

HUB CITY ALLOCATIONS AND EMPLOYMENT DATA

HUB CITY ALLOCATION FORMULAS

The schedule below provides information on hub city allocation formulas related to the 1 percent of the 5 percent oil and gas gross production tax (20 percent of the oil and gas gross production tax) pursuant to North Dakota Century Code Section 57-51-15.

2013-15 Biennium Allocation Formulas	2015-17 Biennium Allocation Formulas	2017-19 Biennium Allocation Formulas
<p>Hub cities¹ \$375,000 per full or partial percentage point of private covered employment engaged in the mining industry</p> <p>Hub city¹ school districts \$125,000 per full or partial percentage point of private covered employment engaged in the mining industry</p>	<p>Hub cities² located in oil-producing counties \$375,000 per full or partial percentage point of private covered employment engaged in oil- and gas-related employment</p> <p>Hub cities² located in non-oil-producing counties \$250,000 per full or partial percentage point of private covered employment engaged in oil- and gas-related employment</p> <p>Hub city² school districts located in oil-producing counties \$125,000 per full or partial percentage point of private covered employment engaged in oil- and gas-related employment</p>	<p>Hub cities¹ located in oil-producing counties \$375,000 per full or partial percentage point of private covered employment engaged in the mining industry</p> <p>Hub cities¹ located in non-oil-producing counties \$250,000 per full or partial percentage point of private covered employment engaged in the mining industry</p> <p>Hub city¹ school districts located in oil-producing counties \$125,000 per full or partial percentage point of private covered employment engaged in the mining industry</p>
<p>¹A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.</p> <p>²A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in oil- and gas-related employment, according to data compiled by Job Service North Dakota.</p>		

EMPLOYMENT DATA

Overview of Data Collection Process

Job Service North Dakota compiles data for mining employment based on North American Industry Classification System codes, which include employment in companies involved in oil and gas extraction, mining excluding oil and gas, and supporting activities for mining. Job Service North Dakota compiles data for oil- and gas-related employment based on employment and wage reports by worksite for all industries related to oil and gas activity. Some types of employment included in the oil- and gas-related employment, but not included in mining employment are transportation jobs, construction jobs, and oil refinery jobs.

The employment data is compiled annually and is based on calendar years. The data is available in June for the prior calendar year and is included in the oil and gas gross production tax allocation formulas beginning with September allocations. For example, oil- and gas-related employment data for calendar year 2015 was available in June 2016 and will be included in the allocation formulas for fiscal year 2017 beginning in September 2016. According to information provided by a representative of Job Service North Dakota to the Energy Development and Transmission Committee in November 2015, estimates for future years are not available because of confidentiality requirements with employment reporting to the federal government.

Appropriations for Data Collection

In 2013 House Bill No. 1358, the Legislative Assembly appropriated \$120,000 from the general fund to Job Service North Dakota to gather employment data based on oil- and gas-related employment. In 2015 House Bill No. 1016, the Legislative Assembly appropriated \$80,000 from the general fund to Job Service North Dakota to continue gathering employment data based on oil- and gas-related employment. A similar appropriation to Job Service North Dakota would be required in the 2017-19 biennium if the oil and gas tax allocation formulas are based on oil- and gas-related employment data. However, under current statute the 2017-19 biennium oil and gas tax allocation formulas are based on mining employment, which would not require a data collection appropriation to Job Service North Dakota as was provided in the 2013-15 and 2015-17 bienniums.

Employment Data Comparison

The schedule below provides information on employment percentages for mining employment and oil- and gas-related employment for hub cities for calendar year 2012 through calendar year 2015. The employment percentages used in the allocation formulas reflect employment percentages from 2 years prior. For example, employment data from calendar year 2012 relates to the oil and gas tax allocation formulas for fiscal year 2014.

	2013-15 Biennium		2015-17 Biennium			
	Calendar Year 2012 Mining Employment	Calendar Year 2013 Mining Employment	Calendar Year 2014		Calendar Year 2015	
			Oil- and Gas-Related Employment ¹	Mining Employment ²	Oil- and Gas-Related Employment ¹	Mining Employment ²
Williston	43	40	66	40	57	35
Dickinson	21	22	40	24	34	19
Minot	6	6	14	7	11	6
Mandan			9	3	8	2
Bismarck			4		4	
West Fargo			3		5	
Jamestown			2		2	
Fargo			2		0	
Grand Forks			2		2	
Total	70	68	142	74	123	62

¹The amounts shown for calendar years 2014 and 2015 for oil- and gas-related employment reflect the employment percentages being used in the allocation formulas under current statute.

²The amounts shown for calendar years 2014 and 2015 for mining employment reflect the employment percentages that would have been used in allocation formulas if the formula was based on mining employment.

Hub City and Hub City School District Allocations Comparison

The schedule below provides information on the total monthly and annual allocations to all hub cities and hub city school districts for fiscal year 2014 through fiscal year 2017. The amounts shown for the allocations to hub cities include only the allocations under the 1 percent of the 5 percent (20 percent) of the oil and gas gross production tax. The three hub cities with the highest percentage mining or oil- and gas-related employment also receive an allocation from the 4 percent of the 5 percent oil and gas gross production tax (80 percent of the oil and gas gross production tax). The employment percentages used in the allocation formulas reflect employment percentages from 2 years prior. For example, employment data from calendar year 2012 relates to the oil and gas tax allocation formulas for fiscal year 2014.

	2013-15 Biennium		2015-17 Biennium			
	Fiscal Year 2014 Mining Employment	Fiscal Year 2015 Mining Employment	Fiscal Year 2016		Fiscal Year 2017 (Estimated)	
			Oil- and Gas-Related Employment ¹	Mining Employment ²	Oil- and Gas-Related Employment ¹	Mining Employment ²
Monthly allocation						
Hub cities	\$2,187,500	\$2,125,000	\$4,208,333	\$2,281,250	\$3,625,001	\$1,916,667
Hub city school districts	729,167	708,333	1,250,000	739,584	1,062,500	625,000
Total	\$2,916,667	\$2,833,333	\$5,458,333	\$3,020,834	\$4,687,501	\$2,541,667
Annual allocation						
Hub cities	\$26,250,000	\$25,500,000	\$50,500,000	\$27,375,000	\$43,500,000	\$23,000,000
Hub city school districts	8,750,000	8,500,000	15,000,000	8,875,000	12,750,000	7,500,000
Total	\$35,000,000	\$34,000,000	\$65,500,000	\$36,250,000	\$56,250,000	\$30,500,000

¹The amounts shown for fiscal years 2016 and 2017 for oil- and gas-related employment reflect the employment percentages being used in the allocation formulas under current statute.

²The amounts shown for fiscal years 2016 and 2017 for mining employment reflect the employment percentages that would have been used in allocation formulas if the formula was based on mining employment.