

# ANALYSIS OF THE LEGACY FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS



	2009-11 Biennium		2011-13 Biennium	
	Actual		Estimated	
Beginning balance		\$0		\$0
Add revenues				
Thirty percent of oil and gas gross production and extraction tax collections			\$701,862,989 <sup>1</sup>	
Excess revenues from strategic investment and improvements fund			0 <sup>2</sup>	
Investment earnings			6,090,000	
Total revenues		0		707,952,989
Total available		\$0		\$707,952,989
Total expenditures and transfers				0 <sup>3</sup>
Ending balance		\$0		\$707,952,989

<sup>1</sup>The total estimated revenues from oil and gas tax revenue shown above reflect the 2011-13 revenue forecast as approved by the Legislative Assembly in 2011 of \$612,468,299 adjusted by the additional oil and gas tax revenues received through April 2012 of \$89,394,690.

<sup>2</sup>House Bill No. 1451 (2011) provides that if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund.

<sup>3</sup>The principal and earnings of the legacy fund may not be spent until after June 30, 2017.

**NOTE:** The estimated June 30, 2013, balance made at the end of the 2011 regular legislative session was \$618,558,299. The increase in the estimated balance of \$89,394,690 is due to higher than anticipated oil production and price per barrel of oil.

## FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 26, of the Constitution of North Dakota--to provide that 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.