

**MAJOR GENERAL FUND REVENUE CHANGES - 2003-05 EXECUTIVE BUDGET REVENUE FORECAST
COMPARED TO 2001-03 ORIGINAL AND REVISED REVENUE FORECASTS**

General Fund Revenue Sources and Beginning Balance	2001-03 Original Legislative Revenue Forecast	Increase (Decrease) 2001-03 Revised Forecast Compared to 2001-03 Original Forecast	2001-03 Revised Revenue Forecast	Increase (Decrease) 2003-05 Executive Budget Forecast Compared to 2001-03 Revised Forecast	2003-05 Executive Budget Revenue Forecast	Total Increase (Decrease) 2003-05 Executive Budget Forecast Compared to 2001-03 Original Forecast
Beginning balance	\$52,662,700 ^{\1}	\$9,577,952	\$62,240,652 ^{\2}	(\$58,377,743)	\$3,862,909 ^{\3}	(\$48,799,791)
Sales and use tax	643,705,000	2,626,333	646,331,333	29,963,667	676,295,000	32,590,000
Motor vehicle excise tax	113,531,000	8,326,675	121,857,675	8,379,325	130,237,000	16,706,000
Individual income tax	450,847,000	(61,849,909)	388,997,091	42,313,909	431,311,000	(19,536,000)
Corporate income tax	104,439,000	(18,840,703)	85,598,297	4,955,703	90,554,000 ^{\4}	(13,885,000)
Insurance premium tax	39,896,000	7,793,204	47,689,204	3,813,796	51,503,000	11,607,000
Cigarette and tobacco tax	38,796,000	906,582	39,702,582	27,661,418 ^{\5}	67,364,000 ^{\5}	28,568,000 ^{\5}
Oil and gas production tax	38,431,000	728,000	39,159,000 ^{\6}	(142,085) ^{\6}	39,016,915 ^{\6}	585,915 ^{\6}
Oil extraction tax	23,569,000	(728,000)	22,841,000 ^{\6}	3,557,744 ^{\6}	26,398,744 ^{\6}	2,829,744 ^{\6}
Coal conversion tax	48,670,000	(1,073,498)	47,596,502	1,207,498	48,804,000	134,000
Departmental collections	48,977,350	8,330,650	57,308,000	(7,079,425)	50,228,575	1,251,225
Transfer - Bank of North Dakota	60,000,000	0	60,000,000	0	60,000,000	0
Transfer - Bank of North Dakota (contingent)	0	22,862,442	22,862,442 ^{\7}	(22,862,442)	0	0
Other	95,454,357	(5,519,242)	89,935,115	6,639,085	96,574,200	1,119,843
Total general fund revenues and beginning balance	<u>\$1,758,978,407</u>	<u>(\$26,859,514)</u>	<u>\$1,732,118,893</u>	<u>\$40,030,450</u>	<u>\$1,772,149,343</u>	<u>\$13,170,936</u>

^{\1} Original estimate for the July 1, 2001, balance.

^{\2} Actual July 1, 2001, balance.

^{\3} Estimated July 1, 2003, balance - The executive budget recommendation projects a July 1, 2003, general fund balance of \$3,862,909, based on adjusted 2001-03 appropriation authority of \$1,732,118,893 (legislative appropriations of \$1,746,983,713, less the 1.05 percent state agency allotment of \$18.3 million, plus additional state matching funds for the intergovernmental transfer program of \$3.5 million) and the revised 2001-03 general fund revenue forecast of \$1,669,878,241, which includes a contingent Bank of North Dakota transfer of \$22.9 million, pursuant to Section 12 of 2001 House Bill 1015. The \$3.9 million balance represents the executive budget estimate of agency 2001-03 general fund turnback.

^{\4} The Governor is proposing to decouple the state corporate income tax from the federal corporate income tax. The new rates would be established to be revenue-neutral.

^{\5} The executive budget revenue forecast provides for an increase in cigarette and tobacco taxes of approximately 80 percent. The tax on cigarettes would increase by 35 cents per pack, from 44 cents to 79 cents per pack. These increases are estimated to result in additional general fund revenue of \$29.7 million for the 2003-05 biennium.

\6 North Dakota Century Code (NDCC) Section 57-51.1-07.2 provides that if, at the end of any biennium, oil and gas production and extraction tax collections during the biennium exceed \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. This section provides that money in the permanent oil tax trust fund may only be spent upon approval of two-thirds of the members-elect of each house of the Legislative Assembly. Interest on money in the fund is transferred to the general fund.

Total oil and gas tax collections were \$75.2 million during the 1999-2001 biennium, resulting in \$13.2 million being transferred to the permanent oil tax trust fund.

Total oil and gas tax collections are estimated to be \$63.2 million during the 2001-03 biennium, resulting in \$1.2 million being transferred to the permanent oil tax trust fund at the end of that biennium.

Total oil and gas tax collections are estimated to be \$65.4 million during the 2003-05 biennium. The Office of Management and Budget recommends in Section 13 of Senate Bill No. 2015 that NDCC Section 57-51.1-07.2, providing for transfers of oil and gas tax collections in excess of \$62 million, be suspended during the 2003-05 biennium.

\7 Anticipated contingent Bank of North Dakota transfer of \$22,862,442 based on the executive budget recommendation.