



OMB

▶ **Status of the General Fund**

Presented to the

Government

Finance Committee

September 28, 2016

Pam Sharp
Director of OMB

 **OMB**
Office of Management
and Budget

**GENERAL FUND STATUS STATEMENT
2015-17 BIENNIUM
AS OF AUGUST 31, 2016**

Beginning balance:		
Beginning unobligated balance - July 1, 2015	\$729,529,389	
Balance obligated for authorized carryover of appropriations	<u>147,653,143</u>	
Total beginning balance		\$877,182,532
Revenues:		
Revenues collected to date	\$2,792,721,416	
Remaining forecasted revenues - revised July 2016	1,455,230,744	
Total revenues		<u>4,247,952,160</u>
Total available		\$5,125,134,692
Expenditures:		
Legislative appropriations - One time	(\$1,173,663,758)	
Legislative appropriations - Ongoing	(4,852,498,920)	
4.05% allotment (Executive Branch only)	239,120,391	
4.05% allotment (Legislative Branch and Supreme Court)	5,749,197	
2.5% allotment all branches	151,154,067	
Restore DHS and DOCR	(36,535,880)	
DOT contingent appropriation	(20,000,000)	
Authorized carryover from previous biennium	(147,653,143)	
2015-17 authority used in 2013-15 pursuant to emergency clause	<u>9,858,196</u>	
Total authorized expenditures		<u>(5,824,469,850)</u>
Estimated ending balance before transfer from budget stabilization		(\$699,335,158)
Transfer from budget stabilization fund		572,485,453
Known turnback:		
Adjutant General - Firefighter Training Center	400,000	
DPI - State school aid	17,300,000	
OMB	<u>1,546,000</u>	
Total turnback		<u>19,246,000</u>
Estimated ending balance - June 30, 2017 - before additional transfer from other fund sources		(\$107,603,705)
Transfer from Bank of North Dakota		100,000,000
Estimated ending balance - June 30, 2017 - after additional transfer from budget stabilization fund		<u><u>(\$7,603,705)</u></u>

**SELECTED SPECIAL FUNDS
AUGUST 31, 2016 FUND BALANCES**

Fund	Balance
Budget stabilization fund (before \$497,591,655 transfer to the general fund)	\$572,485,453
Legacy fund	\$3,985,357,732
Foundation aid stabilization fund (After \$116,053,293 in transfer to DPI)	\$569,122,791
Tax relief fund	\$220,315,031
6/30/16 Strategic investment and improvements fund (\$205,256,570 committed)	\$346,071,298

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to the January 2016 Revised Forecast ^{/1}
2015-17 Biennium
August 2016

Revenues and Transfers	Fiscal Month			Biennium To Date				
	July 2016			July 2016				
	Rev. Forecast	Actual	Variance	Percent	Rev. Forecast /1	Actual	Variance	Percent
Sales Tax	110,185,000	93,255,120	(16,929,880)	-15.4%	1,101,093,574	1,083,902,397	(17,191,177)	-1.6%
Motor Vehicle Excise Tax	8,308,000	11,402,552	3,094,552	37.2%	122,703,785	126,106,478	3,402,693	2.8%
Individual Income Tax	18,433,000	21,092,105	2,659,105	14.4%	401,229,749	405,165,258	3,935,509	1.0%
Corporate Income Tax	-	266,160	266,160	100.0%	97,580,800	98,282,109	701,309	0.7%
Insurance Premium Tax	3,266,140	4,052,477	786,337	24.1%	58,842,063	59,627,900	785,837	1.3%
Financial Institutions Tax		604,279	604,279	100.0%	324,145	1,151,863	827,718	255.4%
Oil & Gas Production Tax*					83,379,177	83,379,177		
Oil Extraction Tax*					116,620,823	116,620,823		
Gaming Tax	533,430	672,841	139,411	26.1%	4,291,145	4,145,469	(145,675)	-3.4%
Lottery					9,580,000	9,580,000		
Cigarette & Tobacco Tax	2,526,000	2,374,522	(151,478)	-6.0%	34,078,715	33,992,715	(86,000)	-0.3%
Wholesale Liquor Tax	765,000	688,092	(76,908)	-10.1%	10,633,988	10,665,162	31,174	0.3%
Coal Conversion Tax	1,726,000	1,673,041	(52,959)	-3.1%	23,915,976	23,863,017	(52,959)	-0.2%
Mineral Leasing Fees	819,488	1,087,514	268,026	32.7%	15,440,552	16,085,222	644,670	4.2%
Departmental Collections	1,625,456	1,915,030	289,574	17.8%	44,916,012	44,686,709	(229,303)	-0.5%
Interest Income /2	376,842	247,384	(129,458)	-34.4%	12,887,204	12,687,296	(199,908)	-1.6%
State Mill & Elevator-Transfer					4,434,894	4,434,894		
Major Special Fund Transfers					657,000,000	657,000,000		
Other Transfers		(39)	(39)	-100.0%	1,344,966	1,344,928	(39)	0.0%
Total Revenues and Transfers	148,564,356	139,331,079	(9,233,276)	-6.2%	2,800,297,567	2,792,721,416	(7,576,151)	-0.3%

^{/1} The July 2016 revised revenue forecast includes actual revenues through June 30, 2016, and revised estimates for the remainder of the biennium.

^{/2} The biennium to date amounts shown for interest income revenues have been reduced by \$56,273.35 to reflect an adjustment that was made in June.

* The general fund cap for oil and gas taxes contains two tiers. The first tier of \$200.0 million was reached in January 2016. Additional oil taxes will flow to the tax relief fund until that

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to the Previous Biennium Revenues
2015-17 Biennium
August 2016

Revenues and Transfers	Fiscal Month			Biennium To Date				
	August 2014	August 2016	Variance	Percent	2013-15	2015-17	Variance	Percent
Sales Tax	94,555,415	93,255,120	(1,300,295)	-1.4%	1,427,272,810	1,083,902,397	(343,370,413)	-24.1%
Motor Vehicle Excise Tax	12,222,272	11,402,552	(819,720)	-6.7%	163,209,394	126,106,478	(37,102,916)	-22.7%
Individual Income Tax	10,925,516	21,092,105	10,166,589	93.1%	605,059,542	405,165,258	(199,894,284)	-33.0%
Corporate Income Tax	745,445	266,160	(479,285)	-64.3%	241,136,913	98,282,109	(142,854,804)	-59.2%
Insurance Premium Tax	3,290,890	4,052,477	761,587	23.1%	46,083,393	59,627,900	13,544,507	29.4%
Financial Institutions Tax		604,279	604,279	100.0%	(4,856,285)	1,151,863	6,008,149	-123.7%
Oil & Gas Production Tax*					146,071,108	83,379,177	(62,691,931)	-42.9%
Oil Extraction Tax*					153,928,892	116,620,823	(37,308,069)	-24.2%
Gaming Tax	534,816	672,841	138,026	25.8%	4,433,286	4,145,469	(287,817)	-6.5%
Lottery		0			7,200,000	9,580,000	2,380,000	33.1%
Cigarette & Tobacco Tax	2,928,033	2,374,522	(553,511)	-18.9%	35,180,137	33,992,715	(1,187,422)	-3.4%
Wholesale Liquor Tax	760,246	688,092	(72,154)	-9.5%	10,934,455	10,665,162	(269,293)	-2.5%
Coal Conversion Tax	1,408,677	1,673,041	264,364	18.8%	20,630,912	23,863,017	3,232,105	15.7%
Mineral Leasing Fees	2,318,601	1,087,514	(1,231,087)	-53.1%	23,088,133	16,085,222	(7,002,911)	-30.3%
Departmental Collections	1,604,004	1,915,030	311,026	19.4%	43,649,764	44,686,709	1,036,945	2.4%
Interest Income	293,973	247,384	(46,590)	-15.8%	11,211,055	12,687,296	1,476,241	13.2%
State Mill & Elevator-Transfer					3,408,600	4,434,894	1,026,294	30.1%
Major Special Fund Transfers					341,790,000	657,000,000	315,210,000	92.2%
Other Transfers		(39)	(39)	-100.0%	1,290,404	1,344,928	54,524	4.2%
Total Revenues and Transfers	131,587,888	139,331,079	7,743,192	5.9%	3,280,722,512	2,792,721,416	(488,001,096)	-14.9%

PRELIMINARY

Requests Received to Date For Deficiency Appropriations

September 28, 2016

State Treasurer

Coal Severance Payments	(Estimate) \$30,000
Property Tax Relief Credit	(Estimate) \$16,575,000

NDSU

Minard Hall	\$1,634,854
-------------	-------------

Adjutant General

Repay Bank of ND Loan for 2015 Burleigh County Fires	\$79,500
---	----------

Repay Bank of ND Loan for 2016 DAPL Response Cost	Up to \$6,000,000
--	-------------------

2017-19 REVENUE FORECAST

Preliminary July 2016

Comparison to July 2016 Forecast for 2015-17 Biennium

	2015-17	2017-19		Percent Change
	July 2016 Forecast	July 2016 Forecast	Change from Prior Biennium	
Tax Types				
Sales and Use Tax	\$1,863,517,574	\$2,049,472,000	\$185,954,426	10.0%
Motor Vehicle Excise Tax	\$201,543,785	204,572,000	3,028,215	1.5%
Individual Income Tax	\$690,525,749	733,937,000	43,411,251	6.3%
Corporate Income Tax	\$158,713,800	124,552,000	(34,161,800)	-21.5%
Insurance Premium Tax	\$104,935,597	105,000,000	64,403	0.1%
Financial Inst. Tax	\$324,145	0	(324,145)	-100.0%
Oil & Gas Production Tax	\$102,881,583	102,881,583	0	0.0%
Oil Extraction Tax	\$197,118,417	197,118,417	0	0.0%
Gaming	\$6,975,584	7,000,000	24,416	0.4%
Lottery	\$17,210,000	17,500,000	290,000	1.7%
Cigarette and Tobacco Tax	\$57,082,715	54,086,000	(2,996,715)	-5.2%
Wholesale Liquor Tax	\$18,114,988	18,578,000	463,012	2.6%
Coal Conversion Tax	\$42,725,976	39,709,000	(3,016,976)	-7.1%
Mineral Leasing Fees	\$23,635,424	20,000,000	(3,635,424)	-15.4%
Departmental Collections	\$78,448,832	80,000,000	1,551,168	2.0%
Interest	\$23,889,121	8,700,000	(15,189,121)	-63.6%
Total Revenues before Transfers	\$3,587,643,289	\$3,763,106,000	\$175,462,711	4.9%
Transfers				
State Mill Profits - Transfer	8,834,894			
Tax Relief Fund	657,000,000			
Other Transfers	2,106,402			
Total Transfers	\$667,941,296			
Total Revenues and Transfers	\$4,255,584,585			

2017-19 BIENNIUM OIL REVENUES

Distributions from Gross Production and Extraction Taxes

Preliminary July 2016

Comparison to July 2016 Forecast for 2015-17 Biennium

ALLOCATION	2015-17		2017-19 ²		Percent Change
	July 2016 Preliminary Forecast ¹	July 2016 Preliminary Forecast	July 2016 Preliminary Forecast	Change from Prior Biennium	
Political Subdivisions	\$525,157,833	\$517,400,420	\$517,400,420	(\$7,757,413)	-1.5%
Three Affiliated Tribes	201,090,904	190,944,760	190,944,760	(10,146,144)	-5.0%
Legacy Fund	810,675,615	994,245,072	994,245,072	183,569,457	22.6%
Foundation Aid Stabilization Fund	123,448,296	155,190,630	155,190,630	31,742,334	25.7%
Common Schools Trust Fund	123,448,296	155,190,630	155,190,630	31,742,334	25.7%
Resources Trust Fund	242,696,594	306,181,260	306,181,260	63,484,666	26.2%
Renewable Energy Development Fund	3,000,000	3,000,000	3,000,000	0	0.0%
Energy Conservation Grant Fund	1,200,000	1,200,000	1,200,000	0	0.0%
Oil and Gas Research Fund	10,000,000	10,000,000	10,000,000	0	0.0%
Oil and Gas Impact Fund	74,423,771	100,000,000	100,000,000	25,576,229	34.4%
North Dakota Outdoor Heritage Fund	19,615,262	25,140,787	25,140,787	5,525,525	28.2%
Abandoned Well and Site Reclamation Fund	10,132,737	12,570,393	12,570,393	2,437,656	24.1%
General Fund	300,000,000	300,000,000	300,000,000	0	0.0%
Tax Relief Fund	300,000,000	300,000,000	300,000,000	0	0.0%
State Disaster Relief Fund	14,640,643	0	0	(14,640,643)	-100.0%
Political Subdivision Allocation Fund	13,143,901	0	0	(13,143,901)	-100.0%
Strategic Investment and Improvements Fund	130,669,636	434,031,048	434,031,048	303,361,412	232.2%
TOTAL REVENUES	\$2,903,343,487	\$3,505,095,000	\$3,505,095,000	\$601,751,513	17.2%

¹ The July 2016 preliminary forecast for the 2015-17 Biennium reflects actual revenue collections through June 30, 2016 and revised estimates for the remainder of the biennium.

² Based on current law.

Note: Fiscal Year 2017 estimates are based on an average North Dakota price of \$42 per barrel and production ending at 900,000 barrels per day. 2017-19 Biennium estimates are based on an average North Dakota price of \$52 for the first year of the biennium and \$58 per barrel for the second year. Production is estimated to average 900,000 barrels per day for both years of the biennium.

Executive Branch Agencies Receiving Federal Funds

September 28, 2016

The 2015 Legislature enacted NDCC 54-27-27.1, as follows:

54-27-27.1. Report on federal funds by state agency - Legislative management report.

1. Biennially, each executive branch state agency, excluding entities under the control of the state board of higher education, receiving federal funds, shall report to the office of management and budget a plan to operate the state agency when federal funds are reduced by five percent or more of the total federal funds the state agency receives. The report must include information on whether the agency will request 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 which is a result of:
 - a. A decrease in caseloads or cost per case;
 - b. A change in the anticipated project completion date for a construction project qualifying for federal fund reimbursement; or
 - c. The completion of a one-time project funded in whole or in part by federal funds.
2. The office of management and budget shall report to the legislative management by October fifteenth of each even-numbered year on the reports received from state agencies under this section. The report must include a summary of the reports received from state agencies on how each agency will operate with the reduction in federal funds.

Preliminary Information

- 31 Executive Branch agencies receive federal funds.
- OMB surveyed these agencies.
- OMB is in the process of following up with agencies to clarify responses.
- At this time, only 2 agencies have indicated an expected decrease of 5% or more in federal funds between the current biennium and next biennium.
- In general, responses to the how agencies would adjust to a reduction in federal funds indicate that most would adjust their federal programs to the level of available federal funding.
- The official report will be completed by October 15.