



# North Dakota Legislative Council

Prepared for the Government Finance Committee  
LC# 27.9086.01000  
September 2025

## **OTHER DUTIES OF THE GOVERNMENT FINANCE COMMITTEE - BACKGROUND MEMORANDUM**

### **MONITORING THE STATUS OF THE STATE BUDGET**

Beginning with the 1975-76 interim, a Legislative Management interim committee has been assigned the responsibility to review state budget information, including monitoring state revenues and the status of major appropriations. The budget information provides the committee with early information on areas needing legislative consideration or action and serves a basis for legislation to be introduced to the Legislative Assembly in 2027.

The Government Finance Committee has been assigned this responsibility for the 2025-26 interim. As in previous bienniums, the committee's review and monitoring of the state budget may include:

- The status of expenditures of major agency programs;
- The status of the issuance of bonds for major building projects;
- Federal funding received and anticipated to be received by state agencies;
- Projected revenues, expenditures, and fund balances of major state funds; and
- A preliminary budget outlook for the 2027-29 biennium, including potential one-time funding items and other key budget issues to be considered by the Legislative Assembly in the 2027 legislative session.

As a part of monitoring the state budget, Legislative Council staff prepares a report on the status of agency compliance with legislative intent. This report has been completed and presented each interim since 1987-88. The report includes the status of state agencies' implementation of budget and programmatic changes, the status of legislative directives, and the identification of agency budget issues.

### **STATE REVENUE FORECASTS**

Beginning with the 2017-18 interim, a Legislative Management interim committee has been assigned the responsibility to review and develop state revenue forecasts, including reviewing economic forecasting data and analyzing alternative revenue forecasts. The economic information and revenue forecasts provide the committee with early information on the status of the state's economy in preparation for the 2027 legislative session.

The Government Finance Committee has been assigned this responsibility for the 2025-26 interim. As in previous bienniums, the committee's review and development of state revenue forecasts include:

- Receiving economic forecasting data and revenue forecasts from an economic forecasting firm, currently S&P Global, including a written report in March 2026;
- Monitoring actual general fund and oil tax revenue collections compared to forecasted amounts;
- Receiving information from state agencies regarding revenue collections; and
- Receiving information from industry representatives regarding challenges and current industry trends.

## **FEDERAL FUNDS REPORT**

North Dakota Century Code Section 54-27-27.1 requires each executive branch state agency that receives federal funds, excluding entities under the control of the State Board of Higher Education, to report biennially to the Office of Management and Budget (OMB). The report must include information on each agency's plan to operate if federal funds are reduced by 5 percent or more, including any potential requests for state funds to offset the decrease in federal funds. The report is not required to address a reduction in federal funds received by the agency resulting from a decrease in caseloads or cost per case, a change in the anticipated completion date for a construction project, or the completion of a one-time project.

By October 15 of each even-numbered year, OMB is required to provide a summary of the information received from state agencies on how each agency will operate with the reduction in federal funds. The 2024-25 interim Government Services Committee received the required report from OMB in September 2024. As reported to the committee, 32 agencies were surveyed, of which 6 were expecting a decrease in federal funding of 5 percent or more. The Secretary of State and the Department of Corrections and Rehabilitation (DOCR) may seek additional state funding if the federal funding level is not maintained.

## **AGREEMENTS BETWEEN NORTH DAKOTA AND SOUTH DAKOTA**

Pursuant to Section 54-40-01, an agency may enter an agreement with the State of South Dakota to form a bistate authority to jointly exercise any function the entity is authorized to perform by law. Any proposed agreement must be submitted to the Legislative Assembly or, if the Legislative Assembly is not in session, to the Legislative Management or a committee designated by the Legislative Management for approval or rejection.

In 1996, the South Dakota Legislature enacted a law creating a legislative commission to meet with a similar commission from North Dakota to study ways North Dakota and South Dakota could collaborate to provide government services more efficiently. The North Dakota Legislative Council (Legislative Management) appointed a commission to meet with the South Dakota commission. As a result of the joint commission, the North Dakota Legislative Assembly enacted legislation relating to higher education and the formation of a cooperative agreement with South Dakota. The South Dakota commission proposed several initiatives, but the South Dakota Legislature did not approve any of the related bills. Since then, no proposed agreements have been submitted to the committee for approval to form a bistate authority with the State of South Dakota.

## **OTHER ASSIGNED REPORTS**

In addition, the Government Finance Committee has been assigned to receive the following reports for the 2025-26 interim:

- Receive an annual report from the housing task force established by DOCR to address barriers to accessing housing for probationers, parolees, and other individuals released from the custody of the department pursuant to Section 54-23.3-15.
- Receive a semiannual report from the Department of Commerce regarding the status of the uncrewed aircraft systems test site program pursuant to Section 54-60-28.
- Receive semiannual reports from the Department of Commerce regarding the development of the beyond visual line of sight uncrewed aircraft system program and the total amount deposited by the State Treasurer in the general fund pursuant to Section 54-60-29.1.
- Receive at least one report from each county or city that receives a distribution from the large facility development fund on the use of the funding pursuant to Section 57-39.2-26.4.
- Receive a biennial report from the Retirement and Investment Office regarding the amount of legacy fund earnings above the percent of market value that would have been transferred to the legacy earnings fund had Senate Bill No. 2330 (2023) not been passed by the 68<sup>th</sup> Legislative Assembly pursuant to Section 7 of House Bill No. 1541 (2023 special session).

- Receive a report from the Department of Commerce by June 30, 2026, regarding the status of the state radar data pathfinder program pursuant to Section 1 of House Bill No. 1038 (2025).
- Receive quarterly reports from DOCR regarding the planning and design of a new minimum security facility pursuant to Section 7 of Senate Bill No. 2015 (2025).
- Receive a report from the Department of Commerce by June 30, 2026, regarding the status of the uncrewed aerial vehicle replacement program pursuant to Section 14 of Senate Bill No. 2018 (2025).