

ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND FOR THE 2007-09 BIENNIUM

	2007-09 Biennium	
Beginning balance - July 1, 2007		\$143,270,662
Add estimated revenues		
Oil and gas production tax and extraction tax collections	\$257,681,410 ¹	
Total estimated revenues		257,681,410
Total available		\$400,952,072
Less estimated expenditures and transfers		
Transfer to the general fund (Section 12 of 2007 SB 2032)	\$115,000,000	
Office of Management and Budget - Centers of excellence (Section 14 of 2007 HB 1018)	15,000,000 ²	
Higher Education (Section 10 of 2007 HB 1003)	7,783,315 ³	
Grant assistance payments to tribally controlled community colleges (Section 6 of 2007 HB 1395)	700,000	
Veterans Home facility (Section 1 of 2007 SB 2418)	6,483,226 ⁴	
Agriculture research and extension operating pool (Section 11 of 2007 HB 1020)	750,000 ⁵	
Total estimated expenditures and transfers		145,716,541
Estimated ending balance - June 30, 2009		\$255,235,531

¹Estimated collections reflect actual collections of \$127,126,888 through April 2008 and **original legislative projections** of \$130,554,522 for the remainder of the biennium.

²Centers of excellence - Section 14 of House Bill No. 1018 (2007) provides an appropriation of \$15 million from the permanent oil tax trust fund to the Office of Management and Budget for providing funding for centers of excellence. Of this amount, up to \$10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to \$5 million and any unawarded funds remaining from the \$10 million allocation are available for Budget Section approval at its first meeting after September 1, 2008.

³Higher education - Section 10 of House Bill No. 1003 (2007) provides that Section 3 of the bill includes \$7,783,315 from the permanent oil tax trust fund of which \$2,773,800 is for Northern Tier Network infrastructure, \$4,109,515 is for steamline projects at the State College of Science, Valley City State University, and Minot State University - Bottineau, and \$900,000 is for the service rig program at Williston State College for the biennium beginning July 1, 2007, and ending June 30, 2009.

⁴Veterans Home facility - Section 1 of Senate Bill No. 2418 (2007) provides a contingent appropriation of \$6,483,226 from the permanent oil tax trust fund to the Veterans Home to demolish the existing Veterans Home and to build a new structure. The appropriation from the permanent oil tax trust fund is to only be made available upon the Veterans Home obtaining approval for a federal state home construction grant from the federal Department of Veterans Affairs.

⁵Agriculture research and extension operating pool - Section 11 of House Bill No. 1020 (2007) provides that the appropriation from the permanent oil tax trust fund as provided in Subdivision 4 of Section 3 of the bill is to be available only for providing funding for operations of the Dickinson Research Center and the amount provided is to be limited to the lesser of \$750,000 or the amount actual oil revenues are less than budgeted for the research center for the biennium beginning July 1, 2007, and ending June 30, 2009.

NOTE: The estimated June 30, 2009, balance made at the end of the 2007 legislative session was \$136,967,547. The increase in the estimated balance of \$118,267,984 is due to the actual July 1, 2007, balance of \$143,270,662 being \$6,603,981 more than the July 1, 2007, balance estimated at the close of the 2007 legislative session of \$136,666,681 and 2007-09 revised estimated revenues being \$111,664,003 more than the previous estimate of \$146,017,407 due to increased oil production and oil prices.

FUND HISTORY

North Dakota Century Code Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that all revenues deposited in the general fund during a biennium and derived from taxes imposed on oil and gas under Chapter 57-51 (oil and gas gross production tax) and Chapter 57-51.1 (oil extraction tax) which exceed \$71 million are to be transferred into the permanent oil tax trust fund. The State Treasurer is to transfer the interest earned on the fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly. House Concurrent Resolution No. 3045 proposes a new section to the Constitution of North Dakota relating to the establishment of a permanent oil tax trust fund from oil and gas taxes in excess of \$100 million as adjusted. The measure requires a three-fourths vote of the members elected to each house of the Legislative Assembly to spend the principal of the permanent oil tax trust fund and limits the spending to 20 percent of the principal during any biennium. The measure, if approved by voters in the 2008 general election, would become effective July 1, 2009. Senate Bill No. 2178 repeals the statutory provisions in Section 57-51.1-07.2 upon the effective date of the constitutional measure.