biennium.
15. The Department of Veterans' Affairs is unable to determine at this time whether it will need to access the line of credit before the end of the biennium.
16. The Agriculture Commissioner has not requested any funding from the line of credit.

The Bank of North Dakota and Department of Health and Human Services are evaluating the need for grant recipients to access short-term gap financing.

As of March 31, 2026, the Rebuilders Permanent Loan Fund had 1,648 outstanding loans totaling \$43,551,464. In response to extreme weather events in 2025, the Bank created the Grain Storage and Facility Rebuilder Programs to provide financing for temporary grain storage solutions and for repairs to grain storage facilities. Due to the federal government shutdown in 2025 and 2026, the Bank created a Furloughed Federal Employee Relief Program to provide short-term loans to federal employees or military members who were required to work without pay or who were impacted by furloughs.

The Bank's profits were replenished from repayments under the original Rebuilders Loan Program in 2022. The remaining repayments, which are required to be transferred to the General Fund, include \$2,045,760 in calendar year 2024

During the 2019-21 biennium, the Bank created the Small Employer Loan Program to provide loans to small businesses for operating expenses in response to the COVID-19 pandemic and provided \$50 million from the Bank's capital for the program.

The 2021 Legislative Assembly created the Rebuilders Permanent Loan Program to provide loans to those impacted by disasters in the state and to consolidate the Rebuilders Loan Program, the Rebuilders Home Loan Program, and the Small Employer Loan Program under the newly created Rebuilders Permanent Loan Fund. The Legislative Assembly also authorized the Bank to transfer the unused portion of the Bank's capital (\$19.6 million) under the Small Employer Loan Program to the Rebuilders Permanent Loan Fund in the amounts and at the times determined by the Bank. Repayments from the various programs are deposited in the Rebuilders Permanent Loan Fund with a portion of the repayments transferred to the General Fund related to the Rebuilders Loan Program.

and \$1,965,707 in calendar year 2025. As of December 2025, additional repayments to be transferred to the General Fund total approximately \$8.5 million.