



North Dakota Legislative Council

Prepared for the Legislative Management
LC# 27.9013.01000
June 2025

2025-27 BIENNIUM ESTIMATED OIL AND GAS TAX ALLOCATIONS - ALTERNATE SCENARIOS

SCENARIO 1 - LOWER OIL PRODUCTION

The schedule below compares the 2025-27 biennium estimated oil and gas tax revenue allocations based on the 2025 legislative forecast and a scenario based on lower oil production. The scenario for lower oil production reflects a **13 percent decline in oil production (150,000 barrels per day)** for the entire biennium, decreasing from 1.15 to 1 million barrels per day in the 1st year and from 1.1 to 0.95 million barrels per day in the 2nd year of the biennium. Based on information presented by S&P Global in March 2025, oil production could decline below 1 million barrels per day due to exhaustion of the most productive areas of the Bakken, restrained oil development due to company mergers, market uncertainties, or a combination of these factors.

2025-27 Biennium Estimated Oil and Gas Tax Revenue Allocations			
	2025 Legislative Forecast	Scenario 1 - Lower Oil Production	Increase (Decrease)
Oil price and production (biennium average)			
Production in barrels (biennium average)	1,125,000	975,000	(150,000)
Price per barrel (biennium average)	\$58.00	\$58.00	\$0.00
Collections			
Gross production tax	\$2,363,480,000	\$2,048,470,000	(\$315,010,000)
Oil extraction tax	1,906,030,000	1,651,990,000	(254,040,000)
Total oil tax collections	\$4,269,510,000	\$3,700,460,000	(\$569,050,000)
Allocations			
Three Affiliated Tribes of the Fort Berthold Reservation	\$380,600,000	\$329,870,000	(\$50,730,000)
Legacy fund	1,168,690,000	1,012,920,000	(155,770,000)
North Dakota outdoor heritage fund	15,000,000	15,000,000	0
Abandoned well reclamation fund	14,480,000	13,140,000	(1,340,000)
Political subdivisions	657,280,000	583,780,000	(73,500,000)
Common schools trust fund	172,930,000	149,890,000	(23,040,000)
Foundation aid stabilization fund	172,930,000	149,890,000	(23,040,000)
Resources trust fund	354,510,000	307,260,000	(47,250,000)
Oil and gas research fund	17,500,000	17,500,000	0
State energy research center fund	7,500,000	7,500,000	0
State share ("buckets") ¹	1,308,090,000	1,113,710,000	(194,380,000)
Total oil tax allocations	\$4,269,510,000	\$3,700,460,000	(\$569,050,000)
¹ The state share ("buckets") allocations include the following:			
	2025 Legislative Forecast	Scenario 1 - Lower Oil Production	Increase (Decrease)
State share - buckets			
General fund (\$250 million limit)	\$250,000,000	\$250,000,000	\$0
Tax relief fund (\$250 million limit)	250,000,000	250,000,000	0
Budget stabilization fund (limit varies - up to \$75 million)	0	0	0
General fund (\$250 million limit)	250,000,000	250,000,000	0
Lignite research fund (\$10 million limit)	10,000,000	10,000,000	0
State disaster relief (limit varies - up to \$20 million)	7,560,000	7,560,000	0
Municipal infrastructure fund (\$80 million limit)	80,000,000	80,000,000	0
County and township infrastructure fund (\$80 million limit)	80,000,000	80,000,000	0
PERS main system plan (\$65 million limit)	65,000,000	65,000,000	0
Airport infrastructure fund (\$20 million limit)	20,000,000	20,000,000	0
Strategic investment and improvements fund (no limit)	295,530,000	101,150,000	(194,380,000)
Total state share	\$1,308,090,000	\$1,113,710,000	(\$194,380,000)

SCENARIO 2 - LOWER OIL PRICES AND PRODUCTION

The schedule below compares the 2025-27 biennium estimated oil and gas tax revenue allocations based on the 2025 legislative forecast and a scenario based on lower oil prices and production. The scenario for lower oil prices and production reflects a **15 percent decline in oil prices (\$9 per barrel)** for the entire biennium, decreasing from \$59 to \$50 per barrel in the 1st year and from \$57 to \$48 per barrel in the 2nd year of the biennium, and a **13 percent decline in oil production (150,000 barrels per day)** for the entire biennium, decreasing from 1.15 to 1 million barrels per day in the 1st year and from 1.1 to 0.95 million barrels per day in the 2nd year of the biennium. Based on information presented by S&P Global in March 2025, oil prices and production could decline due to price decreases related to excess oil supply in the global markets causing oil producers in North Dakota to decrease production, shutdown of the Dakota Access Pipeline limiting export capacity and discounting North Dakota oil prices associated with increased rail transportation costs, or a combination of these factors.

2025-27 Biennium Estimated Oil and Gas Tax Revenue Allocations			
	2025 Legislative Forecast	Scenario 2 - Lower Oil Prices and Production	Increase (Decrease)
Oil price and production (biennium average)			
Production in barrels (biennium average)	1,125,000	975,000	(150,000)
Price per barrel (biennium average)	\$58.00	\$49.00	(\$9.00)
Collections			
Gross production tax	\$2,363,480,000	\$1,730,740,000	(\$632,740,000)
Oil extraction tax	1,906,030,000	1,395,760,000	(510,270,000)
Total oil tax collections	\$4,269,510,000	\$3,126,500,000	(\$1,143,010,000)
Allocations			
Three Affiliated Tribes of the Fort Berthold Reservation	\$380,600,000	\$278,710,000	(\$101,890,000)
Legacy fund	1,168,690,000	855,820,000	(312,870,000)
North Dakota outdoor heritage fund	15,000,000	15,000,000	0
Abandoned well reclamation fund	14,480,000	11,100,000	(3,380,000)
Political subdivisions	657,280,000	508,440,000	(148,840,000)
Common schools trust fund	172,930,000	126,640,000	(46,290,000)
Foundation aid stabilization fund	172,930,000	126,640,000	(46,290,000)
Resources trust fund	354,510,000	259,610,000	(94,900,000)
Oil and gas research fund	17,500,000	17,500,000	0
State energy research center fund	7,500,000	7,500,000	0
State share ("buckets") ¹	1,308,090,000	919,540,000	(388,550,000)
Total oil tax allocations	\$4,269,510,000	\$3,126,500,000	(\$1,143,010,000)
¹ The state share ("buckets") allocations include the following:			
	2025 Legislative Forecast	Scenario 2 - Lower Oil Prices and Production	Increase (Decrease)
State share - buckets			
General fund (\$250 million limit)	\$250,000,000	\$250,000,000	\$0
Tax relief fund (\$250 million limit)	250,000,000	250,000,000	0
Budget stabilization fund (limit varies - up to \$75 million)	0	0	0
General fund (\$250 million limit)	250,000,000	250,000,000	0
Lignite research fund (\$10 million limit)	10,000,000	10,000,000	0
State disaster relief (limit varies - up to \$20 million)	7,560,000	7,560,000	0
Municipal infrastructure fund (\$80 million limit)	80,000,000	75,990,000	(4,010,000)
County and township infrastructure fund (\$80 million limit)	80,000,000	75,990,000	(4,010,000)
PERS main system plan (\$65 million limit)	65,000,000	0	(65,000,000)
Airport infrastructure fund (\$20 million limit)	20,000,000	0	(20,000,000)
Strategic investment and improvements fund (no limit)	295,530,000	0	(295,530,000)
Total state share	\$1,308,090,000	\$919,540,000	(\$388,550,000)

NOTE: The amounts reflected in these schedules are preliminary estimates for August 2025 through July 2027. The actual amounts allocated for the 2025-27 biennium may differ significantly from these estimates based on actual oil price and oil production.