

ANALYSIS OF MAJOR SPECIAL FUNDS FOR THE 2023-25 AND 2025-27 BIENNIUMS



**Prepared by the
North Dakota Legislative Council Staff
June 2026**

INDEX

Description	Page No.
Abandoned Oil and Gas Well Plugging and Site Reclamation Fund	1
Attorney General Refund Fund	3
Beginning Farmer Revolving Loan Fund	8
Bonding Fund	9
Budget Stabilization Fund	10
Capitol Building Fund.....	12
Coal Development Trust Fund	14
Common Schools Trust Fund	16
Community Health Trust Fund	20
Disaster Relief Fund	24
Electronic Health Information Exchange Fund.....	27
Environment and Rangeland Protection Fund	29
Fire and Tornado Fund	31
Foundation Aid Stabilization Fund	32
Health Care Trust Fund	35
Health Information Technology Planning Loan Fund	36
Highway Tax Distribution Fund	38
Legacy Earnings Fund.....	42
Legacy Fund.....	44
Lignite Research Fund.....	46
Medical Marijuana Fund	48
Outdoor Heritage Fund	49
Resources Trust Fund	51
Risk Management Fund.....	54
Senior Citizen Services and Programs Fund	55
Social Services Fund	57
State Aid Distribution Fund	58
Strategic Investment and Improvements Fund	60
Student Loan Trust Fund	67
Tobacco Settlement Trust Fund	69
Tuition Fund.....	72
Veterans' Postwar Trust Fund	74

ANALYSIS OF THE ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium		2025-27 Biennium	
	Actual		Estimated	
Beginning balance		\$25,312,303		\$41,347,225
Add revenues ¹				
Fees, forfeitures, transfers, and recoveries penalties	\$9,688,045		\$2,500,000	
Oil and gas tax collections (2023 SB 2059) ^{2,3}	15,000,000		14,480,000	
Federal funds ⁴	21,599,655		15,560,000	
Total revenues		46,287,700		32,540,000
Total available		\$71,600,003		\$73,887,225
Less expenditures and transfers				
Reclamation of well sites placed into service after July 31, 1983	\$6,072,008		\$1,200,000	
Reclamation of well sites placed into service on or before July 31, 1983	1,130,044		1,000,000	
Orphaned well plugging and reclamation costs ⁵	21,555,710		560,000	
Brine pond and soil remediation studies	1,344,893		15,000,000	
Transfer to the Environmental Quality Restoration Fund ⁶			400,000	
Pipeline Restoration and Reclamation Oversight Program - Agriculture Commissioner (2023 SB 2009; 2025 HB 1009) ⁷	40,961		200,000	
Postproduction Royalty Oversight Program - Agriculture Commissioner (2023 SB 2009; 2025 HB 1009) ⁷	97,541		300,000	
Administrative expenses - Reclamation specialist positions ⁸			799,926	
Miscellaneous ⁹	11,621		12,000	
Total expenditures and transfers		30,252,778		19,471,926
Ending balance		<u>\$41,347,225</u>		<u>\$54,415,299</u>

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, through the 2025-27 biennium.

³Estimated revenues - The estimated allocations for the 2025-27 biennium are based on the 2025 legislative revenue forecast.

⁴The amount shown for the 2025-27 biennium reflects 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 2025-27 biennium reflects 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 2025-27 biennium to date through April 2026, 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.

⁷Senate 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 April 2026, the Agriculture Commissioner requested and received \$51,325 for the programs.

⁸Senate Bill No. 2014 (2025) identifies \$799,926 from the fund for administrative expenses, including funding for reclamation specialist positions and related operating expenses.

⁹Miscellaneous expenditures include credit card merchant fees and audit fees.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$51,232,377. The estimated balance increased by \$3,182,922 primarily related to lower than anticipated expenditures for reclamation projects during the 2023-25 biennium.

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, through the 2025-27 biennium.

Senate Bill No. 2014 (2025) amended statutory provisions to allow the Department of Mineral Resources to pay administrative expenses from the fund for salaries and wages and operating expenses, subject to legislative appropriation.

**ANALYSIS OF THE ATTORNEY GENERAL REFUND FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS**

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance ^{1,2,3}		\$20,149,959	
Add revenues				
Refunds of consumer protection and antitrust expenditures, attorney's fees, and civil penalties ⁴	\$1,833,188		\$2,500,000	
Cash deposit bonds				
Tribal gaming, licensing, and investigation fees				
Background checks	36,020		30,000	
Interest on investments ^{1,2}	152,691		0	
Lawsuit proceeds - Opioid addiction prevention and treatment program ³				
Lawsuit proceeds - JUUL Labs, Inc., settlement ⁵	232,114		348,170	
Return of prior biennium expenditures and miscellaneous revenues	48,569		500	
Total revenues		2,302,582		2,878,670
Total available		\$22,452,541		\$10,222,175
Less expenditures and transfers authorized in North Dakota Century Code Section 54-12-18				
Refunds to specifically named consumers (Section 54-12-18(1)) ⁶				
Claims against cash deposit bonds (Section 54-12-18(2))				
Refund of cash deposit bond balance (Section 54-12-18(3))				
Consumer Protection and Antitrust Division expenditures (Section 54-12-18(4))	\$2,494,065		\$2,703,646	
Tribal gaming background investigations (Section 54-12-18(5))				
Tribal gaming licensing expenditures (Section 54-12-18(5))				
Tribal gaming enforcement expenditures (Section 54-12-18(5))				
Less other expenditures and transfers ⁷				
Bureau of Criminal Investigation (BCI) salaries and operating expenses ⁸	267,468		857,152	
State Crime Laboratory operating expenditures ⁸	21,171		0	
Information technology contractual program maintenance	117,376		520,493	
Information technology operating expenditures	17,084		20,000	
Criminal justice information sharing system improvements ^{8,9}			471,992	
Operating expenses of the Attorney General's office ⁸	395,618		401,556	
Attorney salary equity increases (2019 SB 2003) ¹	386,814		410,023	
Medicaid Fraud Control Unit (MFCU) and BCI salary equity increases (2021 HB 1003; 2023 SB 2003) ²	1,337,597		1,417,853	
Staff salary equity increases (2025 HB 1003)			16,128	
Criminal history improvement system (2023 SB 2003; 2025 HB 1003) ¹⁰	12,027		338,373	
Opioid addiction prevention and treatment program - Transfer to the Opioid Settlement Fund (2021 HB 1003; 2023 HB 1447) ³	9,598,002			
JUUL Labs, Inc., settlement - Transfer to the Community Health Trust Fund (2023 HB 1004) ⁵	461,814			
Total expenditures and transfers		15,109,036		7,157,216
Ending balance ¹¹		\$7,343,505		\$3,064,959

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 investment return for 2023-25 biennium was \$152,691. The investment account was closed at the end of the 2023-25 biennium.

In September 2019, the Attorney General invested \$1,100,000 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. After accounting for investment losses during the 2021-23 biennium on previously earned interest and investment principal, the Attorney General spent \$386,814 during the 2023-25 biennium. The Attorney General anticipates spending \$410,023 from the Attorney General Refund Fund to continue the salary equity increases during the 2025-27 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 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 was 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 used \$9,056 of additional funding available in the Attorney General Refund Fund to continue salary equity increases during the 2023-25 biennium. The Attorney General anticipates spending \$1,417,853 from the Attorney General Refund Fund to continue the salary equity increases during 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 the Office of Management and Budget (OMB) 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 an opioid addiction prevention and treatment program during the 2021-23 biennium.

House Bill No. 1447 (2023) required OMB 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, OMB transferred \$9,598,002 from the Attorney General Refund Fund to the Opioid Settlement Fund. All subsequent opioid settlement proceeds received have been deposited directly 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. Settlement funds deposited in the Attorney General Refund Fund during the 2023-25 biennium totaled \$232,114. 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. 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. The Attorney General did not spend funding on improvements during the 2023-25 biennium. The Attorney General anticipates spending \$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 (2023), 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 spent \$12,027 during the 2023-25 biennium.

Section 17 of House Bill No. 1003 (2025), 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 2025-27 biennium. The Attorney General anticipates spending \$338,373, including \$464 of available funding in the Attorney General Refund Fund, on the project during the 2025-27 biennium.

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), 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.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$1,632,531. The increase of \$1,432,428 in the estimated balance of \$3,064,959 is due primarily to actual expenditures in the 2023-25 biennium and estimated expenditures in the 2025-27 biennium being less than previously estimated.

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 OMB 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 BEGINNING FARMER REVOLVING LOAN FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium ¹		2025-27 Biennium ¹	
	Actual		Estimated	
Beginning cash balance		\$1,489,078		\$3,895,804
Add revenues				
Transfers of Bank of North Dakota profits (2023 HB 1014; 2025 SB 2014)	\$15,000,000		\$6,000,000	
Transfers from partnership in assisting community expansion (PACE) funds ²	0		0	
Recoveries from loans previously written off	0		0	
Investment interest	18,831		30,000	
Total revenues		15,018,831		6,030,000
Total available		\$16,507,909		\$9,925,804
Less expenditures and transfers				
Interest rate buydowns	\$4,603,705		\$8,000,000	
Transfers to PACE funds ²	8,000,000			
Transfers to the Value-Added Agriculture Equity Loan Program ³	0		0	
Administrative expenses including audit fees	8,400			
Total expenditures and transfers		12,612,105		8,000,000
Ending cash balance		<u>\$3,895,804</u>		<u>\$1,925,804</u>

¹The beginning and ending cash balances do not include the value of the outstanding loans because the loans are reflected on the Bank of North Dakota's balance sheet.

²North Dakota Century Code Sections 6-09-15.5 and 6-09.13-04 authorize the Bank of North Dakota to transfer any unobligated funds that have been appropriated for interest rate buydowns between the Beginning Farmer Revolving Loan Fund, the Ag PACE Fund and other PACE funds. Transfers in the 2023-25 biennium totaled \$8 million, and no transfers are anticipated for the 2025-27 biennium.

³Section 6-09-15.5 authorizes the Bank of North Dakota to transfer up to \$1 million per biennium of unobligated funds from the Beginning Farmer Revolving Loan Fund to the Value-Added Agriculture Equity Loan Program. No transfers were made for the 2023-25 biennium, and no transfers are anticipated for the 2025-27 biennium.

FUND HISTORY

The Beginning Farmer Revolving Loan Fund was established in Senate Bill No. 2220 (1983) and is maintained to provide interest rate buydowns on loans to beginning farmers for the first purchase of farm real estate or chattels. The Beginning Farmer Revolving Loan Fund is administered by the Bank of North Dakota pursuant to Section 6-09-15.5.

ANALYSIS OF THE STATE BONDING FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
Beginning balance		\$3,807,543		\$4,198,573
Add estimated revenues				
Investment income	\$407,319		\$407,000	
State Bonding Fund claims collections			22,000	
Total estimated revenues		407,319		429,000
Total available		\$4,214,862		\$4,627,573
Less estimated expenditures and transfers				
Claim liabilities/payments/writeoffs			\$20,000	
Investment expense	\$16,289			
Total expenditures and transfers		16,289		20,000
Ending balance		<u>\$4,198,573</u>		<u>\$4,607,573</u>

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$4,404,843. The increase in the estimated balance of \$202,730 is due to an increase in the actual and estimated investment income.

FUND HISTORY

The State Bonding Fund was created in 1915 and is maintained for bond coverage of public employees. The 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 fund's balance is in excess of \$2 million. No premium has been charged, possibly since 1953, because the 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) transferred 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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$914,599,431	
Add estimated revenues				
Investment income (loss)	\$90,351,477 ¹		\$97,637,750 ¹	
Oil and gas tax collections	0 ²		0 ²	
Transfer from General Fund	23,862,793 ³			
Total estimated revenues		114,214,270		97,637,750
Total available		\$1,028,813,701		\$1,036,099,974
Less estimated expenditures and transfers				
Transfer to General Fund	\$90,351,477 ¹		\$96,614,000 ¹	
Total estimated expenditures and transfers		90,351,477		96,614,000
Estimated ending balance		<u>\$938,462,224</u>		<u>\$939,485,974</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. Any interest earnings that would cause the fund to exceed the maximum balance are transferred to the General Fund. The amount transferred to the General Fund for the 2025-27 biennium due to the maximum balance limitation is based on total General Fund appropriations of \$6,263,239,825, which reflects legislative action during the January 2026 special legislative session.

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 for the 2023-25 biennium is based on a General Fund appropriation amount of \$6,256,414,825, which reflects legislative action during the 2025 legislative session.

NOTE: The estimated June 30, 2027, balance at the end of the 2025 regular legislative session was \$938,462,224. The increase in the estimated ending balance of \$1,023,750 is due to additional General Fund appropriations of \$6,825,000 being made during the January 2026 special legislative session, resulting in a higher maximum fund balance.

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 of 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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$7,480,758	
Add estimated revenues				
Investment income	\$1,492,777		\$555,873	
Rentals, royalties, and bonuses	4,542,719		2,019,931	
Total revenues		6,035,496		2,575,804
Total available		\$13,516,254		\$9,999,233
Less estimated expenditures and transfers				
Administrative expenses	\$285,202		\$400,000	
Income payments to counties (North Dakota Century Code Section 15-04-23) ²	7,623		8,850	
Capitol Grounds Planning Commission continuing appropriation (Section 48-10-02) ³	225,000		250,000	
Capitol Grounds Planning Commission operating expenses (2023 SB 2393; 2025 HB 1015)	25,000		25,000	
Governor's residence security improvements (2023 SB 2393)	100,000			
Brynhild Haugland Room remodel (2023 SB 2393)	250,000			
Capitol window replacement (2023 SB 2393)	4,000,000			
Facility Management extraordinary repairs (2023 SB 2393)	250,000			
Building automation project (2023 SB 2393)	800,000			
Accessibility improvements (2023 SB 2393)	150,000			
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		6,092,825		6,533,850
Ending balance		<u>\$7,423,429</u>		<u>\$3,465,383</u>

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 48-10-02 provides continuing appropriation authority of \$250,000 per biennium of income and interest from the Capitol Building Fund to the Capitol Grounds Planning Commission. 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. The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$1,845,483. The increase in the estimated balance of \$1,619,900 is primarily due to actual 2023-25 biennium rents, royalties, and bonuses being more than estimated and 2023-25 biennium expenditures being less than estimated.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$1,845,483. The increase in the estimated balance of \$1,619,900 is primarily due to actual 2023-25 biennium rents, royalties, and bonuses being more than estimated and 2023-25 biennium expenditures being less than estimated.

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.

ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium ¹		2025-27 Biennium ¹	
	Actual		Estimated	
Beginning balance		\$254,398		\$946,662
Add revenues				
Investment income ²	\$3,282,101		\$2,330,400	
School construction loan income ²	943,329		1,312,000	
Total revenues		4,225,430		3,642,400
Total available		\$4,479,828		\$4,589,062
Less expenditures and transfers				
Investment expense	\$839,087		\$700,000	
Administrative expenses	4,000		4,000	
Transfer to the General Fund ²	2,690,079		1,750,000	
Total expenditures and transfers		3,533,166		2,454,000
Ending balance		<u>\$946,662</u>		<u>\$2,135,062</u>

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, 2025, the total value of permanent fund assets was \$76 million, of which \$28.9 million was school construction loans receivable, \$6.1 million was coal impact loans receivable, and \$41 million was either cash or short-term investments.

Section 15.1-36-02 makes 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. House Bill No. 1369 (2025) expands the program for the 2025-27 biennium only to allow a loan for a school construction project on an Air Force base up to the lesser of \$20 million or 20 percent of the project cost.

²Pursuant to Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota, income from the Coal Development Trust Fund must be used first to replace any uncollectible loans with 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.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$2,834,521. The estimated balance decreased by \$699,459 primarily related to increases in the transfers to the General Fund.

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 allocates 30 percent of the coal severance tax to 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.

Pursuant to Section 57-62-02, the Board of University and School Lands administers the fund to provide loans to coal-impacted counties, cities, and school districts, and to school districts for school construction projects. 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) increased the amount available for loans to \$60 million with a limit of up to \$2 million per loan 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

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	0.50%
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	9.42%
	2025	\$6,997,804,865	\$249,930,000	11.64%
2025-27	2026	\$7,947,818,906	\$292,338,675 ³	²
	2027	²	\$292,338,675 ³	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 \$8,497,122,044 as of December 31, 2025.**

³In House Bill No. 1013 (2025), the Legislative Assembly appropriated \$595,677,350 from the State Tuition Fund for integrated formula payments, including \$584,677,350 from the Common Schools Trust Fund and an estimated \$11,000,000 from fines for the violation of state laws.

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. 2012 (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, appraisal, 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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
Beginning balance		\$31,973,946		\$43,006,529
Add revenues				
Transfers to date from the Tobacco Settlement Trust Fund	\$42,711,756		\$19,675,481 ¹	
Projected transfers from the Tobacco Settlement Trust Fund			20,000,000 ²	
JUUL Labs, Inc., settlement proceeds deposited in the fund (2023 HB 1004)	1,390,271 ²		696,342 ²	
Projected JUUL Labs, Inc., settlement proceeds			300,000 ²	
Refund of prior biennium expenditures from the fund	45		2,307	
Total revenues		44,102,072 ²		40,674,130 ²
Total available		\$76,076,018		\$83,680,659
Less 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	\$5,631,799		\$6,250,000	
Tobacco prevention and control, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses	4,719,556 ³		4,549,698 ³	
Tobacco cessation grants	500,000		500,000	
Youth vaping prevention grants	300,000		300,000	
Women's Way Program	328,515		329,500	
Behavioral risk factor state survey	200,001		200,000	
Dentists' Loan Repayment Program	336,426 ⁴		360,000 ⁴	
Behavioral Health Loan Repayment Program	175,646 ⁵		234,500 ⁵	
Cancer programs	570,067		580,324	
Domestic violence offender intervention	996,327 ⁶		1,250,000 ⁶	
Domestic violence prevention	992,233 ⁶		3,000,000 ⁶	
Local public health state aid	3,275,000 ⁷		3,275,000 ⁷	
Forensic examiner contract	1,000,000 ⁸		0 ⁸	
Forensic examiner electronic records system - One-time funding			278,000 ⁸	
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 - One-time funding			335,000	
Department of Health and Human Services - Human services (2023 SB 2012; 2025 HB 1012 and SB 2200)				
Child support computer replacement project - Funding provided in 2023 SB 2012 is continued to the 2025-27 biennium (Section 32 of 2025 HB 1012)	147,193		20,366,271	
988 Crisis Hotline Program, including \$500,000 appropriated in 2025 SB 2200	445,101		2,367,500	
Cross-Disability Advisory Council	523,797			
Basic care funding rate study	598,751			

Health Care Task Force	329,077		
Vocational rehabilitation information technology system - One-time funding			0
Law enforcement rural crisis support program			1,000,000
Develop partial hospitalization/intensive day treatment - One-time funding			1,000,000
Critical access hospital networking - One-time funding			2,000,000
Intermediate care facility grant - One-time funding			4,400,000
Cultural center programming - One-time funding			300,000
University of North Dakota School of Medicine and Health Sciences - Clinically integrated network grant (2023 SB 2012)	3,500,000		0
University of North Dakota School of Medicine and Health Sciences - One-time funding for an allied health facility project (2025 SB 2003)			5,000,000
University of North Dakota - One-time funding to establish a North Dakota Center for Aerospace Medicine, provided in addition to \$250,000 from federal funds (2025 HB 1612)			250,000
Legislative Council - One-time funding to contract for consulting services related to a disability services study (2025 HB 1012)			
Attorney General - Expenses related to the enforcement of the Master Settlement Agreement and consent agreement and any disputes with the agreement (2025 HB 1003)			239,716
Total expenditures and adjustments		33,069,489	65,365,509
Ending balance		<u>\$43,006,529</u>	<u>\$18,315,150</u>

¹Through April 22, 2026, the state has received tobacco settlement payments totaling \$19,675,481 for the 2025-27 biennium, all of which has been transferred from the Tobacco Settlement Trust Fund to the Community Health Trust Fund. Total transfers of \$237,465,141 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 have been estimated based on actual revenues received through April 22, 2026, and legislative estimates for the remainder of the 2025-27 biennium.

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) 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.

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) provided 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 intervention 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) provided a total of \$1,250,000 from the Community Health Trust Fund for domestic violence offender intervention and \$10,461,285 for domestic violence prevention, of which \$5,221,285 is from the General Fund, \$3,000,000 is from the Community Health Trust Fund, \$1,900,000 from the Charitable Gaming Operating Fund, and \$340,000 is from the Domestic Violence and Sexual Assault Prevention Fund.

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) provided 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) provided a total of \$2,433,078 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) included \$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) did not include funding for statewide health strategies.

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) provided 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 the Health and Human Services Operating Fund, and \$1,125,000 is from the Insurance Tax Distribution Fund. Funding provided for training totals \$846,000, of which \$696,000 is from the General Fund and \$150,000 is from the Health and Human Services Operating Fund.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$13,836,956. The increase in the estimated balance of \$4,478,194 is due to lower expenditures than budgeted during the 2023-25 biennium resulting in the ending balance being \$2,654,064 more than estimated and expenditures during the 2025-27 biennium estimated to be \$2,150,000 less than originally budgeted.

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**

	2019-21 Biennium		2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
	Actual		Actual		Actual		Estimated	
Beginning balance		\$21,987,295		\$15,396,161		\$18,524,149		\$22,181,044
Add revenues								
Interest income	\$66,353		\$51,247		\$440,688		\$864,000	
Miscellaneous reimbursements	24,577		6,035		16,418		15,000	
Oil and gas tax collections ¹	0		15,511,903		8,450,480		11,166,190	
Total revenues		90,930		15,569,185		8,907,586		12,045,190
Total available		\$22,078,225		\$30,965,346		\$27,431,735		\$34,226,234
Less estimated expenditures								
Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act funding 2011 flooding	\$2,367,837 ²				\$1,662,308 ⁹		\$3,550,000 ¹⁰	
State disasters, flood mitigation efforts, and predisaster mitigation 2013 Red River Valley flood	210 ²		\$142,276 ⁵		128,142 ⁹		1,153,534 ¹⁰	
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	93,046 ²				585,564 ⁹		2,000,000 ¹⁰	
Dickey County FEMA repayment	200,000 ²							
Non-oil-producing township road maintenance and improvement			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		402,902 ⁹		18,923 ¹⁰	
2020 COVID-19			1,292 ⁵		171,976 ⁹		166,755 ¹⁰	
2020 flooding	894,613 ⁴		(569,775) ⁵		109,423 ⁹		29,161 ¹⁰	
2021 June severe storms					52,671 ⁹		1,964 ¹⁰	
2022 spring storm					1,897,994 ⁹		5,242,834 ¹⁰	
2022 winter storm					239,711 ⁹		15,780 ¹⁰	
Snow removal grants ⁸								
2023 flooding							492,182 ¹⁰	
2023 ice storm							762,820 ¹⁰	
2024 wildland fires							386,988 ¹⁰	

2025 summer severe storms					353,859	
2025 severe storms					51,434	
Total estimated expenditures and transfers		6,682,064	12,441,197	5,250,691		14,226,234
Estimated ending balance		\$15,396,161	\$18,524,149	\$22,181,044		\$20,000,000

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.

NOTE: The oil and gas tax collections estimate for the 2025-27 biennium made at the end of the 2025 regular legislative session was \$7,562,403. The estimated oil and gas tax collections increased by \$3,603,787 primarily related to increases in STORM Act and 2022 spring storm expenditures and lower than anticipated interest income.

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) included 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) included 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) provided 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) included 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) included 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 \$6.05 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, \$300,000 for wildland fire funding, and \$200,000 for flood mitigation efforts in the 2025-27 biennium.

FUND HISTORY

Section 37-17.1-27 (Section 4 of Senate Bill No. 2012 (2009)) establishes the 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 amended 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. In House Bill No. 1073 (2025), the Legislative Assembly amended Sections 37-17.1-22, 37-17.1-23, and 37-17.1-27 to authorize the use of the State Disaster Relief Fund following a declaration of a state disaster or emergency issued by the Governor in accordance with Section 37-17.1-05.

ANALYSIS OF THE ELECTRONIC HEALTH INFORMATION EXCHANGE FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance ¹		\$2,507,151	
Add revenues				
Funds from health information network participants	\$1,505,536		\$1,470,218	
Federal funds from the Centers for Medicare and Medicaid Services (CMS) ³	6,510,491		3,537,133	
Transfer - Health Information Technology Planning Loan Fund (2023 HB 1021) ⁴	3,000,000		0	
Total revenues		11,016,027		5,007,351
Total available		\$13,523,178		\$10,371,958
Less expenditures and transfers				
Health information technology and exchange network ^{2,3}	\$8,158,571		\$7,688,204	
Total expenditures and transfers		8,158,571		7,688,204
Ending balance		<u>\$5,364,607</u>		<u>\$2,683,754</u>

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 (DHHS) 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, and \$1,110,149 in the 2021-23 biennium, from DHHS for the network, for a total of \$22,153,101 of federal HITECH funds received for the network. No additional federal HITECH funds are expected to be available during the 2025-27 biennium or in future bienniums. All federal funding for the 2023-25 and 2025-27 bienniums is from funding received from CMS pursuant to an 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 received an additional \$2,497,715 of federal CMS funding during the 2023-25 biennium, providing a total of \$6,510,491. The estimated amount of federal funding to be received from CMS for the 2025-27 biennium is \$3,537,133.

⁴House Bill No. 1021 (2023) provided 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. In March 2025, the Chief Information Officer requested the entire \$3 million be transferred to the Electronic Health Information Exchange Fund.

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 Section 39 of Senate Bill No. 2308 (2025), the Legislative Assembly repealed Section 54-59-25 related to the Health Information Technology Advisory Committee.

ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium		2025-27 Biennium	
	Actual		Estimated	
Beginning balance		\$7,081,986		\$6,951,782
Add revenues				
Pesticide registration fees (North Dakota Century Code Section 4.1-34-03) ¹	\$5,282,900		\$4,950,000	
Weed seed-free forage (Section 4.1-14-04) ²	26,355		30,000	
Fertilizer registration, inspection, and tonnage fees (Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07) ^{3,4}	1,507,591		1,207,600	
Commercial feed registration, inspection, and tonnage fees (Section 4.1-41-19) ⁵	727,500		727,500	
Total revenues		7,544,346		6,915,100
Total available		\$14,626,332		\$13,866,882
Less estimated expenditures and transfers				
Agriculture Commissioner (2023 SB 2009; 2025 HB 1009)				
Administrative Services Division	\$207,099		\$506,470	
Marketing and Information Division	155,545		173,690	
Wildlife Services Program	433,800		583,800	
Animal Health Division (State Veterinarian)	111,248		144,270	
Plant Industries Division	1,479,755		2,458,905	
Pesticide and Fertilizer Division	3,335,083		3,459,183	
Grain Inspection and Feed Division	395,770		740,024	
Transfer to Environmental Impact Mitigation Fund (2023 SB 2009; 2025 HB 1009)	250,000		250,000	
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	250,000		250,000	
Environmental Services Program				
Regional Livestock Development and Planning Grant Program (2023 HB 1437; 2025 HB 1009) ⁷	656,250		543,750	
Total expenditures and transfers		7,674,550		9,510,092
Ending balance		\$6,951,782		\$4,356,790

¹The Legislative Assembly approved Senate Bill No. 2009 (1999), which amended Section 19-18-04, and 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. In House Bill No. 1009 (2025), the Legislative Assembly appropriated \$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. In House Bill No. 1009 (2025), the Legislative Assembly provided an exemption to continue \$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.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$3,774,994. The increase of \$581,796 in the estimated balance of \$4,356,790 is primarily due to less expenditures incurred by the Plant Industries Division and the Pesticide and Fertilizer Division during the 2023-25 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 STATE FIRE AND TORNADO FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium		2025-27 Biennium	
	Actual		Estimated	
Beginning balance		\$16,300,447		\$16,918,644
Add estimated revenues				
Premium collections	\$8,578,746		\$26,000,000	
Investment income (loss)	3,222,020		2,400,000	
Total estimated revenues		11,800,766		28,400,000
Total available		\$28,101,213		\$45,318,644
Less estimated expenditures and transfers				
Loss claims payments	\$8,544,407		\$10,000,000	
Claims-related payments, including reinsurance costs	2,430,646		17,000,000	
Administration/investment expense	207,516		2,500,000	
Total estimated expenditures and transfers		11,182,569		29,500,000
Estimated ending balance		<u>\$16,918,644</u>		<u>\$15,818,644</u>

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$10,575,447. The increase in the estimated balance of \$5,243,197 is due to decreases in both the actual and estimated expenditures related to claims.

FUND HISTORY

The State 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. North Dakota Century Code Section 26.1-22-14 requires that if the 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 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 State Fire and Tornado Fund from the Insurance Commissioner to the Director of the Office of Management and Budget.

House Bill No. 1027 (2025) transferred 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

	2023-25 Biennium		2025-27 Biennium	
	Actual		Estimated	
Beginning balance		\$484,246,406		\$479,415,112
Add revenues				
Oil extraction tax allocations	\$227,168,706		\$171,312,160 ¹	
Total revenues		227,168,706 ²		171,312,160 ²
Total available		\$711,415,112		\$650,727,272
Less expenditures and transfers				
Department of Public Instruction (DPI) (2023 SB 2013; 2025 HB 1013)				
State school aid	\$157,000,000 ³		\$233,000,000 ³	
Transfer to the School Construction Assistance Revolving Loan Fund (2023 SB 2284)	75,000,000 ³			
Total expenditures and transfers		232,000,000 ⁴		233,000,000 ⁴
Ending balance		\$479,415,112		\$417,727,272
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
Ending balance available		<u>\$229,321,870</u>		<u>\$156,508,340</u>

¹Estimated revenues - Based on actual oil extraction tax collections deposited in the fund through April 2026 and estimated allocations for the remainder of the 2025-27 biennium based on the 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 2023-25 biennium, \$9,117,721 was allocated to the General Fund. For the period July 1, 2025, through March 31, 2026, \$7,754,728 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. The Legislative Assembly, in House Bill No. 1013 (2025), appropriated \$233 million from the Foundation Aid Stabilization Fund to DPI to provide ongoing funding for state school aid for the 2025-27 biennium.

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 was \$250,093,242, \$7,235,689 less than the reserve required for the 2021-23 biennium.

⁶The Legislative Assembly, in Senate Bill Nos. 2013 and 2398 (2023), 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 (2023) 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. The Legislative Assembly, in House Bill No. 1013 (2025), provided \$2,496,377,703 for integrated formula payments, transportation aid, and special education grants for the 2025-27 biennium, of which \$595,677,350 is from the State Tuition Fund, \$233,000,000 is from the Foundation Aid Stabilization Fund, \$1,656,700,353 is from the General Fund, and \$11,000,000 is from carryover funds, continued from the 2023-25 biennium and deposited in the department's operating fund. In addition, the Legislative Assembly approved Senate Bill No. 2019 (2025) which includes General Fund appropriations to the Department of Career and Technical Education for CTE grants to school districts and area centers totaling \$52,037,780 for the 2025-27 biennium. Based on this level of funding from the General Fund during the 2025-27 biennium, the required reserve balance for the 2027-29 biennium would be \$256,310,720, \$4,908,212 less than the reserve required for the 2025-27 biennium.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$423,686,406. The decrease in the estimated balance of \$5,959,134 is due to lower oil extraction tax allocations during the 2023-25 biennium resulting in the ending balance being \$4,341,294 lower than estimated and decreasing oil activity during the 2025-27 biennium, resulting in actual and estimated 2025-27 biennium revenues of \$171,312,160 being \$1,617,840 less than originally projected revenues of \$172,930,000.

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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$645,860	
Add estimated revenues				
Investment earnings	\$10,883		\$12,500	
Loan repayments - Principal and interest ¹	501,502		650,000	
Total estimated revenues		512,385		662,500
Total available		\$1,158,245		\$1,320,745
Less estimated expenditures and transfers				
Department of Health and Human Services (DHHS) basic care facility bad debt expense (2023 SB 2012)	\$500,000		\$0	
DHHS basic care additional daily rate (2025 HB 1012) (limited to available balance) ²			1,320,745	
Total estimated expenditures and transfers		500,000		1,320,745
Estimated ending balance		\$658,245		\$0

¹As of March 30, 2026, the remaining principal balance of loans outstanding is \$1,803,359.

²Although House Bill No. 1012 (2025) appropriated \$1,448,052 from the Health Care Trust Fund DHHS for the additional daily rate for basic care, expenditures are limited to the funds available in the fund which is estimated to be \$1,320,745.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was also zero. The actual balance at the end of the 2023-25 biennium decreased due to a reduction in the estimated revenues of \$189,807. The estimated revenues for the 2025-27 biennium increased by \$62,500. The estimated expenditure for the 2025-27 biennium for the increase in basic care facility rates decreased by \$127,307 to the available balance.

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--McVile 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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance ¹		\$2,834,290	
Add revenues				
Loan repayments - Principal	\$506,577		\$155,768	
Loan repayments - Interest and miscellaneous income	43,714		46,500	
Total revenues		550,291		202,268
Total available		\$3,384,581		\$581,185
Less expenditures and transfers				
Loans to health care entities ²	\$0		\$0	
Bank of North Dakota fees	\$5,664		6,500	
Transfer - Electronic Health Information Exchange Fund (2023 HB 1021) ³	3,000,000			
Total expenditures and transfers		3,005,664		6,500
Ending balance		<u>\$378,917</u>		<u>\$574,685</u>

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 approved \$14,227,024 of loans from the program's inception in the 2009-11 biennium through March 2026. 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 March 2026	Loan Maturation Date
St. Andrew's Health Center (Bottineau)	\$625,000		N/A
Cooperstown Medical Center	396,996		N/A
Wishek Hospital	761,149		N/A
Towner County Medical Center (Cando)	924,018		N/A
Presentation Medical Center (Rolla)	625,000		N/A
West River Health Services (Hettinger)	1,250,000		N/A
Ashley Medical Center	815,652	\$59,275	April 2029
Tioga Medical Center	931,320		N/A
St. Luke's Community Hospital and Clinics (Crosby)	874,542		N/A
Midgarden Family Clinic (Park River)	101,590		N/A
7-Day Clinic Walk-In Express Care (Fargo)	50,000		N/A
Linton Hospital	1,073,012		N/A
McKenzie County Health Care System	600,000		N/A
Garrison Memorial Hospital	800,000		N/A
Nelson County Health System	305,000		N/A
Southwest Healthcare System	605,000		N/A
CHI St. Alexius Medical Center	1,250,000		N/A
Pediatric Therapy Partners	100,000		N/A

Borrowing Entity	Original Loan Amount	Loan Balance Through March 2026	Loan Maturation Date
Valley Health	72,155		N/A
Knife River Care Center	125,000		N/A
Golden Acres Manor	98,648		N/A
St. Luke's Home	115,053		N/A
Richard P. Stadter Psychiatric Center	463,000		N/A
Elm Crest Manor	74,500		N/A
Northwood Deaconess	920,125	146,521	February 2029
Pharmacists Association	120,070	2,103	July 2026
St. Gerard's Community of Care	150,194		N/A
Total	\$14,227,024	\$207,899	

³House Bill No. 1021 (2023) provided 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. In March 2025, the Chief Information Officer requested the entire \$3 million be transferred from the Health Information Technology Planning Loan Fund.

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 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 of North Dakota as the service fee for administering the loans.

In Section 39 of Senate Bill No. 2308 (2025), the Legislative Assembly repealed Section 54-59-25 related to the Health Information Technology Advisory Committee.

ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues ^{1,2}				
Motor vehicle fuel tax	\$192,760,588		\$184,900,000	
Special fuels taxes	182,531,560		173,585,844	
Motor vehicle registration fees	188,437,731		186,500,500	
Motor vehicle excise tax ³	0		84,700,000	
Total estimated revenues		563,729,879		629,686,344
Total available		\$563,729,879		\$629,686,344
Less estimated deductions and transfers				
Highway Patrol	\$11,256,381		\$12,836,056	
Motorboat safety account	306,945		300,000	
State Snowmobile Fund	148,065		150,000	
Rail Safety Fund	664,654		635,888	
Administrative assistance to transferees	5,500,000		5,500,000	
Ethanol production incentives	4,772,881		4,900,000	
Total estimated deductions before distributions		22,648,926		24,321,944
Total available for distributions and transfers		\$541,080,953		\$605,364,400
Less estimated distributions and transfers ⁴				
State Highway Fund	\$331,682,625		\$363,164,400	
Counties	119,471,462		135,600,000	
Cities	67,201,466		76,300,000	
Townships	14,609,186		20,600,000	
Transit	8,116,214		9,700,000	
Total estimated distributions and transfers		541,080,953		605,364,400
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 estimated revenue for the remainder of the 2025-27 biennium are based on DOT's revenue forecast.

³Senate Bill No. 2012 (2025) amended North Dakota Century Code Section 57-40.3-10 to provide for 25 percent of motor vehicle excise tax collections to be deposited in the Highway Tax Distribution Fund instead of the Flexible Transportation Fund.

⁴Senate Bill No. 2012 (2025) amended Section 54-27-19 to provide for revised allocations from the Highway Tax Distribution Fund as follows:

	2023-25 Biennium	2025-27 Biennium
State Highway Fund	61.3%	60.0%
Counties and cities	34.5%	35.0%
Township Highway Aid Fund	2.7%	3.4%
Public Transportation Fund	1.5%	1.6%
Total	100.0%	100.0%

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. 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. Senate Bill No. 2012 (2025) changed the percentage allocations to provide that money in the fund must be distributed by the State Treasurer as follows:

1. Sixty percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Three and four-tenths percent must be transferred monthly to the township highway aid fund.
3. One and sixth-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-five 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 60 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 3.4 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 1.6 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," 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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$486,568,637	
Add revenues				
Earnings distributed from the Legacy Fund - Percent of market value calculation (2025 HB 1176 and SB 2012) ¹	\$0		\$686,881,086	
Total revenues		0		\$686,881,086
Total available		\$486,568,637		\$686,881,086
Less expenditures and transfers (2025 HB 1176 and SB 2012) ²				
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		N/A	
Transfer to the Legacy Earnings Highway Distribution Fund	100,000,000		N/A	
Transfer of remaining earnings				
50 percent to the General Fund	29,474,088		N/A	
50 percent to the Strategic Investment and Improvements Fund (SIIF)	29,474,088		N/A	
30 percent to the Highway Fund	N/A		175,277,503	
70 percent to the Legacy Property Tax Relief Fund	N/A		408,980,840	
Total expenditures and transfers		486,568,637		686,881,086
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), identified 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).

House Bill No. 1176 (2025) and Senate Bill No. 2012 (2025) increase the distribution from the Legacy Fund by 1 percent, from 7 to 8 percent. Using a distribution of 8 percent, the transfer at the beginning of the 2025-27 biennium is \$686,881,086 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). Changing the distribution to 8 percent increased the transfer 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. 1176 (2025) and Senate Bill No. 2012 (2025) repeal Sections 21-10-12 and 21-10-13 and create a new section to Chapter 54-11 for the Legacy Earnings Fund. The allocations are designated for the Legacy Sinking and Interest Fund (\$102.6 million) with any remaining amounts allocated 30 percent to the Highway Fund and 70 percent to a newly created Legacy Property Tax Relief Fund to provide funding for an expansion of the primary residence credit.

NOTE: The estimated June 30, 2027, balance did not change compared to the estimate made at the end of the 2025 regular legislative session.

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.

House Bill No. 1176 (2025) and Senate Bill No. 2012 (2025) repealed Sections 21-10-12 and 21-10-13 and created a new section to Chapter 54-11 for the Legacy Earnings Fund. The allocations from the fund are designated for the Legacy Sinking and Interest Fund (\$102.6 million) with any remaining amounts allocated to 30 percent to the Highway Fund and 70 percent to the Legacy Property Tax Relief Fund.

ANALYSIS OF THE LEGACY FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
Beginning balance		\$8,999,738,920		\$13,011,132,728
Add revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) ¹	\$1,554,149,605		\$1,168,690,000	
Coal conversion tax collections ²			2,135,000	
Investment earnings (losses) (2023 SB 2330) ^{3,4}	2,457,244,203		1,536,500,000	
Total revenues		4,011,393,808		2,707,325,000
Total available		\$13,011,132,728		\$15,718,457,728
Less expenditures and transfers				
Transfer of earnings to the Legacy Earnings Fund (2023 SB 2330; 2025 HB 1176 and SB 2012) ⁵	\$0		\$686,881,086	
Expenditure of principal ⁶	0		0	
Total expenditures and transfers		0		686,881,086
Ending balance		<u>\$13,011,132,728</u>		<u>\$15,031,576,642</u>

¹The oil and gas tax revenues for the 2025-27 biennium reflect allocations for July through June (24 months) and are based on the estimate in the 2025 legislative revenue forecast.

²House Bill No. 1279 (2025) extends a partial coal conversion tax exemption for coal conversion facilities and allocates the state share of coal conversion tax revenues to the Legacy Fund rather than the General Fund.

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 investment earnings are based on the actual earnings for the 2023-25 biennium and are based on a 6 percent annual rate of return for the 2025-27 biennium.

The investment earnings for the Legacy Fund for the 2025-27 biennium through February 28, 2026, were \$147.1 million, including realized earnings of \$582.4 million and unrealized losses of \$435.3 million.

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

⁴A portion of the Legacy Fund investments are designated 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.

House Bill No. 1176 (2025) and Senate Bill No. 2012 (2025) increase the distribution from the Legacy Fund by 1 percent, from 7 to 8 percent. Using a distribution of 8 percent, the transfer at the beginning of the 2025-27 biennium is \$686,881,086 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). Changing the distribution to 8 percent increased the transfer 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.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$14,340,822,066. The estimated balance increased by \$690,754,576 primarily related to an increase in the investment earnings during the 2023-25 biennium.

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.

House Bill No. 1176 (2025) and Senate Bill No. 2012 (2025) repealed Sections 21-10-12 and 21-10-13 and created a new section to Chapter 54-11 for the Legacy Earnings Fund to identify the distribution using 8 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 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.

House 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.

House Bill No. 1279 (2025) extends a partial coal conversion tax exemption for coal conversion facilities and allocates the state share of coal conversion tax revenues to the Legacy Fund rather than the General Fund.

ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
Beginning balance		\$29,488,701		\$24,655,285
Add revenues				
Separate two-cent coal severance tax	\$783,511		\$780,000	
50 percent of coal severance taxes deposited in the Coal Development Trust Fund ¹	1,330,296		1,330,000	
20 percent of coal severance taxes deposited in the Coal Development Trust Fund for clean coal projects ¹	570,027		570,000	
15 percent of coal severance taxes ¹	2,896,480		2,900,000	
Lignite research tax (2021 HB 1412; 2025 HB 1279) ¹	2,288,193		2,300,000	
Oil and gas tax allocation	10,000,000		10,000,000	
Investment income on Dakota Gasification Company ammonia plant and Spiritwood plant	181,100		180,000	
Revenue bonds/short-term loan ²	0			
Interest income, return of funds, and litigation contributions	549,329		500,000	
Total revenues		18,598,936		18,560,000
Total available		\$48,087,637		\$43,215,285
Less expenditures and transfers ³				
Administration	\$1,103,264		\$305,000	
Nonmatching grants - Lignite feasibility studies ⁴	3,173,762		3,000,000	
Matching grants - Research projects	0		12,234,404	
Small research grants	6,273,734			
Advanced energy technology development	11,241,796			
Lignite marketing	1,563,000			
Carbon capture education	76,796			
Lignite litigation ⁵	0			
Total expenditures and transfers ⁶		23,432,352		15,539,404
Ending balance		\$24,655,285		\$27,675,881

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 created a new lignite research tax to maintain the current level of allocations to the Lignite Research Fund. House Bill No. 1279 (2025) extends a partial coal conversion tax exemption and lignite research tax through 2031.

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. However, the Industrial Commission has waived the fund allocation policy.

⁴House 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.

⁵House 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.

⁶The Industrial Commission has continuing appropriation authority for all money deposited in the Lignite Research Fund pursuant to Section 57-61-01.6. House Bill No. 1014 (2023) identified \$250,000 of one-time funding for grant administration software. The amounts shown include \$196,000 for the 2023-25 biennium and \$54,000 for the 2025-27 biennium related to expenditures for the grant administration software.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$31,205,407. The estimated balance decreased by \$3,529,526 primarily related to a change in the timing of expenditures.

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. 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 a partial coal conversion tax exemption and lignite research tax through 2031.

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 MEDICAL MARIJUANA FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
Beginning balance		\$1,739,396		\$1,207,701
Add revenues				
Program fees:				
Dispensary and manufacturer registration fees	\$750,000		\$720,000	
Application fees, including patient and compassion center agent fees	771,315		644,180	
Total revenues		1,521,315		1,364,180 ¹
Total available		\$3,260,711		\$2,571,881
Less Department of Health and Human Services estimated expenditures (pursuant to a continuing appropriation in North Dakota Century Code Section 19-24.1-40)				
Salaries and wages	\$1,366,188		\$1,217,114	
Indirect costs	245,914		219,125	
Operating expenditures	440,908		491,943	
Total expenditures and adjustments		2,053,010 ¹		1,928,182 ¹
Ending balance		\$1,207,701		\$643,699

¹Estimated revenues and expenditures are provided by the Department of Health and Human Services and are based on 5 FTE positions and 1 temporary position.

FUND HISTORY

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required the State Department of Health to establish and implement a Medical Marijuana Program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a Medical Marijuana Fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the Medical Marijuana Program. Therefore, the Legislative Assembly removed funding for the Medical Marijuana Division from the State Department of Health's base budget in 2019. The Legislative Assembly, in House Bill No. 1247 (2021), provided for the merger of the State Department of Health and the Department of Human Services to create the Department of Health and Human Services. In House Bill No. 1247, the Legislative Assembly provided legislative intent that, effective September 1, 2022, the State Department of Health merge into the Department of Human Services and both agencies be called the Department of Health and Human Services and that, effective September 1, 2022, the State Department of Health, including the State Health Officer, be under the authority of the Executive Director of the Department of Human Services, known as the Executive Director of the Department of Health and Human Services. The Medical Marijuana Program is now under the authority of the Department of Health and Human Services.

ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance ¹		\$40,495,372	
Add revenues				
Oil and gas gross production tax collections ²	\$15,000,000		\$15,000,000	
Refund of prior biennium funding	26,978			
Interest income	769,908		1,590,439	
Total revenues		15,796,886		16,590,439
Total available		\$56,292,258		\$55,056,773
Less expenditures and transfers				
Grants	\$17,337,693		\$18,000,000	
Transfer for grant management software expenses (2023 HB 1014) ³	250,000		0	
Administrative expenses	238,231		293,885	
Total expenditures and transfers		17,825,924		18,293,885
Ending balance		\$38,466,334		\$36,762,888
Grant award commitments ⁴	\$37,000,000		\$36,733,312	
Balance - Unobligated		\$1,466,334		\$29,576

¹This analysis of the North Dakota 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 North Dakota Outdoor Heritage 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 3 of Senate Bill No. 2323 (2025), the Legislative Assembly limited oil and gas production tax revenue allocation to the fund to \$7.5 million annually for the 2025-27 biennium.

³In House Bill No. 1014 (2023), the Legislative Assembly 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.

NOTE: The estimated June 30, 2027, balance prior to grant award commitments made at the end of the 2025 regular legislative session was \$41,085,372. The decrease of \$4,322,484 in the estimated balance of \$36,762,888 is primarily due to more grant distributions made during the 2023-25 biennium than estimated and more estimated grant distributions during the 2025-27 biennium than previously estimated, offset by an increase in actual and estimated interest income than previously estimated for the 2023-25 and 2025-27 bienniums.

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 5 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 fund, up to \$15 million per year.
- House Bill No. 1176 (2015) amended Section 57-51-15 to increase the amount deposited in the 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), 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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$428,790,986	
Add revenues and transfers				
Oil extraction tax collections ¹	\$465,695,848		\$354,510,000	
Repayments and reimbursements	13,314,730		13,346,335	
Investment earnings/miscellaneous income	21,131,227		17,684,827	
Total revenues		500,141,805		385,541,162
Total available		\$928,932,791		\$879,547,116
Less expenditures and transfers				
House Bill No. 1431 (2021) - Appropriation to the State Water Commission (SWC) to provide funding for the Mouse River flood control project ^{2,6}	\$48,265,173		\$16,089,452	
Department of Water Resources (DWR)- Grants, projects, and project administration, pursuant to Senate Bill No. 2020 (2023) for the 2023-25 biennium and House Bill No. 1020 (2025) for the 2025-27 biennium ^{3,6}	344,262,855		789,139,742	
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 ⁴	10,000,000			
Senate Bill No. 2393 (2023) - Targeted market equity pool, new and vacant FTE funding pool, and employer retirement contribution pool ⁵	2,471,972			
Total DWR expenditures and loans		405,000,000		805,229,194
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			40,000,000	
Senate Bill No. 2020 (2023) - Transfer to Water Projects Stabilization Fund ⁷	25,726,837			
Total transfers		29,926,837		44,200,000
Ending balance		\$494,005,954		\$30,117,922

¹Estimated oil extraction tax revenues - The amount for the 2025-27 biennium is 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 SWC for the Mouse River flood control project. Of the \$74.5 million, \$64.4 million was continued into the 2023-25 biennium and \$16.1 million was continued into the 2025-27 biennium.

³Senate Bill No. 2020 (2023) included \$876.7 million from the Resources Trust Fund for the purpose of defraying the expenses of DWR for the 2023-25 biennium. This amount included \$524.8 million of new appropriations for the 2023-25 biennium and \$351.9 million of water project funding continued from the 2021-23 biennium (carryover). The Department of Water Resources spent \$405 million during the 2023-25 biennium.

⁴House Bill No. 1024 (2025) included a 2023-25 biennium appropriation of \$10 million from the Resources Trust Fund to DWR to repay a Bank of North Dakota line of credit relating to the Water Infrastructure Revolving Loan Fund. The department repaid the line of credit in May 2025 at a cost of \$10 million, of which \$11,631 was from interest accrued on the line of credit.

⁵Senate 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 DWR were paid primarily from the Resources Trust Fund.

⁶House Bill No. 1020 (2025) included \$834.2 million from the Resources Trust Fund for the purpose of defraying the expenses of DWR for the 2025-27 biennium. This amount includes \$356.3 million of new appropriations for the 2025-27 biennium and \$477.9 million of water project funding continued from the 2023-25 biennium (carryover). Due to costs related to the Devils Lake outlet, engineering designs and project management of the Northwest Area Water Supply Project and Southwest Pipeline Project, and other operational costs being less than initially estimated, DWR estimates spending approximately \$805.2 million during the 2025-27 biennium.

⁷Senate 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. 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. The 2025 Legislative Assembly did not provide for the continued transfer of any oil extraction tax revenues to the Water Projects Stabilization Fund.

NOTE: The estimated June 30, 2027, ending fund balance made at the end of the 2025 regular legislative session was \$1,825,269. The increase of \$28,292,653 in the estimated balance of \$30,117,922 is primarily as a result of costs related to the Devils Lake outlet, engineering designs and project management of the Northwest Area Water Supply Project and Southwest Pipeline Project, and other operational costs being less than initially estimated.

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 SWC with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually, the Bank receives 0.5 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. The measure 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 0.5 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 SWC 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 SWC to refinance all remaining bonds through the Bank of North Dakota 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 of North Dakota loan. The bill contains an emergency clause, added in Senate Bill No. 2015 (2019); therefore, SWC 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. The 2025 Legislative Assembly did not provide for the continued transfer of any oil extraction tax revenues to the Water Projects Stabilization Fund.

ANALYSIS OF THE RISK MANAGEMENT FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$4,469,203	
Add revenues				
Premiums ^{1,2}	\$2,598,543		\$3,168,949	
Interest and other revenue ³	702,241		240,000	
Total revenues		3,300,784		3,408,949
Total available		\$7,769,987		\$8,253,476
Less expenditures and transfers				
Administration	\$1,347,494		\$1,335,397	
Claims-related expenses ⁴	0		0	
Claims, litigation, and excess insurance	1,577,966		2,768,143	
Total expenditures and transfers		2,925,460		4,103,540
Ending balance		\$4,844,527		\$4,149,936

¹In response to an actuarial review completed in 2022 by Aon plc, the Office of Management and Budget's (OMB) Risk Management Division assessed a total of \$2,857,018 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2023-25 biennium. Assessments were subject to a risk management discount program for agencies that adopt proactive loss control practices, with a maximum available discount of 15 percent. The amount shown for premiums reflects fiscal year 2024 discounts of \$130,211 and fiscal year 2025 discounts of \$127,407. In addition, Soybean Council premiums for fiscal year 2025 in the amount of \$857 were not collected as result of House Bill No. 1501 (2023).

²In response to an actuarial review completed in 2024 by Aon plc, OMB's Risk Management Division is assessing a total of \$3,470,867 in risk management premiums to state agencies, boards, and commissions and the University System for the 2025-27 biennium. The amount shown for premiums reflects \$151,918 in discounts for fiscal year 2026 and an estimated \$150,000 in discounts for fiscal year 2027.

³Interest and other revenue includes realized or projected gains from risk management investments, payments received from salvaged vehicles, and costs and attorney's fees collected for successful lawsuits.

⁴The amounts listed for claims-related expenses are for adjusting consulting services required for large or unusual claims.

FUND HISTORY

The North Dakota Supreme Court abolished the doctrine of sovereign immunity in September 1994. As a result of this court decision, the 1995 Legislative Assembly passed the Tort Claims Act (Senate Bill No. 2080 (1995)), which created a Risk Management Fund and assigned the responsibility of administering a Risk Management Program to OMB.

North Dakota Century Code Section 32-12.2-19 allows OMB to pay notification and remediation costs or insurance costs from the Risk Management Fund in the event of an information technology security breach at a state agency.

ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$0	
Add revenues				
Allocation from sales, use, and motor vehicle excise tax collections ¹	\$10,011,465		\$11,000,000	
Total revenues		\$10,011,465		\$11,000,000
Total available		\$10,011,465		\$11,000,000
Less expenditures and transfers				
State Treasurer - County senior citizen matching grants ²	\$9,255,401		\$11,000,000	
Transfer to the General Fund ³	756,064			
Total expenditures and transfers		10,011,465		11,000,000
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	\$5,175,535 (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%

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
2024	\$4,464,390 (actual)	4.9%
2025	\$4,784,791 (actual)	7.2%
2026	\$5,500,000 (estimate)	14.9%
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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$202,799,245	
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		\$235,800,000 ³	
Total estimated expenditures and transfers		200,000,000		235,800,000
Estimated ending balance		<u>\$252,799,245</u>		<u>\$266,999,245</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 9 of House Bill No. 1015 (2025) provides for a transfer of \$235.8 million from the Social Services Fund to the Human Service Finance Fund.

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$266,999,245, the same as the current estimate.

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

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance			
Add 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	\$267,549,784		\$276,101,247	
Total revenues		\$267,549,784		\$276,101,247
Total available		\$267,549,784		\$276,101,247
Less expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$143,674,234		\$148,266,370	
City share (46.3 percent)	123,875,550		127,834,877	
Total expenditures and transfers		267,549,784		\$276,101,247
Ending balance		\$0		\$0

¹The amounts shown for the 2025-27 biennium are based on collections through April 2026 and the 2025 regular legislative session revenue forecast for the remainder of the 2025-27 biennium.

NOTE: The estimated revenue projection for the 2025-27 biennium made at the end of the 2025 regular legislative session for deposits in the fund was \$275,917,950. The estimated fund revenues are \$183,297 more than the 2025 legislative estimate.

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 fund. The 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 fund for payments to political subdivisions. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the 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 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**

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
Beginning balance		\$1,676,500,295		\$1,737,442,259
Add revenues				
Production royalties ¹	\$389,251,967		\$289,000,708	
Mineral leases ¹	11,738,364		7,813,213	
Investment earnings ¹	142,048,309		54,209,772	
Oil and gas tax collections (2025 SB 2012 and SB 2323) ²	753,405,467		295,530,000	
Transfer from the Legacy Earnings Fund	29,474,088		0	
Total revenues		1,325,918,195		646,553,693
Total available		\$3,002,418,490		\$2,383,995,952
Less 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				
Information technology projects (2021 HB 1015) ³	626,268			
Deferred maintenance funding pool (2023 special session SB 2393) ³	5,948,825		14,051,175	
State Facility Maintenance Fund (2025 HB 1015)			34,000,000	
Procurement automation (2025 HB 1015)			515,052	
Snow removal equipment (2025 HB 1015)			172,000	
Floor scrubber (2025 HB 1015)			20,000	
Rent, moving, and space reconfiguration pool (2025 HB 1015)			5,700,000	
Prairie Public Broadcasting infrastructure (2025 HB 1015)			400,000	
State Hospital project (2025 HB 1015)			200,000,000	
University of North Dakota School of Law Immigration Law Clinic grant (2025 HB 1600)			400,000	
Information Technology Department				
Information technology projects (2023 HB 1021) ³	14,992,784			
State data center migration project (2025 SB 2021)			1,719,061	
Automating information technology services and software licenses (2025 SB 2021)			1,793,609	
Attorney General				
State Crime Laboratory equipment and supplies (2025 HB 1003)			321,000	
Bureau of Criminal Investigation undercover vehicles (2025 HB 1003)			540,000	
Portable hand-held dual-band radios (2025 HB 1003)			105,000	
Litigation funding pool (2025 HB 1003)			5,000,000	
Statewide automated victim identification notification system (2025 HB 1003)			1,500,000	
Peace officer and correctional officer appreciation grants (2025 HB 1193)			3,500,000	
Autonomous technology grants (2025 SB 2018)			250,000	
State Treasurer				
Information technology projects (2025 HB 1005)			295,000	

Judicial Branch

Transfer to Court Facilities Improvement and Maintenance Fund (2025 SB 2002)		200,000
Case management software cloud migration (2025 SB 2002)		758,000
Clerk filing software (2025 SB 2002)		1,250,000
Court records access system (2025 SB 2002)		960,000
Courtroom audio and video equipment (2025 SB 2002)		1,200,000
Cass County courtroom equipment (2025 SB 2002)		100,000

Public Employees Retirement System

Transfer to the main system retirement plan (2023 HB 1040; 2025 HB 1234)	135,000,000	25,000,000
Transfer to the Highway Patrol Troopers' Retirement System Fund (2025 SB 2120)		15,000,000

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	
Program grants (2025 HB 1013)		6,250,000

North Dakota University System

Capital Building Fund Program (2023 HB 1003; 2025 SB 2003)	24,000,000	26,500,000
Challenge grants (2025 SB 2003)		24,760,000
Nursing education consortium (2025 SB 2003)		1,100,000
Workforce education innovation grants (2025 SB 2003)		10,000,000

Lake Region State College

Roof project (2025 SB 2003)		2,500,000
-----------------------------	--	-----------

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)		16,000,000

North Dakota State University

Center for engineering and computational sciences project (2023 HB 1003)	59,000,000	
New horizon programming (2025 SB 2003)		16,000,000

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) ³	0		
Autonomous technology grant administration (2023 HB 1519)	12,500		
Statewide Area Career Center Grant Program - Inflationary costs (2023 SB 2015)	26,500,000		
Virtual reality hardware and software (2025 SB 2019)			1,000,000
Autonomous technology grants (2025 SB 2018)			250,000
Department of Environmental Quality			
New laboratory moving costs and equipment (2025 SB 2024)			3,575,186
Department of Health and Human Services - Human Services Division			
Information technology projects and capital projects (2019 SB 2012) ³	964,144		
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) ³	14,810		10,985,190
Pregnant and parenting women residential facility projects (2023 SB 2012) ³	500,000		
Southeast Human Service Center project (2023 SB 2012) ³	415,734		
State Hospital project planning and design (2023 SB 2012) ³	12,500,000		
Behavioral health facility grant (2023 special session HB 1543; 2025 HB 1012) ³	135,107		12,960,000
Retiring technology equipment from the mainframe (2025 HB 1012)			2,500,000
New state laboratory moving expenses and security equipment (2025 HB 1012)			2,962,304
Certified community behavioral health clinics projects (2025 HB 1012)			1,684,480
Housing initiative programs (2025 HB 1012)			1,000,000
State Hospital technology projects (2025 HB 1012)			1,000,000
Prosecution-led diversion treatment services (2025 HB 1425)			750,000
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)	60,000,000		
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)			10,000,000
Aeronautics Commission			
Generational airport projects (2025 SB 2006)			90,000,000
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)	5,500,000	
Transfer to a newly created Long-Term Care Facility Infrastructure Loan Fund (2025 HB 1619)		15,000,000
Housing Finance Agency		
Transfer to Housing Incentive Fund for housing projects and programs (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
Paleontology excavation project (2025 SB 2014)		150,000
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
Deferred maintenance and extraordinary repairs (2025 SB 2015)		13,006,609
Software and technology upgrades (2025 SB 2015)		9,750,000
Equipment (2025 SB 2015)		1,089,809
Victims of crime grants (2025 SB 2015)		7,000,000
Prosecution-Led Diversion Supervised Pilot Program (2025 HB 1425)		1,000,000
Pretrial service programs cost-savings study (2025 HB 1425)		55,000
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		
Rural workforce housing grants (2023 HB 1018) ³	1,718,026	
Transfer to the North Dakota Development Fund (2023 SB 2015; 2025 SB 2018)	30,000,000	25,000,000
Transfer to North Dakota Development Fund (2023 HB 1018)	65,000,000	
Beyond visual line of sight uncrewed aircraft systems (2023 HB 1018; 2025 SB 2018)	26,000,000	15,000,000
Tourism destination development initiative (2023 HB 1018; 2025 SB 2018)	25,000,000	15,000,000
Enhanced use lease grants (2023 HB 1018; 2025 SB 2018)	10,000,000	2,500,000
Tourism marketing awareness initiative (2023 HB 1018; 2025 SB 2018)	5,000,000	5,000,000
Contingent children's education science center grants (2025 SB 2018)		2,000,000
Transfer to the Legacy Investment for Technology Fund (2025 SB 2018)		10,000,000
Uncrewed aerial vehicle replacement program (2025 SB 2018)		9,000,000
Autonomous agriculture grants (2025 SB 2018)		7,500,000
Base enhancement grants (2025 SB 2018)		1,000,000
Native American small business grant (2025 SB 2018)		600,000
Historic theater restoration grant (2025 SB 2018)		500,000

Historic opera house restoration grant (2025 SB 2018)		250,000
Historic theater improvement grant (2025 SB 2018)		250,000
Medora transportation improvement grant (2025 SB 2018)		1,000,000
Community hall grant (2025 SB 2018)		175,000
Regional Workforce Impact Program grants (2025 SB 2018)		5,000,000
Federal Aviation Administration radar data (2025 HB 1038)		11,000,000
Transfer to a newly created Rural Catalyst Fund (2025 SB 2390)		2,500,000
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) ³	0	
Transfer to the Bioscience Innovation Fund (2023 SB 2009)	5,500,000	
Food pantry grants for meat and protein-related purchases (2025 HB 1009)		1,500,000
Autonomous technology grants (2025 HB 1009)		300,000
Food Distribution Facility Grant Program (2025 HB 1143)		5,000,000
County Fair Resiliency Grant Program (2025 HB 1591)		1,500,000
Upper Great Plains Transportation Institute		
Transportation data intelligence center (2023 HB 1020) ³	405,506	
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	
Deferred maintenance (2025 SB 2020)		500,000
Northern Crops Institute		
Feed center project (2023 HB 1020)	3,900,000	
State Fair		
Campground rest facility (2025 SB 2009)		750,000
Safety and security infrastructure (2025 SB 2009) ³	800,000	0
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
Pembina State Museum exhibit designs and objects (2025 HB 1018)		638,000
Military gallery expansion project (2025 HB 1018) ³	4,200,000	15,000,000
North Dakota Heritage Center Inspiration Gallery update (2025 HB 1018)		350,000
Medora area planning (2025 HB 1018)		2,000,000
Historic museum repair grant (2025 HB 1018)		200,000
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		
Deferred maintenance and other projects (2025 HB 1019)			12,500,000
Matching federal funds for comfort stations at state parks (2025 HB 1019)			924,000
State park technology enhancements projects (2025 HB 1019)			2,500,000
Lake Metigoshe state park sewer infrastructure project (2025 HB 1019)			800,000
State park matching funds (2025 HB 1019)			1,250,000
International Peace Garden music camp project (2025 HB 1019)			1,400,000
International Peace Garden sewer system study (2025 HB 1019)			250,000
International Peace Garden cactus conservatory project (2025 HB 1019)			317,500
Department of Transportation			
Transfer to the Flexible Transportation Fund (2023 HB 1012; 2025 SB 2012)	51,000,000		142,500,000
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 for federal highway construction funds (2023 HB 1012)	114,000,000		
Highway projects (2025 SB 2012)			287,100,000
Rail passenger authority grant (2025 SB 2012)			150,000
Transfer to the General Fund (2023 special session SB 2393)	50,000,000		
Fuel production facility loan guarantee - Payment for default⁴	4,818,417		
Administrative costs/other fees⁵	24,647,053		4,025,015
Total expenditures and transfers		1,264,976,231	1,455,421,781
Ending balance		\$1,737,442,259	\$928,574,171
Restricted fund income			
Reserve relating to potential title disputes ⁶		43,066,403	43,125,403
Loan guarantees (2023 HB 1014; 2025 SB 2014) ⁴		80,000,000	140,000,000
Ending balance - Unobligated ⁷		\$1,614,375,856	\$745,448,768

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

²The estimated oil and gas tax revenues for the 2025-27 biennium are based on the 2025 legislative 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) increases the allocations to the General Fund by \$40 million, from \$460 million to \$500 million, and provides an additional allocation of \$21 million per biennium to hub cities for debt relief, a portion of which decreases the allocations to the Strategic Investment and Improvements Fund (SIIF). Senate Bill No. 2012 (2025) removes the initial allocation of \$400 million to SIIF and decreases the allocations to the Municipal Infrastructure Fund and the County and Township Infrastructure Fund by \$35 million each, from \$115 million to \$80 million. The combined effect of these changes decreases the allocations to SIIF.

³The amounts shown for the 2023-25 biennium have been adjusted from the original appropriation amount to reflect the actual spending. Adjustments include funding continued from a prior biennium into the 2023-25 biennium, lower expenditures compared to the original appropriation, and 2025-27 biennium appropriations spent in the 2023-25 biennium pursuant to emergency clauses.

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. In the 2023-25 biennium, \$4,818,417 was transferred to the Bank related to defaults.

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. Senate Bill No. 2014 (2025) increases the limit on loan guarantees by \$20 million, from \$140 million to \$160 million, beginning July 1, 2027.

⁵The amount shown for the 2023-25 biennium administrative costs increased significantly due to an increase in investment expenses, legal fees, and one-time costs associated with an information technology project.

⁶These 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.

⁷The 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) because funding for the incentives is not anticipated to be needed.

NOTE: The estimated June 30, 2027, unobligated balance made at the end of the 2025 regular legislative session was \$904,260,539. The estimated balance decreased by \$158,811,771 primarily related to a decrease in 2023-25 biennium royalty revenues, an increase in 2023-25 biennium expenditures, and a decrease in estimated 2025-27 biennium royalty revenues and investment income.

FUND HISTORY

House Bill No. 1451 (2011) provided the Lands and Minerals Trust Fund be renamed 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 STUDENT LOAN TRUST FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING BOTH THE 1979 AND 1996 BOND RESOLUTIONS)**

	2023-25 Biennium ¹		2025-27 Biennium ¹	
	Actual		Estimated	
Beginning balance		\$1,207,888		\$1,169,117
Add revenues				
Fund earnings (net)	(\$38,771)		(\$20,000) ²	
Total revenues		(38,771)		(20,000)
Total available		\$1,169,117		\$1,149,117
Less expenditures and transfers				
None	\$0		\$0	
Total expenditures and transfers		0		0
Ending balance		\$1,169,117		\$1,149,117
Restricted fund balance relating to outstanding bonds		1,000,000 ¹		1,000,000 ¹
Ending balance - Unobligated		\$169,117		\$149,117

¹This analysis reflects the estimated revenues, expenditures, and ending balance for **both the 1979 and 1996 bond resolutions**. Prior to fiscal year 2012, permission was needed from the Ambac Assurance Corporation to use any assets from the 1996 bond resolution. There are no longer any bonds insured by the Ambac Assurance Corporation; however, there are outstanding bonds of \$1 million as of March 31, 2026. The outstanding bonds will mature on June 1, 2029. Debt service to bondholders has priority over all other transfers.

²The projected loss for the 2025-27 biennium is based on interest rates as of May 1, 2025, and is net of estimated Industrial Commission and trustee expenses.

FUND HISTORY

The 1971 Legislative Assembly authorized the Industrial Commission to acquire and hold all unpaid government-guaranteed or reinsured student loans and North Dakota student loans belonging to the state or any of its agencies. As a result, the Student Loan Trust Fund was created, which enabled the state to sell tax-exempt bonds and use the proceeds for purchasing student loans made or acquired by the Bank of North Dakota.

The Student Loan Trust Fund does not make loans to students or service loans which it acquires. The Bank of North Dakota continues to service those loans which the Student Loan Trust Fund holds.

The Student Loan Trust Fund is comprised of funds held under two general bond resolutions. The first general bond resolution includes funds from bonds issued in 1979, 1988, 1989, 1992, and 2004. The second general bond resolution--referred to as the 1996 bond resolution--includes funds from bonds issued in 1996, 1997, 1998, and 2000. All bond issuances prior to 2004 were insured by Ambac Assurance Corporation. There are no longer any outstanding bonds insured by Ambac Assurance Corporation.

Under both of the bond resolutions, assets may only be used for:

- Purchase of student loans.
- Payment of debt service to bondholders.
- Providing financial assistance to the North Dakota Student Loan Guarantee Agency.
- Payment of any rebate liability to the federal government.
- Administration of the Student Loan Trust Fund.

After all bonds in the 1979 and 1996 bond resolutions have matured, been redeemed or defeased and all expenses paid, and the resolutions closed, any remaining assets held under the bond resolutions would be transferred to the Industrial Commission for use at its discretion and as allowed by law. As of March 31, 2026, \$1 million in bonds remains outstanding. In order to use assets held under the 1979 and 1996 general bond resolutions for a purpose other than those stated in the general bond resolution, the administrator of the Student Loan Trust Fund must receive a certification from the trustee of the bond (the Bank of North Dakota) that sufficient reserves remain for bond payments and other related program costs. Prior to 2012, permission needed to be obtained from Ambac Assurance Corporation for any use of assets held in the 1996 general bond resolution; however, there are no longer any bonds insured by Ambac Assurance Corporation.

Section 54-17-25 provides the Industrial Commission may issue subordinate or residual bonds when the commission determines that it is appropriate or expedient to do so.

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
Beginning balance		\$		\$0
Add revenues				
Tobacco settlement revenues collected to date	\$42,711,756 ¹		\$19,675,481 ¹	
Projected tobacco settlement revenues	0		20,000,000 ²	
Total revenues		\$42,711,756 ²		\$39,675,481 ²
Total available		\$42,711,756 ^{3,4}		\$39,675,481 ^{3,4}
Less expenditures and transfers				
Transfers to the Community Health Trust Fund	\$42,711,756 ²		\$39,675,481 ²	
Total expenditures and transfers		42,711,756 ⁴		39,675,481 ⁴
Ending balance		\$0		\$0

¹Through April 22, 2026, the state has received tobacco settlement payments totaling \$19,675,481 for the 2025-27 biennium, which have been deposited in the Tobacco Settlement Trust Fund. Because payments under subsection IX(c)(2) of the Master Settlement Agreement ended in 2017, no funds were deposited in the Tobacco Prevention and Control Trust Fund. To date, the state has received total tobacco settlement collections of \$756,047,156, including \$636,559,695 under subsection IX(c)(1) of the Master Settlement Agreement and \$119,487,461 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$756,047,156, \$650,357,424 has been deposited into the Tobacco Settlement Trust Fund and \$105,689,732 has been deposited into the Tobacco Prevention and Control Trust Fund.

²Revenues - House Bill No. 1475 (1999), North Dakota Century Code Section 54-27-25, provided interest on the money in the Tobacco Settlement Trust Fund must be retained in the fund, and the principal and interest must be allocated 10 percent to the Community Health Trust Fund, 45 percent to the Common Schools Trust Fund, and 45 percent to the Water Development 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. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the fund must be transferred within 30 days of receipt to the Community Health Trust Fund. Because deposits in the Tobacco Settlement Trust Fund are transferred to the Community Health Trust Fund within 30 days, there is no provision for interest.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to provide a portion of tobacco settlement funds received by the state be deposited in the newly created Tobacco Prevention and Control Trust 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, is deposited into the Tobacco Settlement Trust Fund and, beginning with the 2019-21 biennium, allocated 100 percent to the Community Health Trust Fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continued through 2017, began to be deposited in 2009 into the Tobacco Prevention and Control Trust Fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729, which, because it was received prior to passage of the measure, was allocated pursuant to Section 54-27-25 prior to amendment.

Tobacco Settlement Trust Fund revenues have been estimated based on actual revenues received through April 22, 2026, and legislative estimates for the remainder of the 2025-27 biennium.

³In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending that the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office filed a lawsuit against the tobacco companies to collect the full

payment and in 2018 reached a settlement with the tobacco companies. The total original estimated tobacco settlement collections, including payments to be received under both subsection IX(c)(1) and subsection IX(c)(2) of the Master Settlement Agreement, and the total actual and estimated collections as revised by the Office of Management and Budget are:

Biennium	1999 Original Estimated Collections	Actual and Office of Management and Budget Revised Estimated Collections
1999-2001	\$57,593,770	\$52,900,784
2001-03	61,143,578	53,636,363
2003-05	51,271,214	46,310,010
2005-07	51,271,214	43,828,118
2007-09	82,231,080	75,633,409
2009-11	82,231,080	64,013,596
2011-13	82,231,080	63,035,245
2013-15	82,231,080	64,618,711
2015-17	82,231,080	63,570,920
2017-19	58,591,490	74,073,990
2019-21	58,591,490	43,937,843
2021-23	58,591,490	48,100,931
2023-25	58,591,490	42,711,756
2025-27 estimated	N/A	39,675,481
Total	\$866,801,136	\$776,047,157

⁴Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2027. 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. Transfers from the Tobacco Settlement Trust Fund to the Water Development Trust Fund remained at 45 percent. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the fund must be transferred within 30 days of receipt to the Community Health Trust Fund. Therefore, the following are estimated allocations of tobacco settlement payments through 2027, based on reallocations approved by the 2017 and 2019 Legislative Assemblies:

	Actual and Estimated Total Tobacco Settlement Proceeds, Including Attorney General Costs	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Actual payments 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Actual payments 2017-19 biennium	74.1 million ¹	N/A	0	33.3 million	40.7 million
Actual payments 2019-21 biennium	43.9 million ²	N/A	0	0	44.1 million
Actual payments 2021-23 biennium	48.1 million	N/A	0	0	48.1 million
Actual payments 2023-25 biennium	42.7 million	N/A	0	0	42.7 million
Estimated 2025-27 biennium	39.7 million	N/A	0	0	39.7 million
Total	\$579.2 million	\$105.7 million	\$101.2 million	\$134.5 million	\$237.7 million

¹This amount includes funding made available from the Tobacco Settlement Trust Fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement, net of unspent funds returned by the Attorney General.

²This amount is net of unspent funds returned to the Tobacco Settlement Trust Fund by the Attorney General.

FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), established a Tobacco Settlement Trust Fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund, including interest, must be transferred within 30 days of its deposit in the fund:

- 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), provides 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 provided for a portion of tobacco settlement funds received by the state to be deposited in a 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. 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 tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the Tobacco Settlement Trust Fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the Tobacco Settlement Trust Fund and the Tobacco Prevention and Control Trust Fund pursuant to Section 54-27-25 as amended by the measure.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 relating 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. The Legislative Assembly, in Senate Bill No. 2012 (2019), removed this authorization.

ANALYSIS OF THE STATE TUITION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$1,678,752 ¹	
Add revenues				
Fines for violation of state laws	\$12,027,608 ²		\$11,439,488 ²	
Transfers from the Common Schools Trust Fund	499,860,000		584,677,350	
Total revenues		511,887,608		596,116,838
Total available		\$513,566,360		\$597,603,574
Less expenditures and transfers				
State aid to schools (2023 SB 2013; 2025 HB 1013)	\$512,079,624		\$595,662,030	
Total expenditures and transfers		512,079,624		595,662,030
Ending balance		<u>\$1,486,736¹</u>		<u>\$1,941,544¹</u>

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 during the 2025-27 biennium are based on actual fines deposited into the fund through April 2026 and estimated fine proceeds for the remainder of 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	\$6,044,865 (actual)	1.0%
2026	\$5,939,488 (estimate)	(1.7%)
2027	\$5,500,000 (estimate)	(7.4%)

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$1,549,757. The increase in the estimated balance of \$391,787 is due to the beginning 2025-27 biennium balance being \$63,021 less than anticipated, due to transfers being \$153,077 more than anticipated, offset by revenues from fines being \$90,056 more than estimated during the 2023-25 biennium and 2025-27 biennium to date estimated revenue from fines being \$439,488 more than estimated, and transfers being \$15,320 less than anticipated.

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

	2023-25 Biennium		2025-27 Biennium	
	Actual		Estimated	
Beginning balance ¹		\$8,250,083		\$9,840,777
Add revenues				
Investment and interest income ^{2,3}	\$1,741,478		\$1,900,000	
Short-term interest on certificates of deposit	65,645		75,000	
Patriotic license plates	45,881		47,000	
Income tax return donations	49,362		40,000	
Commemorative Memorial Coin Program sales	10,180		7,100	
Commemorative Memorial Coin Program donations	2,865		2,000	
Impact Foundation donations	110,000		0	
Fisher House donations ⁴	8,403		0	
Transfer from General Fund (2025 SB 2025) ⁵	0		500,000	
Other donations and income ¹	56,882		29,000	
Total revenues		2,090,696		2,600,100
Total available ^{6,7}		\$10,340,779		\$12,440,877
Less expenditures and transfers				
Investment management and consulting services	\$128,367		\$140,000	
Grants and related expenditures	248,821		154,000	
Veterans' transportation programs	52		10,000	
Commemorative Memorial Coin Program expenditures	139		30,000	
Impact Foundation expenditures	100,152		24,095	
Fisher House expenditures ⁴			504,996	
Other programs that benefit veterans	22,471		150,000	
Total expenditures and transfers		500,002		1,013,091
Ending balance		\$9,840,777		\$11,427,786

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.

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 2025-27 biennium. Investment income estimates for the 2025-27 biennium are based on actual investment earnings of \$1,453,956 through April 2026 and estimated investment earnings for May 2026 through June 2027.

⁴Funds available for the Fisher House during the 2025-27 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.

⁵In Senate Bill No. 2025 (2025), the Legislative Assembly provided for a transfer of \$500,000 from the General Fund to the Veterans' Postwar Trust Fund to increase the principal balance of the fund. The transfer was made in August 2025.

⁶Funds available for veteran benefits during the 2023-25 biennium totaled \$1,181,928, 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
2023-25 biennium short-term interest	65,645
2021-23 biennium other donations and income not yet spent	19,844
2023-25 biennium other donations and income	56,882
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 Commemorative Memorial Coin Program donations and sales	13,045
2021-23 biennium donations from the Impact Foundation not yet spent	14,248
2023-25 biennium 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 donations for the Fisher House not yet spent	8,403
Total	\$1,181,928

⁷Estimated funds available for veteran benefits during the 2025-27 biennium total approximately \$1,749,113, as follows:

Funding Description	Funding Available
2021-23 biennium investment income earned and available beginning in the 2023-25 biennium not yet spent	\$189,056
2023-25 biennium investment income earned and available beginning in the 2025-27 biennium	377,205
2025-27 biennium transfer from General Fund	500,000
2025-27 biennium estimated short-term interest	75,000
2025-27 biennium estimated other donations and income	29,000
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 Commemorative Memorial Coin Program donations and sales	13,045
2025-27 biennium estimated Commemorative Memorial Coin Program donations and sales	9,100
2023-25 biennium donations from the Impact Foundation	24,095
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 donations for the Fisher House not yet spent	8,403
Total	\$1,749,113

NOTE: The estimated June 30, 2027, balance made at the end of the 2025 regular legislative session was \$9,983,790. The increase of \$1,443,996 in the estimated balance of \$11,427,786 is primarily due to an increase in revenue from investment and interest income during the 2023-25 and 2025-27 bienniums.

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 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 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 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, 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)

The Legislative Assembly in House Bill No. 1504 (2025) amended Section 37-14-14 to allow veterans organizations to donate funds to the Veterans' Postwar Trust Fund for homeless veterans services.