

ANALYSIS OF MAJOR SPECIAL FUNDS FOR THE 2023-25 AND 2025-27 BIENNIUMS REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025



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**ANALYSIS OF THE ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$25,312,303		\$38,164,303
Add estimated revenues ¹				
Fees, forfeitures, transfers, and recoveries penalties	\$9,236,000		\$2,500,000	
Oil and gas tax collections (2023 SB 2059) ^{2,3}	15,000,000		14,480,000	
Federal funds ⁴	21,910,000		15,560,000	
Total estimated revenues		46,146,000		32,540,000
Total available		\$71,458,303		\$70,704,303
Less estimated expenditures and transfers				
Reclamation of well sites placed into service after July 31, 1983	\$6,441,000		\$1,200,000	
Reclamation of well sites placed into service on or before July 31, 1983	2,130,000		1,000,000	
Orphaned well plugging and reclamation costs ⁵	21,866,000		560,000	
Brine pond and soil remediation studies	1,745,000		15,000,000	
Transfer to the environmental quality restoration fund ⁶	400,000		400,000	
Pipeline restoration and reclamation oversight program - Agriculture Commissioner (2023 SB 2009; 2025 HB 1009) ⁷	200,000		200,000	
Postproduction royalty oversight program - Agriculture Commissioner (2023 SB 2009; 2025 HB 1009) ⁷	500,000		300,000	
Miscellaneous ⁸	12,000		12,000	
Total estimated expenditures and transfers		33,294,000		18,672,000
Estimated ending balance		\$38,164,303		\$52,032,303

¹Revenues to the fund include:

- Fees collected by the Oil and Gas Division of the Industrial Commission for permits or other services;
- Funds received from the forfeiture of drilling and reclamation bonds;
- Funds received from any federal agency or from donations related to well plugging and site reclamation;
- Transfers or grant awards from the oil and gas impact fund;
- Oil and gas tax collections; and
- Funds recovered from the sale of confiscated equipment and oil and from certain civil penalties.

²House Bill No. 1014 (2019) decreased the allocation limit related to the fund balance by \$50 million, from \$100 million to \$50 million. Senate Bill No. 2059 (2023) increases the allocation related to the fund balance by \$50 million, from \$50 million to \$100 million.

³Estimated revenues - The estimated allocations for the 2023-25 and 2025-27 bienniums are based on the March 2025 legislative revenue forecast.

⁴The amounts shown for the 2023-25 and 2025-27 bienniums reflect funding anticipated to be received by the Industrial Commission from the federal Infrastructure Investment and Jobs Act for formula grants and the federal State Fiscal Recovery Fund.

⁵The amount shown for the 2023-25 and 2025-27 bienniums reflect the estimated costs for plugging and reclaiming orphaned oil wells pursuant to the requirements under the Infrastructure Investment and Jobs Act and the State Fiscal Recovery Fund.

⁶For the 2023-25 biennium to date through February 2025, the Department of Environmental Quality has not requested any transfers. As amended by Senate Bill No. 2190 (2015), North Dakota Century Code Section 38-08-04.5 allows for transfers from the abandoned oil and gas well plugging and site reclamation fund with the requirement that any transfers into the environmental quality restoration fund will be returned by the State Department of Health to the abandoned oil and gas well plugging and site reclamation fund.

⁷House Bill No. 1009 (2021) includes an appropriation of \$200,000 from the fund for the pipeline restoration and reclamation oversight program. Senate Bill No. 2009 (2023) includes \$700,000 for the pipeline restoration and reclamation oversight program (\$200,000) and postproduction royalty oversight program (\$500,000). House Bill No. 1009 (2025) includes \$500,000 for the pipeline restoration and reclamation oversight program (\$200,000) and postproduction royalty oversight program (\$300,000). Through February 2025, the Agriculture Commissioner requested and received \$110,042 for the programs.

⁸Miscellaneous expenditures include credit card merchant fees and audit fees.

FUND HISTORY

The fund was established in 1983 under Section 38-08-04.5. The purpose of the fund is to defray the costs of plugging or replugging oil wells, the reclamation of well sites, and all other related activities for wells or pipelines. The money in the fund may be spent, pursuant to a continuing appropriation, for contracting for the plugging of abandoned wells; contracting for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and access roads; paying mineral owners their royalty share of confiscated oil; and paying any contract-related expenses. House Bill No. 1358 (2015) expanded the use of the fund allowing up to \$1.5 million per biennium to be spent on the reclamation of well sites placed into service on or before July 31, 1983, and demonstration projects related to reclamation. House Bill No. 1347 (2017), increased the amount available for the expanded uses to \$5 million per biennium. Senate Bill No. 2123 (2019) clarifies the fund may be used for the reclamation of saltwater handling facility sites and treating plant sites. The Industrial Commission is to report to the Budget Section each biennium on the expenditures of the fund and the fund balance.

The Legislative Assembly, in House Bill No. 1333 (2013), established an allocation of 4 percent, up to \$5 million per fiscal year, from 1 percent of the 5 percent oil and gas gross production tax to the fund and limited the allocation based on the fund balance. House Bill No. 1032 (2015) increased the oil and gas tax allocation to the fund by \$2.5 million per fiscal year, from \$5 million to \$7.5 million, and increased the allocation limit based on the fund balance by \$25 million, from \$75 million to \$100 million. In Senate Bill No. 2013 (2017), the Legislative Assembly decreased the oil and gas tax allocations to the fund by \$3.5 million per fiscal year, from \$7.5 million to \$4 million; however, the decrease was effective only for the 2017-19 biennium. House Bill No. 1014 (2019) decreased the allocation limit based on the fund balance by \$50 million, from \$100 million to \$50 million. Senate Bill No. 2059 (2023) increases the allocation related to the fund balance by \$50 million, from \$50 million to \$100 million.

**ANALYSIS OF THE ATTORNEY GENERAL REFUND FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance ^{1,2,3}		\$20,149,959		\$6,426,587
Add estimated revenues				
Refunds of consumer protection and antitrust expenditures, attorney's fees, and civil penalties ⁴	\$3,000,000		\$3,000,000	
Cash deposit bonds	0		0	
Tribal gaming, licensing, and investigation fees	0		0	
Background checks	30,000		30,000	
Interest on investments ^{1,2}	200,000		0	
Lawsuit proceeds - Opioid addiction prevention and treatment program ³	0		0	
Lawsuit proceeds - JUUL Labs, Inc., settlement ⁵	232,114		348,170	
Return of prior biennium expenditures and miscellaneous revenues	0		0	
Total estimated revenues		3,462,114		3,378,170
Total available		\$23,612,073		\$9,804,757
Less estimated expenditures and transfers authorized in North Dakota Century Code Section 54-12-18				
Refunds to specifically named consumers (Section 54-12-18(1)) ⁶	\$0		\$0	
Claims against cash deposit bonds (Section 54-12-18(2))	0		0	
Refund of cash deposit bond balance (Section 54-12-18(3))	0		0	
Consumer Protection and Antitrust Division expenditures (Section 54-12-18(4))	2,694,722		2,725,000	
Tribal gaming background investigations (Section 54-12-18(5))	0		0	
Tribal gaming licensing expenditures (Section 54-12-18(5))	0		0	
Tribal gaming enforcement expenditures (Section 54-12-18(5))	0		0	
Less other estimated expenditures and transfers ⁷				
Bureau of Criminal Investigation (BCI) salaries and operating expenses ⁸	683,201		685,000	
State Crime Laboratory operating expenditures ⁸	250,554		250,554	
Information technology contractual program maintenance	445,482		445,482	
Information technology operating expenditures	349,936		0	
Criminal justice information sharing system improvements (2023 SB 2003; 2025 HB 1003) ^{8,9}	471,992		471,992	
Operating expenses of the Attorney General's office ⁸	493,372		496,000	
Attorney salary equity increases (2019 SB 2003) ¹	386,814		0	
Medicaid Fraud Control Unit (MFCU) and BCI salary equity increases (2021 HB 1003; 2023 SB 2003) ²	1,337,597		0	
Criminal history improvement system (2023 SB 2003; 2025 HB 1003) ¹⁰	12,000		337,936	
Opioid addiction prevention and treatment program - Transfer to the opioid settlement fund (2021 HB 1003; 2023 HB 1447) ³	9,598,002		0	
JUUL Labs, Inc., settlement - Transfer to the community health trust fund (2023 HB 1004) ⁵	461,814		0	
Total estimated expenditures and transfers		17,185,486		5,411,964
Estimated ending balance ¹¹		\$6,426,587		\$4,392,793

¹In April 2019, the Consumer Protection Division of the Attorney General's office received a \$1,215,561 settlement for a Wells Fargo lawsuit related to Wells Fargo's automobile gap insurance, the company opening accounts without consumers' knowledge, and its mortgage interest rate extension fees. The funding was deposited in the Attorney General refund fund.

Senate Bill No. 2003 (2019) included an appropriation of \$425,000, of which \$25,000 related to anticipated interest and earnings of the settlement amount, of this funding to the Attorney General for the 2019-21 biennium. In Section 14 of the bill, the Legislative Assembly provided legislative intent that the Attorney General use up to \$425,000 from the April 2019 settlement for providing salary equity increases to attorney positions in the Attorney General's office for the 2019-21 biennium. Further intent was provided that the remaining settlement proceeds and investment earnings on the remaining proceeds be retained in the Attorney General refund fund and be used for the cost-to-continue salary equity increases provided in the 2019-21 biennium during the 2021-23 and 2023-25 bienniums, subject to legislative appropriations. Section 15 of the bill allowed the Attorney General to invest up to \$1,215,561 of the settlement proceeds under the supervision of the State Investment Board for the period beginning July 1, 2019, and ending June 30, 2025.

Revenue available for attorney salary equity increases during the 2019-21 biennium totaled \$1,263,086, of which \$1,215,561 was from lawsuit settlement proceeds and \$11,063 was from interest earned on lawsuit proceed investments. Investment returns for the 2021-23 biennium for all funds invested for Attorney General staff salary equity increases totaled a \$151,630 investment loss. The estimated investment return for 2023-25 biennium is \$200,000. The investment account will be closed at the end of the 2023-25 biennium.

In September 2019, the Attorney General invested \$1,100,000 million with the State Investment Board. The Attorney General spent \$354,192 of the \$425,000 appropriation to provide 29 FTE attorney positions salary equity increases during the 2019-21 biennium, resulting in \$861,369, excluding interest earned on investments, of the total \$1,215,561 of lawsuit proceeds remaining in the Attorney General refund fund available for the cost-to-continue attorney salary equity increases during the 2021-23 and 2023-25 bienniums. The Attorney General spent \$371,148 to continue attorney salary equity increases during the 2021-23 biennium. Including investment losses for the 2021-23 biennium on previously earned interest and investment principal, the Attorney General anticipates \$386,814 will be remaining for the 2023-25 biennium. See footnote 2 below for more information.

²In January 2021, the Consumer Protection Division of the Attorney General's office received a \$1,160,896 lawsuit settlement from Apple, Inc., related to Apple's 2016 decision to adjust the speed of consumer iPhones to address unexpected shutdowns in some devices and Apple's concealment of the issue, which led to a software update in December 2016 that reduced iPhone performance. The funding was deposited in the Attorney General refund fund.

In April 2021, the Consumer Protection Division of the Attorney General's office received a \$1,416,728 lawsuit settlement from Boston Scientific Corporation related to a defective surgical mesh medical device that has caused complications in some women who used the device. The funding was deposited in the Attorney General refund fund.

House Bill No. 1003 (2021) included an appropriation of \$1,249,083 of this funding to the Attorney General for providing salary equity increases during the 2021-23 biennium for 55 FTE BCI positions and 2 FTE MFCU positions. Section 12 of the bill allowed the Attorney General to invest up to \$2,577,624 of funding in the Attorney General refund fund, including \$1,160,896 of January 2021 settlement proceeds and \$1,416,728 of April 2021 settlement proceeds, under the supervision of the State Investment Board for the period beginning July 1, 2021, and ending June 30, 2025. Section 12 of the bill included legislative intent that \$2,577,624 in the Attorney General refund fund and any investment earnings on the funding be retained in the Attorney General refund fund for the purpose of providing the salary equity increases provided for in Sections 1 and 11 of the bill and for the cost-to-continue salary equity increases during the 2023-25 biennium, subject to legislative appropriations.

In August 2021, the Attorney General invested \$2,185,895 with the State Investment Board. The Attorney General spent \$1,254,719 during the 2021-23 biennium on BCI and MFCU salary equity increases, which included \$5,636 of additional funding available in the Attorney General refund fund. Of the \$2,577,624 of lawsuit proceeds deposited in the Attorney General refund fund, \$1,328,541 is available to the Attorney General for the cost-to-continue salary equity increases during the 2023-25 biennium, excluding estimated investment earnings. The Attorney General anticipates using \$9,056 of additional funding available in the Attorney General refund fund to continue salary equity increases during the 2023-25 biennium.

In House Bill No. 1003 (2025), as approved by the House, \$1,790,559 for prior biennium salary equity increases is appropriated from the general fund rather than the Attorney General refund fund for the 2025-27 biennium.

³In March 2021, the Consumer Protection Division of the Attorney General's office received a \$892,400 lawsuit settlement from McKinsey and Company for an opioid-related lawsuit. Section 5 of House Bill No. 1003 (2021) provided for a transfer of up to \$2 million from opioid-related lawsuit settlement proceeds deposited

in the Attorney General refund fund to the Department of Health and Human Services (DHHS) and appropriated the funding to DHHS for an opioid addiction prevention and treatment program during the 2021-23 biennium. The department was required to consult with the Attorney General on the use of funding for the program. The Attorney General was required to notify the Legislative Council and Office of Management and Budget of any lawsuit settlement proceeds that become available for transfer to DHHS for this program. No transfer was made from the Attorney General to DHHS for the opioid addiction prevention and treatment program during the 2021-23 biennium.

House Bill No. 1447 (2023) required the Office of Management and Budget to transfer all opioid-related lawsuit settlement proceeds deposited in the Attorney General refund fund since March 1, 2021, to the newly created opioid settlement fund. The bill included an \$8 million appropriation from the opioid settlement fund to DHHS for opioid remediation and abatement efforts during the 2023-25 biennium.

In January 2024, the Office of Management and Budget transferred \$9,598,002 from the Attorney General refund fund to the opioid settlement fund. All future opioid settlement proceeds will be deposited directly in the opioid settlement fund. Through February 2025, \$13,143,526 of additional opioid settlement proceeds have been deposited in the opioid settlement fund.

⁴The Attorney General has indicated that it is not possible to separately identify refunds, attorney's fees, and civil penalties received, as a court judgement often includes a lump sum amount awarded for the payment of attorney's fees, investigation costs, or payment in lieu of civil penalties.

⁵In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc., and 34 states and territories regarding JUUL Labs e-cigarette marketing and sales practices. Of the \$438,500,000 total settlement, North Dakota was awarded \$6,028,211, which will be paid in installments for a period of 6 to 10 years. In House Bill No. 1004 (2023), the Legislative Assembly required 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc., settlement during the 2021-23 biennium be transferred to the community health trust fund and enacted Section 54-27-31 to require 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium.

The Attorney General received \$577,267 during the 2021-23 biennium, of which \$461,814 was transferred from the Attorney General refund fund to the community health trust fund in July 2023. Through February 2024, settlement funds received during the 2023-25 biennium totals \$1,160,571, of which \$928,457 was deposited in the community health trust fund and \$232,114 was deposited in the Attorney General refund fund. The Attorney General does not anticipate additional settlement funds will be received during the 2023-25 biennium. The Attorney General anticipates settlement funds will total \$1,740,850 during the 2025-27 biennium, of which \$1,392,680 (80 percent) would be deposited in the community health trust fund and \$348,170 (20 percent) would be deposited in the Attorney General refund fund.

⁶The Attorney General has indicated that a court rarely awards refunds to specific consumers, instead awarding refunds to organizations such as the Housing Finance Agency.

⁷The other expenditures are not specifically authorized in Section 54-12-18 but are included as part of the Attorney General's biennial appropriation.

⁸In House Bill No. 1003 (2021), the Legislative Assembly removed \$2.12 million from the general fund in the Attorney General's budget for salaries and operating expenses in various line items. The bill restored \$1.2 million of these items from the Attorney General refund fund, of which \$283,227 is for salaries and wages of a BCI agent and a BCI administrative assistant, \$34,377 is for operating expenses of the State Crime Laboratory, \$271,889 is for operating expenses of the criminal justice information sharing system, and \$610,507 is for other operating expenses of the Attorney General's office, primarily related to information technology-related expenses. **In House Bill No. 1003 (2025), as approved by the House, \$953,575 for operating expenses of the Attorney General's office is appropriated from the general fund rather than the Attorney General refund fund for the 2025-27 biennium.** See footnote 9 below for additional information.

⁹In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated ongoing funding of \$140,000 from the Attorney General refund fund to the Attorney General for criminal justice information sharing improvements during the 2019-21 biennium. The Attorney General spent \$108,412 during the 2019-21 biennium. In House Bill No. 1003 (2021) \$271,889 was authorized for ongoing operating expenses of the criminal justice information sharing system, resulting in a total of \$411,889 authorized for the system each biennium beginning during the 2021-23 biennium. During the 2023-25 biennium, the Attorney General anticipates utilizing \$60,103 of excess funding available in the fund for ongoing operating expenses of the system, totaling \$471,992. The Attorney General anticipates spending an additional \$471,992 for ongoing maintenance and upgrades of the system during the 2025-27 biennium.

¹⁰The criminal history repository replacement project began in the 2011-13 biennium to rewrite the criminal history repository system. The criminal history repository replacement project consists of various smaller projects. The Attorney General budgeted \$450,000 on the project during the 2011-13 biennium, \$2.3 million during the 2013-15 biennium, and \$970,000 during the 2015-17 biennium. The Legislative Assembly appropriated \$400,000 for the project in each of the 2019-21 and 2021-23 bienniums, resulting in a total of \$4.52 million approved for the project, all from the Attorney General refund fund. In Section 18 of Senate Bill No. 2003, the Legislative Assembly authorized the Attorney General to continue any remaining funding of the \$400,000 appropriated from the Attorney General refund fund during the 2021-23 biennium for the criminal history improvement project into the 2023-25 biennium. During the 2021-23 biennium, the Attorney General spent \$50,064 on the project and anticipates spending \$12,000 during the 2023-25 biennium.

Section 17 of House Bill No. 1003 (2025), as approved by the House, authorizes the Attorney General to continue any remaining funding of the \$400,000 appropriated from the Attorney General refund fund during the 2021-23 biennium for the criminal history improvement project into the 2025-27 biennium. The Attorney General anticipates \$337,936 will be continued into the 2025-27 biennium.

Of the \$4,520,000 approved for the project since the 2011-13 biennium, actual expenditures through February 2025 totaled \$3,912,595, which includes excess funding available in the fund spent in prior bienniums. The project has been substantially completed, although upgrades to the criminal history improvement system are periodically requested.

¹¹Section 54-12-18 provides at the end of each biennium, any balance in the Attorney General refund fund in excess of the amount necessary to fulfill the requirements of the fund must be deposited in the general fund. Section 15 of Senate Bill No. 2003 (2023) and **Section 16 of House Bill No. 1003 (2025), as approved by the House**, authorizes the Attorney General to retain the June 30, 2023, and June 30, 2025, balance in the Attorney General refund fund rather than transferring the balance to the general fund. As a result, no funding from the Attorney General refund fund was transferred to the general fund at the end of the 2021-23 biennium and no funding is anticipated to be transferred to the general fund at the end of the 2023-25 biennium, allowing the Attorney General to use the remaining balance in the Attorney General refund fund during the 2023-25 and 2025-27 bienniums. See the **FUND HISTORY** section for additional information on exemptions granted to the Attorney General.

FUND HISTORY

Section 54-12-18, created by House Bill No. 1141 (1989), establishes the Attorney General refund fund. The section was amended by the 1991, 1993, 1999, and 2001 Legislative Assemblies and currently provides when the Attorney General's Consumer Protection Division recovers funding for cases involving the violation of consumer fraud laws, the Attorney General is required to deposit the funding in the Attorney General refund fund. Funding recovered by the Consumer Protection Division for the following costs must also be deposited in the fund:

1. Refunds related to Consumer Protection Division expenditures, attorney's fees, and civil penalties regarding consumer protection or antitrust matters;
2. Cash deposit bonds paid by applicants for a transient merchant's license when surety bonds are not provided; and
3. Funds and fees collected by the gaming section for licensing tribal gaming and the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming.

Funding in the Attorney General refund fund is appropriated to the Attorney General on a continuing basis for the following purposes:

1. Provide refunds from funds recovered by the Consumer Protection Division to specifically named consumers;
2. Pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. Refund the balance of any cash deposit bond remaining after the payment of valid claims. Refunds will be issued 2 years after the expiration of the transient merchant's license;
4. Pay expenditures, attorney's fees, and salaries incurred in the operation of the Consumer Protection Division; and
5. Pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each biennium, any money in the fund in excess of the amounts required for numbers 1, 2, 3, and 5 above must be deposited in the general fund. The Attorney General and Director of the Office of Management and Budget are required to establish accounting procedures for the Attorney General refund fund.

Since the 2001 legislative session, each Legislative Assembly has provided the Attorney General with an exemption to allow unexpended funds from the Attorney General refund fund to continue to be spent in each subsequent biennium. The following table provides information regarding these exemptions:

Biennium	Bill No.	Section	Exemption Limitation ¹
2001-03	1003	8	\$100,000
2003-05	2003	4	No limitation specified
2005-07	1003	11	No limitation specified
2007-09	2003	15	No limitation specified
2009-11	1003	13	No limitation specified
2011-13	2003	9	No limitation specified
2013-15	1003	3	No limitation specified
2015-17	2003	4	No limitation specified
2017-19	1003	16	No limitation specified
2019-21	2003	3	No limitation specified
2021-23	1003	18	No limitation specified
2023-25	2003	15	No limitation specified
2025-27	1003	16	No limitation specified

¹Section 8 of House Bill No. 1003 (2001) allowed the Attorney General to continue up to \$100,000 of unexpended funds from the Attorney General refund fund to be spent during the 2001-03 biennium while any remaining amount in excess of \$100,000 was required to be returned to the general fund at the end of the 1999-2001 biennium. Exemptions granted in subsequent bienniums have not been limited to a specific dollar amount, allowing the Attorney General to continue using the full balance of the Attorney General refund fund each biennium.

In House Bill No. 1212 (2021), the Legislative Assembly created Section 53-06.1-11.2 and provides all gaming taxes, monetary fines, and interest and penalties are to be deposited in the newly created charitable gaming operating fund and provides the administrative and operating costs of charitable gaming be paid from the fund. Section 13 of House Bill No. 1003 (2021) further amended this section regarding allocations of gaming tax revenues. Adjustments were made to the Attorney General's budget to remove funding for gaming-related expenditures from the Attorney General refund fund beginning in the 2021-23 biennium.

**ANALYSIS OF THE STATE BONDING FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$3,807,543 ¹		\$4,053,843
Add estimated revenues				
Investment income	\$250,000		\$200,000	
State bonding fund claims collections	12,300		10,000	
Total estimated revenues		262,300		210,000
Total available		\$4,069,843		\$4,263,843
Less estimated expenditures and transfers				
Claim liabilities/payments/writeoffs	\$9,000		\$20,000	
Investment expense	7,000		8,000	
Total expenditures and transfers		16,000		28,000
Ending balance		<u>\$4,053,843</u>		<u>\$4,235,843</u>

FUND HISTORY

The state bonding fund was created in 1915 and is maintained for bond coverage of public employees. The state bonding fund is managed by the Insurance Commissioner, and the amount of coverage provided to each state agency, department, industry, and institution is determined by the Insurance Commissioner based upon the amount of money and property handled and the opportunity for default. North Dakota Century Code Section 26.1-21-09 provides that premiums for bond coverage are to be determined by the Insurance Commissioner, but can be waived if the state bonding fund's balance is in excess of \$2 million. No premium has been charged, possibly since 1953, because the bonding fund's balance has exceeded the minimum level established by the Legislative Assembly.

Senate Bill No. 2010 (2019) provided for the Insurance Commissioner to contract with the North Dakota Insurance Reserve Fund for administration of the state bonding fund. The bill also provided continuing appropriation authority from the state bonding fund to the Insurance Commissioner to pay contractual fund administration costs to the North Dakota Insurance Reserve Fund.

House Bill No. 1541 (2023) provides for a study to determine the feasibility of changing administration of the state bonding fund from the Insurance Commissioner to the Director of the Office of Management and Budget.

House Bill No. 1026 (2025) would transfer the administration of the state bonding fund from the Insurance Commissioner to the Office of Management and Budget.

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$914,599,431		\$985,857,151
Add estimated revenues				
Investment income (loss)	\$103,143,877 ¹		\$96,614,000 ¹	
Oil and gas tax collections	0 ²		0 ²	
Transfer from general fund	71,257,720 ³		0	
Total estimated revenues		174,401,597		96,614,000
Total available		\$1,089,001,028		\$1,082,471,151
Less estimated expenditures and transfers				
Transfer to general fund	\$103,143,877 ¹		\$96,614,000 ¹	
Total estimated expenditures and transfers		103,143,877		96,614,000
Estimated ending balance		<u>\$985,857,151</u>		<u>\$985,857,151</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.

²Section 57-51.1-07.5 provides for the deposit of up to \$75 million of the state share of oil and gas tax collections into the budget stabilization fund each biennium. The entire \$75 million is not estimated to be deposited in the fund during either the 2023-25 or 2025-27 biennium due to the fund being at its maximum balance.

³Chapter 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 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown reflects legislative action through crossover for general fund appropriations.

FUND HISTORY

The budget stabilization fund was established by the Legislative Assembly in House Bill No. 1596 (1987). 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 originally provided any money in the fund in excess of 10 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly, must be deposited in the general fund. House Bill No. 1451 (2011) decreased 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. House Bill No. 1155 (2017) increased the maximum balance allowed in the fund from 9.5 to 15 percent of the general fund budget, as 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 a general fund revenue shortfall. The section originally limited the transfer 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. House Bill No. 1155 (2017) revised the section to allow for transfers from the budget stabilization fund to the general fund as follows:

After general fund allotments totaling at least 3 percent have been made under Section 54-44.1-12, the Governor may order a transfer of up to an amount equal to 3 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 2 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 3 percent of general fund appropriations; and

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of any remaining funds in the budget stabilization fund.

The amount of transfers from the budget stabilization fund to the general fund may not exceed the difference between the original and revised general fund revenue forecasts less general fund allotments made under Section 54-44.1-12. For purposes of the transfers, total general fund allotment percentages must be based on allotments made after any allotment exemption granted by the Director of the Budget.

**ANALYSIS OF THE CAPITOL BUILDING FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS¹
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$7,480,758		\$6,012,226
Add estimated revenues				
Investment income	\$1,284,998		\$314,582	
Rentals, royalties, and bonuses	4,303,796		1,915,894	
Total revenues		5,588,794		2,230,476
Total available		\$13,069,552		\$8,242,702
Less estimated expenditures and transfers				
Administrative expenses	\$373,681		\$400,000	
Income payments to counties ²	8,645		11,000	
Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 48-10-02) ³	250,000		250,000	
Capitol Grounds Planning Commission operating expenses (2023 SB 2015; 2025 HB 1015)	25,000		25,000	
Governor's residence security improvements (2023 SB 2015)	100,000			
Brynhild Haugland Room remodel (2023 SB 2015)	250,000			
Capitol window replacement (2023 SB 2015)	4,000,000			
Facility Management extraordinary repairs (2023 SB 2015)	250,000			
Building automation project (2023 SB 2015)	800,000			
Accessibility improvements (2023 SB 2015)	150,000			
Continuation of 2021-23 biennium projects	850,000			
Ongoing Capitol grounds repairs (2025 HB 1015)			500,000	
Governor's residence projects (2025 HB 1015)			2,350,000	
Capitol building improvements (2025 HB 1015)			3,000,000	
Total estimated expenditures and transfers		7,057,326		6,536,000
Ending balance		\$6,012,226		1,706,702

¹The analysis reflects the legislative appropriations for the 2023-25 and 2025-27 bienniums and does not include the land owned by the fund.

²Section 15-04-23 provides the Board of University and School Lands is to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed 5 percent of the net revenue generated from the original grant lands in that county during the year preceding the payments. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for the repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

³Section 20 of Senate Bill No. 2015 (2019) amended Section 48-10-02 to increase a continuing appropriation to the Capitol Grounds Planning Commission from \$175,000 per biennium to \$250,000 per biennium of income and interest of the Capitol building fund. The amount that may be spent may not exceed 50 percent of the unencumbered balance of the fund on the 1st day of the biennium.

FUND HISTORY

The Capitol building fund was established at the time of statehood by the Enabling Act of 1889. Section 12 of the Enabling Act provided 32,000 acres to North Dakota upon statehood to be sold and the proceeds used to finance the construction of buildings for legislative, executive, and judicial use. The proceeds from the sale make up the Capitol building fund along with any investment proceeds from that fund.

In 1957 Congress amended Section 12 of the Enabling Act to expand the fund's use for construction, reconstruction, repair, renovation, furnishings, equipment, or other permanent improvements of public buildings at the Capitol.

In Senate Bill No. 388 (1967) the Legislative Assembly created Section 48-10-02 to provide that all money, properties and income from the fund, unless otherwise appropriated, are dedicated and reserved for the exclusive purpose of the construction of an addition to the legislative wing. The Capitol Grounds Planning Commission is to take steps to accumulate and conserve the money and property in the Capitol building fund for this purpose.

In House Bill No. 1117 (1979) the Legislative Assembly amended Section 48-10-02 to provide that the Board of University and School Lands invest and manage the fund on behalf of the Capitol Grounds Planning Commission. The section was further amended to provide a continuing appropriation to the Capitol Grounds Planning Commission from the interest and income from the Capitol building fund not to exceed 50 percent of the unencumbered balance. Expenditures made under the continuing appropriation may be made after consideration of the Capitol grounds master plan for projects or planning but may not exceed \$50,000 per biennium. Expenditures may be made only upon approval by two-thirds of the total membership of the commission. The Legislative Assembly in Senate Bill No. 2090 (2007) increased the continuing appropriation to the Capitol Grounds Planning Commission limit from \$50,000 to \$100,000.

In House Bill No. 1015 (2013) the Legislative Assembly amended Section 48-10-02 to increase the continuing appropriation to the Capitol Grounds Planning Commission from \$100,000 to \$175,000 per biennium beginning with the 2013-15 biennium.

In Senate Bill No. 2015 (2019) the Legislative Assembly amended Section 48-10-02 to increase the continuing appropriation to the Capitol Grounds Planning Commission from \$175,000 to \$250,000 per biennium.

In Senate Bill No. 2015 (2023), the Legislative Assembly amended Section 48-10-02 to limit the use of the Capitol Grounds Planning Commission's continuing appropriation authority to remodeling expenses; however, the Governor vetoed this limitation.

**ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium ¹		2025-27 Biennium ¹	
Beginning balance		\$254,398		\$1,450,501
Add estimated revenues				
Investment income ²	\$2,487,529		\$1,638,020	
School construction loan income ²	947,034		900,000	
Total estimated revenues		3,434,563		2,538,020
Total available		\$3,688,961		\$3,988,521
Less estimated expenditures and transfers				
Investment expense	\$497,292		\$150,000	
Administrative expenses	4,000		4,000	
Transfer to the general fund ²	1,737,168		1,000,000	
Total estimated expenditures and transfers		2,238,460		1,154,000
Estimated ending balance		\$1,450,501		\$2,834,521

¹The beginning and ending balances do not include the value of permanent assets of the coal development trust fund, which must be maintained pursuant to North Dakota Century Code Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota. As of December 31, 2024, the total value of permanent fund assets was \$75 million, of which \$33.2 million was school construction loans receivable, \$6.9 million was coal impact loans receivable, and \$34.9 million was either cash or short-term investments.

Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. The coal severance tax allocations become part of the fund assets which are not reflected in the amounts shown in the table. Senate Bill No. 2272 (2017) amends Section 15.1-36-02 to make available up to \$60 million from the fund for loans of up to \$2 million for unanticipated school construction projects or emergency repairs. Senate Bill No. 2015 (2023) increases the maximum amount of a loan for unanticipated school construction projects by \$3 million, from \$2 million to \$5 million, and allows schools with unanticipated construction inflation costs for projects bid after January 1, 2021, and before June 30, 2024, to access loans of up to \$5 million.

²Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota, provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the general fund. The amounts shown on this analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

FUND HISTORY

The coal development trust fund originated with the passage of House Bill No. 1257 (1979), now codified as various sections of Chapter 57-62. In 1980 the voters of North Dakota approved Constitutional Measure No. 5, Section 21 of Article X of the Constitution of North Dakota, establishing the coal development trust fund as a constitutional trust fund.

Section 57-62-02 provides 30 percent of the coal severance tax must be deposited in the coal development trust fund. Senate Bill No. 2014 (2017) reduced the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provided an allocation of 15 percent to the lignite research fund. The coal severance tax allocations become part of the fund assets which are not reflected in the amounts shown.

Section 57-61-01.5 provides that 70 percent of the money deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 15 percent of the coal severance taxes deposited in the fund (4.5 percent of total coal severance taxes collected) remains in the coal development trust fund to be used for the purposes provided in Section 57-62-02.

Section 57-62-02 provides the Board of University and School Lands shall administer the fund and use money in the fund for loans to coal-impacted counties, cities, and school districts, and for loans to school districts for school construction. Section 15.1-36-02 limits the outstanding principal balance of school construction loans from the coal development trust fund to \$50 million. Senate Bill No. 2272 (2017) amended Section 15.1-36-02 to make available up to \$60 million from the fund for loans of up to \$2 million for unanticipated school construction projects or emergency repairs. Senate Bill No. 2015 (2023) increased the maximum amount of a loan for unanticipated school construction projects by \$3 million, from \$2 million to \$5 million.

In Senate Bill No. 2039 (2015), the Legislative Assembly created a new school construction assistance loan fund and identified the income from the coal development trust fund as income to the new fund. However, the income from the coal development trust fund was not transferred to the school construction assistance loan fund because Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota require the income to be transferred to the general fund. The provisions to continue the transfer of income to the general fund were included in Senate Bill Nos. 2101 and 2272 (2017).

ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)

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 2025-27 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Mineral 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	(0.63%)
	2017	\$3,512,355,582	\$103,067,000	9.50%
2017-19	2018	\$3,940,114,988	\$144,132,000	6.50%
	2019	\$4,318,989,728	\$144,132,000	3.87%
2019-21 ¹	2020	\$4,651,515,837	\$183,378,000	(1.87%)
	2021	\$4,628,066,674	\$183,378,000	21.67%
2021-23	2022	\$5,736,576,906	\$210,510,000	(4.99%)
	2023	\$5,655,342,224	\$210,510,000	6.17%
2023-25	2024	\$6,216,075,290	\$249,930,000	9.4%
	2025	\$6,997,804,865	\$249,930,000	²
2025-27	2026	²	\$292,338,675	²
	2027	²	\$292,338,675	²

¹The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund. In addition, Senate Bill No. 2362 provides, if the actual legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium in accordance with Section 26 of Article X of the Constitution of North Dakota exceed the estimate made by the 66th Legislative Assembly by at least \$64,370,000, the State Treasurer must immediately transfer \$64,370,000 from the general fund to the common schools trust fund, for the biennium beginning July 1, 2019, and ending June 30, 2021. The State Treasurer transferred \$64,370,000 from the general fund to the common schools trust fund at the end of the 2019-21 biennium.

²Section 2 of Article IX of the Constitution of North Dakota was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). 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 \$7,417,654,799 as of November 30, 2024.**

MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides 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. Measure No. 1 (2006), 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 (Senate Concurrent Resolution No. 4011 (1993)). In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which provided for a constitutional amendment to Section 24. The amendment allows 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 and simplifies other language in the section. However, the amendment does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Select North Dakota Century Code Provisions

Section 47-30.2-44

Section 47-30.2-44 provides that all funds received by the state under the Uniform Unclaimed Property Act 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. The Legislative Assembly, in Senate Bill No. 2003 (2015), 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.

Until July 1, 2017, 45 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 was transferred to the common schools trust fund and became a part of the principal of the fund. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

In Senate Bill No. 12 (2019), the Legislative Assembly amended Section 54-27-25 to remove authorization for appropriation to the Attorney General for enforcement of the Master Settlement Agreement and to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. As a result, no additional tobacco settlement proceeds will be deposited into the common schools trust fund.

Tobacco settlement money received by the state and transferred to the common schools trust fund totaled \$189,745,840. The following is a summary of actual transfers to the common schools trust fund from the tobacco settlement trust fund, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement.

Biennium	Total Transfers
1999-2001	\$23,805,353
2001-03	23,998,745
2003-05	20,977,122
2005-07	19,722,653
2007-09	27,672,929
2009-11	18,248,834
2011-13	18,108,052
2013-15	19,003,716
2015-17	18,208,436
Total	\$189,745,840

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 lands and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). 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 the Board of University and School Lands has full control of:

- The selection, appraisalment, 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.

Section 47-30.2-46

Section 47-30.2-46 provides a continuing appropriation for the amounts necessary to pay all expense deductions, including the payment of claims, costs related to the sale of abandoned property, and certain administrative costs.

INVESTMENT OF THE COMMON SCHOOLS TRUST FUND

Section 15-03-04 provides 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 COMMUNITY HEALTH TRUST FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$31,973,946		\$20,548,543
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$22,174,105 ¹		\$0	
Projected transfers from the tobacco settlement trust fund	21,000,000 ²		40,000,000 ²	
JUUL Labs, Inc., settlement proceeds (2023 HB 1004)	1,390,271 ²		1,000,000 ²	
Refund of prior biennium expenditures from the fund	45		0	
Total estimated revenues		44,564,421 ²		41,000,000 ²
Total available		\$76,538,367		\$61,548,543
Less estimated expenditures and adjustments				
Department of Health and Human Services - Public Health (2023 HB 1004 and HB 1477; 2025 HB 1012)				
Tobacco prevention and control program grants to local public health units for tobacco prevention and control	\$5,950,000		\$6,250,000	
Tobacco prevention and control, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses	4,943,000 ³		4,549,698 ³	
Tobacco cessation grants	500,000		500,000	
Youth vaping prevention grants	300,000		300,000	
Women's Way program	329,500		329,500	
Behavioral Risk Factor State Survey	200,000		200,000	
Dentists' loan repayment program	360,000 ⁴		360,000 ⁴	
Behavioral health loan repayment program	234,500 ⁵		234,500 ⁵	
Cancer programs	580,324		580,324	
Domestic violence offender treatment	1,000,000 ⁶		1,000,000 ⁶	
Domestic violence prevention	1,000,000 ⁶		3,250,000 ⁶	
Local public health state aid	3,275,000 ⁷		3,275,000 ⁷	
Forensic examiner contract	1,000,000 ⁸		0	
Forensic examiner electronic records system			278,000 ⁸	
Statewide health strategies			750,000 ⁹	
One-time funding for a statewide health strategies initiative	1,500,000 ⁹			
Grants to rural emergency medical services and rural ambulance service districts (2023 HB 1477)	7,000,000 ¹⁰		7,000,000 ¹⁰	
Food and lodging management information system			335,000	
Emergency medical services licensure system			650,000	
Department of Health and Human Services - Human Services (2023 SB 2012; 2025 HB 1012 and SB 2200)				
Child support computer replacement project	20,400,000		0	
988 crisis hotline program, including \$500,000 appropriated in 2025 SB 2200	1,867,500		2,367,500	
Cross-Disability Advisory Council	700,000		0	
Basic care funding rate study	600,000		0	
Health Care Task Force	750,000		0	

Vocational rehabilitation information technology system			1,704,000	
Law enforcement rural crisis support program			1,000,000	
Develop partial hospitalization/intensive day treatment			2,000,000	
Critical access hospital networking			2,000,000	
Animal shelter grant			300,000	
University of North Dakota School of Medicine and Health Sciences - Clinically integrated network grant (2023 SB 1012)	3,500,000		0	
Total estimated expenditures and adjustments		55,989,824		39,213,522
Estimated ending balance		<u>\$20,548,543</u>		<u>\$22,335,021</u>

¹Through February 2025 the state has received tobacco settlement payments totaling \$22,174,105 for the 2023-25 biennium, all of which has been transferred from the tobacco settlement trust fund to the community health trust fund. Total transfers of \$197,252,009 have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - Interest earned on the community health trust fund is deposited in the general fund. Community health trust fund revenues for the 2023-25 biennium are based on actual revenues received through February 2025 and the March 2025 legislative revenue forecast for the remainder of the 2023-25 biennium. The estimated revenues for the 2025-27 biennium are based on the March 2025 legislative revenue forecast.

In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc., and 34 states and territories regarding JUUL Labs Inc., e-cigarette marketing and sales practices. Of the \$438.5 million total settlement, North Dakota was awarded \$6,028,211, which will be paid in installments over a period of 6 to 10 years. The Legislative Assembly, in House Bill No. 1004 (2023), provided 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc., settlement during the 2021-23 biennium be transferred to the community health trust fund and requires 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium.

³North Dakota Century Code Section 54-27-25 provides money in the community health trust fund may be appropriated for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the Tobacco Quitline to provide nicotine replacement therapy and cessation counseling.

⁴In 2023 the Legislative Assembly provided a total of \$585,200 for the dentists' loan repayment program, of which \$360,000 is from the community health trust fund and \$225,200 is from the general fund. House Bill No. 1012 (2025) provides a total of \$585,200 for the dentists' loan repayment program, of which \$360,000 is from the community health trust fund and \$225,200 is from the general fund.

⁵In 2023 the Legislative Assembly provided a total of \$528,480 for the behavioral health loan repayment program, of which \$234,500 is from the community health trust fund and \$293,980 is from the general fund. House Bill No. 1012 (2025) provides a total of \$426,000 for the behavioral health loan repayment program, of which \$234,500 is from the community health trust fund and \$191,500 is from the general fund.

⁶In 2023 the Legislative Assembly increased funding for domestic violence offender treatment to provide \$1,000,000 from the community health trust fund. In addition, the Legislative Assembly increased funding for domestic violence prevention to provide a total of \$5,936,285, of which \$4,596,285 is from the general fund, \$1,000,000 is from the community health trust fund, and \$340,000 is from the domestic violence and sexual assault prevention fund which receives revenue from marriage license fees. House Bill No. 1012 (2025) provides a total of \$1,000,000 from the community health trust fund for domestic violence offender treatment and \$8,186,285 for domestic violence prevention, of which \$4,596,285 is from the general fund, \$3,250,000 is from the community health trust fund, and \$340,000 is from the domestic violence and sexual assault prevention fund which receives revenue from marriage license fees.

⁷In 2023 the Legislative Assembly increased funding from the community health trust fund by \$2,750,000 to provide a total of \$8,000,000 for local public health unit state aid grants, of which \$4,725,000 is from the general fund and \$3,275,000 is from the community health trust fund. House Bill No. 1012 (2025) provides a total of \$8,000,000 for local public health unit state aid grants, of which \$4,725,000 is from the general fund and \$3,275,000 is from the community health trust fund.

⁸In 2023 the Legislative Assembly provided \$1,000,000 from the community health trust fund for Public Health's forensic examiner contract with the University of North Dakota School of Medicine and Health Sciences and increased funding for the contract from the general fund to \$755,292, to provide a total of \$1,755,292 for the 2023-25 biennium. House Bill No. 1012 (2025) provides a total of \$3,527,360 from the general fund for Public Health's forensic examiner contract with the University of North Dakota School of Medicine and Health Sciences. In addition, House Bill No. 1012 (2025) includes \$278,000 from the community health trust fund for a forensic examiner electronic records system.

⁹In 2021 the Legislative Assembly provided one-time funding of \$1.5 million from the community health trust fund for a statewide health strategies initiative totaling \$3 million. The Legislative Assembly provided the one-time funding from the community health trust fund for the statewide health strategies initiative is contingent on the State Department of Health securing \$1.5 million in dollar-for-dollar matching funds. In House Bill No. 1004 (2023), the Legislative Assembly allowed Public Health to continue the \$3 million of one-time funding, appropriated during the 2021-23 biennium for a statewide health strategies initiative, to the 2023-25 biennium and provided the \$1.5 million continued from the community health trust fund is contingent on the department securing dollar-for-dollar matching funds. House Bill No. 1012 (2025) provides a total of \$1.5 million for statewide health strategies, of which \$750,000 is from the community health trust fund and is contingent on the department securing \$750,000 in dollar-for-dollar matching funds.

¹⁰In 2023 the Legislative Assembly, in House Bill No. 1477 increased funding for emergency medical services by providing \$7,000,000 from the community health trust fund to aid the functions and operations of rural emergency medical services and rural ambulance service districts, to provide a total of \$14,721,000 for emergency medical services, of which \$6,596,000 is from the general fund, \$7,000,000 is from the community health trust fund, and \$1,125,000 is from the insurance tax distribution fund, for the 2023-25 biennium. House Bill No. 1012 (2025) provides a total of \$14,721,000 for emergency medical services, of which \$6,446,000 is from the general fund, \$7,000,000 is from the community health trust fund, \$150,000 is from other special funds, and \$1,125,000 is from the insurance tax distribution fund.

FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), established the community health trust fund. This section created a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund as follows:

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

Section 54-27-25, as amended in Senate Bill No. 2012 (2019), provided all money in the fund must be transferred within 30 days of receipt to the community health trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated pursuant to Section 54-27-25. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. However, in Senate Bill No. 2004 (2017), the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health trust fund.

The Legislative Assembly, in Senate Bill No. 2003 (2015), 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 community health trust fund. The Legislative Assembly, in Senate Bill No. 2012 (2019), removed this authorization. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

The Legislative Assembly, in House Bill No. 1004 (2023), created a new section to Chapter 54-27 to provide for the deposit of funds to be received pursuant to an agreement reached between the Attorney General's office and JUUL Labs, Inc. In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc., and 34 states and territories regarding JUUL Labs Inc., e-cigarette marketing and sales practices. Of the \$438.5 million total settlement, North Dakota was awarded \$6,028,211, which will be paid in installments over a period of 6 to 10 years. The Legislative Assembly, in House Bill No. 1004 (2023), provided 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc., settlement during the 2021-23 biennium be transferred to the community health trust fund and requires 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium.

**ANALYSIS OF THE STATE DISASTER RELIEF FUND
FOR THE 2019-21, 2021-23, 2023-25, AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2019-21 Biennium Actual		2021-23 Biennium Actual		2023-25 Biennium Estimated		2025-27 Biennium Estimated	
Beginning balance		\$21,987,295		\$15,396,161		\$18,524,149		\$22,999,300
Add revenues								
Interest income	\$66,353		\$51,247		\$477,220		\$1,224,000	
Miscellaneous reimbursements	24,577		6,035		15,000		15,000	
Oil and gas tax collections ¹	0		15,511,903		8,450,480		7,362,403	
Total revenues		90,930		15,569,185		8,942,700		8,601,403
Total available		\$22,078,225		\$30,965,346		\$27,466,849		\$31,600,703
Less estimated expenditures								
Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act Funding							\$3,550,000 ¹⁰	
2011 flooding	\$2,367,837 ²							
State disasters, flood mitigation efforts, and predisaster mitigation			\$142,276 ⁵		\$526,811 ⁹		436,232 ¹⁰	
2013 Red River Valley flood	210 ²							
2013 winter storm	2,320 ²							
2014 rain storms	100,182 ²							
2017 flooding	217,970 ²		99,164 ⁵					
Federal Emergency Management Agency (FEMA) mitigation programs					491,042 ⁹		2,000,000 ¹⁰	
Dickey County FEMA repayment	93,046 ²							
Non-oil-producing township road maintenance and improvement	200,000 ²		8,200,000 ⁶					
Emergency township road repairs	750,000 ³							
Dakota Access Pipeline law enforcement	703,432 ⁴		4,513,495 ⁷					
2019 flooding	1,352,454 ⁴		54,745 ⁵		505,990 ⁹		40,196 ¹⁰	
2020 COVID-19			1,292 ⁵		136,620 ⁹		204,945 ¹⁰	
2020 flooding	894,613 ⁴		(569,775) ⁵		180,822 ⁹		20,314 ¹⁰	
2021 June severe storms					53,438 ⁹		5,672 ¹⁰	
2022 spring storm					2,335,993 ⁹		3,923,404 ¹⁰	
2022 winter storm					236,833 ⁹		18,132 ¹⁰	
Snow removal grants ⁸								
2023 flooding							269,815 ¹⁰	
2023 ice storm							831,993 ¹⁰	

2024 wildland fires						300,000 ¹⁰	
Total estimated expenditures and transfers		6,682,064		12,441,197		4,467,549 ¹¹	11,600,703
Estimated ending balance		<u>\$15,396,161</u>		<u>\$18,524,149</u>		<u>\$22,999,300</u>	<u>\$20,000,000</u>

¹The 2019-21 biennium amount reflects actual oil tax revenue allocations. House Bill No. 1066 (2019) and Senate Bill No. 2016 (2019) amended 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 under Chapters 57-51 and 57-51.1 as follows:

- The first \$685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund; and
- The next \$15 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$15 million.

The 2021-23 biennium amount reflects actual oil tax revenue allocations. House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1 as follows:

- The first \$685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund; and
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million.

The 2023-25 biennium amount reflects actual oil tax revenue allocations. Senate Bill No. 2367 (2023) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1 as follows:

- The first \$795 million is deposited in the general fund, social services fund, budget stabilization fund, and lignite research fund; and
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million.

The 2025-27 biennium amount reflects estimated oil tax revenue allocations based on the 2025 legislative revenue forecast. As amended, Senate Bill No. 2323 (2025) amends Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1 as follows:

- The first \$835 million is deposited in the general fund, social services fund, budget stabilization fund, and lignite research fund; and
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million.

²Section 1 of Senate Bill No. 2016 (2019) included spending authority of \$7.1 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2019-21 biennium.

³Section 4 of Senate Bill No. 2012 (2021) provided a 2021-23 biennium appropriation of \$750,000 from the state disaster relief fund to the Department of Transportation to provide grants to townships for emergency township road repairs.

⁴Section 1 of House Bill No. 1025 (2021) includes a deficiency appropriation of \$3,880,540 from the state disaster relief fund, including \$3,130,540 for expenses related to flooding in the spring of 2019, fall of 2019, and spring of 2020, and \$750,000 to repay loan interest relating to Dakota Access Pipeline law enforcement response costs.

⁵Section 1 of House Bill No. 1016 (2021) includes spending authority of \$6 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2021-23 biennium.

⁶Section 4 of House Bill No. 1015 (2021) provides a 2021-23 biennium appropriation of \$8.2 million from the state disaster relief fund to the State Treasurer for the purpose of providing distributions to townships in non-oil-producing counties for maintenance and improvement of township roads and bridges.

⁷Section 1 of Senate Bill No. 2025 (2023) includes a deficiency appropriation of \$5,722,723 from the state disaster relief fund, including \$4,695,890 for loan repayment, and \$1,026,833 for loan interest repayment relating to Dakota Access Pipeline law enforcement response costs.

⁸Section 5 of Senate Bill No. 2015 (2023) appropriated \$5 million from the state disaster relief fund for providing emergency snow removal grants to tribal governments, counties, cities, and townships in the 2021-23 biennium. This amount was in addition to the \$20 million from the general fund appropriated in Senate Bill No. 2183 (2023) for emergency snow removal grants for the 2021-23 biennium. The \$5 million from the state disaster relief fund was not spent, because actual snow removal grant requests were less than the \$20 million appropriated from the general fund.

⁹Section 1 of Senate Bill No. 2016 (2023) includes spending authority of \$12.7 million from the state disaster relief fund for expenses related to unclosed state disasters, \$2 million for natural disaster response and recovery grants, and \$225,000 for flood mitigation efforts in the 2023-25 biennium.

¹⁰Section 1 of House Bill No. 1016 (2025) includes spending authority of \$5.75 million from the state disaster relief fund for expenses related to unclosed state disasters, \$3.55 million for expenses related to the STORM Act program, \$2 million for natural disaster response and recovery grants, and \$300,000 for wildland fire disaster funding.

¹¹The 2023-25 biennium amount is an estimate based on actual expenditures through January 31, 2025, and agency estimated expenditures through June 30, 2025.

NOTE: House Bill No. 1073 (2025) would authorize the use of the state disaster relief fund following a declaration at a state disaster or emergency issued by the Governor in accordance with Section 37-17.1-05.

FUND HISTORY

Section 37-17.1-27 (Section 4 of Senate Bill No. 2012 (2009)) establishes a state disaster relief fund. Any interest or other fund earnings must be deposited in the fund. In Senate Bill No. 2369 (2011), 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. In Senate Bill No. 2292 (2013), the Legislative Assembly further amended the section to allow money in the fund to be used for wide area search and rescue activities. Section 6 of Senate Bill No. 2055 (2019) further amends Section 37-17.1-27 to allow the fund to be used for the state share of FEMA disaster response, recovery, and mitigation grants, to remove the requirement for Emergency Commission and Budget Section approval of the use of money that has been appropriated by the Legislative Assembly, and to provide for the Adjutant General to report to the Budget Section on fund expenditures.

**ANALYSIS OF THE ELECTRONIC HEALTH INFORMATION EXCHANGE FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance ¹		\$2,507,151		\$4,342,179
Add estimated revenues				
Funds from health information network participants	\$1,360,586		\$1,470,218	
Funds from the Department of Health and Human Services (DHHS) ²	18,720		0	
Federal funds from the Centers for Medicare and Medicaid Services (CMS) ³	6,181,593		6,078,884	
Transfer - Health information technology planning loan fund (2023 HB 1021; 2025 SB 2021) ^{4,5}	3,000,000		0	
Total estimated revenues		10,560,899		7,549,102
Total available		\$13,068,050		\$11,891,281
Less estimated expenditures and transfers				
Health information technology and exchange network ^{2,3,4,5}	\$8,725,871		\$10,751,242	
Total estimated expenditures and transfers		8,725,871		10,751,242
Estimated ending balance		\$4,342,179		\$1,140,039

¹Section 8 of Senate Bill No. 2332 (2009) provided the Industrial Commission transfer, during the 2009-11 biennium, as requested by the Director of the Health Information Technology Office, up to \$8 million from the Bank of North Dakota's profits to the health information technology loan fund to meet any required match for federal funds or to the electronic health information exchange fund to meet any required match for federal funds.

Section 6 of House Bill No. 1021 (2011) amended Section 8 of Senate Bill No. 2332 (2009) to provide the Industrial Commission transfer, during the 2009-11 or 2011-13 biennium, up to \$8 million from the Bank of North Dakota's profits to the information technology loan fund or to the electronic health information exchange fund to meet any required match for federal funds or for ongoing operating expenditures of the health information exchange. During the 2009-11 biennium, \$500,000 was transferred to the electronic health information exchange fund, and during the 2011-13 biennium, \$7.5 million was transferred to the electronic health information exchange fund.

²Section 2 of Senate Bill No. 2021 (2017) provided a special funds appropriation of \$43,555,133 to the Information Technology Department (ITD) for a project to expand the North Dakota health information network (NDHIN). The purpose of the funding was to enhance the overall functionality of NDHIN by providing comprehensive interoperability between all Medicaid providers throughout the state. The project was intended to allow for statewide repositories for analytics, care coordination, credentialing, and advanced directives.

The Department of Health and Human Services anticipated receiving federal Health Information Technology for Economic and Clinical Health (HITECH) Act Medicaid funding of \$40.8 million for the project, which was included in House Bill No. 1012 (2017) and was to be provided to payers, providers, and existing state health information networks. Funds were expected to be used through the 2021-23 biennium; however, due to funding changes made by the federal government, DHHS and ITD do not anticipate receiving the entire amount for the project.

The Information Technology Department received \$125,100 during the 2015-17 biennium from DHHS for advanced planning documents, a state Medicaid plan, and to conduct a care coordination study of NDHIN. The Information Technology Department received \$6,333,134 in the 2017-19 biennium, \$14,584,718 in the 2019-21 biennium, \$1,110,149 in the 2021-23 biennium, and \$18,720 in the 2023-25 biennium through March 11, 2025, from DHHS for the network for a total of \$22,171,821 of federal HITECH funds received for the network. No additional federal HITECH funds are expected to be available during the 2023-25 biennium or

in future bienniums. The majority of estimated federal funding for the 2023-25 biennium and all estimated federal funding for the 2025-27 biennium is from funding received from CMS pursuant to a NDHIN cost reimbursement agreement.

³The Centers for Medicare and Medicaid Services certified NDHIN as a Medicaid management information system in February 2022, which allows ITD to request up to 75 percent federal reimbursement for eligible network expenditures. In December 2023, CMS approved the Health Information Technology Office Medicaid cost allocation methodology, resulting in a \$4,012,776 reimbursement to the state for health information network expenses incurred between October 2021 through December 2023 that were no longer eligible for HITECH funding, and allowing ITD to submit new expenses to CMS for reimbursement. The Information Technology Department estimates an additional \$2,168,817 of federal CMS funding may be reimbursed during the 2023-25 biennium, providing an estimated total of \$6,181,593. The estimated amount of federal funding to be received from CMS for the 2025-27 biennium is \$6,078,884.

⁴House Bill No. 1021 (2023) provides for a transfer of \$3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2023-25 biennium. Through March 11, 2025, no transfer has been made during the 2023-25 biennium; however, ITD anticipates transferring the entire \$3 million by the end of the biennium.

⁵Senate Bill No. 2021 (2025), as approved by the Senate, provides for a transfer of \$3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2025-27 biennium. The funding authorized in Senate Bill No. 2021 (2025) is the same funding authorized in House Bill No. 1021 (2023). Through March 11, 2025, ITD anticipates transferring the \$3 million during the 2023-25 biennium, resulting in no anticipated transfer for the 2025-27 biennium.

FUND HISTORY

North Dakota Century Code Section 54-59-27 (Senate Bill No. 2332 (2009)) establishes the electronic health information exchange fund. The fund consists of the money deposited in the fund from federal or other sources or money transferred into the fund as directed by the Legislative Assembly. The Health Information Technology Office is to administer the fund. The money in the fund is to be used to facilitate and expand the electronic health information exchange. Money in the fund may be used, subject to legislative appropriations, to provide services directly for grants and for costs of administration of the fund.

An application for a grant must be made to the Health Information Technology Office. The Health Information Technology Office is to determine the applicant's eligibility based upon criteria established by the director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee.

**ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$7,081,986		\$5,835,421
Add estimated revenues				
Pesticide registration fees (North Dakota Century Code Section 4.1-34-03) ¹	\$5,300,000		\$5,300,000	
Weed seed-free forage (Section 4.1-14-04) ²	30,000		30,000	
Fertilizer registration, inspection, and tonnage fees (Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07) ^{3,4}	1,425,000		1,425,000	
Commercial feed registration, inspection, and tonnage fees (Section 4.1-41-19) ⁵	727,500		727,500	
Total estimated revenues		7,482,500		7,482,500
Total available		\$14,564,486		\$13,317,921
Less estimated expenditures and transfers				
Agriculture Commissioner (2023 SB 2009; 2025 HB 1009)				
Administrative Services Division	\$368,646		\$407,091	
Marketing and Information Division	166,005		123,473	
Wildlife Services program	433,800		433,800	
Animal Health Division (State Veterinarian)	143,343		142,989	
Plant Industries Division	2,003,966		2,445,558	
Pesticide and Fertilizer Division	3,716,326		3,441,355	
Grain Inspection and Feed Division	456,979		734,548	
Transfer to environmental impact mitigation fund (2023 SB 2009)	250,000		0	
Crop Protection Product Harmonization and Registration Board (2023 SB 2009; 2025 HB 1009)				
Crop protection product registration, labeling, and grants ⁶	75,000		75,000	
Minor use pesticide registration	325,000		325,000	
Department of Environmental Quality (2023 HB 1024; 2025 SB 2024)				
Ground water testing, including a \$50,000 grant for the North Dakota Stockmen's Association environmental services program	250,000		250,000	
Regional livestock development and planning grant program (2023 HB 1437; 2025 HB 1009) ⁷	540,000		660,000	
Total estimated expenditures and transfers		8,729,065		9,038,814
Estimated ending balance		\$5,835,421		\$4,279,107

¹The Legislative Assembly approved Senate Bill No. 2009 (1999), which amended Section 19-18-04, increased the biennial pesticide registration fee by \$50, from \$300 to \$350. House Bill No. 1009 (2009) further amended Section 19-18-04 to deposit all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund. In Senate Bill No. 2027 (2017), Section 19-18-04 was repealed and rewritten as Section 4.1-34-03 as part of the rewrite of agriculture statutes.

²Chapter 4.1-14 allows the Agriculture Commissioner to certify forage acreage as being free of certain weeds and weed seed. Section 4.1-14-04 provides the Agriculture Commissioner a continuing appropriation to certify forage acreage using fees charged for certifications. The Agriculture Commissioner may set and charge the fees. All weed seed-free forage fee revenue must be deposited in the environment and rangeland protection fund.

³House Bill No. 1321 (2011) repealed Section 19-20.2-08.1 that provided for the deposit of certain inspection fees in the anhydrous ammonia storage facility inspection fund. The bill provided that the fee collections are to be deposited in the environment and rangeland protection fund, and anhydrous ammonia inspection storage facility inspection duties are to be transferred from the Insurance Commissioner to the Agriculture Commissioner.

⁴Senate Bill No. 2009 (2011) amended Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 to deposit fertilizer distribution registration, licensing, and inspection fees in the environment and rangeland protection fund rather than the general fund. House Bill No. 1321 (2011) also amended Section 19-20.1-06 to deposit a portion of fertilizer distribution inspection fees in the environment and rangeland protection fund rather than the general fund. In Senate Bill No. 2027 (2017), Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 were rewritten as Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07, respectively.

⁵Section 4.1-41-19 provides for the deposit of the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than the general fund.

⁶Section 4-35-30, as created by the Legislative Assembly in House Bill Nos. 1009 (2001) and 1328 (2001), created the Crop Protection Product Harmonization and Registration Board. In Senate Bill No. 2027 (2017), Section 4-35-30 was rewritten as Section 4.1-39-02. The duties of the board relate to crop protection product labeling and registration. In Senate Bill No. 2009 (2023), the Legislative Assembly appropriated \$75,000 from the fund for the board for the 2023-25 biennium. House Bill No. 1009 (2025), as approved by the House, appropriates \$75,000 from the fund for the board for the 2025-27 biennium.

⁷In House Bill No. 1437 (2023), the Legislative Assembly appropriated \$1.2 million from the environment and rangeland protection fund to the Agriculture Commissioner for identifying locations for rural economic development, including animal feeding operations, agricultural processing and storage facilities, and other agriculture-related development, and assisting the review and updating of township zoning and land use regulations during the 2023-25 biennium. The bill created a new section to Chapter 4.1-01 for the establishment of the program. Grants under the program may not exceed \$12,000 for each county included in an application. Grants of up to \$500 may be awarded to each township included in an application. House Bill No. 1009 (2025), as approved by the House, provides for the continuation of \$660,000 appropriated from the environment and rangeland protection fund for the regional livestock development and planning program during the 2023-25 biennium into the 2025-27 biennium.

FUND HISTORY

Section 19-18-02.1, created by Senate Bill No. 2451 (1991), established the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. During the 2007-09 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Pursuant to Section 19-18-04, as amended by House Bill No. 1009 (2009), beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund.

In Senate Bill No. 2027 (2017), Sections 19-18-02.1 and 19-18-04 were repealed and rewritten as Sections 4.1-39-07 and 4.1-34-03, respectively, as part of the rewrite of agriculture statutes.

**ANALYSIS OF THE FIRE AND TORNADO FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$16,300,447		\$14,938,768
Add estimated revenues				
Premium collections	\$26,000,000		\$29,000,000	
Investment income (loss)	2,210,476		1,750,000	
Total estimated revenues		28,210,476		30,750,000
Total available		\$44,510,923		\$45,688,768
Less estimated expenditures and transfers				
Loss claims payments	\$10,000,000		\$15,000,00	
Claims-related payments, including reinsurance costs	17,000,000		17,000,000	
Administration/investment expense	2,410,155		3,200,000	
State Fire Marshal program (North Dakota Century Code Section 18-01-35)	162,000		160,000	
Total estimated expenditures and transfers		29,572,155		35,360,000
Estimated ending balance		\$14,938,768		\$10,328,768

FUND HISTORY

The fire and tornado fund originated in 1919. The fund is maintained to insure the various political subdivisions and state industries against loss to public buildings and permanent fixtures. Section 26.1-22-14 requires that if the fire and tornado fund balance is less than \$12 million, the Insurance Commissioner must increase assessments on policies. Chapter 26.1-22.1 provides for a boiler inspection program under the Insurance Commissioner and provides for the deposit of boiler inspection fees in the state fire and tornado fund.

Senate Bill No. 2010 (2019) provided for the Insurance Commissioner to contract with the North Dakota Insurance Reserve Fund for administration of the state fire and tornado fund. The bill also provided continuing appropriation authority from the state fire and tornado fund to the Insurance Commissioner to pay contractual fund administration costs to the North Dakota Insurance Reserve Fund. The bill also transferred the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.

House Bill No. 1541 (2023) provided for a study to determine the feasibility of changing administration of the fire and tornado fund from the Insurance Commissioner to the Director of the Office of Management and Budget.

House Bill No. 1027 (2025) would transfer the administration of the state fire and tornado fund from the Insurance Commissioner to the Office of Management and Budget.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$484,246,406		\$483,756,406
Add estimated revenues				
Oil extraction tax allocations	\$231,510,000 ¹		\$172,930,000 ¹	
Total estimated revenues		231,510,000 ²		172,930,000 ²
Total available		\$715,756,406		\$656,686,406
Less estimated expenditures and transfers				
Department of Public Instruction (DPI) (2023 SB 2013; 2025 HB 1013)				
State school aid	\$157,000,000 ³		\$214,000,000 ³	
One-time funding for Be Legendary school board training	0		1,500,000 ³	
One-time funding for a teacher retention program	0		2,500,000 ³	
One-time funding for a Native American program and textbook	0		950,000 ³	
One-time funding for dyslexia education training	0		300,000 ³	
Transfer to the school construction assistance revolving loan fund (2023 SB 2284; 2025 HB 1369)	75,000,000 ³		75,000,000 ³	
Total estimated expenditures and transfers		232,000,000 ⁴		294,250,000 ⁴
Estimated ending balance		\$483,756,406		\$362,436,406
Less required reserve of 15 percent of the general fund appropriation for state school aid and career and technical education (CTE) grants to school districts and area centers during the prior biennium		250,093,242 ⁵		261,218,932 ⁶
Estimated ending balance available		\$233,663,164		\$101,217,474

¹Estimated revenues - The estimated allocations for the remainder of the 2023-25 biennium and the estimated allocations for the 2025-27 biennium are based on the March 2025 legislative revenue forecast.

²Section 24 of Article X of the Constitution of North Dakota provides 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 allocates the interest income to the general fund on a monthly basis. For the period July 1, 2023, through February 28, 2025, \$5,913,933 of interest has been allocated to the general fund.

³The Legislative Assembly, in Senate Bill No. 2013 (2023), appropriated \$157 million from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid for the 2023-25 biennium. In Senate Bill No. 2284 (2023), the Legislative Assembly transferred \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund. House Bill No. 1013 (2025) provides \$214 million from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid for the 2025-27 biennium. In addition, House Bill No. 1013 provides for one-time funding from the foundation aid stabilization fund for school board training (\$1.5 million), a teacher retention program (\$2.5 million), a Native American program and textbook (\$950,000), and dyslexia education training (\$300,000). House Bill No. 1369 (2025) provides for the transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund.

⁴Expenditures - Prior to December 8, 2016, Section 24 of Article X of the Constitution of North Dakota provided the principal of the foundation aid stabilization fund could only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. Senate Concurrent Resolution No. 4003 (2015), approved by voters in November 2016, amended Section 24 of Article X of the Constitution of North Dakota 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.

⁵Amendments to the constitution approved by the voters, as provided in Senate Concurrent Resolution No. 4003 (2015), require the balance in the foundation aid stabilization fund be at least 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium as determined by the Office of Management and Budget. Any excess balance in the fund is available for education-related purposes. The Legislative Assembly, in Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in DPI as well as general fund appropriations for CTE grants to school districts and area centers in the Department of Career and Technical Education. In 2021, the Legislative Assembly provided \$2,216,925,000 for integrated formula payments, transportation aid, and special education grants for the 2021-23 biennium, of which \$433,020,000 is from the state tuition fund, \$143,454,500 is from the foundation aid stabilization fund, and \$1,640,450,500 is from the general fund. In addition, general fund appropriations for CTE grants to school districts and area centers in the Department of Career and Technical Education total \$26,837,780 for the 2021-23 biennium. Based on this level of funding from the general fund during the 2021-23 biennium, the required reserve balance for the 2023-25 biennium is \$250,093,242, \$7,235,689 less than the reserve required for the 2021-23 biennium.

⁶In 2023, the Legislative Assembly, in Senate Bill Nos. 2013 and 2398, provided \$2,381,774,851 for integrated formula payments, transportation aid, and special education grants for the 2023-25 biennium, of which \$510,860,000 is from the state tuition fund, \$157,000,000 is from the foundation aid stabilization fund, \$13,993,086 is from the strategic investment and improvements fund, and \$1,699,921,765 is from the general fund. In addition, the Legislative Assembly approved House Bill No. 1019 which includes general fund appropriations to the Department of Career and Technical Education for CTE grants to school districts and area centers totaling \$41,537,780 for the 2023-25 biennium. Based on this level of funding from the general fund during the 2023-25 biennium, the required reserve balance for the 2025-27 biennium is \$261,218,932, \$11,125,690 more than the reserve required for the 2023-25 biennium.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Section 24 of Article X 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.

In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which amended the Constitution of North Dakota 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 education-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039 (2015), which included certain provisions effective December 1, 2016, based on the approval of Senate Concurrent Resolution No. 4003 by voters. Those provisions of Senate Bill No. 2039 established a scholarship endowment fund and a school construction assistance loan fund and provided 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 on December 1, 2016), and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016). Other provisions of Senate Bill No. 2039 provided any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for education-related purposes, including state aid to school districts and education-related property tax relief to school district patrons. The Legislative Assembly approved Senate Bill No. 2272 (2017), which provided for uses of the foundation aid stabilization fund and repealed Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund.

Prior to December 8, 2016, the principal of the foundation aid stabilization fund was only available upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. Section 54-44.1-12 provides the Director of the Budget may order an allotment to control the rate of expenditures of state agencies. This section provided 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 the allotment can be offset by transfers from the foundation aid stabilization fund. The Legislative Assembly approved Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), which amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in DPI, as well as general fund appropriations for CTE grants to school districts and area centers in the Department of Career and Technical Education.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Section 24 of Article X of the Constitution of North Dakota provides 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.

**ANALYSIS OF THE HEALTH CARE TRUST FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$645,860		\$848,052
Add estimated revenues				
Investment earnings	\$8,848		\$15,000	
Loan repayments - Principal and interest ¹	693,344		585,000	
Total estimated revenues		702,192		600,000
Total available		\$1,348,052		\$1,448,052
Less estimated expenditures and transfers				
Department of Health and Human Services basic care facility bad debt expense (2023 SB 2012)	\$500,000		\$0	
Total estimated expenditures and transfers		500,000		0
Estimated ending balance		\$848,052		\$1,448,052

¹As of June 30, 2024, the remaining principal balance of loans outstanding is \$1,925,566.

FUND HISTORY

The health care trust fund was established by the Legislative Assembly in Senate Bill No. 2168 (1999) for providing nursing alternative loans or grants. The Legislative Assembly in House Bill No. 1196 (2011) provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money was generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVille and Dunseith. Payments were made based on the average amount Medicare rates exceeded Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds were available for these payments and required a state match. Payments were made to the two government nursing facilities and were subsequently returned to the state, less a \$50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share was returned to its source, and the federal funds were deposited in the health care trust fund. Money in the fund is invested by the State Investment Board, and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004. The Legislative Assembly, in House Bill No. 1012 (2009), amended North Dakota Century Code Section 50-30-02 to preclude the Governor from recommending spending from the health care trust fund in draft appropriation acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry.

**ANALYSIS OF THE HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance ¹		\$2,835,337		\$393,165
Add estimated revenues				
Loan repayments - Principal	\$513,897		\$227,513	
Loan repayments - Interest and miscellaneous income	49,109		15,235	
Total estimated revenues		563,006		242,748
Total available		\$3,398,343		\$635,913
Less estimated expenditures and transfers				
Loans to health care entities ²	\$0		\$0	
Bank of North Dakota fees	5,178		2,500	
Transfer - Electronic health information exchange fund (2023 HB 1021; 2025 SB 2021) ^{3,4}	3,000,000		0	
Total estimated expenditures and transfers		3,005,178		2,500
Estimated ending balance		\$393,165		\$633,413

¹Section 9 of Senate Bill No. 2332 (2009) provided for a transfer of up to \$5 million of Bank of North Dakota profits to the health information technology planning loan fund, which was transferred during the 2009-11 biennium. Section 4 of House Bill No. 1021 (2011) provided for a transfer of up to \$5 million of Bank profits to the health information technology planning loan fund in the 2011-13 biennium. During the 2011-13 biennium, approximately \$4.3 million of Bank profits were transferred to the fund.

²The Health Information Technology Advisory Committee has approved \$14,227,024 of loans since the program's inception in the 2009-11 biennium. Loans have not been issued since the 2017-19 biennium. The following is a summary of loans provided to health care facilities:

Borrowing Entity	Original Loan Amount	Loan Balance Through February 2025	Loan Maturation Date
St. Andrew's Health Center (Bottineau)	\$625,000	\$0	N/A
Cooperstown Medical Center	396,996	0	N/A
Wishek Hospital	761,149	0	N/A
Towner County Medical Center (Cando)	924,018	0	N/A
Presentation Medical Center (Rolla)	625,000	0	N/A
West River Health Services (Hettinger)	1,250,000	0	N/A
Ashley Medical Center	815,652	81,846	April 2029
Tioga Medical Center	931,320	0	N/A
St. Luke's Community Hospital and Clinics (Crosby)	874,542	34,828	February 2026
Midgarden Family Clinic (Park River)	101,590	0	N/A
7-Day Clinic Walk-In Express Care (Fargo)	50,000	0	N/A
Linton Hospital	1,073,012	45,665	October 2025
McKenzie County Health Care System	600,000	0	N/A
Garrison Memorial Hospital	800,000	0	N/A
Nelson County Health System	305,000	0	N/A
Southwest Healthcare System	605,000	0	N/A
CHI St. Alexius Medical Center	1,250,000	0	N/A
Pediatric Therapy Partners	100,000	0	N/A

Valley Health	72,155	0	N/A
Knife River Care Center	125,000	0	N/A
Golden Acres Manor	98,648	0	N/A
St. Luke's Home	115,053	0	N/A
Richard P. Stadter Psychiatric Center	463,000	0	N/A
Elm Crest Manor	74,500	0	N/A
Northwood Deaconess	920,125	211,874	February 2029
Pharmacists Association	120,070	17,753	July 2026
St. Gerard's Community of Care	150,194	17,016	March 2026
Total	\$14,227,024	\$408,982	

³House Bill No. 1021 (2023) provides for a transfer of \$3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2023-25 biennium. Through April 2023, no transfer has been made during the 2023-25 biennium and the department does not anticipate a transfer will be made by the end of the biennium.

⁴Senate Bill No. 2021 (2025), as approved by the Senate, provides for a transfer of \$3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2025-27 biennium. The funding authorized in Senate Bill No. 2021 (2025) is the same funding authorized in House Bill No. 1021 (2023). Through March 11, 2025, the Information Technology Department anticipates transferring the \$3 million during the 2023-25 biennium, resulting in no anticipated transfer for the 2025-27 biennium.

FUND HISTORY

North Dakota Century Code Section 6-09-43 (Senate Bill No. 2332 (2009)) established a health information technology planning loan fund at the Bank of North Dakota for providing low-interest loans to health care entities to assist those entities in improving health information technology infrastructure. This fund is a revolving loan fund. Pursuant to Section 9 of the bill, \$5 million was transferred from the Bank to this fund during the 2009-11 biennium. All money transferred into the fund, interest upon money in the fund, and collections of interest and principal on loans made from the fund are appropriated for disbursement. Annually, the Bank may deduct a service fee for administering the revolving loan fund.

Section 4 of House Bill No. 1021 (2011) provided the Industrial Commission transfer up to \$5,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or the health information technology loan fund in the 2011-13 biennium. The director of the Health Information Technology Office was to request transfers from the Bank only as necessary to meet cash flow needs of the funds and only upon certification by the director of a demonstrated need for health information technology planning loans. During the 2011-13 biennium, \$4,280,219 was transferred by the Bank to the health information technology loan fund.

An application for a loan must be made to the Health Information Technology Office. The director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee, may approve the application of a qualified applicant that meets the criteria established by the director of the Health Information Technology Office. The Health Information Technology Office is to forward approved applications to the Bank of North Dakota. Upon approval of the application by the Bank, the Bank is to make the loan from the revolving loan fund.

Loans are provided at a fixed interest rate of 1.00 percent. Of the 1.00 percent of interest collected, 0.50 percent is deposited in the fund and 0.50 percent is retained by the Bank as the service fee for administering the loans.

ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues ^{1,2}				
Motor vehicle fuel tax	\$184,000,000		\$185,450,000	
Special fuels taxes	167,800,000		172,800,000	
Motor vehicle registration fees	181,450,000		184,664,654	
Total estimated revenues		533,250,000		542,914,654
Total available		\$533,250,000		\$542,914,654
Less estimated deductions and transfers				
Highway Patrol	\$11,256,381		\$13,119,751	
Motorboat safety account	300,000		300,000	
State snowmobile fund	150,000		150,000	
Rail safety fund	664,654		664,654	
Administrative assistance to transferees	5,500,000		5,500,000	
Ethanol production incentives	4,900,000		4,900,000	
Total estimated deductions before distributions		22,771,035		24,634,405
Total available for distributions and transfers		\$510,478,965		\$518,280,249
Less estimated distributions and transfers				
State highway fund	\$312,878,965		\$317,780,249	
Counties	112,300,000		114,000,000	
Cities	63,800,000		64,700,000	
Townships	13,800,000		14,000,000	
Transit	7,700,000		7,800,000	
Total estimated distributions and transfers		510,478,965		518,280,249
Estimated ending balance		\$0		\$0

¹Revenues do not include funds collected and disbursed for the administration of the Department of Transportation's (DOT) Motor Vehicle Division, through tribal agreements, or funds collected for vanity license plates and disbursed to nonprofit organizations.

²The amounts shown reflect actual revenue collections deposited in the fund through September 2024. The estimated revenue for the remainder of the 2023-25 biennium and the estimated collections for the 2025-27 biennium are based on DOT's revenue forecast.

FUND HISTORY

Section 11 of Article X of the Constitution of North Dakota provides:

Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair, and maintenance of public highways.

The majority of funds received from motor fuels taxes and motor vehicle registration fees are deposited in the highway tax distribution fund. North Dakota Century Code Section 54-27-19 provides the highway tax distribution fund consists of the "moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes." This section provides after the first \$5.5 million per biennium is transferred to the state highway fund for the purpose of providing administrative assistance to other transferees, the money in the fund must be distributed by the State Treasurer as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to the census.
 - a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the incorporated cities within the county on a countywide per capita basis. The remaining county allocation amount must be transferred into the county highway tax distribution fund.
 - b. For each county having a city with a population of ten thousand or more, the amount transferred each month into the county highway tax distribution fund must be the difference between the amount allocated to that county pursuant to this subsection and the total amount allocated and distributed to the incorporated cities in that county as computed according to the following formula:
 - (1) A statewide per capita average as determined by calculating twenty-seven percent of the amount allocated to all of the counties under this subsection divided by the total population of all of the incorporated cities in the state.
 - (2) The share distributed to each city in the county having a population of less than one thousand must be determined by multiplying the population of that city by the product of 1.50 times the statewide per capita average computed under paragraph 1.
 - (3) The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under paragraph 1.
 - (4) The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under paragraphs 2 and 3 for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under paragraph 1 and the balance remaining must then be divided by the total population of all cities of five thousand or more in the state.
5. The moneys allocated to the incorporated cities must be distributed to them monthly by the state treasurer and must be deposited by the cities in a separate fund and may only be used in accordance with section 11 of article X of the Constitution of North Dakota and an incorporated city may use the fund for the construction, reconstruction, repair, and maintenance of public highways within or outside the city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

Section 54-27-19(1) provides for 61.3 percent of the funds from the highway tax distribution fund be transferred to DOT for deposit in the state highway fund. Section 24-02-37(1) provides, except for investment income, the money of the state highway fund must be applied in the following priority:

- a. The cost of maintaining the state highway system.
- b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.
- c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.

Section 54-27-19(2) requires 2.7 percent of the funds from the highway tax distribution fund to be deposited in the township highway fund. Section 54-27-19.1 directs the State Treasurer to distribute the money to the counties of the state based on the length of township roads in each county compared to the length of all township roads in the state. To receive any funds, organized townships must provide 50 percent matching funds. Each county treasurer is required to allocate the funds received to the organized townships in the county which provide 50 percent matching funds based on the length of township roads in each of those organized townships compared to the length of all township roads in the county. The funds received must be deposited in the township road and bridge fund and used for highway and bridge purposes. If a county does not have organized townships, or has some organized and some unorganized townships, the county is required to retain a pro rata portion of the funds received based on the length of roads in unorganized townships compared to the length of township roads in organized townships in the county.

Section 54-27-19(3) allocates 1.5 percent of the funds from the highway tax distribution fund to the public transportation fund. Section 39-04.2-04 provides money in the public transportation fund must be disbursed under guidelines issued by the director of DOT and must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped. In addition, the money may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.

Motor Vehicle Fuel Tax

Prior to 1983, the motor vehicle fuel excise tax was 8 cents per gallon on motor vehicle fuel sold. The 1983 Legislative Assembly repealed Chapter 57-54 relating to motor vehicle fuel tax and created Chapter 57-43.1 to consolidate the provisions of the motor fuel tax law and the importers for use tax law. Section 1 of House Bill No. 1539 (1983) imposed a 13 cents per gallon tax for all motor vehicle fuel sold except on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol, which was taxed as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
Through December 31, 1983	\$0.09
January 1, 1984, through December 31, 1984	\$0.08
January 1, 1985, through December 31, 1985	\$0.07
January 1, 1986, through June 30, 1992	\$0.09
July 1, 1992	\$0.13

The Legislative Assembly, in Section 1 of Senate Bill No. 2296 (1985), changed the language from agricultural ethyl or methanol to "a qualifying alcohol," and adjusted the motor fuel tax on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
July 1, 1985, through June 30, 1987	\$0.05
July 1, 1987, through December 31, 1992	\$0.09
January 1, 1993	\$0.13

The Legislative Assembly, in Section 9 of Senate Bill No. 2557 (1987), increased the motor vehicle fuel tax from 13 cents per gallon to 17 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of Senate Bill No. 2029 (1989), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold. The referred measure was disapproved on December 5, 1989, leaving the motor vehicle fuel tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 2 of House Bill No. 1575 (1991), removed Section 57-43.1-02(2) relating to the exception from the motor vehicle fuel tax for motor vehicle fuels containing a minimum of 10 percent of qualifying alcohol.

The Legislative Assembly, in Section 1 of House Bill No. 1163 (1997), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of House Bill No. 1183 (1999), increased the motor vehicle fuel tax from 20 cents per gallon to 21 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 12 of Senate Bill No. 2012 (2005), increased the motor vehicle fuel tax from 21 cents per gallon to 23 cents per gallon for all motor vehicle fuel sold. Section 2 of House Bill No. 1478 (2005), created a new subsection to Section 57-43.1-02, imposing a 1 cent per gallon motor vehicle fuel tax on E85 fuel effective after June 30, 2005, through the month in which a cumulative total of 1.2 million gallons of E85 fuel has been reported to the Tax Commissioner and after that date is ineffective.

Special Fuels Excise Tax

The 1983 Legislative Assembly also repealed Chapter 57-52, relating to special fuels excise tax and created Chapter 57-43.2 to consolidate the provisions of the Special Fuels Tax Act, the special fuels tax levy, the Importers for Use Tax Act, and the aviation fuel tax. Section 1 of House Bill No. 1072 (1983) created Chapter 57-43.2 related to special fuels taxes and imposed an excise tax of 8 cents per gallon on the sale or delivery of special fuel with some exceptions and an excise tax of 2 cents per gallon on the exempt items in Section 57-43.2-02. Section 1 of House Bill No. 1539 (1983) amended Section 1 of House Bill No. 1072 to increase the special fuels excise tax from 8 cents per gallon to 13 cents per gallon.

The Legislative Assembly, in Section 1 of House Bill No. 1248 (1985), amended the definition of special fuel to include compressed natural gas.

The Legislative Assembly, in Section 10 of Senate Bill No. 2557 (1987), increased the special fuels excise tax from 13 cents per gallon to 17 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2029 (1989), increased the special fuels excise tax from 17 cents per gallon to 19 cents per gallon. The referred measure was disapproved on December 5, 1989, leaving the special fuels excise tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 12 of House Bill No. 1311 (1997), removed exemptions from the 17 cents per gallon on special fuels. Section 2 of House Bill No. 1163 (1997), increased the special fuels excise tax from 17 cents per gallon to 20 cents per gallon.

The Legislative Assembly, in Section 3 of House Bill No. 1183 (1999), increased the special fuels excise tax from 20 cents per gallon to 21 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2454 (2001), amended Section 57-43.2-02 regarding special fuels excise taxes to authorize a reduction of one and five-hundredths cents per gallon on the sale or delivery of diesel fuel that contains at least 2 percent biodiesel fuel by weight.

The Legislative Assembly, in Section 14 of Senate Bill No. 2012 (2005), amended Section 57-43.2-02 regarding special fuels excise taxes to increase the special fuels excise tax from 21 cents per gallon to 23 cents per gallon effective after June 30, 2005.

Motor Vehicle Registration Fees

Motor vehicle registration fees are assessed based on Chapter 39-04 and vary by vehicle type and vehicle weight. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of an initial fee of \$10 for plates. Motor vehicle registration fees were last changed in 2005, which increased fees for all weight classes by \$10.

**ANALYSIS OF THE LEGACY EARNINGS FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$486,568,637		\$0
Add estimated revenues				
Earnings distributed from the legacy fund - percent of market value calculation (2025 SB 2012) ¹	\$0		\$686,881,086	
Total estimated revenues		0		686,881,086
Total available		\$486,568,637		\$686,881,086
Less estimated expenditures and transfers (2025 HB 1168, 2025 HB 1176, 2025 HB 1575) ²				
7 percent of the 8 percent distribution				
Transfer to the legacy sinking and interest fund	\$102,620,461		\$102,622,743	
Transfer to the general fund for tax relief	225,000,000		0	
Transfer to the legacy earnings highway distribution fund	100,000,000		100,000,000	
Transfer to the state tuition fund			121,000,000	
Transfer of remaining earnings				
50 percent to the general fund	29,474,088			
50 percent to the strategic investment and improvements fund (SIIF)	29,474,088			
100 percent to the legacy property tax relief fund			277,398,207	
1 percent of the 8 percent distribution				
Transfer to the flexible transportation fund			85,860,136	
Total estimated expenditures and transfers		486,568,637		686,881,086
Estimated ending balance		\$0		\$0

¹As approved by the voters in November 2024, a constitutional amendment to Section 26 of Article X of the Constitution of North Dakota provides for a distribution from the legacy fund to the legacy earnings fund at the beginning of each biennium. North Dakota Century Code Section 21-10-12, as amended by Senate Bill No. 2330 (2023), identifies a percent of market value calculation for the distribution using 7 percent of the 5-year average value of the legacy fund assets based on the June 30th fund balances for the 5-year period ending with the most recently completed even-numbered fiscal year.

Prior to the amendments, legacy fund earnings were transferred to the general fund at the end of each biennium, and House Bill No. 1380 (2021), as codified in Section 21-10-13, provided a process to immediately transfer the legacy fund earnings from the general fund to the legacy earnings fund. Since the earnings were transferred at the end of the biennium, Section 21-10-13 clarified the earnings were available for spending in the subsequent biennium.

The transfer at the end of the 2021-23 biennium, available for the 2023-25 biennium, was \$486,568,637 based on June 30th legacy fund balances of \$5,576,084,018 (2018), \$6,122,227,871 (2019), \$6,995,309,070 (2020), \$8,115,202,181 (2021), and \$7,946,079,492 (2022).

Senate Bill No. 2012 (2025) increases the distribution from the legacy fund by 1 percent, from 7 to 8 percent. Using a distribution of 7 percent, the transfer at the beginning of the 2025-27 biennium is \$601,020,950 based on June 30th legacy fund balances of \$6,995,309,070 (2020), \$8,115,202,181 (2021), \$7,946,079,492 (2022), \$8,999,738,920 (2023), and \$10,873,738,190 (2024). Using a distribution of 8 percent, the transfer would increase by \$85,860,136, from \$601,020,950 to \$686,881,086.

²House Bill No. 1379 (2023) amended Section 21-10-13 to designated spending from the legacy earnings fund for transfers to the legacy sinking and interest fund (\$102.6 million), the general fund for tax relief (\$225 million), and the legacy earnings highway distribution fund (\$100 million) with any remaining amounts transferred 50 percent to the general fund and 50 percent to SIIF.

House Bill No. 1168 (2025) repeals Section 21-10-13 and creates a new section to Chapter 54-11 for the legacy earnings fund. The allocations from the legacy earnings fund are designated for the legacy sinking and interest fund (\$102.6 million), the general fund for tax relief (\$225 million), the legacy earnings highway distribution fund (\$100 million), and the state tuition fund for property tax relief through the K-12 integrated formula payments (\$121 million) with any remaining amounts allocated 50 percent to the general fund and 50 percent to SIIF.

House Bill No. 1176 (2025) repeals Section 21-10-13 and creates a new section to Chapter 54-11 for the legacy earnings fund. The allocations from the legacy earnings fund are designated for the legacy sinking and interest fund (\$102.6 million) and the legacy earnings highway distribution fund (\$100 million) with any remaining amounts allocated to a newly created legacy property tax relief fund to provide funding for an expansion to the primary residence credit.

House Bill No. 1575 (2025) repeals Section 21-10-13 and creates a new section to Chapter 54-11 for the legacy earnings fund. The allocations from the legacy earnings fund are designated for the legacy sinking and interest fund (\$102.6 million) and the legacy earnings highway distribution fund (\$100 million) with any remaining amounts allocated to a newly created legacy property tax relief fund to provide funding for a property tax credit to reduce the taxable value on agricultural, residential, and commercial properties.

FUND HISTORY

House Bill No. 1380 (2021), as codified in Section 21-10-13, created the legacy earnings fund and provided a process to immediately transfer legacy fund earnings from the general fund to the legacy earnings fund. The earnings were allocated to special funds designated by the Legislative Assembly. Any excess earnings were retained in the legacy earnings fund as a reserve for bond payments, and up to \$100 million of the excess was transferred to the legacy fund to become part of the principal with the remaining excess transferred to SIIF.

House Bill No. 1379 (2023) changed the designated spending from the legacy earnings fund to provide transfers to the legacy sinking and interest fund (\$102.6 million), the general fund for tax relief (\$225 million), and a newly created legacy earnings highway distribution fund (\$100 million) with any remaining amounts transferred 50 percent to the general fund and 50 percent to SIIF. The bill also changed the designations for the excess earnings to transfer 50 percent of the excess earnings to the general fund and 50 percent to SIIF and removed the provision to retain a portion of the excess earnings as a reserve for future bond payments.

Senate Bill No. 2330 (2023) amended Section 21-10-12 to change the definition of earnings to reflect a percent of market value calculation using 7 percent of the 5-year average value of the legacy fund assets. As a result, the calculation of the amount available for spending aligned with the calculation for the definition of legacy fund earnings so the earnings transferred to the legacy earnings fund would be the same as the amount available for spending.

The Legislative Assembly approved House Concurrent Resolution No. 3033 (2023) to amend Section 26 of Article X of the Constitution of North Dakota. The constitutional amendment was approved by the voters in November 2024 and provides for a distribution from the legacy fund to the legacy earnings fund at the beginning of each biennium.

ANALYSIS OF THE LEGACY FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)

	2023-25 Biennium		2025-27 Biennium	
Beginning balance ¹		\$8,999,738,920		\$12,028,846,963
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) ²	\$1,554,030,000		\$1,168,690,000	
Investment earnings (losses) (2021 HB 1425; 2023 SB 2330) ^{3,4}	1,475,078,043		791,850,000	
Total estimated revenues		3,029,108,043		1,960,540,000
Total available		\$12,028,846,963		\$13,989,386,963
Less estimated expenditures and transfers				
Transfer of earnings to the legacy earnings fund (2023 SB 2330; 2025 SB 2012) ⁵	\$0		\$686,881,086	
Expenditure of principal ⁶	0		0	
Total estimated expenditures and transfers		0		686,881,086
Estimated ending balance		\$12,028,846,963		\$13,302,505,877

¹The beginning balance for the 2023-25 biennium reflects an adjustment of \$40,438,962 to increase the balance from \$8,074,763,219 to \$8,115,202,181 to align the balance with the amount reported by the Retirement and Investment Office. The difference in the balance was the result of differences in the timing of reports.

²The oil and gas tax revenues reflect allocations for July through June (24 months) and are based on the December 2024 executive budget.

³The amounts shown for investment earnings reflect the investment performance of the legacy fund, which differs from the determination of the amounts distributed from the fund. The estimated investment earnings are based on the earnings through December 31, 2024, for the 2023-25 biennium and are based on a 6 percent rate of return for the 2025-27 biennium.

The investment earnings for the legacy fund for the 2023-25 biennium through December 31, 2024, were \$1,475.1 million, including realized earnings of \$766 million and unrealized earnings of \$709.1 million.

NOTE: The actual earnings may differ significantly from these estimates based on actual investment performance.

⁴House Bill No. 1425 (2021) designated a portion of the legacy fund investments to in-state fixed income investments and in-state equity investments. Senate Bill No. 2330 (2023) changed the amount designated for in-state investments from 20 percent of the fund allocation balance to \$1.3 billion. The performance of these investments may affect the earnings of the legacy fund.

⁵As approved by the voters in November 2024, a constitutional amendment to Section 26 of Article X of the Constitution of North Dakota provides for a distribution from the legacy fund to the legacy earnings fund at the beginning of each biennium. North Dakota Century Code Section 21-10-12, as amended by Senate Bill No. 2330 (2023), identifies a percent of market value calculation for the distribution using 7 percent of the 5-year average value of the legacy fund assets based on the June 30th fund balances for the 5-year period ending with the most recently completed even-numbered fiscal year.

Prior to the amendments, legacy fund earnings were transferred to the general fund at the end of each biennium, and House Bill No. 1380 (2021), as codified in Section 21-10-13, provided a process to immediately transfer the legacy fund earnings from the general fund to the legacy earnings fund. Since the earnings were transferred at the end of the biennium, Section 21-10-13 clarified the earnings were available for spending in the subsequent biennium.

Senate Bill No. 2012 (2025) would increase the distribution from the legacy fund by 1 percent, from 7 to 8 percent. Using a distribution of 7 percent, the transfer at the beginning of the 2025-27 biennium is \$601,020,950 based on June 30th legacy fund balances of \$6,995,309,070 (2020), \$8,115,202,181 (2021), \$7,946,079,492 (2022), \$8,999,738,920 (2023), and \$10,873,738,190 (2024). Using a distribution of 8 percent, the transfer would increase by \$85,860,136, from \$601,020,950 to \$686,881,086.

⁶As approved by the voters in November 2024, a constitutional amendment to Section 26 of Article X of the Constitution of North Dakota, allows up to 5 percent of the principal of the legacy fund to be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly. Prior to the amendment, up to 15 percent of the principal of the legacy fund could be spent during a biennium. Principal and earnings of the legacy fund were not available for spending until after June 30, 2017.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Section 26 of Article X 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 could 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. As created, up to 15 percent of the principal of the legacy fund could be spent during a biennium, and the investment earnings accruing after June 30, 2017, were transferred to the general fund at the end of each biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and the transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund.

Originally, Section 21-10-12 defined the investment earnings as the realized earnings of the fund allowing the unrealized earnings to remain in the fund. Senate Bill No. 2330 (2023) changed the definition of investment earnings to reflect a percent of market value calculation using 7 percent of the 5-year average value of the legacy fund assets based on the June 30th fund balances for the 5-year period ending with the most recently completed even-numbered fiscal year. The Legislative Assembly approved House Concurrent Resolution No. 3033 (2023) to amend Section 26 of Article X of the Constitution of North Dakota, and the constitutional amendment was approved by the voters in November 2024. The constitutional amendment provides for a distribution from the legacy fund to the legacy earnings fund at the beginning of each biennium and decreased the amount of principal that may be spent during a biennium from 15 to 5 percent.

Prior to July 1, 2015, 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 were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund.

Senate Bill No. 2312 (2019) amended the oil and gas tax revenue sharing agreement between the state and the Three Affiliated Tribes of the Fort Berthold Reservation increasing the revenue allocated to the Three Affiliated Tribes and decreasing the revenue allocated to the state. As a result, less revenue is available for allocations to the legacy fund.

**ANALYSIS OF THE LIGNITE RESEARCH FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$29,488,701		\$30,347,054
Add estimated revenues				
Separate two-cent coal severance tax	\$783,511		\$783,511	
50 percent of coal severance taxes deposited in the coal development trust fund ¹	715,105		715,105	
20 percent of coal severance taxes deposited in the coal development trust fund for clean coal projects ¹	286,042		286,042	
15 percent of coal severance taxes ¹	1,675,494		1,675,494	
5 percent of the general fund share of coal conversion tax	0		0	
Lignite research tax (2021 HB 1412; 2025 HB 1279) ¹	1,986,103		1,986,103	
Oil and gas tax allocation	10,000,000		10,000,000	
Investment income on Dakota Gasification Company ammonia plant and Spiritwood plant	0		0	
Revenue bonds/short-term loan ²	0		0	
Interest income, return of funds, and litigation contributions	317,606		317,606	
Total estimated revenues		15,763,861		15,763,861
Total available		\$45,252,562		\$46,110,915
Less estimated expenditures and transfers ^{3,4}				
Administration	\$580,020		\$580,020	
Lignite feasibility studies (nonmatching grants) ⁵	2,091,084		2,091,084	
Small research grants	5,401,604		5,401,604	
Lignite marketing	1,323,000		1,323,000	
Lignite litigation ⁶	0		0	
Advanced energy technology development	5,509,800		5,509,800	
Total estimated expenditures and transfers ⁷		14,905,508		14,905,508
Estimated ending balance		\$30,347,054		\$31,205,407

¹House Bill No. 1412 (2021) exempted 100 percent of the generation tax and 60 percent of the capacity tax from the coal conversion tax and creates a new lignite research tax to maintain the current level of allocations to the lignite research fund. House Bill No. 1279 (2025) extends the coal conversion tax exemption and lignite research tax through 2036.

²Pursuant to North Dakota Century Code Section 54-17.5-04, the Industrial Commission may issue revenue bonds or borrow short-term funds from the Bank of North Dakota.

³The Industrial Commission has a policy stating that 18 percent of lignite research fund income will be used for small research projects, 56 percent for large demonstration research projects, 21 percent for marketing projects, and 5 percent for administration. The commission has further directed that no single large demonstration research project can receive more than 37.5 percent of available funds.

⁴The Industrial Commission has waived the fund allocation policy. The commission committed \$22,000,000 through the 2011-13 biennium to three projects. In January 2015 the commission learned one of the projects was not proceeding and released the project's commitment of \$8,732,503. Expenditures for the Lignite Vision 21 Project have been \$1,360,750 during the 2003-05 biennium, \$2,243,391 during the 2005-07 biennium, \$2,200,000 during the 2007-09 biennium,

\$3,972,090 during the 2009-11 biennium, \$678,851 during the 2011-13 biennium, \$110,000 during the 2013-15 biennium, \$914,663 during the 2015-17 biennium, \$1,290,525 during the 2017-19 biennium, \$0 in the 2019-21 biennium, \$0 in the 2021-23 biennium, and \$0 in the 2023-25 biennium. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. (These amounts are net funds that were distributed but later returned when projects did not proceed.)

⁵House Bill No. 1014 (2023) designated up to \$500,000 from the lignite research fund for contracting with the Energy and Environmental Research Center for a nonmatching study of future lignite electrical generation facilities.

⁶Lignite litigation - House Bill No. 1093 (2007) provided that \$500,000 of the amount appropriated to the lignite research fund for the 2007-09 biennium is to be used to pay for fees associated with lignite litigation that may be brought by the state to protect and promote the continued development of lignite resources. Activities associated with the litigation have been initiated with \$83,379 spent during the 2007-09 biennium, \$153,907 spent during the 2009-11 biennium, \$652,519 spent during the 2011-13 biennium, \$983,288 during the 2013-15 biennium with \$451,555 of that amount paid by industry, \$259,159 during the 2015-17 biennium with \$122,866 of that amount paid by industry, \$44,962 spent during the 2017-19 biennium with \$14,760 of that amount paid by industry, \$0 spent during the 2019-21 biennium, and \$0 spent during the 2021-23 biennium.

The State of North Dakota was successful in its litigation against the State of Minnesota during the 2017-19 biennium and received a total of \$1.41 million. Of the \$1.41 million, \$670,000 was paid to industry partners, and the remaining \$740,000 was deposited in the lignite research fund during the 2017-19 and 2019-21 bienniums. The original \$500,000 was spent by the end of the 2011-13 biennium with additional funding being provided from nonmatching program funds in subsequent bienniums.

From nonmatching funds within the lignite research fund, \$500,000 was designated for litigation expenses in the 2019-21 biennium. Of the nonmatching funds, \$313,483 was spent during the 2019-21 biennium.

House Bill No. 1014 (2019) provided legislative intent that at least \$500,000 from the lignite research fund, including proceeds from successful litigation, is available for fees associated with lignite litigation brought by the state to protect and promote the continued development of lignite resources.

⁷The Industrial Commission has continuing appropriation authority for all money deposited in the lignite research fund pursuant to Section 57-61-01.6. The amount shown for the 2023-25 biennium includes \$250,000 of one-time funding for grant administration software pursuant to House Bill No. 1014 (2023).

FUND HISTORY

Section 57-61-01.5(2) and Section 21 of Article X of the Constitution of North Dakota provide for up to 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. Of the 70 percent, 50 percent is designated for research, development, and marketing pursuant to the passage of Initiated Measure No. 3 in June 1990, and 20 percent is designated for clean coal demonstration projects pursuant to voter approval of a constitutional amendment in June 1994. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions. Senate Bill No. 2014 (2017) reduced the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund.

From the state general fund share of coal conversion tax collections, the Legislative Assembly designated 3 percent for transfer to the lignite research fund during the 2007-09 biennium and 5 percent after the 2007-09 biennium in House Bill No. 1093 (2007).

House Bill No. 1152 (2017) changed the allocation of the state's share of oil and gas tax revenue to provide up to \$3 million of allocations to the lignite research fund. House Bill No. 1066 (2019) increased the allocation of oil and gas tax revenue to the lignite research fund by \$7 million, from \$3 million to \$10 million.

**ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance ¹		\$40,495,372		\$42,445,372
Add estimated revenues				
Oil and gas gross production tax collections ²	\$15,000,000		\$15,000,000	
Interest income	400,000		400,000	
Total estimated revenues		15,400,000		15,400,000
Total available		\$55,895,372		\$57,845,372
Less estimated expenditures and transfers				
Grants	\$13,000,000		\$13,000,000	
Transfer for grant management software expenses (2023 HB 1014) ³	250,000		0	
Administrative expenses	200,000		260,000	
Total estimated expenditures and transfers		13,450,000		13,260,000
Estimated ending balance		\$42,445,372		\$44,585,372
Grant award commitments ⁴	\$46,000,000		\$40,000,000	
Estimated balance - Unobligated		\$0		\$4,585,372

¹This analysis of the outdoor heritage fund differs from previous analyses because the previous analyses reflected the estimated amount available for grants but not the amount expended. The current report includes actual and estimated amounts expended and the amount of grant award commitments for each biennium.

²North Dakota Century Code Section 57-51-15 established a maximum allocation of \$40 million (\$20 million per year) to the fund. House Bill No. 1014 (2023) limited oil and gas gross production tax revenue allocations to the fund to \$7.5 million annually for the 2023-25 biennium. In Section 4 of Senate Bill No. 2323 (2025), the Senate limited oil and gas production tax revenue allocation to the fund to \$7.5 million annually for the 2025-27 biennium.

³House Bill No. 1014 (2023) provided for a transfer up to \$250,000 from the North Dakota outdoor heritage fund to the Industrial Commission for grant management software expenses.

⁴All money in the fund is appropriated on a continuing basis, pursuant to Section 54-17.8-02. Grant commitments include projects that will draw down funds over a 10-year period.

FUND HISTORY

The North Dakota outdoor heritage fund was established in House Bill No. 1278 (2013) (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.

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. Historical funding of the North Dakota outdoor heritage fund is as follows:

- 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 was deposited in the North Dakota outdoor heritage fund, up to \$15 million per year.
- House Bill No. 1176 (2015) amended Section 57-51-15 to increase the amount deposited in the North Dakota outdoor heritage fund from 4 percent of the first 1 percent of oil and gas gross production tax collections to 8 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.
- For the period of September 1, 2017, through August 31, 2019, Senate Bill No. 2013 (2017), provided a maximum of \$10 million of oil and gas gross production tax collections may be deposited in the fund. For the period September 1, 2019, through August 31, 2021, House Bill No. 1014 (2019), provided a maximum of \$15 million of oil and gas gross production tax collections may be deposited in the fund.
- For the period of September 1, 2021, through August 31, 2023, Senate Bill No. 2014 (2021), provided a maximum of \$7.5 million per year of oil and gas gross production tax collections may be deposited in the fund.
- For the period of September 1, 2023, through August 31, 2025, House Bill No. 1014 (2023), provided a maximum of \$7.5 million per year of oil and gas gross production tax collections may be deposited in the fund.
- For the period of September 1, 2025, through August 31, 2027, Senate Bill No. 2323 (2025), as approved by the Senate, provides for a maximum of \$7.5 million per year of oil and gas gross production tax collections may be deposited in the fund.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING THE 2025-27 BIENNIUM AS OF MARCH 17, 2025)

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$428,790,986		\$551,403,472
Add estimated revenues and transfers				
Oil extraction tax collections ¹	\$474,590,000		\$354,510,000	
Repayments and reimbursements	12,700,000		13,000,000	
Investment earnings/miscellaneous income	19,500,000		16,000,000	
Total estimated revenues		506,790,000		383,510,000
Total available		\$935,580,986		\$934,913,472
Less estimated expenditures and transfers				
House Bill No. 1431 (2021) - Appropriation to the State Water Commission to provide funding for the Mouse River flood control project ^{2,5}	\$48,877,727		\$15,476,899	
Department of Water Resources - Grants, projects, and project administration, pursuant to Senate Bill No. 2020 (2023) for the 2023-25 biennium and House Bill No. 1020 (2023) for the 2025-27 biennium ^{3,5}	293,538,251		985,800,944	
House Bill No. 1024 (2025) - Deficiency appropriation to repay the balance on a line of credit from the Bank of North Dakota for the water infrastructure revolving loan fund	10,000,000			
Senate Bill No. 2393 (2023) - Estimated sum for the targeted market equity pool, new and vacant FTE funding pool, and employer retirement contribution pool ⁴	2,471,972			
Total estimated Department of Water Resources expenditures and loans		354,887,950		1,001,277,843
Transfer to renewable energy development fund (North Dakota Century Code Section 57-51.1-07)	\$3,000,000		\$3,000,000	
Transfer to energy conservation grant fund (Section 57-51.1-07)	1,200,000		1,200,000	
House Bill No. 1020 (2025) - Transfer to the water infrastructure revolving loan fund			45,000,000	
Senate Bill No. 2020 (2023) - Transfer to water projects stabilization fund ⁶	25,089,564			
Total estimated transfers		29,289,564		49,200,000
Estimated ending balance		\$551,403,472		(\$115,564,371)

¹Estimated oil extraction tax revenues - These amounts are based on the March 2025 legislative revenue forecast.

²House Bill No. 1431 (2021) provided an appropriation of \$74.5 million from the resources trust fund to the State Water Commission for the Mouse River flood control project. Of the \$74.5 million, \$64.4 million was continued into the 2023-25 biennium.

³Senate Bill No. 2020 (2023) included \$876,700,000 from the resources trust fund for the purpose of defraying the expenses of the Department of Water Resources for the 2023-25 biennium. This amount includes \$524,800,000 of new appropriations for the 2023-25 biennium and \$351,900,000 of water project funding continued from the 2021-23 biennium (carryover). The Department of Water Resources estimates it will expend \$354,887,950 during the 2023-25 biennium.

⁴Senate Bill No. 2393 (2023) included funding for a targeted market equity pool, new and vacant FTE funding pool, and employer retirement contribution pool. Allocations from these pools to the Department of Water Resources will be paid primarily from the resources trust fund.

⁵The House version includes \$1,001.3 million from the resources trust fund for defraying the expenses of the Department of Water Resources for the 2025-27 biennium and for carryover projects.

⁶Senate Bill No. 2020 (2023) provided for the transfer of any oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the March 2023 legislative revenue forecast from July 1, 2023, through June 30, 2025, from the resources trust fund to the water projects stabilization fund, on a quarterly basis. The amount shown reflects the oil and gas tax revenue deposited in the resources trust fund in excess of the revenue forecast for the period July 1, 2023, through February 28, 2025, and the estimated allocations through June 30, 2025, based on the March 2025 legislative revenue forecast. Senate Bill No. 2345 (2021 special legislative session) created the water projects stabilization fund for the purpose of defraying planning and construction expenses of water-related projects.

INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the Legislative Assembly in Senate Bill No. 2233 (2013), 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 .5 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. House Bill No. 1020 (2017) provided the maximum to be allocated to the infrastructure revolving loan fund is \$26 million. House Bill No. 1431 (2021) eliminated the infrastructure revolving loan fund within the resources trust fund, combined it with the community water development fund to establish a newly created water infrastructure revolving loan fund, and provided a continuing appropriation to the Bank for the purpose of providing loans for water projects in a similar manner as the prior infrastructure revolving loan 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 Section 24 of Article X 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 Section 24 of Article X of the Constitution of North Dakota.

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

- 20 percent to the resources trust fund;
- 20 percent allocated as provided in Section 24 of Article X 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 House Bill No. 1451 (2011).

The Legislative Assembly in Senate Bill No. 2014 (2013) 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 .5 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 Senate Bill No. 2233 (2013), 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. House Bill No. 1020 (2017) reduced the allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium, restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019, and provided for a \$26 million maximum allocation of resources trust fund revenues to the infrastructure revolving loan fund.

The Legislative Assembly in Senate Bill No. 2020 (2015) directed the State Water Commission to refinance all remaining bonds through the Bank 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. The Bank loan will mature on June 30, 2030.

The Legislative Assembly in Senate Bill No. 2020 (2019) provided \$37.2 million to pay off the Bank loan. The bill contains an emergency clause, added in Senate Bill No. 2015 (2019); therefore, the State Water Commission paid off the Bank loan from the water development trust fund during the 2017-19 biennium.

The Legislative Assembly in Senate Bill No. 2345 (2021 special legislative session) created the water projects stabilization fund for the purpose of defraying planning and construction expenses of water-related projects, provided for a transfer of \$1 million from the resources trust fund to the water projects stabilization fund, and provided for the transfer of all oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the 2021 legislative forecast from August 1, 2021, through February 28, 2023, on a quarterly basis. Senate Bill No. 2020 (2023) provided for the transfer of any oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the March 2023 legislative revenue forecast from July 1, 2023, through June 30, 2025, from the resources trust fund to the water projects stabilization fund, on a quarterly basis.

**ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Allocation from sales, use, and motor vehicle excise tax collections ¹	\$10,011,466		\$11,000,000	
Total estimated revenues		10,011,466		11,000,000
Total available		\$10,011,466		\$11,000,000
Less estimated expenditures and transfers				
State Treasurer - County senior citizen matching grants ²	\$9,223,810		\$11,000,000	
Transfer to the general fund ³	787,656			
Total estimated expenditures and transfers		10,011,466		11,000,000
Estimated ending balance		\$0		\$0

¹The allocation from sales, use, and motor vehicle excise tax collections is shown below.

Fiscal Year	Allocation From Sales, Use, and Motor Vehicle Excise Tax Collections	Percentage Increase (Decrease) From Previous Year
2016	\$3,169,878 (actual)	19.4%
2017	\$3,627,787 (actual)	14.4%
2018	\$3,886,950 (actual)	7.1%
2019	\$4,060,513 (actual)	4.5%
2020	\$4,163,710 (actual)	2.5%
2021	\$4,342,001 (actual)	4.3%
2022	\$4,529,472 (actual)	4.3%
2023	\$4,634,112 (actual)	2.3%
2024	\$4,835,930 (actual)	4.4%
2025	\$5,175,536 (actual)	7.0%
2026	\$5,500,000 (estimate)	6.3%
2027	\$5,500,000 (estimate)	0%

²The county senior citizen matching grants are shown below.

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
2016	\$3,143,803 (actual)	18.6%
2017	\$3,504,725 (actual)	11.5%
2018	\$3,723,317 (actual)	6.2%
2019	\$3,823,071 (actual)	2.7%
2020	\$3,892,217 (actual)	1.8%
2021	\$4,067,236 (actual)	4.5%
2022	\$4,207,302 (actual)	3.4%

2023	\$4,257,431 (actual)	1.2%
2024	\$4,464,390 (actual)	4.9%
2025	\$4,759,420 (actual)	6.6%
2026	\$5,500,000 (estimate)	15.6%
2027	\$5,500,000 (estimate)	0%

³Any funds remaining at the end of each biennium are transferred to the general fund.

FUND HISTORY

Senate Bill No. 2267 (2005) created the senior citizen services and programs fund. Statutory provisions are contained in North Dakota Century Code Sections 57-15-56(5) and 57-39.2-26.2. Current statutory provisions provide that each year during July through December, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from 87.5 percent of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer, by March 1 of the following year, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. Current statutory provisions provide that the amount of each county's annual grant is equal to 87.5 percent of the amount appropriated in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of each biennium is transferred to the general fund, except in the 2005-07 biennium any remaining money in the fund at the end of the biennium was allocated to those counties that were levying the statutory maximum for senior citizen programs in proportion to the amounts generated by those levies in those counties. Senate Bill No. 2242 (2011) amended statutory provisions to increase the amount of collections to be allocated to the fund and the amount of grants provided to counties from two-thirds of the amount levied for senior citizen programs to three-fourths of the amount levied for senior citizen programs, limited to one mill. Senate Bill No. 2162 (2013) increased these amounts to 85 percent of the amounts levied for senior citizen programs, limited to one mill. Senate Bill No. 2143 (2015) increased these amounts to 87.5 percent of the amounts appropriated for senior citizen programs, limited to one mill.

ANALYSIS OF THE SOCIAL SERVICES FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$202,799,245		\$252,799,245
Add estimated revenues				
Allocation of oil and gas tax revenues	\$250,000,000 ¹		\$250,000,000 ¹	
Total estimated revenues		250,000,000		250,000,000
Total available		\$452,799,245		\$502,799,245
Less estimated expenditures and transfers				
Transfer to human service finance fund (2023 SB 2393; 2025 HB 1015)	\$200,000,000 ²		\$250,000,000 ³	
Total estimated expenditures and transfers		200,000,000		250,000,000
Estimated ending balance		<u>\$252,799,245</u>		<u>\$252,799,245</u>

¹Estimated revenues - These amounts reflect the March 2025 legislative revenue forecast. Senate Bill No. 2367 (2023) increased the allocation from the state share of oil and gas taxes to the social services fund from \$200 million to \$250 million.

²Section 5 of Senate Bill No. 2393 (2023) provides for a transfer of \$200 million from the social services fund to the human service finance fund.

³Section 5 of House Bill No. 1015 (2025) provides for a transfer of \$250 million from the social services fund to the human service finance fund.

FUND HISTORY

North Dakota Century Code Section 57-64-05, as created by Senate Bill No. 2199 (2009), 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 House Bill No. 1013 (2013), 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 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 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.

House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to reduce the allocation to the tax relief fund to \$200 million.

House Bill No. 1066 (2019) amended Section 57-51.1-07.5 but did not change the allocation of \$200 million to the tax relief fund.

Senate Bill No. 2367 (2023) amended Section 57-51.1-07.5 to change the name of the tax relief fund to the social services fund and to increase the amount of the state's share of oil and gas tax revenue deposited in the fund from \$200 million to \$250 million.

**ANALYSIS OF THE STATE AID DISTRIBUTION FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014) ¹	\$250,973,973		\$260,781,320	
Total estimated revenues		250,973,973		260,781,320
Total available		\$250,973,973		\$260,781,320
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$134,773,024		\$140,039,569	
City share (46.3 percent)	116,200,949		120,741,751	
Total estimated expenditures and transfers		250,973,973		260,781,320
Estimated ending balance		\$0		\$0

¹The amounts shown for the 2023-25 biennium and the 2025-27 biennium are based on the 2025 legislative revenue forecast and legislative action affecting sales and use tax and motor vehicle tax through crossover, including the effects of House Bill Nos. 1428 and 1578 and Senate Bill No. 2177. This analysis does not reflect the effect of House Bill No. 1139 and Senate Bill Nos. 2207 and 2369, because based on the fiscal notes, the effect of these bills cannot be determined.

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 expired 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 data. House Bill No. 1379 (2021) clarified the timing of the allocations from the state aid distribution fund and continued the method of allocating revenues based on the most recent actual or estimated census data.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$1,676,500,295		\$1,807,757,343
Add estimated revenues				
Production royalties ¹	\$570,271,399		\$324,500,000	
Mineral leases ¹	575,229		0	
Investment earnings ¹	56,762,793		85,500,000	
Oil and gas tax collections ^{2,3}	761,420,000		270,000,000	
Transfer from the legacy earnings fund (2025 HB 1176, 2025 HB 1575)	29,474,088		0	
Total estimated revenues		1,418,503,509		680,000,000
Total available		\$3,095,003,804		\$2,487,757,343
Less estimated expenditures and transfers				
Secretary of State				
Information technology projects (2023 SB 2002; 2025 HB 1002)	\$1,500,000		\$700,000	
Election pollpads and equipment (2025 HB 1002)			2,800,000	
Office of Management and Budget				
Deferred maintenance funding pool (2023 Special Session SB 2393; 2025 HB 1015)	20,000,000		40,000,000	
Rent, moving, and space reconfiguration pool (2025 HB 1015)			2,000,000	
Procurement automation (2025 HB 1015)			515,052	
Snow removal equipment (2025 HB 1015)			172,000	
Floor scrubber (2025 HB 1015)			20,000	
State building in Minot (2025 HB 1487)			4,900,000	
Information Technology Department				
Information technology projects (2023 HB 1021)	15,000,000			
Attorney General				
Litigation funding pool (2025 HB 1003)			8,000,000	
Statewide automated victim identification notification system (2025 HB 1003)			1,500,000	
Bureau of Criminal Investigation undercover vehicles (2025 HB 1003)			540,000	
State crime laboratory equipment and supplies (2025 HB 1003)			321,000	
Portable handheld dual-band radios (2025 HB 1003)			105,000	
State Treasurer				
Information technology projects (2025 HB 1005)			110,000	
Public Employees Retirement System				
Transfer to the main system retirement plan (2023 HB 1040; 2025 HB 1234)	135,000,000		135,000,000	
Transfer to the Highway Patrol troopers' retirement system fund (2025 SB 2120)			35,700,000	
Department of Public Instruction				
Integrated formula payments - School district weighting factors (2023 SB 2013)	8,973,086			
Integrated formula payments - Exemption for high-cost student tuition (2023 SB 2013)	5,020,000			
Passthrough grant - Grand Forks science center (2023 SB 2013)	5,000,000			
Passthrough grant - Fargo science center (2023 SB 2013)	500,000			
Science center grants (2025 HB 1013)			10,000,000	

North Dakota University System			
Capital building fund program (2023 HB 1003; 2025 SB 2003)	24,000,000		31,500,000
Challenge grants (2025 SB 2003)			25,000,000
Nursing education consortium (2025 SB 2003)			1,100,000
Workforce education innovation grants (2025 SB 2003)			12,000,000
Williston State College			
Medical health care building project (2023 HB 1003)	27,962,053		
University of North Dakota			
Science, engineering, and national security corridor project (2023 HB 1003)	57,400,000		
Science, technology, engineering, and mathematics building (2025 SB 2003)			55,640,000
National security crossroads (2025 SB 2003)			12,000,000
North Dakota State University			
Center for engineering and computational sciences project (2023 HB 1003)	59,000,000		
New horizon programming (2025 SB 2003)			12,000,000
North Dakota State College of Science			
Agriculture, automation, and autonomous systems project (2023 HB 1003)	18,975,000		
Dickinson State University			
Agriculture and technology education building project (2023 HB 1003)	17,100,000		
Mayville State University			
Old Main renovation project (2023 HB 1003; 2025 SB 2003)	15,000,000		34,924,814
Minot State University			
Dakota Hall demolition project (2023 HB 1003)	765,000		
Academic facilities projects (2025 SB 2003)			8,132,000
Valley City State University			
McCarthy Hall renovation project (2023 HB 1003)	10,474,918		
Dakota College at Bottineau			
Old Main renovation project (2023 HB 1003)	3,300,000		
Forest Service			
Emerald ash borer mitigation (2025 SB S003)			950,000
Department of Career and Technical Education			
New and expanding secondary career and technical education programs (2023 HB 1019)	500,000		
Autonomous technology grant administration (2023 HB 1519)	12,500		
Statewide area career center grant program - Inflationary costs (2023 SB 2015)	26,500,000		
Department of Environmental Quality			
New laboratory moving costs and equipment (2025 SB 2024)			3,575,186
Wastewater infrastructure grants (2025 HB 1577)			25,000,000
Department of Health and Human Services - Human Services Division			
Information technology projects and capital projects (2019 SB 2012)	1,776,000		
Transfer to a newly created pay for success fund (2023 HB 1480)	2,500,000		
Transfer to human service finance fund (2023 SB 2012)	26,950,000		
Information technology projects (2023 SB 2012)	11,000,000		
Pregnant and parenting women residential facility projects (2023 SB 2012)	1,000,000		
Southeast Human Service Center project (2023 SB 2012)	735,154		
State Hospital project planning and design (2023 SB 2012)	12,500,000		
Behavioral health facility grant (2023 Special Session HB 1543; 2025 HB 1012)	8,250,000		12,960,000

New state hospital (2025 HB 1012)		200,000,000
Retiring technology equipment from the mainframe (2025 HB 1012)		7,500,000
New state laboratory moving expenses and security equipment (2025 HB 1012)		2,962,304
Human service center and Life Skills and Transition Center projects (2025 HB 1012)		1,052,480
Housing initiative programs (2025 HB 1012)		1,000,000
State Hospital technology projects (2025 HB 1012)		1,000,000
Community cultural center grant (2025 HB 1012)		1,000,000
Behavioral health facility grant (2025 HB 1468)		16,000,000
Insurance Commissioner		
Grant to the North Dakota Firefighter's Association (2025 SB 2218)		500,000
Industrial Commission		
Transfer to the oil and gas research fund - Pipeline leak detection and prevention program (2023 HB 1014)	3,000,000	
Transfer to the state energy research center fund - Rare earth minerals study (2023 HB 1014)	1,500,000	
Transfer to the state energy research center fund - Underground energy storage research project (2023 HB 1014)	6,000,000	
Transfer to the clean sustainable energy fund - Line of credit repayment and grants (2023 HB 1014; 2025 SB 2188)	60,000,000	55,000,000
Transfer to oil and gas research center fund - Enhanced oil recovery grant program (2025 SB 2014)		21,000,000
Matching funds for electricity grid resiliency federal grant (2025 SB 2014)		1,782,794
Lignite litigation (2025 SB 2014)		3,000,000
Transfer to a newly created research technology park fund (2025 SB 2256)		15,000,000
Aeronautics Commission		
Generational airport projects (2025 SB 2006)		120,000,000
Bank of North Dakota		
Transfer to the legacy investment for technology fund (2023 HB 1018)	10,000,000	
Transfer to a newly created bulk propane storage tank revolving loan fund (2023 SB 2242)	5,000,000	
Transfer to the economic diversification research fund (2023 HB 1003; 2025 SB 2003)	5,500,000	8,000,000
Transfer to the infrastructure revolving loan fund for correctional facilities (2025 HB 1213)		50,000,000
Transfer to a newly created long-term care facility infrastructure loan fund (2025 HB 1619)		50,000,000
Housing Finance Agency		
Transfer to the housing incentive fund - Housing grants (2025 SB 2014)		25,000,000
Department of Mineral Resources		
Oil and gas litigation (2025 SB 2014)		3,000,000
Rare earth elements study (2025 SB 2014)		400,000
Archeology excavation project (2025 SB 2014)		150,000
Highway Patrol		
Emergency vehicle operations course resurfacing (2025 SB 2011)		260,000
Department of Corrections and Rehabilitation		
James River Correctional Center maintenance shop project (2023 HB 1015)	1,550,000	
Information technology projects (2023 HB 1015)	2,307,000	
Heart River Correctional Center project (2023 HB 1015; 2025 SB 2015)	131,200,000	35,635,000
Missouri River Correctional Center temporary housing (2025 SB 2015)		8,032,757
Missouri River Correctional Center planning and design (2025 SB 2015)		20,000,000

James River Correctional Center study (2025 SB 2015)		750,000	
James River Correctional Center maintenance building demolition (2025 SB 2015)		570,000	
County and regional correctional center contracted operations (2025 SB 2015)		3,000,000	
Deferred maintenance and extraordinary repairs (2025 SB 2015)		15,000,000	
Software and technology upgrades (2025 SB 2015)		11,278,631	
Equipment (2025 SB 2015)		1,089,809	
Victims of crime grants (2025 SB 2015)		7,000,000	
Adjutant General			
Critical infrastructure state matching funds (2025 HB 1016)		4,500,000	
Williston Readiness Center design (2025 HB 1016)		2,500,000	
Civil Air Patrol statewide interoperable radio network upgrade (2025 HB 1016)		206,426	
State Radio law enforcement redundancy equipment (2025 HB 1016)		525,000	
Statewide interoperable radio network costs (2025 HB 1016)		495,000	
Department of Commerce			
Transfer to North Dakota Development Fund (2023 HB 1018)	65,000,000		
Rural workforce housing grants (2023 HB 1018)	2,000,000		
Tourism marketing awareness initiative (2023 HB 1018; 2025 SB 2018)	5,000,000	7,000,000	
Transfer to the North Dakota Development Fund (2023 SB 2015; 2025 SB 2018)	30,000,000	30,000,000	
Beyond visual line of sight uncrewed aircraft systems (2023 HB 1018; 2025 SB 2018)	26,000,000	10,000,000	
Tourism destination development initiative (2023 HB 1018; 2025 SB 2018)	25,000,000	20,000,000	
Enhanced use lease grants (2023 HB 1018; 2025 SB 2018)	10,000,000	5,000,000	
Autonomous agriculture grants (2025 SB 2018)		5,000,000	
Base enhancement grants (2025 SB 2018)		1,000,000	
Regional workforce impact program grants (2025 SB 2018)		5,000,000	
Transfer to the legacy investment for technology fund (2025 SB 2018)		5,000,000	
Federal Aviation Administration radar data (2025 HB 1038)		11,000,000	
Housing opportunity, mobility, and empowerment grants (2025 SB 2225)		50,000,000	
Transfer to a newly created rural catalyst fund (2025 SB 2390)		5,000,000	
Agriculture Commissioner			
Grasslands grazing grant program (2023 SB 2009; 2025 HB 1009)	1,000,000	3,000,000	
Autonomous technology grant administration (2023 HB 1519)	12,500		
Transfer to the bioscience innovation fund (2023 SB 2009)	5,500,000		
Food distribution facility grant program (2025 HB 1143)		5,000,000	
Upper Great Plains Transportation Institute			
Remote sensing infrastructure (2021 SB 2020)			
Transportation data intelligence center (2023 HB 1020)	432,600		
Branch Research Centers			
Langdon seed conditioning plant (2025 SB 2020)		950,000	
Oakes irrigation research site (2025 SB 2020)		620,000	
Nesson Valley irrigation research site (2025 SB 2020)		400,000	
North Dakota State University Main Research Center			
Waldron Hall replacement, storage sheds, and deferred maintenance (2023 HB 1020)	89,400,000		
Northern Crops Institute			
Feed center project (2023 HB 1020)	3,900,000		

State Historical Society			
Exhibit projects (2023 SB 2018)	300,000		
Historic site projects (2023 SB 2018; 2025 HB 1018)	3,250,000	3,000,000	
Military gallery expansion project (2025 HB 1018)		20,000,000	
Pembina State Museum exhibit designs and objects (2025 HB 1018)		638,000	
North Dakota Heritage Center Inspiration Gallery update (2025 HB 1018)		350,000	
Medora area planning (2025 HB 1018)		3,570,000	
Historic theater restoration grant (2025 HB 1018)		1,100,000	
Historic opera house restoration grant (2025 HB 1018)		250,000	
Historic museum repair grant (2025 HB 1018)		200,000	
Historic movie theater improvement grant (2025 HB 1018)		250,000	
Medora transportation improvement grant (2025 HB 1018)		1,000,000	
Historic armory restoration grant (2025 HB 1018)		100,000	
America's 250 th anniversary activities (2025 HB 1018)		2,000,000	
Parks and Recreation Department			
Various capital projects at parks and deferred maintenance (2023 SB 2019)	10,000,000		
Lake Metigoshe reimagined project (2023 SB 2019)	250,000		
International Peace Garden - Pavilion construction project (2023 SB 2019)	800,000		
Pembina Gorge campground project (2023 SB 2019)	6,000,000		
Local park district grants (2023 SB 2019)	6,000,000		
State park matching grants (2023 SB 2019)	1,500,000		
Cabin construction projects (2023 SB 2019)	2,400,000		
Matching federal funds for comfort stations at state parks (2025 HB 1019)		924,000	
Deferred maintenance and other projects (2025 HB 1019)		12,500,000	
State park technology enhancements projects (2025 HB 1019)		2,500,000	
State park matching funds (2025 HB 1019)		1,250,000	
Park grants (2025 HB 1019)		7,500,000	
International Peace Garden music camp project (2025 HB 1019)		1,500,000	
International Peace Garden sewer system project (2025 HB 1019)		1,000,000	
International Peace Garden cactus conservatory project (2025 HB 1019)		317,500	
Department of Water Resources			
Deficiency appropriation to repay a line of credit (2025 HB 1020)	10,000,000		
Department of Transportation			
Transfer to a newly created state flexible transportation fund (2023 HB 1012)	51,000,000		
Short line railroad loan program enhancement (2023 HB 1012)	6,500,000		
Matching funds for studies of Red River Valley infrastructure projects (2023 HB 1012)	2,500,000		
Environmental study along a portion of US Highway 52 (2023 HB 1012)	5,000,000		
Matching federal funds (2023 HB 1012; 2025 SB 2012)	114,000,000	171,300,000	
US Highway 85 project (2025 SB 2012)		100,000,000	
Transfer to the general fund (2023 Special Session SB 2393)	50,000,000		
Administrative costs/other fees	11,750,650	4,600,000	
Total estimated expenditures and transfers		1,287,246,461	1,671,174,753
Estimated ending balance		\$1,807,757,343	\$816,582,590

Restricted fund income			
Reserve relating to potential title disputes ³		43,066,403	43,066,403
Loan guarantees (2023 HB 1014) ⁴		80,000,000	140,000,000
Estimated ending balance - Unobligated ⁵		<u>\$1,684,690,940</u>	<u>\$633,516,187</u>

¹The amounts shown reflect projections by the Department of Trust Lands for the 2023-25 and 2025-27 bienniums.

²The oil and gas tax revenues reflect allocations for July through June (24 months) and are based on the March 2025 revised revenue forecast.

For the 2025-27 biennium, Senate Bill No. 2323 (2025) limits the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year and increases the allocation to the oil and gas research fund by \$7.5 million per biennium. Senate Bill No. 2323 (2025) allocates \$40 million to a newly created energy impact grant fund and increases the allocations to the general fund by \$40 million, from \$460 million to \$500 million. Senate Bill No. 2143 (2025) increases the allocation to the State Energy Research Center fund by \$2.5 million, from \$7.5 million to \$10 million. House Bill No. 1015 (2025) decreases the initial allocation to the strategic investment and improvements fund (SIIF) by \$130 million, from \$400 million to \$270 million, and increases the allocations to the municipal infrastructure and the county and township infrastructure fund by \$50 million, from \$230 million to \$280 million, with 50 percent for each fund. The combined effect of these changes decreases the allocations to SIIF.

³These amounts represent mineral revenues received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve. The assigned fund balance is adjusted only when approved by the board, which is usually done in August of each year.

⁴Senate Bill No. 2287 (2013) increased the guarantee reserve fund balance from 25 to 100 percent, not to exceed a total of \$25 million, through July 31, 2015. After July 31, 2015, the amount of reserves for all guaranteed loans must be determined by a formula that will provide an adequate amount of reserves as determined by the Bank of North Dakota. Money may be transferred from SIIF to reimburse lenders for guaranteed loans in default.

Senate Bill No. 2296 (2019) increased the limit for loan guarantees to \$50 million. Senate Bill No. 2230 (2021) increases the loan guarantee limit to \$80 million. House Bill No. 1014 (2023) increased the limit for loan guarantees to \$140 million related to a guarantee for a line of credit to provide pipeline capacity positions beginning July 1, 2025.

⁵The unobligated ending balance for the 2025-27 biennium does not reflect \$125 million of future commitments for a fertilizer development incentive program created in House Bill No. 1546 (2023 special session).

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 SIIF. 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 SIIF, pursuant to North Dakota Century Code 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.

Prior to July 1, 2015, if the unobligated balance of SIIF exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in SIIF were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from SIIF. The 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 STATE TUITION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$1,678,752 ¹		\$1,679,494 ¹
Add estimated revenues				
Fines for violation of state laws	\$11,968,390 ²		\$11,000,000 ²	
Transfer from legacy earnings fund for property tax relief provided through the state school aid formula (HB 1168)			121,000,000	
Transfers from the common schools trust fund	499,860,000		584,677,350	
Total estimated revenues		511,828,390		716,677,350
Total available		\$513,507,142		\$718,356,844
Less estimated expenditures and transfers				
State aid to schools (2023 SB 2013) (2025 HB 1013)	\$511,827,648		\$716,677,350	
Total estimated expenditures and transfers		511,827,648		716,677,350
Estimated ending balance		\$1,679,494 ¹		\$1,679,494 ¹

¹Beginning/ending balance - North Dakota Century Code Section 15.1-28-03 provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, and April of each fiscal year. Fine proceeds deposited in the state tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

²Fines for violation of state laws - Fine proceeds estimated to be deposited in the state tuition fund are based on actual fines deposited into the fund through January 2025 and estimated fine proceeds for the remainder of the 2023-25 biennium and for the 2025-27 biennium based on the 2025 legislative revenue forecast. The amount of state tuition fund distributions from fine proceeds is shown below.

Fiscal Year	Revenue From Fines	Percentage Increase (Decrease) From Previous Year
2005	\$4,507,137 (actual)	(4.5%)
2006	\$4,506,316 (actual)	(0.01%)
2007	\$4,590,395 (actual)	1.9%
2008	\$4,692,048 (actual)	2.2%
2009	\$4,452,118 (actual)	(5.1%)
2010	\$4,593,325 (actual)	3.2%
2011	\$4,963,691 (actual)	8.1%
2012	\$5,769,861 (actual)	16.2%
2013	\$6,158,750 (actual)	6.7%
2014	\$6,844,632 (actual)	11.1%
2015	\$7,655,890 (actual)	11.9%
2016	\$6,945,206 (actual)	(9.3%)
2017	\$5,511,247 (actual)	(20.6%)
2018	\$6,055,397 (actual)	9.9%
2019	\$5,885,838 (actual)	(2.8%)
2020	\$5,093,885 (actual)	(13.5%)
2021	\$6,144,964 (actual)	20.6%
2022	\$5,791,042 (actual)	(5.8%)
2023	\$5,612,063 (actual)	(3.1%)
2024	\$5,982,743 (actual)	6.6%
2025	\$5,985,647 (estimate)	0.05%
2026	\$5,500,000 (estimate)	(8.1%)
2027	\$5,500,000 (estimate)	0%

FUND HISTORY

The state tuition fund originated in 1889 with the enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Section 2 of Article IX of the Constitution of North Dakota, which provides that payments to the common schools trust fund of the state include:

- Distributions from the common schools trust fund;
- All fines for violation of state laws; and
- All other amounts provided by law.

Section 15.1-28-01 provides the state tuition fund consists of the net proceeds from all fines for violation of state laws and distributions from the common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in January, February, March, April, August, September, October, November, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. Prior to the 2007-09 biennium, the Superintendent apportioned the money in the state tuition fund among the school districts in the state based on the number of school-age children in the district. Senate Bill No. 2200 (2007) consolidated funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology; therefore, beginning with the 2007-09 biennium, the Superintendent includes the money in the state tuition fund in state school aid payments to school districts as determined by Chapter 15.1-27.

**ANALYSIS OF THE VETERANS' POSTWAR TRUST FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH MARCH 17, 2025)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance ¹		\$8,250,083		\$9,023,390
Add estimated revenues				
Investment and interest income ^{2,3}	\$1,500,000		\$1,000,000	
Short-term interest on certificates of deposit	66,000		66,000	
Patriotic license plates	45,000		45,000	
Income tax return donations	41,000		41,000	
Commemorative memorial coin program sales	11,000		11,000	
Commemorative memorial coin program donations	3,400		3,400	
Impact Foundation donations	110,000		110,000	
Fisher House donations ⁴	8,403		0	
Other donations and income ¹	29,000		29,000	
Total estimated revenues		1,813,803		1,305,400
Total available ⁵		\$10,063,886		\$10,328,790
Less estimated expenditures and transfers				
Investment management and consulting services	\$125,000		\$125,000	
Grants and related expenditures	220,000		0	
Veterans' transportation programs	500		0	
Commemorative memorial coin program expenditures	60,000		0	
Impact Foundation expenditures	130,000		130,000	
Fisher House expenditures ⁴	504,996		0	
Other programs that benefit veterans ⁶	0		390,000	
Total estimated expenditures and transfers		1,040,496		645,000
Estimated ending balance		\$9,023,390		\$9,683,790

¹North Dakota Century Code Section 57-38-34.7 allows the Department of Veterans' Affairs to apply for, accept, and expend private donations, gifts, grants, or bequests that are offered or tendered with a specifically identified purpose or a restrictive condition which is related to a benefit or service for resident North Dakota veterans and appropriates those funds to the department on a continuing basis in accordance with the donor's instructions. During the 2021-23 biennium, the department received \$20,343 of donations for veterans' programs, excluding donations from the Impact Foundation, donations for the Fisher House, and commemorative memorial coin donations. Of the total, \$3,800 was for hardship assistance grants, \$16,043 was for a hyperbaric oxygen therapy program for veterans with posttraumatic stress disorder, and \$500 was for a commemorative book provided free to Vietnam War veterans. The department also received a \$2,172 refund of prior biennium expenses during the 2021-23 biennium.

²Prior to July 2011, Section 37-14-14 appropriated on a continuing basis all income of the veterans' postwar trust fund to the Administrative Committee on Veterans' Affairs for programs that benefit veterans or their dependents. The Legislative Assembly in House Bill No. 1468 (2011) amended Section 37-14-14 to provide that all income earned in a biennium is appropriated to the Administrative Committee on Veterans' Affairs for authorized programs on a continuing basis in the following biennium, and not in the biennium in which it is earned. Therefore, the investment income earned by the fund during the 2021-23 biennium was not available for programs until the 2023-25 biennium and income earned by the fund during the 2023-25 biennium will not be available for programs until the 2025-27 biennium.

³The State Treasurer has not provided investment income estimates for the 2023-25 biennium or the 2025-27 biennium. Actual investment income through January 2025 was \$1,330,400. Investment income estimates for the 2023-25 biennium are based on actual investment income through January 2025 and

estimated investment earnings for February 2025 through June 2025. Estimated investment earnings for the 2025-27 biennium are based on investment returns from the 2019-21 biennium, 2021-23 biennium, and the 2023-25 biennium through January 2025.

⁴Funds available for the Fisher House during the 2023-25 biennium total \$504,996, of which \$11,300 is from donations received during the 2019-21 biennium, \$485,293 is from donations received during the 2021-23 biennium, and \$8,403 is from donations received during the 2023-25 biennium. The funds are for a Fisher House program to partner with a private organization to build comfort homes for military and veteran families when a family member is hospitalized. Of the \$504,996 in funds available for the Fisher House, \$475,546 was from 10 percent of proceeds from the sale of land, which was designated to the department in the landowner's will. Of the funds donated from the land sale, \$474,293 was received in the 2021-23 biennium and \$1,253 was received in the 2023-25 biennium.

⁵Estimated funds available for veteran benefits during the 2023-25 biennium total approximately \$1,230,954, as follows:

Funding Description	Funding Available
2019-21 biennium investment income earned and available beginning in the 2021-23 biennium not yet spent	\$121,045
2021-23 biennium investment income earned and available beginning in the 2023-25 biennium	248,607
2019-21 biennium commemorative memorial coin program donations and sales not yet spent	5,396
2021-23 biennium commemorative memorial coin program donations and sales not yet spent	22,220
2023-25 biennium estimated commemorative memorial coin program donations and sales	14,400
2023-25 biennium estimated short-term interest	66,000
2021-23 biennium donations from the Impact Foundation not yet spent	14,248
2023-25 biennium estimated donations from the Impact Foundation	110,000
2019-21 biennium donations for the Fisher House not yet spent	11,300
2021-23 biennium donations for the Fisher House not yet spent	485,293
2023-25 biennium estimated donations for the Fisher House	8,403
2021-23 biennium other donations and income not yet spent	9,042
2023-25 biennium estimated other donations and income	115,000
Total	\$1,230,954

⁶Estimated funds available for benefits during the 2025-27 biennium, based on the average investment income earned on the fund during the 2023-25 biennium through January 2025, is approximately \$390,000, excluding any funding continued from prior bienniums and funding collected during the 2023-25 biennium for the commemorative memorial coin program, donations, and short-term interest.

FUND HISTORY Established

The fund was created by Section 6 of Senate Bill No. 2271 (1981):

SECTION 6. TRANSFER OF VIETNAM BONUS FUNDS TO VETERANS' POSTWAR TRUST FUND. All unobligated moneys in the Vietnam veterans' adjusted compensation funds in the state treasury after July 1, 1981, shall be transferred by the state treasurer to the veterans' postwar trust fund. Any obligations of such funds as a result of any amendment of section 37-25-10 by the forty-seventh legislative assembly shall be paid out of the veterans' postwar trust fund and the moneys necessary to meet those obligations are hereby appropriated.

1988 Initiated Measure No. 4

Initiated Measure No. 4, approved by the voters in the November 1988 general election, provided the following:

- Established the veterans' postwar trust fund as a permanent fund.
- Required the State Treasurer to transfer \$740,000 per year for 5 years commencing July 1, 1989, from the state general fund or other sources as appropriated by the Legislative Assembly to the veterans' postwar trust fund to total \$3.7 million.
- Appropriated the income from the veterans' postwar trust fund on a continuing basis to the Administrative Committee on Veterans' Affairs to be spent for veterans' programs as authorized by law.

- Required the State Treasurer to invest the fund in legal investments as provided by Section 21-10-07.

The principal balance in the fund on December 8, 1988, was \$401,849.

Senate Bill No. 2009 (1989) transferred \$1,480,000--\$740,000 on July 1, 1989, and \$740,000 on July 1, 1990--from the state general fund to the veterans' postwar trust fund. The bill also appropriated up to \$274,000 of investment income earned on the veterans' postwar trust fund balance to the Veterans' Home for its operating costs. Because of net budget reductions during the 1989-91 biennium, the transfer from the general fund to the veterans' postwar trust fund for the 2nd year of the 1989-91 biennium was reduced by \$95,005, from \$740,000 to \$644,995.

Senate Bill No. 2001 (1991) transferred \$1,575,005 from the general fund to the veterans' postwar trust fund during the 1991-93 biennium. This amount restored the \$95,005 which was not transferred during the 1989-91 biennium because of net budget reductions. Because of budget allotments ordered by the Governor during the 1991-93 biennium, the transfer from the general fund to the veterans' postwar trust fund for the 2nd year of the 1991-93 biennium was reduced by \$5,670, from \$740,000 to \$734,330.

House Bill No. 1001 (1993) transferred \$745,670 from the general fund to the veterans' postwar trust fund during the 1993-95 biennium. This was the final transfer required by the initiated measure and included \$5,670 to restore the reduction made during the 1991-93 biennium because of budget reductions.

1996 Initiated Constitutional Measure No. 4

Initiated Constitutional Measure No. 4, approved by the voters in the November 1996 general election, created the following new section to Article X of the Constitution of North Dakota:

The veterans' postwar trust fund shall be a permanent trust fund of the state of North Dakota and shall consist of moneys transferred or credited to the fund as authorized by legislative enactment. Investment of the fund shall be the responsibility of the state treasurer who shall have full authority to invest the fund only in the same manner as the state investment board is authorized to make investments. All income received from investments is to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents, and such income is hereby appropriated to the administrative committee on veterans' affairs on a continuing basis for expenditure upon those programs selected at the discretion of the administrative committee on veterans' affairs.

House Bill No. 1468 (2011)

The Legislative Assembly in House Bill No. 1468 (2011) amended Section 37-14-14 to provide that all income earned in a biennium is appropriated to the Administrative Committee on Veterans' Affairs on a continuing basis in the following biennium, and not in the biennium in which it is earned, for authorized programs.

House Bill No. 1439 (2013)

The Legislative Assembly in House Bill No. 1439 (2013) provided \$250,000 from the general fund to increase the principal balance of the veterans' postwar trust fund.

House Bill No. 1360 (2015)

The Legislative Assembly in House Bill No. 1360 (2015) created Section 39-04-10.15 to require an initial fee of \$25 for patriotic license plates, of which \$20 is deposited in the highway tax distribution fund and \$5 is deposited in the veterans' postwar trust fund. The revenue deposited in the veterans' postwar trust fund must be added to the principal of the fund.

Senate Bill No. 2183 (2017)

The Legislative Assembly in Senate Bill No. 2183 (2017) created Section 37-18-15 to establish a commemorative memorial coin program to provide commemorative memorial coins to a family member of a deceased North Dakota veteran during military funeral honors and to allow for the purchase of commemorative memorial coins from the Department of Veterans' Affairs. The bill provided legislative intent that the Administrative Committee on Veterans' Affairs considering providing funding from the veterans' postwar trust fund to the department for the purpose of funding at least 4,000 commemorative memorial coins during the 2017-19 biennium.

House Bill No. 1131 (2019)

The North Dakota Veterans Emergency Needs Charitable Fund (also known as the North Dakota Support Our Veterans Fund) was established in April 2010 by the Impact Foundation to support emergency needs of North Dakota veterans and their eligible dependents. As noted in the March 28, 2018, *Performance Audit Report of the Department of Veterans' Affairs* prepared by the State Auditor, the department has received and expended funds from the Impact Foundation by combining these funds with those of the veterans' postwar trust fund without legislative or Emergency Commission approval. The State Auditor's report identified that these actions were in conflict with Section 18 of Article X of the Constitution of North Dakota and Section 37-18-12.

The Legislative Assembly in House Bill No. 1131 (2019) amended Section 37-18-12 to allow the Department of Veterans' Affairs to accept private donations, gifts, grants, or bequests that benefit or service North Dakota veterans, such as the funding received from the Impact Foundation, which are available to the department pursuant to continuing appropriation authority.

House Bill No. 1248 (2019)

The Legislative Assembly in House Bill No. 1248 (2019) created Section 57-38-34.7 to allow an individual to make a contribution to the veterans' postwar trust fund on the individual's income tax return for taxable years beginning after December 31, 2018. The Tax Commissioner is required to transfer the contributions to the State Treasurer for deposit in the veterans' postwar trust fund.

House Bill No. 1211 (2021)

The Legislative Assembly in House Bill No. 1211 (2021) expanded the State Treasurer's ability to invest funds of the veterans' aid fund and the income from the veterans' postwar trust fund by allowing investment in assets not held by the Bank of North Dakota.

House Bill No. 1504 (2025)

House Bill No. 1504 (2025), as approved by the House, would allow veterans organizations to donate funds to the veterans' postwar trust fund for homeless veterans' services.