

**Mining vs. Oil & Gas Employment
Presentation to Taxation Committee
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Current Law:

Hub City Definition (NDCC 57-51-01)

A city with a population of 12,500 or more and greater than 1% of private covered employment engaged in the *mining* industry as reported by Job Service annually

For fiscal year 2015 (based on calendar year 2013 data):

- Williston - 40%
- Dickinson - 22%
- Minot - 6%

Hub City School Definition

School district with highest student enrollment within the city limits of a hub city

Distributions

- Hub Cities:

- 1/5th Side of Formula:
 - \$375,000 per fiscal year for each full or partial percentage point of private covered employment engaged in *mining*
- 4/5th Side of Formula:
 - 9% of County Share of the ">\$5M Counties" allocated to **top three** hub cities (60%/30%/10%)

- Hub City Schools:

- 1/5th Side of Formula:
 - \$125,000 per fiscal year for each full or partial percentage point of private covered employment engaged in *mining*
- 4/5th Side of Formula:
 - No allocation

New Job Service Data:

Oil & Gas Related Employment

Job Service ND completed a study to measure specific **Oil & Gas** related employment across North Dakota. The new study determined that the following cities with populations over 12,500 had greater than 1.0% Oil & Gas related employment:

- | | |
|---------------------|----------------------|
| · Williston - 63.9% | · West Fargo - 2.4% |
| · Dickinson - 38.9% | · Jamestown - 1.4% |
| · Minot - 12.0% | · Fargo - 1.4% |
| · Mandan - 8.0% | · Grand Forks - 1.0% |
| · Bismarck - 2.5% | |

Using New O&G Numbers in Place of Mining

- Would add six new hub cities and hub city schools to the 1/5th side of the formula
- Would increase amounts going to current hub cities and schools
- Would still only pay top three hub cities out of the 4/5th side of the formula

Distribution Comparison

Hub Cities:

City	Mining Employment		Oil & Gas Employment		Annual Increase/(Decrease)
	%	Annual Allocation	%	Annual Allocation	
Williston	39.10	15,000,000	63.89	24,000,000	9,000,000
Dickinson	21.80	8,250,000	38.89	14,625,000	6,375,000
Minot	5.65	2,250,000	12.00	4,500,000	2,250,000
Mandan	0.61	-	8.02	3,375,000	3,375,000
Bismarck	0.27	-	2.52	1,125,000	1,125,000
West Fargo	-	-	2.40	1,125,000	1,125,000
Jamestown	-	-	1.43	750,000	750,000
Fargo	-	-	1.41	750,000	750,000
Grand Forks	0.50	-	1.01	750,000	750,000
TOTALS		25,500,000		51,000,000	25,500,000

* Annual allocation amounts. Employment %'s are updated each fiscal year

~ Only represents allocations from the 1/5th side of the formula.

Hub City Schools:

City	Mining Employment		Oil & Gas Employment		Annual Increase/(Decrease)
	%	Annual Allocation	%	Annual Allocation	
Williston	39.10	5,000,000	63.89	8,000,000	3,000,000
Dickinson	21.80	2,750,000	38.89	4,875,000	2,125,000
Minot	5.65	750,000	12.00	1,500,000	750,000
Mandan	0.61	-	8.02	1,125,000	1,125,000
Bismarck	0.27	-	2.52	375,000	375,000
West Fargo	-	-	2.40	375,000	375,000
Jamestown	-	-	1.43	250,000	250,000
Fargo	-	-	1.41	250,000	250,000
Grand Forks	0.50	-	1.01	250,000	250,000
TOTALS		8,500,000		17,000,000	8,500,000

* Annual allocation amounts. Employment %'s are updated each fiscal year

Effect on Non-Hub City Portion of O&G Formula

Any increase to hub city and hub city schools would reduce the "general fund share" coming from the 1/5th side of the formula which would result in a decrease in contributions to SIIF

- Depending on the obligated balance of SIIF, this could potentially cause a reduction in Legacy Fund contributions