

ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium	2005-07 Biennium
Beginning balance	\$12,800,761 ¹	\$45,208,228
Add estimated revenues		
Oil and gas production tax and oil extraction tax collections	\$44,317,467	\$38,016,354
Total estimated revenues	44,317,467 ²	38,016,354 ⁴
Total available	\$57,118,228	\$83,224,582
Less estimated expenditures		
Transfer to the general fund (Section 6 of 2003 SB 2015; Section 32 of 2005 HB 1015)	\$11,910,000	\$55,300,000
Parks and Recreation Department - International Music Camp grant for International Arts Center (2005 SB 2228)		350,000 ⁵
Office of Management and Budget - Repayment of loans for centers of excellence (Section 12 of 2005 SB 2018)		16,000,000 ⁶
Department of Human Services - Medicaid management information system (MMIS) project (Section 8 of 2005 HB 1012)		3,667,820 ⁷
Total estimated expenditures	11,910,000 ³	75,317,820 ³
Estimated ending balance	\$45,208,228	\$7,906,762

NOTE: North Dakota Century Code (NDCC) Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that at the end of each biennium beginning after June 30, 1997, all revenues deposited in the general fund during that biennium and derived from taxes imposed on oil and gas under Chapters 57-51 (Oil and Gas Gross Production Tax) and 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 may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly. Senate Bill No. 2018, as approved by the 2005 Legislative Assembly, includes provisions allowing the transfer of funds from the general fund to the permanent oil tax trust fund during the biennium after the \$71 million general fund limit is reached rather than making the transfer only at the end of the biennium.

¹Beginning balance - July 1, 2003 - The general fund revenues derived from oil and gas gross production taxes and oil extraction taxes totaled \$69,565,225 for the 2001-03 biennium. Since revenues exceeded the \$62 million statutory limit (which was increased to \$71 million by Section 26 of 2003 Senate Bill No. 2015), \$7,565,225 was transferred into the permanent oil tax trust fund on June 30, 2003. Any interest earned is deposited in the general fund.

²Estimated revenues - 2003-05 - The revised revenue forecast for the 2003-05 biennium projects oil and gas gross production tax and oil extraction tax revenues to total \$115,317,467, \$71 million to be deposited in the general fund and \$44,317,467 to be deposited in the permanent oil tax trust fund at the end of the biennium.

³Estimated expenditures - Pursuant to NDCC Section 57-51.1-07.2, 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.

⁴Estimated revenues - 2005-07 - The revenue forecast for the 2005-07 biennium projects oil and gas gross production tax and oil extraction tax revenues to total \$109,016,354, \$71 million to be deposited in the general fund and \$38,016,354 to be deposited in the permanent oil tax trust fund.

⁵Appropriation - Parks and Recreation Department - 2005 Senate Bill No. 2228 provides an appropriation of \$350,000 from the permanent oil tax trust fund to the Parks and Recreation Department for the department to provide a one-time grant to the International Music Camp to assist with the construction costs of the International Arts Center to be located at the International Music Camp at the International Peace Garden.

⁶Appropriation - Office of Management and Budget - Section 12 of 2005 Senate Bill No. 2018 provides an appropriation of \$16 million from the permanent oil tax trust fund to the Office of Management and Budget for repaying the Bank of North Dakota loans and accrued interest relating to funds borrowed for centers of excellence for the 2005-07 biennium. This appropriation is limited to 50 percent or \$16 million, whichever is less, of the revenues deposited in the permanent oil tax trust fund that exceed \$6 million for the 2005-07 biennium.

⁷Appropriation - Department of Human Services - Section 8 of 2005 House Bill No. 1012 provides that \$3,667,820 included in the estimated income appropriation for the Department of Human Services is from the permanent oil tax trust fund. This is for the state's share of the costs for the Medicaid management information system (MMIS) project. The total cost of the project is split between federal funds (approximately 90 percent) and state funds (approximately 10 percent).