

**GENERAL FUND REVENUE ESTIMATES FOR THE 2003-05 AND 2005-07 BIENNIUMS
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS**

	Actual		Estimated		2005-07 Increase (Decrease) Compared to 2003-05	2005-07 Percentage Increase (Decrease) Compared to 2003-05
	1999-2001 Biennium	2001-03 Biennium	2003-05 Biennium \1	2005-07 Biennium \2		
Beginning balance	\$61,114,425	\$62,240,652	\$14,790,311	\$65,000,000	\$50,209,689	339.5%
Revenue source						
Sales and use tax	\$613,066,466	\$640,618,364	\$723,013,963	\$762,724,000	\$39,710,037	5.5%
Motor vehicle excise tax	109,115,230	119,592,232	130,062,758	136,133,400	6,070,642	4.7%
Individual income tax	409,331,437	396,153,000	436,392,523	464,347,000	27,954,477	6.4%
Corporate income tax	99,134,855	88,417,166	81,067,083	83,819,000	2,751,917	3.4%
Insurance premium tax	39,113,433	48,990,027	60,195,518	63,637,000	3,441,482	5.7%
Business privilege tax	5,464,955	6,257,389	5,246,071	5,166,400	(79,671)	(1.5%)
Cigarette and tobacco tax	41,706,350	39,313,360	39,067,411	37,147,000	(1,920,411)	(4.9%)
Oil and gas production tax	38,433,365 \3	39,159,000 \3	44,757,000 \3	39,838,800 \3	(4,918,200)	(11.0%)
Oil extraction tax	23,566,635 \3	22,841,000 \3	26,243,000 \3	31,161,200 \3	4,918,200	18.7%
Coal severance tax	22,173,854	0	0	0	0	0.0%
Coal conversion tax	25,672,170	46,878,511	47,829,816	48,833,000	1,003,184	2.1%
Gaming tax	27,437,507	27,612,652	21,393,000	20,130,000	(1,263,000)	(5.9%)
Lottery	0	0	6,231,000	10,000,000	3,769,000	60.5%
Wholesale liquor tax	10,321,999	11,155,834	11,819,958	12,300,000	480,042	4.1%
Mineral leasing fees	9,531,698	6,440,513	7,450,000	5,996,333	(1,453,667)	(19.5%)
Interest income	20,832,123	8,509,483	6,101,000	10,470,000	4,369,000	71.6%
Departmental collections	40,816,171	57,506,019	59,553,554	48,545,021	(11,008,533)	(18.5%)
Total revenues	\$1,535,718,248	\$1,559,444,550	\$1,706,423,655	\$1,780,248,154	\$73,824,499	4.3%
Transfers and other sources						
Sale of DD loans		\$2,004,257 \4	\$0	\$0	\$0	0.0%
Transfer - Bank of North Dakota	\$50,000,000	60,000,000	60,000,000	60,000,000 \7	0	0.0%
Transfer - Bank of North Dakota (contingent)		18,699,787 \5	0	0	0	0.0%
Transfer - Student loan trust		9,000,000	26,258,969	9,000,000	(17,258,969)	(65.7%)
Transfer - Mill and Elevator	3,000,000	6,000,000	5,000,000	5,000,000	0	0.0%
Transfer - Gas tax administration	1,380,608	1,363,392	1,396,200	1,400,000	3,800	0.3%
Transfer - Lands and minerals trust fund		3,545,102	2,000,000	6,800,000	4,800,000	240.0%
Transfer - Permanent oil tax trust fund			11,910,000	55,300,000	43,390,000	364.3%
Transfer - State bonding fund			2,800,000	0	(2,800,000)	(100.0%)
Transfer - Water development trust fund		9,733,820	10,070,373	0	(10,070,373)	(100.0%)
Transfer - Health care trust fund			35,911,035	16,900,000	(19,011,035)	(52.9%)
Transfer - Information technology savings			79,278	0	(79,278)	(100.0%)
Transfers - Other	5,159,194	87,332	348,770	100,000	(248,770)	(71.3%)
Total transfers and other sources	\$59,539,802	\$110,433,690	\$155,774,625	\$154,500,000	(\$1,274,625)	(0.8%)
Total beginning balance, revenues, and transfers	\$1,656,372,475	\$1,732,118,892	\$1,876,988,591	\$1,999,748,154	\$122,759,563	6.5%

Federal fiscal relief payments	\$0	\$0	\$56,456,581	\6	\$0	(\$56,456,581)	(100.0%)
Total revenues including federal fiscal relief payments	<u>\$1,656,372,475</u>	<u>\$1,732,118,892</u>	<u>\$1,933,445,172</u>		<u>\$1,999,748,154</u>	<u>\$66,302,982</u>	<u>3.4%</u>

\1 Revised 2003-05 revenue forecast (March 2005).

\2 Legislative amounts for the 2005-07 biennium.

\3 From 1999 through 2003, North Dakota Century Code (NDCC) Section 57-51.1-07.2 provided 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 \$69.6 million during the 2001-03 biennium, resulting in \$7.6 million being transferred to the permanent oil tax trust fund at the end of that biennium. The July 1, 2003, balance in the permanent oil tax trust fund was \$12.8 million.

Section 26 of 2003 Senate Bill No. 2015 amended NDCC Section 57-51.1-07.2 so that all revenues deposited in the general fund during a biennium that are derived from the oil and gas gross production tax which exceed \$71 million are to be transferred into the permanent oil tax trust fund, instead of the prior \$62 million limit. In August 2003, \$11.91 million was transferred from the permanent oil tax trust fund to the general fund, pursuant to Section 6 of 2003 Senate Bill No. 2015.

Total oil and gas tax collections are estimated to be \$115.3 million during the 2003-05 biennium, resulting in \$44.3 million being transferred to the permanent oil tax trust fund at the end of that biennium. The estimated June 30, 2005, balance in the permanent oil tax trust fund is \$45.2 million.

The Legislative Assembly did not approve the executive budget recommendation that NDCC Section 57-51.1-07.2 be amended to raise the general fund limit from \$71 million to \$84.5 million. Total oil and gas collections are estimated to be \$109 million for the 2005-07 biennium. Based on a \$71 million general fund limit, the transfer to the permanent oil tax trust fund would be \$38 million. The Legislative Assembly authorized transfers from the permanent oil tax trust fund for funding the Medicaid management information system (\$3,667,820), an International Arts Center at the International Music Camp (\$350,000), for repaying loans for the centers of excellence (\$16,000,000), and for a transfer to the general fund (\$55,300,000). The estimated June 30, 2007, balance in the permanent oil tax trust fund is \$7.9 million.

\4 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 in the general fund.

\5 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 were less than projected for the 2001-03 biennium. The amount transferred was limited to the lesser of \$25 million or the actual revenue shortfall and the Bank's capital structure may not be reduced below \$140 million.

\6 This amount relates to \$56,456,581 of federal fiscal relief funding received by the state, \$50 million in direct payments and \$6,456,581 received as enhanced federal medical assistance percentage (FMAP) reimbursements relating to 2001-03 biennium expenditures but which were not received until the 2003-05 biennium.

\7 Section 9 of 2005 House Bill No. 1015 provides for up to a \$60 million transfer from the Bank of North Dakota's current earnings and accumulated undivided profits. The transfer may be made only to the extent the transfer does not reduce the Bank's capital structure below \$150 million.