

**ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND 2001-03 AND 2003-05 BIENNIUMS
(REFLECTING THE 2003-05 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)**

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$13,179,298 ¹	\$14,358,056
Add estimated revenues		
Oil and gas production tax and oil extraction tax collections	\$1,178,758	\$0
Total estimated revenues	1,178,758 ²	0 ³
Total available	\$14,358,056	\$14,358,056
Less estimated expenditures	0	14,358,056 ⁴
Ending balance	\$14,358,056	\$0

NOTE: North Dakota Century Code (NDCC) Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that at the end of each biennium beginning after June 30, 1997, all revenues deposited in the general fund during that biennium and derived from taxes imposed on oil and gas under Chapters 57-51 (Oil and Gas Gross Production Tax) and 57-51.1 (Oil Extraction Tax) which exceed \$62 million are to be transferred into the permanent oil tax trust fund. The State Treasurer is to transfer the interest earned on the fund to the general fund at the end of each fiscal year.

¹ Beginning balance - July 1, 2001 - The general fund revenues derived from oil and gas production taxes and oil extraction taxes totaled \$75,179,298 for the 1999-2001 biennium. Since revenues exceeded the \$62 million statutory limit, \$13,179,298 was transferred into the permanent oil tax trust fund on June 30, 2001. Any interest earned is deposited in the general fund.

² Estimated revenues - 2001-03 - The revised revenue forecast for the 2001-03 biennium projects oil and gas production tax and oil extraction tax revenues for deposit in the general fund to exceed \$62 million by \$1,178,758; therefore, there is a projected transfer of \$1,178,758 to the permanent oil tax trust fund at the end of the biennium.

³ Estimated revenues - 2003-05 - The executive budget recommends amending NDCC Section 57-51.1-07.2 (Section 13 of Senate Bill No. 2015) to suspend any transfers to the permanent oil tax trust fund during the 2003-05 biennium. The executive budget projects oil extraction and oil and gas gross production tax collections to generate \$65.4 million for the 2003-05 biennium with all of the funds deposited in the general fund.

⁴ Estimated expenditures - 2003-05 - The 2003-05 executive budget recommends transferring the permanent oil tax trust fund balance on July 1, 2003, to the general fund. Pursuant to NDCC Section 57-51.1-07.2, the principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly.