

## ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS (REFLECTING THE 2009-11 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$32,655,609		\$90,295,609
Add estimated revenues				
Oil extraction tax collections	\$83,190,000		\$94,716,000	
Repayments and reimbursements	1,960,000		2,009,000	
Investment earnings/miscellaneous	2,490,000		1,465,000	
Total estimated revenues		87,640,000 <sup>1</sup>		98,190,000
Total available		\$120,295,609		\$188,485,609
Less estimated expenditures and transfers				
State Water Commission - Grants and administration	\$30,000,000 <sup>2</sup>		\$188,400,000 <sup>3</sup>	
Total estimated expenditures and transfers		30,000,000		188,400,000
Estimated ending balance		\$90,295,609		\$85,609

<sup>1</sup>Estimated revenues - 2007-09 - The estimated revenues for the 2007-09 biennium reflect actual revenues through October 2008 and estimated revenues for the remainder of the biennium based on the executive revenue forecast. The current estimate of revenues for the biennium is **\$51,028,000 more than the estimate of \$36,612,000** made at the close of the 2007 legislative session. The increase is attributable to the following changes:

Increase in oil extraction tax collections	\$49,834,000
Decrease in repayments for previously funded water projects	(435,000)
Increase in investment income	1,629,000
<b>Net increase from revenue amount previously estimated for 2007-09</b>	<b>\$51,028,000</b>

<sup>2</sup>Section 4 of Senate Bill No. 2020 (2007) provided \$69,352,698, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission. The State Water Commission estimates 2007-09 expenditures from the resources trust fund to be approximately \$30,000,000.

<sup>3</sup>Sections 1 and 3 of House Bill No. 1020 (2009) appropriate \$188,400,000, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2009-11 biennium.

### FUND HISTORY

The resources trust fund was created pursuant to passage of measure No. 6 in the November 1980 general election. Measure No. 6 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.
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

- Fifty percent (of the 20 percent) to the common schools trust fund.
- Fifty percent (of the 20 percent) to the foundation aid stabilization fund.

North Dakota Century Code Section 57-51.1-07 provides that oil extraction tax revenues be distributed as follows:

- Twenty percent to the resources trust fund.
- Twenty percent allocated as provided in Article X, Section 24, of the Constitution of North Dakota.
- Sixty percent to the general fund.