

**2009-11 PRELIMINARY ESTIMATE OF ONGOING AND ONE-TIME REVENUES
AND EFFECTS OF VARIOUS SPENDING LEVELS**

Preliminary Estimate of Ongoing Revenues and Potential Spending Levels - 2009-11 Biennium

	Option A Preliminary Outlook¹	Option B 8 percent²	Option C 10.8 percent³	Option D 15.8 percent⁴	Option E 21.6 percent⁵
	(Amounts shown in millions)				
Estimated ongoing revenues	\$2,734.7	\$2,734.7	\$2,734.7	\$2,734.7	\$2,734.7
Estimated ongoing transfers	84.4	84.4	84.4	84.4	84.4
Estimated total available ongoing funds	<u>\$2,819.1</u>	<u>\$2,819.1</u>	<u>\$2,819.1</u>	<u>\$2,819.1</u>	<u>\$2,819.1</u>
Potential appropriations					
Base level - 2007-09 ongoing appropriations	(\$2,317.4)	(\$2,317.4)	(\$2,317.4)	(\$2,317.4)	(\$2,317.4)
Cost-to-continue items	(36.7)	(36.7)	(36.7)	(36.7)	(36.7)
Optional levels - Additional appropriations or revenue reductions	<u>(316.1)</u>	<u>(148.7)</u>	<u>(213.6)</u>	<u>(329.5)</u>	<u>(465.0)</u>
Total potential appropriations or revenue reductions	<u>(\$2,670.2)</u>	<u>(\$2,502.8)</u>	<u>(\$2,567.7)</u>	<u>(\$2,683.6)</u>	<u>(\$2,819.1)</u>
Potential ongoing funding balance (shortfall)	<u><u>\$148.9</u></u>	<u><u>\$316.3</u></u>	<u><u>\$251.4</u></u>	<u><u>\$135.5</u></u>	<u><u>\$0.0</u></u>
Adjusted balance - Measure No. 1 approval ⁶	\$177.9	\$345.3	\$280.4	\$164.5	\$29.0
Adjusted balance - Measure No. 2 approval ⁷	(\$265.3)	(\$97.9)	(\$162.8)	(\$278.7)	(\$414.2)
Adjusted balance - Measure Nos. 1 and 2 approval	(\$236.3)	(\$68.9)	(\$133.8)	(\$249.7)	(\$385.2)

¹ The [Option A](#) level amount is based on amounts identified in the "Preliminary Outlook - North Dakota 2009-11 Biennium General Fund Budget" report and reflects a **15.2 percent increase** compared to 2007-09 biennium ongoing appropriations. See Option A for a chart showing historic and projected revenue and spending trends.

² The [Option B](#) level amount is based on the same percentage increase (**8 percent**) that ongoing revenues are anticipated to increase during the 2009-11 biennium compared to 2007-09 biennium revised revenue estimates. See Option B for a chart showing historic and projected revenue and spending trends.

³ The [Option C](#) level amount is based on the same percentage increase (**10.8 percent**) that general fund appropriations have increased, on average, each biennium for the past 10 years. See Option C for a chart showing historic and projected revenue and spending trends.

⁴ The [Option D](#) level amount is based on the same percentage increase (**15.8 percent**) that general fund ongoing appropriations increased for the 2007-09 biennium compared to the 2005-07 biennium. See Option D for a chart showing historic and projected revenue and spending trends.

⁵ The [Option E](#) level amount is based on spending all the additional ongoing revenues available for the 2009-11 biennium which results in a 21.6 percent increase compared to 2007-09 biennium ongoing appropriations. See Option E for a chart showing historic and projected revenue and spending trends.

- ⁶ **Measure No. 1** - Creation of a constitutional permanent oil tax trust fund - The measure limits the amount of oil tax revenue that may be deposited in the general fund to \$100 million each biennium, adjusted by the consumer price index in future bienniums. The measure requires approval by 75 percent of the Legislative Assembly to spend money from the permanent oil tax trust fund. The estimated fiscal effect of this measure is to increase general fund revenues by \$29 million for the 2009-11 biennium (\$100 million compared to \$71 million); however, any revenues transferred to the permanent oil tax trust fund after July 1, 2009, will require approval by 75 percent of the Legislative Assembly to spend.
- ⁷ **Measure No. 2** - Reduction of individual and corporate income tax rates - The measure reduces individual income tax rates by approximately 50 percent and corporate income tax rates by 15 percent. The estimated fiscal effect of this measure is to reduce general fund revenues by \$414.2 million for the 2009-11 biennium.

Preliminary Estimate of One-Time Revenues - 2009-11 Biennium

	General Fund	Permanent Oil Tax Trust Fund	Total
	(Amounts shown in millions)		
Estimated balance - July 1, 2009	\$390.1	\$632.2	\$1,022.3
Estimated revenues	<u> </u>	<u>666.0</u>	<u>666.0</u>
Estimated total available under current law	<u>\$390.1</u>	<u>\$1,298.2</u>	<u>\$1,688.3</u>
Adjusted total available - Measure No. 1 approval ¹	\$390.1	\$632.2	\$1,022.3
Adjusted total available - Measure No. 2 approval ²	\$390.1	\$1,298.2	\$1,688.3
Adjusted total available - Measure Nos. 1 and 2 approval	\$390.1	\$632.2	\$1,022.3

- ¹ **Measure No. 1** - Creation of a constitutional permanent oil tax trust fund - The measure limits the amount of oil tax revenue that may be deposited in the general fund to \$100 million each biennium, adjusted by the consumer price index in future bienniums. The measure requires approval by 75 percent of the Legislative Assembly to spend money from the permanent oil tax trust fund. The estimated fiscal effect of this measure is to increase general fund revenues by \$29 million for the 2009-11 biennium (\$100 million compared to \$71 million); however, any revenues transferred to the permanent oil tax trust fund after July 1, 2009, will require approval by 75 percent of the Legislative Assembly to spend.
- ² **Measure No. 2** - Reduction of individual and corporate income tax rates - The measure reduces individual income tax rates by approximately 50 percent and corporate income tax rates by 15 percent. The estimated fiscal effect of this measure is to reduce general fund revenues by \$414.2 million for the 2009-11 biennium.

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