

**GENERAL FUND REVENUE ESTIMATES FOR THE 2001-03 AND 2003-05 BIENNIUMS
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS**

	Actual		Estimated		2003-05 Increase (Decrease) Compared to 2001-03	2003-05 Percentage Increase (Decrease) Compared to 2001-03
Revenue source	1997-99 Biennium	1999-2001 Biennium	2001-03 Biennium \1	2003-05 Biennium \2		
Sales and use tax	\$569,501,827	\$613,066,466	\$646,331,333	\$676,295,000	\$29,963,667	4.6%
Motor vehicle excise tax	94,863,089	109,115,230	121,857,675	130,237,000	8,379,325	6.9%
Individual income tax	358,287,825	409,331,437	388,997,091	431,311,000	42,313,909	10.9%
Corporate income tax	123,420,219	99,134,855	85,598,297	90,554,000 \3	4,955,703	5.8%
Insurance premium tax	33,133,216	39,113,433	47,689,204	51,503,000	3,813,796	8.0%
Business privilege tax	6,494,162	5,464,955	5,165,548	5,200,000	34,452	0.7%
Cigarette and tobacco tax	44,091,170	41,706,350	39,702,582	67,364,000 \4	27,661,418	69.7%
Oil and gas production tax	26,973,613	38,433,365 \5	39,159,000 \5	39,016,915 \5	(142,085)	(0.4%)
Oil extraction tax	16,703,114	23,566,635 \5	22,841,000 \5	26,398,744 \5	3,557,744	15.6%
Coal severance tax	22,596,137	22,173,854	0	0	0	0.0%
Coal conversion tax	23,786,790	25,672,170	47,596,502	48,804,000	1,207,498	2.5%
Gaming tax	22,801,868	27,437,507	26,302,222	23,178,000	(3,124,222)	(11.9%)
Lottery	0	0	0	5,000,000 \6	5,000,000	
Wholesale liquor tax	11,140,328	10,321,999	11,131,782	11,634,000	502,218	4.5%
Mineral leasing fees	7,257,989	9,531,698	5,847,000	3,870,000	(1,977,000)	(33.8%)
Interest income	19,013,889	20,832,123	9,775,000	12,996,000	3,221,000	33.0%
Departmental collections	32,997,069	40,816,171	57,308,000	50,228,575	(7,079,425)	(12.4%)
Total revenues	\$1,413,062,305	\$1,535,718,248	\$1,555,302,236	\$1,673,590,234	\$118,287,998	7.6%
Transfers and other sources						
Sale of DD loans			\$2,000,000 \7	\$0	(\$2,000,000)	(100.0%)
Transfer - Bank of North Dakota	\$29,600,000	\$50,000,000	60,000,000 \8	60,000,000 \9	0	0.0%
Transfer - Bank of North Dakota (contingent)			22,862,442 \8	0 \9	(22,862,442)	(100.0%)
Transfer - Student loan trust			9,000,000	9,000,000	0	0.0%
Transfer - Mill and Elevator	3,000,000	3,000,000	6,000,000	5,000,000	(1,000,000)	(16.7%)
Transfer - Gas tax administration	1,128,872	1,380,608	1,363,392	1,396,200	32,808	2.4%
Transfer - Lands and minerals fund	5,500,000		3,545,102	3,000,000	(545,102)	(15.4%)
Transfer - Permanent oil tax trust fund			0	14,300,000 \10	14,300,000	
Transfer - State bonding fund			0	2,000,000	2,000,000	
Transfer - Water development trust fund			9,733,820	0	(9,733,820)	(100.0%)
Transfer - State aid distribution fund	28,016,831		0	0	0	
Transfers - Other	3,197,042	5,159,194	71,249	0	(71,249)	(100.0%)
Total transfers and other sources	\$70,442,745	\$59,539,802	\$114,576,005	\$94,696,200	(\$19,879,805)	(17.4%)
Total general fund revenues and transfers	\$1,483,505,050	\$1,595,258,050	\$1,669,878,241	\$1,768,286,434	\$98,408,193	5.9%

- \1 Revised 2001-03 revenue forecast (December 2002).
- \2 Executive budget revenue forecast for the 2003-05 biennium.
- \3 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 to the current system.
- \4 The executive budget revenue forecast provides for an increase in the cigarette tax rate 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.
- \5 North Dakota Century Code 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. 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 the 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 North Dakota Century Code Section 57-51.1-07.2, providing for transfers to the permanent oil tax trust fund of oil and gas tax collections in excess of \$62 million, be suspended during the 2003-05 biennium.
- \6 North Dakota voters passed an initiated measure in November 2002 to amend the Constitution and allow North Dakota to join a multistate lottery. The executive budget recommendation estimates 2003-05 biennium lottery revenues of \$5 million.
- \7 The 2001 Legislative Assembly authorized that, at the request of the director of the Office of Management and Budget, the Department of Human Services sell the outstanding loans of the developmental disabilities revolving loan fund No. 1 to the Bank of North Dakota and deposit the proceeds, estimated to be \$2 million, in the general fund.
- \8 In addition to the \$60 million transfer from the Bank of North Dakota, the 2001 Legislative Assembly provided for a contingent Bank of North Dakota transfer if actual general fund revenues are less than projected for the 2001-03 biennium. The amount transferred may not exceed the lesser of \$25 million or the actual revenue shortfall and may not reduce the Bank's capital structure below \$140 million. The 2001-05 executive budget includes a contingent transfer of \$22.86 million prior to the end of the 2001-03 biennium.
- \9 Section 9 of 2003 Senate Bill No. 2015 provides for up to a \$60 million transfer from the Bank of North Dakota's current earnings and accumulated undivided profits. No more than \$15 million of the amount transferred may come from accumulated undivided profits.
- In addition to the \$60 million transfer from the Bank of North Dakota included in the executive revenue forecast, Section 10 of 2003 Senate Bill No. 2015 provides that if actual general fund revenues are less than the legislative forecast for the 2003-05 biennium, an amount equal to the shortfall, not to exceed \$25 million may be transferred from the Bank of North Dakota, subject to Budget Section approval. Transfers from the Bank of North Dakota may only be made to the extent the transfer does not reduce the Bank's capital structure below \$140 million.
- \10 The executive budget recommends, in Section 7 of 2003 Senate Bill No. 2015, that the July 1, 2003, balance in the permanent oil tax trust fund, including \$1.2 million to be transferred from the general fund on that date, estimated to be a total of \$14.3 million, be transferred to the general fund.