



North Dakota Legislative Council

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BUDGET SECTION DUTIES AND RESPONSIBILITIES FOR THE 2025-27 BIENNIUM

BUDGET SECTION OVERVIEW

North Dakota Century Code Section 54-35-02.9, as enacted in Senate Bill No. 2055 (2019), establishes the Budget Section. The section provides the Budget Section consists of the Majority and Minority Leaders of the House and Senate, the Assistant Majority and Minority Leaders of the House and Senate, the Speaker of the House, and the members of the House and Senate Appropriations Committees. The Legislative Management is to designate the Chairman of the Budget Section and the Chairman is to call quarterly meetings.

Section 54-35-02.9 provides the Legislative Assembly, by law, may provide for the Budget Section to approve specific actions, projects, and transfers. When evaluating state agency requests, the Budget Section is to consider criteria applicable to the request, including whether:

1. The request is for a specific purpose;
2. The request is for a specific amount of funds and for a specific time frame, not to continue beyond the end of the current biennium;
3. The request conforms with legislative intent;
4. The request is consistent with related statutory provisions;
5. The request supports state priorities;
6. The request improves state efficiencies and promotes effective state government;
7. If the request is for a new program, the program does not extend beyond the current biennium; and
8. The request addresses a state emergency.

ASSIGNED BUDGET SECTION DUTIES

The following are the duties and responsibilities assigned to the Budget Section for the 2025-27 biennium by the Century Code, Session Laws, or Legislative Management directive. The duties are listed in two categories--continuing duties (duties which were also assigned to the Budget Section during a previous biennium) and new duties. Continuing duties are listed in two categories--those that were acted on during the previous biennium and those that were not.

Continuing Duties Acted on During the Previous Biennium

1. **Annual report from the North Dakota State University (NDSU) Extension Service (Section 11-38-12)** - This section requires, within the duties of the NDSU Extension Service, an annual report to be presented to the Budget Section regarding any adjustments or increases of full-time equivalent (FTE) positions.
2. **Department of Trust Lands investment performance (Section 15-02-08.1)** - This section requires the Department of Trust Lands to provide annual reports to the Budget Section regarding the investment performance of funds under its control.
3. **Higher education campus improvements and building maintenance (Section 15-10-12.1)** - This section requires the approval of the Budget Section or the Legislative Assembly for campus improvements and building maintenance of more than \$700,000 on land under the control of the State Board of Higher Education which are financed by donations, gifts, grants, and bequests. Budget Section approval can only be provided when the Legislative Assembly is not in session, excluding the 3 months prior to a regular legislative session and the 3 months following the close of a regular session. The Budget Section approval must include a specific dollar limit for each campus improvement or maintenance project. If a request is to be considered by the Budget Section, the Legislative Council must notify each member of the Legislative

Assembly and allow any member to present testimony to the Budget Section regarding the request. Campus improvements and building maintenance of \$700,000 or less and the sale of real property received by gift or bequest may be authorized by the board. Any new building or an addition to an existing building with a cost of more than \$700,000 requires approval by the Legislative Assembly.

4. **Sources of funds received for construction projects of entities under the control of the State Board of Higher Education (Section 15-10-12.3)** - This section requires each institution under the control of the State Board of Higher Education undertaking a capital construction project that was approved by the Legislative Assembly and for which local funds are to be used to present a biennial report to the Budget Section detailing the source of all funds used in the project.
5. **State Board of Higher Education's semiannual project variance reports (Section 15-10-47)** - This section requires the Office of Management and Budget (OMB) to provide to the Budget Section upon request information relating to the State Board of Higher Education's semiannual project variance reports regarding construction projects valued at more than \$250,000.
6. **Annual report from the NDSU Main Research Center (Section 15-12.1-05)** - This section requires, within the duties of the NDSU Main Research Center, an annual report to the Budget Section regarding any adjustments or increases of FTE positions.
7. **Status of the State Board of Agricultural Research and Education (Section 15-12.2-17(10))** - This section requires, within the duties of the State Board of Agricultural Research and Education, a status report to be provided to the Budget Section.
8. **State Fire Marshal report on fire departments funding (Section 18-04-02)** - This section provides the Budget Section receive a biennial report from the State Fire Marshal summarizing the expenditures by certified city fire departments, certified rural fire departments, and certified fire protection districts of funds received under Section 18-04-05 and the information on committed and uncommitted reserve fund balances of these entities.
9. **Legacy and Budget Stabilization Fund Advisory Board semiannual reports (Section 21-10-11)** - This section requires the Legacy and Budget Stabilization Fund Advisory Board to provide at least semiannual reports to the Budget Section regarding asset allocation and investment policies developed for the legacy and budget stabilization funds as well as recommendations presented to the State Investment Board regarding investment of funds in the legacy and budget stabilization funds.
10. **Flexible transportation fund projects (Section 24-02-37.3)** - This section requires the Budget Section to approve any project that utilizes more than \$10 million from the flexible transportation fund, except for projects that match federal or private funds and the amount utilized from the fund is 50 percent or less of total project costs.
11. **National Guard service member, veteran, family, and survivor support program (Section 37-03-18)** - This section requires the Adjutant General to provide annual reports to the Budget Section regarding the income and expenditures made from the North Dakota National Guard service member, veteran family, and survivor support program and requires Budget Section approval for any expenditures from the fund that exceed \$500,000.
12. **State disaster relief fund expenditures (Section 37-17.1-27)** - This section requires an agency to report to the Appropriations Committees of the Legislative Assembly or to the Budget Section on the purpose and payee of any expenditure from the state disaster relief fund.
13. **Abandoned oil and gas well plugging and site reclamation fund (Section 38-08-04.5)** - This section requires the Industrial Commission to report to the Budget Section on the status of the abandoned oil and gas well plugging and site reclamation fund and related information.
14. **Annual audits of renaissance fund organizations (Section 40-63-07(9))** - This section requires the Department of Commerce Division of Community Services to provide annual reports to the Budget Section on the results of audits of renaissance fund organizations.
15. **Opioid settlement fund (Section 50-36-04)** - This section requires the Department of Health and Human Services (DHHS) to provide reports regarding the status of the opioid settlement fund and of spending decisions made by the department and political subdivisions.
16. **Change or expansion of state building construction projects (Section 48-01.2-25)** - This section provides a state agency or institution may not significantly change or expand a building construction project approved by the Legislative Assembly unless the change, expansion, or additional expenditure is approved

by the Legislative Assembly or the Budget Section if the Legislative Assembly is not in session, excluding the 3 months prior to a regular legislative session and the 3 months following the close of a regular session.

17. **Job insurance trust fund (Section 52-02-17)** - This section requires Job Service North Dakota to report to the Legislative Council before March 1 of each year the actual job insurance trust fund balance and the targeted modified average high-cost multiplier, as of December 31 of the previous year, and a projected trust fund balance for the next 3 years. The Legislative Management has assigned this responsibility to the Budget Section.
18. **Warrants and checks outstanding for more than 90 days and less than 3 years (Section 54-11-01)** - This section requires the State Treasurer to report to the Budget Section, within 90 days of the beginning of each fiscal year, all warrants and checks outstanding for more than 90 days and less than 3 years.
19. **Irregularities in the fiscal practices of the state (Section 54-14-03.1)** - This section requires OMB to submit a written report to the Budget Section documenting:
 - a. Any irregularities in the fiscal practices of the state;
 - b. Areas where more uniform and improved fiscal procedures are desirable;
 - c. Any expenditures or governmental activities contrary to law or legislative intent; and
 - d. The use of state funds to provide bonuses, cash incentive awards, or temporary salary adjustments for state employees.
20. **Line item or fund transfers (Section 54-16-04)** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer from one fund or line item to another. Budget Section approval is not required if the transfer is necessary to comply with a court order, to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis, or to avoid an imminent financial loss to the state.
21. **Acceptance of special and federal funds (Section 54-16-04.1)** - This section requires the approval of the Emergency Commission and Budget Section for a state officer to accept any special or federal funds not appropriated by the Legislative Assembly that the Legislative Assembly has not indicated an intent to reject. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
22. **Consider authorization of additional FTE positions (Section 54-16-04.3)** - This section provides, on the advice of OMB and the recommendation of the Emergency Commission, the Budget Section may approve a state officer to employ FTE positions in addition to those authorized by the Legislative Assembly.
23. **Transfer of spending authority from state contingencies appropriation (Section 54-16-09)** - This section authorizes the transfer of general, special, and federal funds authority to state agencies from the state contingencies fund appropriation subject to approval from the Emergency Commission and Budget Section. Budget Section approval is not required if the transfer of appropriation authority is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
24. **Authorization to borrow for a disaster (Section 54-16-13)** - This section authorizes a state officer to borrow funds from the Bank of North Dakota for the purpose of responding to a disaster declared by the Governor subject to approval from the Emergency Commission and Budget Section.
25. **Housing incentive fund (Section 54-17-40)** - This section requires the Housing Finance Agency to provide a report at least once each biennium to the Budget Section regarding the activities of the housing incentive fund.
26. **North Dakota Outdoor Heritage Advisory Board (Section 54-17.8-07)** - This section provides the Budget Section receive a report from the North Dakota Outdoor Heritage Advisory Board on a biennial basis regarding the activities of the board.
27. **Department of Corrections and Rehabilitation (DOCR) annual report on the department's prison population management plan (Section 54-23.3-11)** - This section requires DOCR to provide an annual report to the Budget Section regarding the department's prison population management plan and inmate admissions and the number of inmates the department has not admitted after sentencing.
28. **Reports from state agencies that applied for federal grants estimated to be \$25,000 or more (Section 54-27-27)** - This section requires OMB to present at each meeting of the Budget Section reports received

from state agencies other than entities under the control of the State Board of Higher Education that have applied for federal grants estimated to be \$25,000 or more.

29. **Consider specific criteria for actions, projects, and transfers (Section 54-35-02.9)** - This section requires the Budget Section to review specific criteria when considering an item before the Budget Section.
30. **Tobacco settlement funds (Section 54-44-04(23))** - This section requires the Director of OMB to report to the Budget Section on the status of tobacco settlement funds and related information.
31. **Form of budget data (Section 54-44.1-07)** - This section requires the Director of the Budget to prepare budget data in the form prescribed by the Legislative Council and to present it to the Legislative Assembly at a time and place set by the Legislative Council. Drafts of proposed general and special appropriations Acts embodying the budget data and recommendations of the Governor for appropriations for the next biennium and drafts of such revenues and other Acts recommended by the Governor for putting into effect the proposed financial plan must be submitted to the Legislative Council within 7 days after the day of adjournment of the legislative organizational session. The Budget Section was assigned this responsibility.
32. **Report on specified commodities and services exempted from the procurement requirements of Section 54-44.4-02.2** - This section requires the Director of OMB to report to the Budget Section in December of even-numbered years on specified commodities and services exempted by written directive of the Director from the procurement requirements of Chapter 54-44.4.
33. **Retirement and Investment Office incentive compensation program (Section 54-52.5-04)** - These sections require a report from the Retirement and Investment Office each interim regarding the status of the incentive compensation program for FTE investment and fiscal operations positions, including the provisions of the program; the total amount of incentives paid out to employees each year; and the minimum, maximum, and average payout per eligible FTE position.
34. **Three Affiliated Tribes of the Fort Berthold Reservation investment of oil and gas tax receipts (Section 57-51.2-02)** - This section provides the Budget Section receive a report from the Three Affiliated Tribes annually regarding investment of oil and gas tax receipts in essential infrastructure and fees, expenses, and charges the tribe imposes on the oil industry.
35. **Review and report on budget data (Legislative Management directive)** - Pursuant to Legislative Management directive, the Budget Section is to review and report on the budget data prepared by the Director of the Budget and presented to the Legislative Assembly during the legislative organizational session (December 2026).
36. **Federal block grant hearings (Senate Concurrent Resolution No. 4001 (2025))** - This resolution authorizes the Budget Section, through September 30, 2027, to hold any required legislative hearings for federal block grants.
37. **Federal funds report** - Receive a report from the Legislative Council staff in the fall of 2024 on the status of the state's federal funds receipts for the current biennium and estimated federal funds receipts for the subsequent biennium.

Continuing Duties Not Acted on During the Previous Biennium

38. **Bank of North Dakota loans (Section 6-09-15.1)** - This section requires OMB to provide a report to the Budget Section regarding any loans obtained from the Bank of North Dakota when the balance in the state general fund is insufficient to meet legislative appropriations. The total principal of any loans may not exceed \$50 million.
39. **Investment in real property by the Board of University and School Lands (Section 15-03-04)** - This section provides Budget Section approval is required prior to the Board of University and School Lands purchasing, as sole owner, commercial or residential real property in North Dakota.
40. **Game and Fish Department land acquisitions (Section 20.1-02-05.1)** - This section requires Budget Section approval for Game and Fish Department land acquisitions of more than 10 acres or \$10,000.
41. **Reduction of the game and fish fund balance below \$15 million (Section 20.1-02-16.1)** - This section provides the Game and Fish Department can spend money in the game and fish fund within the limits of legislative appropriations, only to the extent the balance of the fund is not reduced below \$15 million, unless otherwise authorized by the Budget Section.
42. **Provision of contract services by the Life Skills and Transition Center (Section 25-04-02.2)** - This section provides, subject to Budget Section approval, the Life Skills and Transition Center may provide services under contract with a governmental or nongovernmental person.

43. **Waiver of exemption of special assessments levied for flood control purposes on state property (Section 40-23-22.1)** - This section provides state property in a city is exempt from special assessments levied for flood control purposes unless the governing body of the city requests waiver of the exemption and the exemption is completely or partially waived by the Budget Section. The exemption does not apply to any privately owned structure, fixture, or improvement located on state-owned land if the structure, fixture, or improvement is used for commercial purposes unless the structure, fixture, or improvement is primarily used for athletic or educational purposes at a state institution of higher education.
44. **Termination of food stamp program (Section 50-06-05.1(16))** - This section provides, subject to Budget Section approval, DHHS may terminate the food stamp program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the coupon bonus payments.
45. **Termination of energy assistance program (Section 50-06-05.1(18))** - This section provides, subject to Budget Section approval, DHHS may terminate the energy assistance program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the energy assistance program payments.
46. **Purchase or lease of aircraft by a state agency or entity of state government (Section 54-06-37)** - This section requires Budget Section approval for a state agency or other entity of state government to purchase or lease an aircraft without specific authorization from the Legislative Assembly. This section does not apply to aircraft purchased or leased by the Adjutant General's office or the University of North Dakota School of Aviation.
47. **Report from the Industrial Commission on revenue impacts in excess of \$20 million (Section 54-17-42)** - This section requires if any order, regulation, or policy of the Industrial Commission necessary to implement the provision of Chapter 38-08 has an estimated fiscal effect on the state in excess of \$20 million in a biennium, the Industrial Commission will provide a report to the Budget Section regarding the fiscal impact on state revenues and expenditures, including any effect on the funds of the Industrial Commission.
48. **Capital improvements preliminary planning revolving fund (Section 54-27-22)** - This section provides before any funds can be distributed from the preliminary planning revolving fund to a state agency, institution, or department, the Budget Section must approve the request.
49. **Cash flow financing (Section 54-27-23)** - This section provides that in order to meet the cash flow needs of the state, OMB may borrow, subject to Emergency Commission approval, from special funds on deposit in the state treasury. However, the proceeds of any such indebtedness cannot be used to offset projected deficits in state finances unless first approved by the Budget Section. Additional cash flow financing, subject to certain limitations, must be approved by the Budget Section.
50. **Budget stabilization fund (Section 54-27.2-03)** - This section provides any transfers from the budget stabilization fund must be reported to the Budget Section.
51. **Purchases of "put" options (Section 54-44-16)** - This section requires OMB to report any purchases of "put" options to the Budget Section.
52. **Objection to budget allotments or expenditures (Section 54-44.1-12.1)** - This section allows the Budget Section to object to a budget allotment, an expenditure, or the failure to make an allotment or expenditure if such action is contrary to legislative intent.
53. **Budget reduction due to initiative or referendum action (Section 54-44.1-13.1)** - This section provides, subject to Budget Section approval, the Director of the Budget may reduce state agency budgets by a percentage sufficient to cover estimated revenue reductions caused by initiative or referendum action.
54. **Requests by Information Technology Department (ITD) to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4))** - This section requires ITD to receive Budget Section or Legislative Assembly approval before executing any proposed agreement to finance the purchase of software, equipment, or implementation of services in excess of \$1 million. The department may finance the purchase of software, equipment, or implementation of services only to the extent the purchase amount does not exceed 7.5 percent of the amount appropriated to the department during that biennium.
55. **State parks gift fund (Section 55-08-07.2)** - This section requires the Parks and Recreation Department to receive Emergency Commission and Budget Section approval before spending more than \$50,000 of donated funds if the donor has not designated the use of the funds.

56. **Western Area Water Supply loan guarantee (Section 61-40-09)** - This section requires Budget Section approval for a payment by the State Water Commission to the Bank of North Dakota in the amount of the default certified to the Budget Section by the Bank if the Western Area Water Supply Authority defaults on its payment of principal or interest on the infrastructure revolving loan under the new section to Chapter 61-40.
57. **Extraterritorial workers' compensation insurance (Section 65-08.1-02)** - This section authorizes Workforce Safety and Insurance to establish, subject to Budget Section approval, a casualty insurance organization to provide extraterritorial workers' compensation insurance.

New Duties

58. **Report from the Governor on federal and other funds received (Section 4 of House Bill No. 1001 (2025))** - This section requires the Governor's office to provide a report to the Budget Section regarding the source, amount, and purpose of any additional income from other funds received.
59. **Department of Health and Human Services transfers between line items in excess of \$50,000 (Section 3 of House Bill No. 1012 (2025))** - This section requires DHHS to report to the Budget Section after June 30, 2026, on any transfers in excess of \$50,000 made during the 2025-27 biennium between line items in Section 1 of House Bill No 1012.
60. **Department of Health and Human Services salaries and wages block grant (Section 5 of House Bill No. 1012 (2025))** - This section requires DHHS to report to the Budget Section quarterly regarding changes made to FTE positions and the allocation of salaries and wages to programs as part of the salaries and wages block grant.
61. **Behavioral health bed grants (Section 54 of House Bill No. 1012 (2025))** - This section requires DHHS to provide reports regarding the awarding of grant funding to increase the number of behavioral health beds in the state.
62. **State fiscal recovery funds (Section 11 of House Bill No. 1015 (2025))** - This section requires a report from OMB regarding the transfer of any uncommitted federal State Fiscal Recovery Fund earnings and interest and appropriation authority from the state agency that received the appropriation authority to DOCR.
63. **Executive branch new and vacant FTE pool line items (Section 18 of House Bill No. 1015 (2025))** - This section requires a report from OMB at each meeting of the Budget Section regarding salaries and wages, vacant position information, and agencies' use of funding in new and vacant FTE pool line items.
64. **Department of Water Resources additional income (Section 4 of House Bill No. 1020 (2025))** - This section requires the Department of Water Resources to provide a report regarding the use of any additional federal funds or other amounts in the resources trust fund and water commission fund that become available during the biennium.
65. **Department of Water Resources line item transfers (Section 23 of House Bill No. 1020 (2025))** - This section requires the Department of Water Resources to report any transfers made between the operating expenses and capital assets line items as requested by the Director of the Department of Water Resources.
66. **Department of Water Resources carryover authority (Section 24 of House Bill No. 1020 (2025))** - This section authorizes the Department of Water Resources carryover unexpended appropriation authority from the 2023-25 biennium to the 2025-27 biennium and request the department to provide a report regarding any funding continued.
67. **Elementary and secondary education integrated funding formula gap funding program (Section 28 of House Bill No. 1176 (2025))** - This section require the Department of Public Instruction to provide a report regarding the development of an integrated funding formula gap funding program.
68. **Cash management board (Section 1 of House Bill No. 1278 (2025))** - This section requires the cash management board to report to the Budget Section each fiscal year regarding the board's review of existing policies, and the development of new policies for managing money in the state treasury, identifying cash flow characteristics, and improving cash management practices.
69. **Legislative Council new and vacant FTE pool (Section 3 of Senate Bill No. 2001 (2025))** - This section requires the Legislative Council to provide a report regarding the use of funding from the Legislative Council new and vacant FTE pool, including information on new FTE positions, including the date hired; vacant FTE positions, including the dates the positions are vacated and filled; and additional salaries and wages funding needed due to savings from vacant positions being less than anticipated.

70. **Judicial branch new and vacant FTE pool (Section 3 of Senate Bill No. 2002 (2025))** - This section requires the Supreme Court to provide a report regarding the use of funding from the judicial branch new and vacant FTE pool, including information on new FTE positions, including the date hired; vacant FTE positions, including the dates the positions are vacated and filled; and additional salaries and wages funding needed due to savings from vacant positions being less than anticipated.
71. **State Board of Higher Education line item transfers (Section 38 of Senate Bill No. 2003 (2025))** - This section request the State Board of Higher Education to report any transfers of appropriation authority between an institution's operations line items to the capital assets line item.
72. **Council on the Arts line item transfer (Section 7 of Senate Bill No. 2010 (2025))** - This section requires a report from the Council on the Arts after June 30, 2026, on any transfer made in excess of \$50,000 between line items in Section 1 of Senate Bill No. 2010 (2025).
73. **Theodore Roosevelt Expressway four-lane project (Section 19 of Senate Bill No. 2012 (2025))** - This section requires to provide a report regarding the costs and status of the environmental impact statement process relating to the construction of a four-lane highway for the remaining sections of the Theodore Roosevelt Expressway.
74. **Pipeline capacity agreements (Section 32 of Senate Bill No. 2014 (2025))** - This section requires the North Dakota Pipeline Authority to provide a report regarding the status of any pipeline capacity agreements, including commitments from other private sector entities and the anticipated borrowing by the authority under Section 54-17.7-04(4).
75. **Law enforcement technology grants (Section 5 of Senate Bill No. 2018 (2025))** - This section requires the Attorney General to provide a report regarding the award of technology grants to individuals or entities that aid the Bureau of Criminal Investigation in conducting missing persons searches, crime scene reconstruction, and law enforcement first response operations. The report must include a list of grant recipients, the amounts awarded, and a description of the use of the grant funding.
76. **Career and technical education autonomous technology grants (Section 6 of Senate Bill No. 2018 (2025))** - This section requires the Department of Career and Technical Education to provide a report regarding autonomous technology grants provided to a workforce training center serving the northwest area of the state for providing workforce training to address workforce shortages in the state, including shortages in the oil and gas industry. The report must include a list of grant recipients, the amounts awarded, and a description of the use of the grant funding.
77. **Department of Commerce grants (Section 18 of Senate Bill No. 2018 (2025))** - This section requires the Department of Commerce to provide semiannual reports regarding grant program administered by the department including the purpose of each grant program, funding history, number of the days the grant application was open to applicants, the name of each grant recipient and the amount of each grant award, and the distribution date of grant funds or the anticipated distribution date of grant funds.
78. **Agriculture research and related entities FTE positions (Section 9 of Senate Bill No. 2020 (2025))** - This bill requires the State Board of Higher Education to report to the Budget Section annually regarding any adjustments made to the number of FTE positions authorized for the NDSU Extension Service, Northern Crops Institute, Upper Great Plains Transportation Institute, Main Research Center, branch research centers, and Agronomy Seed Farm.
79. **Information Technology Department operating fund (Section 7 of Senate Bill No. 2021 (2025))** - This section requires the Information Technology Department to provide a report at each meeting of the Budget Section regarding the status of the Information Technology Department operating fund.
80. **Student information system transition (Section 12 of Senate Bill No. 2021 (2025))** - This section requires the Department of Public Instruction and Information Technology Department to provide quarterly reports regarding the status of the student information system transition.
81. **Rural catalyst grant program (Section 3 of Senate Bill No. 2390 (2025))** - This section requires the Department to Commerce to report by September 1 of each even number year regarding the results of the rural catalyst program including project requested and supported through the program.