

February 2008

PERMANENT OIL TAX TRUST FUND PROPOSED CONSTITUTIONAL AMENDMENT

In 2007 the Legislative Assembly approved House Concurrent Resolution No. 3045, which will be on the state general election ballot in November 2008, to establish a constitutional permanent oil tax trust fund. If approved by the voters, the measure will require all oil and gas production or extraction tax revenue exceeding \$100 million during a biennium to be transferred to the permanent oil tax trust fund. Beginning in 2011, the \$100 million threshold amount for transfers to the permanent oil tax trust fund is indexed to change with the rate of inflation. The measure would require interest earnings of the permanent oil tax trust fund to be transferred to the

general fund at the end of each fiscal year. The measure would prohibit expenditures from the principal of the permanent oil tax trust fund except upon a vote of three-fourths of the members elected to each house of the Legislative Assembly and not more than 20 percent of the principal could be expended during any biennium. If the measure is approved by the voters, it becomes effective on July 1, 2009. If the measure is approved by the voters, Senate Bill No. 2178 repeals the statutory provision for a permanent oil tax trust fund under North Dakota Century Code Section 57-51.1-07.2 effective July 1, 2009.