

The table below provides a brief description of the taxes and funds included in the flowchart on the previous page.

Box No.	Tax/Fund	Description
1	Oil and gas gross production tax	North Dakota Century Code Section 57-51-02 provides for a tax of 5 percent of the gross value at the well of oil produced in North Dakota unless exempted. The gross production tax on gas is four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.
2 and 2-A	Legacy fund	Article X, Section 26, of the Constitution of North Dakota provides for a deposit to the legacy fund of 30 percent of total revenue derived from taxes on oil and gas production or extraction. Section 15-08.1-08 provides that if the unobligated balance in 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 must be deposited instead in the legacy fund.
3	Oil extraction tax	Section 57-51.1-02 provides for a tax of 6.5 percent of the gross value at the well on the activity in North Dakota of extracting oil from the earth unless exempted.
4	Oil and gas impact grant fund	Section 57-51-15 (1989 House Bill No. 1302) establishes the oil and gas impact grant fund for deposit of revenue from oil and gas gross production taxes. Section 57-51-15 provides that revenues from the tax equal to the first 1 percent of the gross value of oil at the well of oil production, up to \$100 million per biennium, is to be deposited into the oil and gas impact grant fund. The fund is used to provide grants to political subdivisions impacted by oil development.
5	Political subdivisions	Oil and gas gross production taxes are apportioned to political subdivisions pursuant to Section 57-51-15. The percentage of taxes allocated to a political subdivision decreases as oil and gas gross production tax revenue levels attributable to the political subdivision increase.
6	Resources trust fund	Section 57-51.1-07 provides for a distribution of 20 percent of oil extraction taxes to the resources trust fund. Article X, Section 22, of the Constitution of North Dakota provides that the fund may be used, subject to legislative appropriation, for constructing water-related projects, including rural water systems, and funding of programs for energy conservation.
7	Common schools trust fund	Article IX, Section 1, of the Constitution of North Dakota provides for a common schools trust fund to be used to support the common schools of the state. Article X, Section 24, of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the common schools trust fund to become part of the principal of the fund. Article IX also provides for the deposit of other revenue sources into the common schools trust fund. Only earnings of the common schools trust fund may be spent. The earnings are distributed to school districts as part of the state school aid formula.
8	Foundation aid stabilization fund	Article X, Section 24, of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the foundation aid stabilization fund. Section 24 also provides that the principal of the foundation aid stabilization fund may be expended only upon order of the Governor to offset foundation aid reductions that were made by executive action pursuant to law due to a revenue shortfall.
9	Oil and gas research fund	Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes the oil and gas research fund. Section 57-51.1-07.3 provides that 2 percent of the state's share of the oil and gas gross production tax and oil extraction tax revenues, up to \$4 million per biennium, is to be deposited into the oil and gas research fund. All money deposited in the fund and all interest income are appropriated as a continuing appropriation to the Oil and Gas Research Council.
10 and 10-A	General fund	The general fund is the chief operating fund of the state. Section 57-51.1-07.5 provides for the distribution of the state's share of oil and gas taxes. The distribution formula provides for an initial deposit of \$200 million to the general fund and an additional \$100 million after a deposit of \$341.79 million in the property tax relief sustainability fund.
11	Property tax relief sustainability fund	Section 57-64-05 provides for the property tax relief sustainability fund to provide for property tax relief programs pursuant to legislative appropriations. Section 57-51.1-07.5 provides for the distribution of up to \$341.79 million of oil tax revenues at certain levels to the property tax relief sustainability fund each biennium.
12 and 12-A	Strategic investment and improvements fund	Section 15-08.1-08 provides for the strategic investment and improvements fund. The fund is to be used for one-time expenditures relating to improving state infrastructure or initiatives to improve the efficiency and effectiveness of state government. Section 57-51.1-07.5 provides for the distribution of certain oil tax revenues to the strategic investment and improvements fund.
13	State disaster relief fund	Section 37-17.1-27 provides for the state disaster relief fund. The fund is to be used only for the required state share of funding for expenses associated with presidential-declared disasters in the state upon Emergency Commission and Budget Section approval. Section 57-51.1-07.5 provides for the distribution of up to \$22 million of oil tax revenues at certain levels to the state disaster relief fund each biennium.