



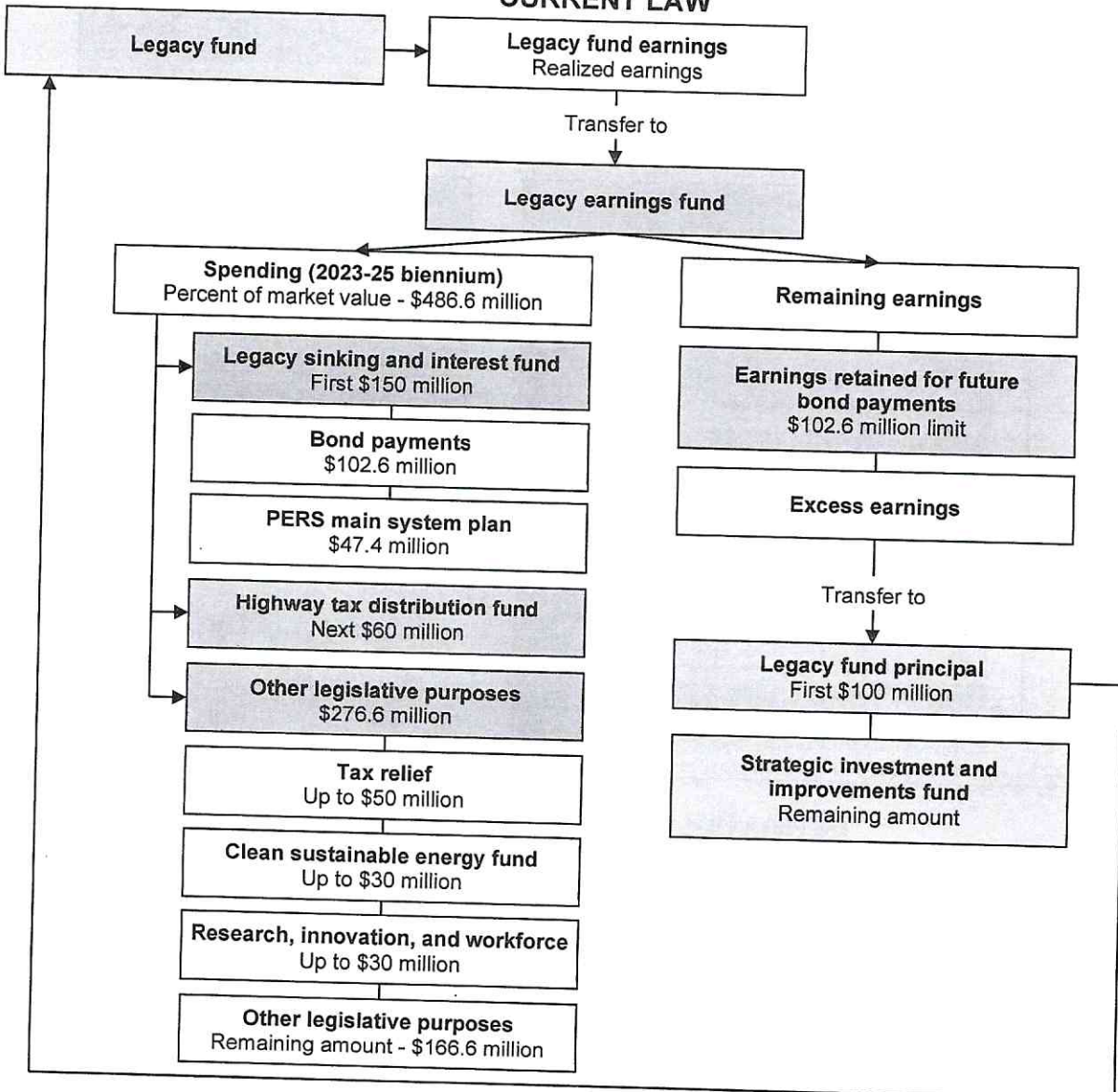
North Dakota Legislative Council

Prepared for Representative Lefor
LC# 23.9544.03000
March 2023

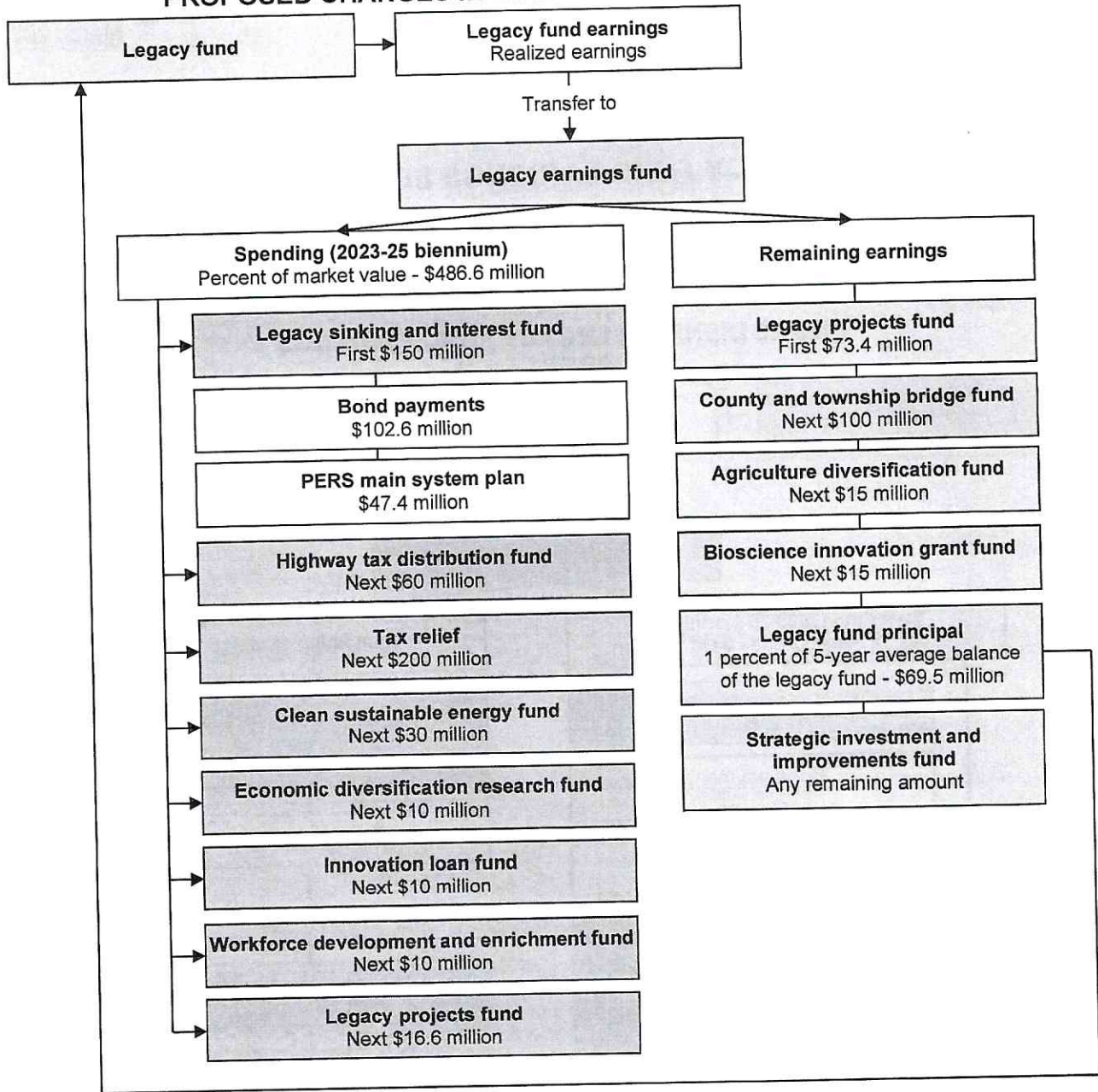
LEGACY FUND EARNINGS SCENARIO

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 in Engrossed House Bill No. 1379 [23.0695.02000].

2023-25 BIENNIUM LEGACY FUND EARNINGS - CURRENT LAW



**2023-25 BIENNIUM LEGACY FUND EARNINGS -
PROPOSED CHANGES IN ENGROSSED 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 **\$495 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, **\$8.4 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 **\$452.3 million** based on the earnings through January 31, 2023, 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 **\$642 million**, and the amount available for spending would be **\$579 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 \$9.7 billion on June 30, 2024.

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

