

Motor Vehicle Excise Taxes

- **House Bill No. 1012**, in the executive recommendation, provided for 25 percent of motor vehicle excise tax collections to be deposited in the highway fund rather than the general fund. The Legislative Assembly removed this provision which is anticipated to increase general fund motor vehicle excise tax collections by \$45.8 million.

Gaming Taxes

- **Senate Bill No. 2042** reduces the gaming and excise taxes paid by charitable gaming organizations from a range of 5 percent to 20 percent of adjusted gross proceeds to a range of 1 percent to 2.5 percent of gross proceeds. This bill is anticipated to reduce gaming tax collections by \$6.8 million.

Oil Taxes

House Bill No. 1451 repeals the permanent oil tax trust fund and creates a new section to North Dakota Century Code Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

1. The first \$200 million is deposited in the general fund;
2. The next \$341,790,000 is deposited in the property tax relief sustainability fund;
3. The next \$100 million is deposited in the general fund;
4. The next \$100 million is deposited in the strategic investment and improvements fund;
5. The next \$22 million is deposited in the state disaster relief fund; and
6. Any additional revenues are deposited in the strategic investment and improvements fund.

This bill also amends Section 15-08.1-08 to provide that if the unobligated balance in the strategic investment and improvements fund at the end of any month exceeds \$300 million, 25 percent of any revenues received for deposit in the fund in the subsequent month must be deposited instead into the legacy fund.

Based on the February 2011 revised revenue forecast for the 2011-13 biennium, the state's share of total oil and gas tax collections are estimated to be \$774 million. **House Bill No. 1013** increases the allocation of oil and gas gross production taxes to the oil and gas impact grant fund from \$8 million to \$100 million, reducing the state's share of oil and gas gross production tax collections by \$92 million, from \$774 million to \$682 million. Of the \$682 million, \$4 million is projected to be deposited in the oil and gas research fund, \$300 million in the general fund, \$341,790,000 in the property tax relief sustainability fund, and \$36,210,000 in the strategic investment and improvements fund.

The forecasted oil tax revenue collections are based on a number of factors, including tax rate incentives and exemptions, oil prices, oil production, etc. The February 2011 legislative forecast estimated oil prices of \$72 per barrel in the first year of the 2011-13 biennium and \$75 per barrel in the second year. The estimated average daily production rate is approximately 404,625 barrels for the 2011-13 biennium. Actual prices, production, and other factors throughout the 2011-13 biennium could increase or decrease actual oil tax revenue collections.

TRANSFERS

The February 2011 revised revenue forecast did not change the executive budget (December 2010) estimated total transfers of \$483 million and \$539.1 million, respectively, for the 2009-11 and 2011-13 bienniums. The 2011 Legislative Assembly provided for 2011-13 biennium transfers to the general fund of \$608.14 million, an increase of \$69 million compared to the executive budget forecast.

Major legislation affecting 2009-11 biennium transfers to the general fund include House Bill No. 1451 which repeals the permanent oil tax trust fund and transfers the balance, estimated to be \$615.1 million, to the general fund at the end of the 2009-11 biennium. As a result, 2009-11 biennium transfers increase from \$483 million to \$1,098.1 million.