



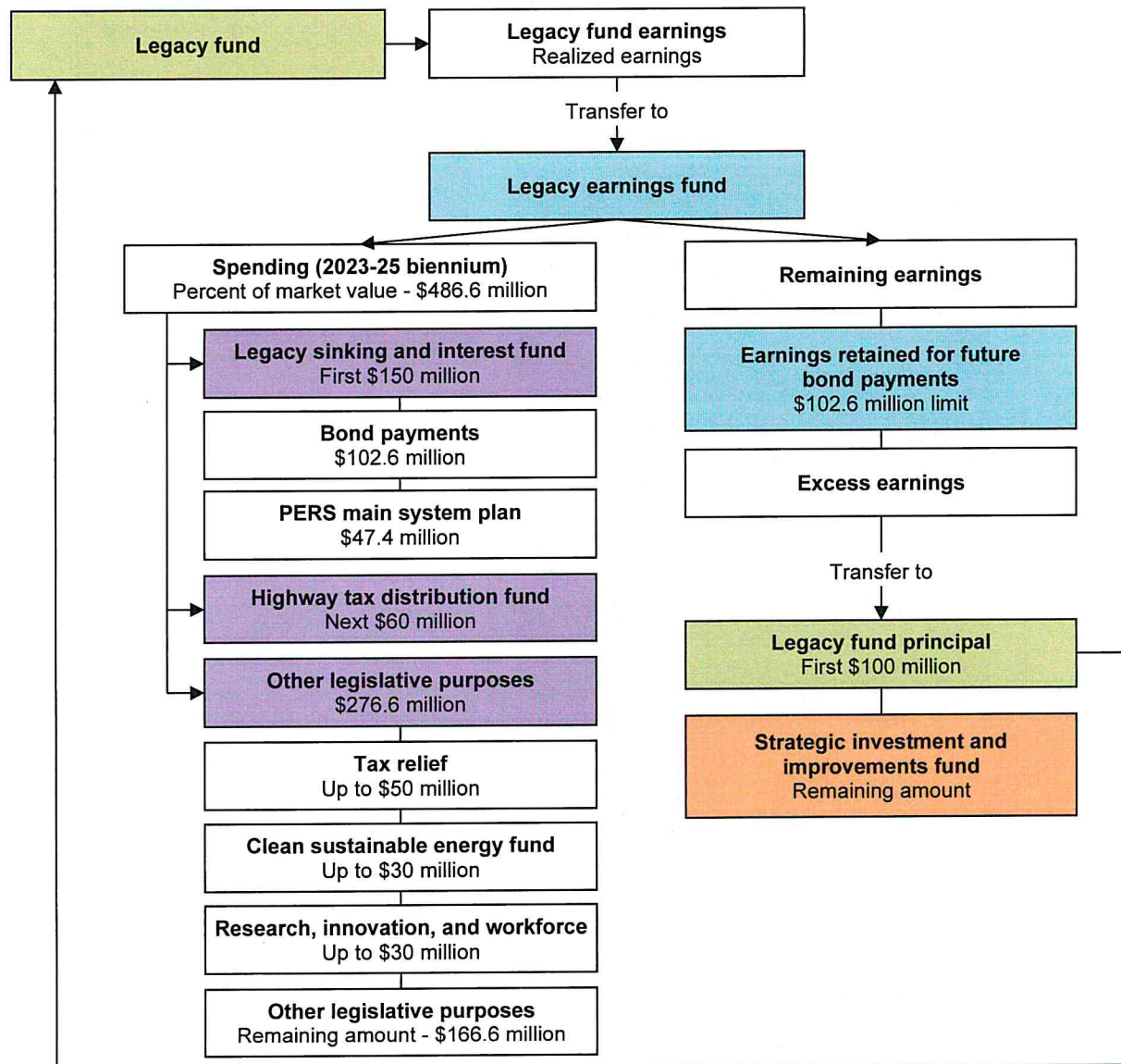
North Dakota Legislative Council

Prepared for Representative Lefor
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LEGACY FUND EARNINGS SCENARIO

This memorandum provides information on the allocation of legacy fund earnings based on current law, codified in North Dakota Century Code Section 21-10-13, and proposed changes to the allocations House Bill No. 1379.

2023-25 BIENNIUM LEGACY FUND EARNINGS - CURRENT LAW



2023-25 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES IN HOUSE BILL NO. 1379



ESTIMATED LEGACY FUND EARNINGS 2023-25 Biennium

Based on information from the Retirement and Investment Office, the estimated earnings available for transfer from the legacy fund to the legacy earnings fund at the end of the 2021-23 biennium total **\$680 million** based on the current definition of earnings, which includes dividends, interest, and realized gains and losses but excludes unrealized gains and losses. The amount available for spending for the 2023-25 biennium based on the percent of market value calculation, which uses 7 percent of the 5-year average balance of the legacy fund, totals **\$486.6 million**. Since the estimated earnings exceed the estimated amount available for spending, **\$193.4 million** of excess earnings would be available for additional allocations as provided by law.

As a reference, the legacy fund earnings available for transfer at the end of the 2021-23 biennium total **\$423.6 million** based on the earnings through November 30, 2022, as reported by the Retirement and Investment Office.

2025-27 Biennium

Estimates of the legacy fund earnings for the 2023-25 biennium, which would be available for spending in the 2025-27 biennium, are not yet available. A preliminary projection of the earnings for the 2023-25 biennium would be **\$626 million**, and the amount available for spending would be **\$573 million** based on the following:

- Oil and gas tax revenues of \$675 million per year increasing the principal balance of the fund;
- Investment returns of 5.5 percent per year, including 2 percent related to unrealized gains and 3.5 percent related to dividends, interest, and realized gains; and
- The fund balance increasing from \$7.9 billion on June 30, 2022, to \$9.5 billion on June 30, 2024.

PRELIMINARY 2025-27 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES IN HOUSE BILL NO. 1379

