

## ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%)	\$106,443,764		\$107,566,783	
Other adjustments resulting from 2009 legislative action				
HB 1083 - Changes filing date for monthly sales tax filers for May in odd-numbered years	(1,353,043)			
SB 2201 - Motor vehicle excise tax exemption for manufacturers' incentives and discounts	(42,783)			
HB 1289 - Sales tax exemption for irrigation equipment repair parts			(24,000)	
SB 2040 - Sales tax exemption for telecommunications infrastructure			(412,000)	
SB 2053 - Sales tax exemption for purchases by Indian tribes			(2,800)	
SB 2090 - Sales tax exemption for Montana residents	(4,000)		(12,000)	
SB 2184 - Motor vehicle excise tax exemption for manufacturers' incentives and discounts			(384,000)	
Total adjustments		105,043,938		106,731,983
Total available		\$105,043,938		\$106,731,983
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7%)	\$56,408,595		\$57,315,075	
City share (46.3%)	48,635,343		49,416,908	
Total estimated expenditures and transfers		105,043,938		106,731,983
Estimated ending balance		\$0		\$0

**NOTE:** The amounts shown reflect the 2007-09 revised revenue forecast (February 2009) and the 2009-11 revenue forecast as approved by the 2009 Legislative Assembly.

### FUND HISTORY

North Dakota Century Code (NDCC) Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended NDCC Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions.

The 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the

Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

Population Category			
Counties	Percentage	Cities (Based on Population)	Percentage
17 counties with the largest population (allocated equally)	20.48%	80,000 or more	19.4%
17 counties with the largest population (allocated based on population)	43.52%	20,000 or more but less than 80,000	34.5%
Remaining counties (allocated equally)	14.40%	10,000 or more but less than 20,000	16.0%
Remaining counties (allocated based on population)	21.60%	5,000 or more but less than 10,000	4.9%
		1,000 or more but less than 5,000	13.1%
		500 or more but less than 1,000	6.1%
		200 or more but less than 500	3.4%
		Less than 200	2.6%
Total	100.00%		100.0%