North Dakota Legislative Council

Prepared for the Tax Reform and Relief Advisory Committee
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# LEGACY FUND SCENARIO - 9 PERCENT DISTRIBUTION

The schedule below provides information on a scenario for the Legacy Fund, including the fund balance and distributions to the Legacy Earnings Fund, for the 2025-27 biennium through the 2043-45 biennium. The scenario reflects the following:

- Oil and gas tax revenue deposits of $1.17 billion per biennium, the same as the 2025-27 biennium revenue forecast;
- Coal tax deposits increasing to $43 million per biennium by the 2031-33 biennium based on the fiscal note for House Bill 1279 (2025);
- Investment earnings of 6.5 percent per year compared to a 5-year annualized return of 5.47 percent at the end of fiscal year 2023, 6.64 percent at the end of fiscal year 2024, and 8.32 percent at the end of fiscal year 2025 as reported by the Retirement and Investment Office;
- Distributions to the Legacy Earnings Fund at the beginning of each biennium based on a percent of market value (POMV) calculation using 9 percent of the 5-year average balance of the Legacy Fund;
- The current allocation formula for the Legacy Earnings Fund, which provides approximately $103 million for bond payments and then allocates the remaining amounts 30 percent to the Highway Fund and 70 percent to the Legacy Property Tax Relief Fund.

| | | | Legacy Earnings Fund Allocations | | |
|---|---|---|---|---|---|
| **Biennium** | **Legacy Fund Ending Balance** | **POMV Distributions** | **Bond Payments** | **Highway Fund** | **Tax Relief** |
| 2025-27 | $16,670,000,000 | $687,000,000 | $103,000,000 | $175,000,000 | $409,000,000 |
| 2027-29 | $19,050,000,000 | $1,007,000,000 | $103,000,000 | $271,000,000 | $633,000,000 |
| 2029-31 | $21,440,000,000 | $1,314,000,000 | $103,000,000 | $363,000,000 | $848,000,000 |
| 2031-33 | $23,890,000,000 | $1,579,000,000 | $103,000,000 | $443,000,000 | $1,033,000,000 |
| 2033-35 | $26,450,000,000 | $1,787,000,000 | $103,000,000 | $505,000,000 | $1,179,000,000 |
| 2035-37 | $29,120,000,000 | $1,999,000,000 | $103,000,000 | $569,000,000 | $1,327,000,000 |
| 2037-39 | $31,920,000,000 | $2,218,000,000 | $103,000,000 | $635,000,000 | $1,480,000,000 |
| 2039-41 | $34,840,000,000 | $2,448,000,000 | $103,000,000 | $704,000,000 | $1,641,000,000 |
| 2041-43 | $37,910,000,000 | $2,688,000,000 | $103,000,000 | $776,000,000 | $1,809,000,000 |
| 2043-45 | $41,120,000,000 | $2,940,000,000 | | $882,000,000 | $2,058,000,000 |

The schedule below provides information on the difference between a POMV calculation using 9 percent of the 5-year average balance of the Legacy Fund and the current law POMV calculation using 8 percent of the 5-year average balance of the Legacy Fund.

| | | | Legacy Earnings Fund Allocations | | |
|---|---|---|---|---|---|
| **Biennium** | **Legacy Fund Ending Balance** | **POMV Distributions** | **Bond Payments** | **Highway Fund** | **Tax Relief** |
| 2025-27 | $0 | $0 | $0 | $0 | $0 |
| 2027-29 | ($120,000,000) | $112,000,000 | $0 | $33,000,000 | $79,000,000 |
| 2029-31 | ($290,000,000) | $144,000,000 | $0 | $43,000,000 | $101,000,000 |
| 2031-33 | ($500,000,000) | $167,000,000 | $0 | $50,000,000 | $117,000,000 |
| 2033-35 | ($760,000,000) | $179,000,000 | $0 | $53,000,000 | $126,000,000 |
| 2035-37 | ($1,060,000,000) | $187,000,000 | $0 | $56,000,000 | $131,000,000 |
| 2037-39 | ($1,400,000,000) | $191,000,000 | $0 | $58,000,000 | $133,000,000 |

| | | | | | |
|---|---|---|---|---|---|
| 2039-41 | ($1,810,000,000) | $194,000,000 | $0 | $59,000,000 | $135,000,000 |
| 2041-43 | ($2,250,000,000) | $195,000,000 | $0 | $59,000,000 | $136,000,000 |
| 2043-45 | ($2,760,000,000) | $193,000,000 | $0 | $58,000,000 | $135,000,000 |