



# North Dakota Legislative Council

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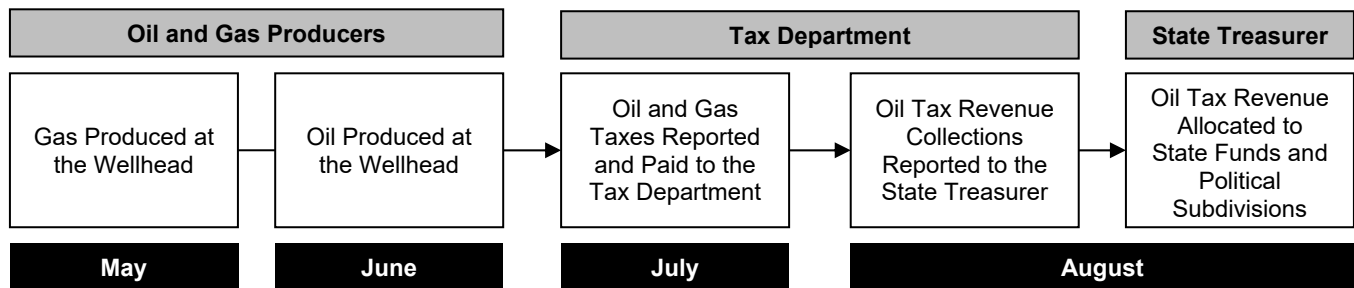
## TIMING OF OIL AND GAS TAX REVENUES

### OIL AND GAS-RELATED REVENUE PROCESS

The oil and gas gross production tax and the oil extraction tax are applied to the gross value at the wellhead pursuant to North Dakota Century Code Sections 57-51-02 and 57-51.1-02. The tax on oil must be paid to the Tax Department by the 25<sup>th</sup> day of the month succeeding the month of production while the tax on gas must be paid to the Tax Department by the 15<sup>th</sup> day of the 2<sup>nd</sup> month succeeding the month of production pursuant to Section 57-51-05.

At the beginning of each month, the Tax Department provides a report to the State Treasurer certifying the oil and gas tax revenue collections from the prior month. After receiving the report, the State Treasurer allocates the oil and gas tax revenues to state funds and political subdivisions as provided by law.

As a result, the monthly oil tax revenue allocations are based on the reported tax collections which reflect oil production from 2 months prior and gas production from 3 months prior. The chart below provides an example of the process for collecting and allocating oil and gas tax revenues.



### OIL AND GAS-RELATED FISCAL YEAR REPORTING

For state fiscal year reporting purposes, 1 year of reporting for oil tax revenue allocations, including both the allocations to state funds and the allocations to political subdivisions, is from August through the following July. The formulas used to allocate oil tax revenue to state funds become effective with June oil production and August revenue allocations. However, the formulas used to allocate the oil tax revenue to political subdivisions become effective with July oil production and September revenue allocations. As a result, 1 year of oil tax revenue allocations to political subdivisions under a new allocation formula is reported from September through the following August. The chart below provides information on fiscal year reporting for gas production, oil production, oil and gas tax revenue collections, and oil and gas tax revenue allocations.

