

ANALYSIS OF THE STATE AID DISTRIBUTION FUND 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$0
Add estimated receipts		
Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%)	63,203,392	65,846,609
Total available	\$63,203,392	\$65,846,609
Less estimated expenditures		
Payments to political subdivisions		
County share (53.7%)	\$33,940,222	\$35,359,629
City share (46.3%)	29,263,170	30,486,980
Total estimated expenditures	63,203,392	65,846,609
Ending balance	\$0	\$0

NOTE: The amounts shown above reflect the 1999-2001 revenue forecast and the 2001-03 revenue forecast as approved by the 2001 Legislative Assembly.

North Dakota Century Code (NDCC) Section 57-39.2-26.1 provided, prior to January 1, 1999, for the deposit of a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate that was in effect when the sales were collected times the net sales, use, and motor vehicle excise tax allocations by the State Treasurer in the state aid distribution fund. The State Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended NDCC 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 one percent of the net sales, use, and motor vehicle excise tax collections instead of an amount equal to 60 percent of one percent of the net sales, use, and motor vehicle excise tax collections. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions.

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.

State revenue sharing funding was allocated to political subdivisions based on population and mill levies, and personal property tax funding was allocated to political subdivisions based on the historic real property taxes levied. The new allocation provides for 53.7 percent of the revenues to be distributed to counties and 46.3 percent to be distributed to cities. The distribution to the counties and cities is based on population categories. Each population category receives a percentage

of the county or city share of the total and is then allocated to the counties or cities within the categories based on population. The following chart shows the allocation of the fund to the various county and city population categories:

Population Category			
Counties	Percentage	Cities	Percentage
100,000 or more	10.4	20,000 or more	53.9
40,000 or more but less than 100,000	18.0	10,000 or more but less than 20,000	16.0
20,000 or more but less than 40,000	12.0	5,000 or more but less than 10,000	4.9
10,000 or more but less than 20,000	14.0	1,000 or more but less than 5,000	13.1
5,000 or more but less than 10,000	23.2	500 or more but less than 1,000	6.4
2,500 or more but less than 5,000	18.3	200 or more but less than 500	3.5
Less than 2,500	4.1	Less than 200	2.2
Total	100.0	Total	100.0