



# Oil Tax & OPD Overview

How Oil Taxes Benefit North Dakota and How  
Operation Prairie Dog Supports State Infrastructure

# OIL AND GAS TAX DESCRIPTIONS

## *Extraction Tax*

- The gross value of oil production at the well, less any part which is specifically exempt.
- Rate
  - January 1, 1981 = 6.5%
  - January 1, 2016 = 5.0%

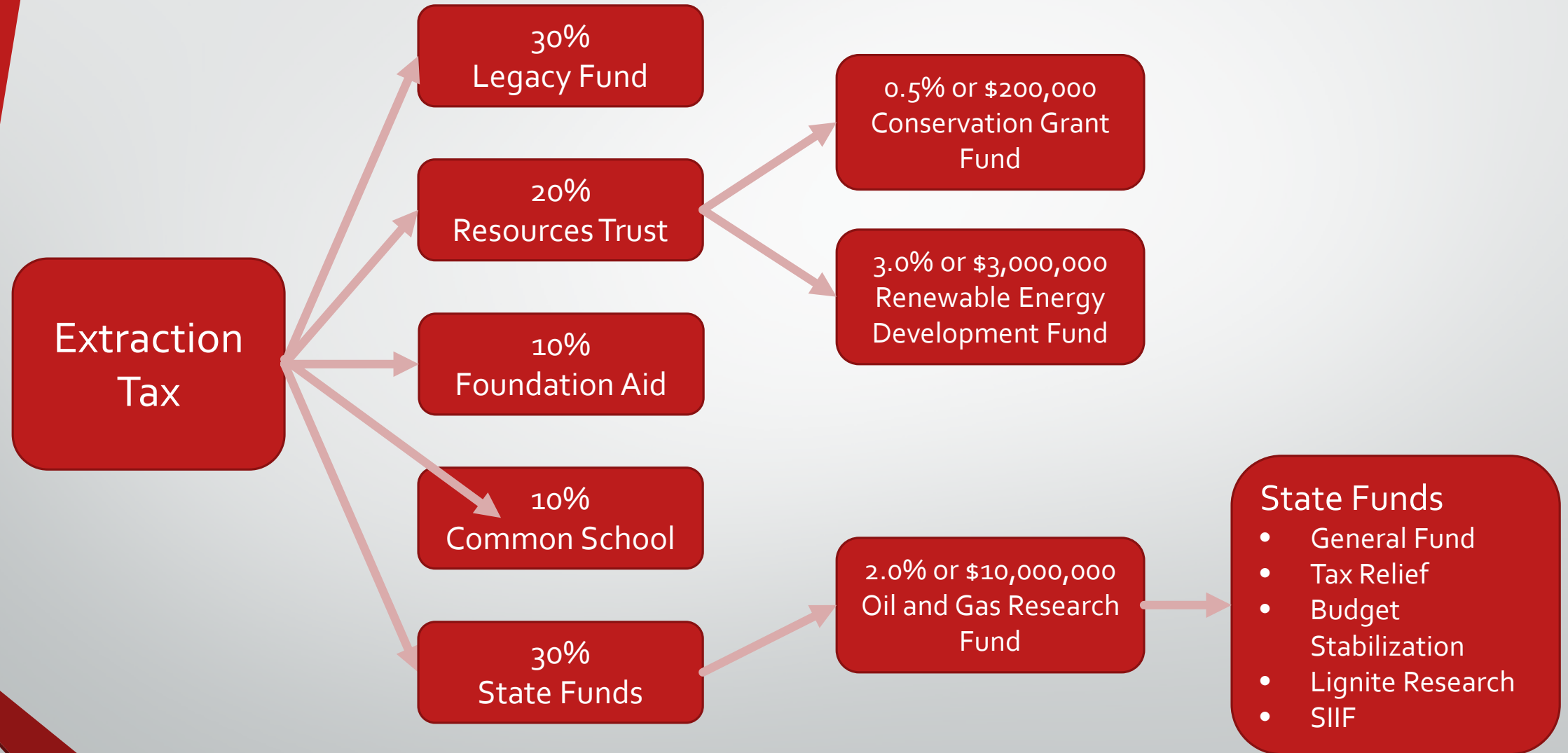
## *Gross Production Tax*

- Gross value of oil production at the well, less any part which is specifically exempt, is taxed in lieu of property taxes on the oil and gas producing properties. Gas production is taxed on a volume basis at a rate determined by the movement of a fuels cost index.
- Rates
  - July 1, 1953 = 4.25%
  - July 1, 1957 = 5.0%

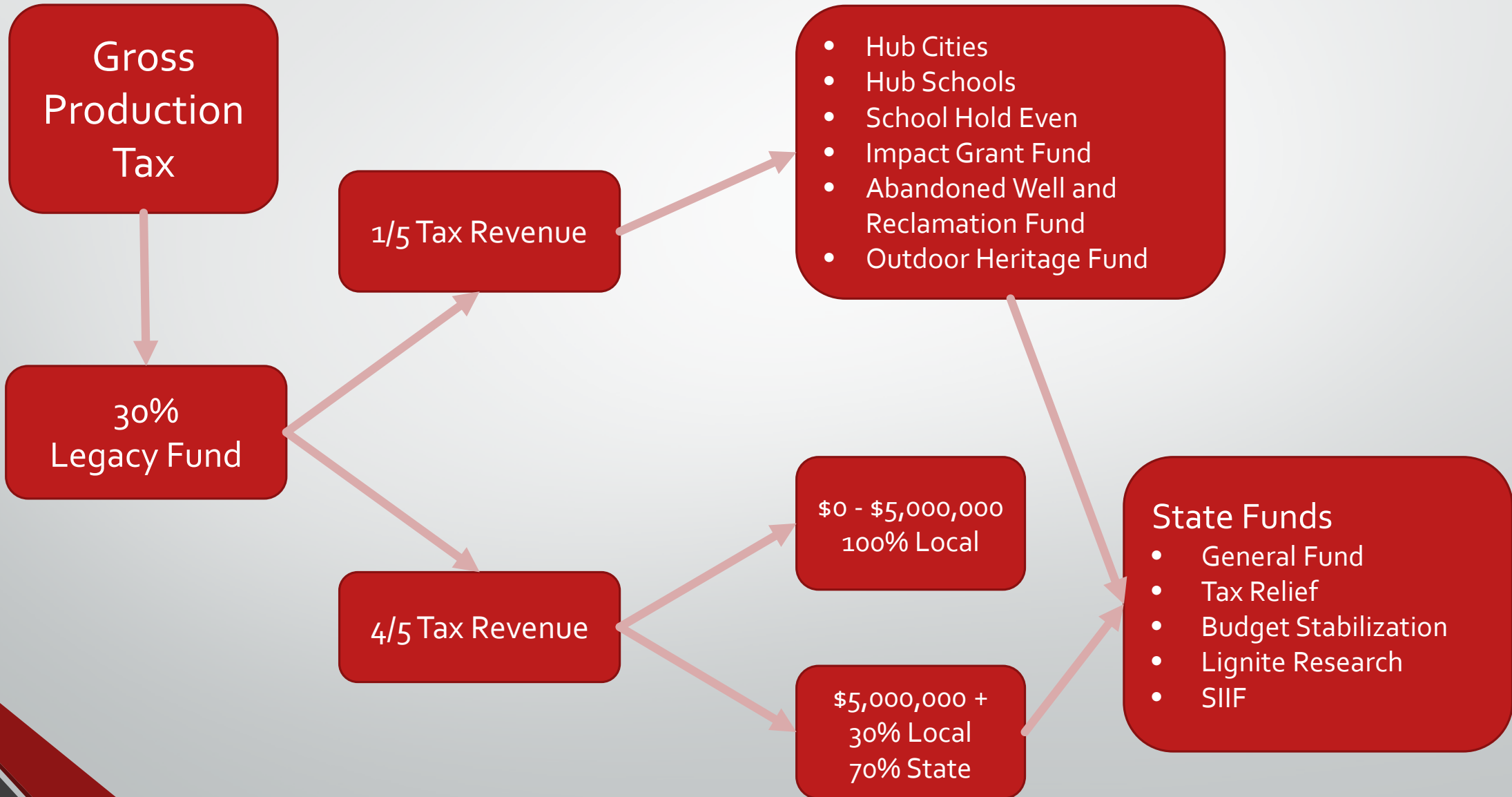


# *Formula Funding Flow*

# OIL AND GAS TAX – EXTRACTION



# OIL AND GAS TAX – GROSS PRODUCTION



# 19-21 Biennium Forecast Formula

**GPT**  
**\$1,641,650,000**

**1/5 Stream**  
**\$328,330,000**

**4/5 Stream**  
**\$1,499,645,000**

**Over \$5 Million**

**30%**

**70%**

Heritage Fund  
\$15 Million

Reclamation  
\$15 Million

State Funds

**Under \$5 Million**

Counties  
45%  
\$7.3 Million

Cities  
20%  
\$3.2 Million

Schools  
35%  
\$5.6 Million

**Fixed Funding**

Hub Cities  
\$44 Million

Hub Schools  
\$6 Million

School Hold Even  
\$16.2 Million

Counties  
60%  
\$286.1 Million

Cities  
20%  
\$95.4 Million

Schools  
5%  
\$23.8 Million

Townships  
4%  
\$19.1 Million

Hub Cities  
9%  
\$42.9 Million

Hub School  
2%  
\$9.5 Million

State Funds

# Oil Tax Allocations to State Funds

\$48.25 ND price with 1.42 production avg. (19-21 Revenue Forecast)

State Fund	19-21 Forecast
Tribal Share	\$525,110,000
Legacy Fund	\$1,297,820,000
Outdoor Heritage	\$15,000,000
Abandoned Well	\$14,820,000
Political Subdivisions	\$661,150,000
Common Schools	\$213,290,000
Foundation Aid	\$213,290,000
Resource Trust Fund	\$433,040,000
Energy Conservation Grants	\$1,200,000
Renewable Energy	\$3,000,000
Oil and Gas Research	\$16,000,000
State Energy Research Fund	\$5,000,000

# Oil Tax Funding of State Buckets

\$48.25 ND price with 1.42 production (March Revenue Forecast)

State Bucket Funds	
Extraction	\$629,300,000
Gross Production	\$844,200,000
<b>Total</b>	<b>\$1,473,500,000</b>

General Fund	\$200,000,000
County Social Services (Tax Relief)	\$200,000,000
Budget Stabilization	\$75,000,000
General Fund	\$200,000,000
Lignite Research	\$10,000,000
Disaster Relief (cap of \$20,000,000)	\$0
Municipal Infrastructure	\$30,400,000
Strategic Investment & Improvement	\$400,000,000
County/Township Infrastructure	\$30,400,000
Municipal Infrastructure	County/Township Infrastructure
\$84,600,000	\$84,600,000
Airport Infrastructure	\$20,000,000
Strategic Investment & Improvement	\$ 117,470,000+



# Municipal and County Infrastructure “Buckets”

- *Municipal Infrastructure Fund for “Essential Infrastructure”*

*\$115,000,000 Total*

*Distributed by formula based on population and city growth*

- *County Township Infrastructure Fund*

*\$115,000,000 Total*

*\*Townships = \$15,000,000 distributed evenly to non-oil producing townships*

*Counties = \$100,000,000 distributed based on 20 year needs of UGPTI*

- *Airport Infrastructure*

*\$20,000,000*

# Essential Infrastructure Definition

- *Water treatment plants*
- *Wastewater treatment plants*
- *Sewer lines and water lines, including lift stations and pumping systems*
- *Water storage systems, including dams, water tanks, and water towers*
- *Storm water infrastructure, including curb and gutter construction*
- *Road and bridge infrastructure, including paved and unpaved roads and bridges*
- *Airport infrastructure*
- *Electricity transmission infrastructure*
- *Natural gas transmission infrastructure*
- *Communications infrastructure*

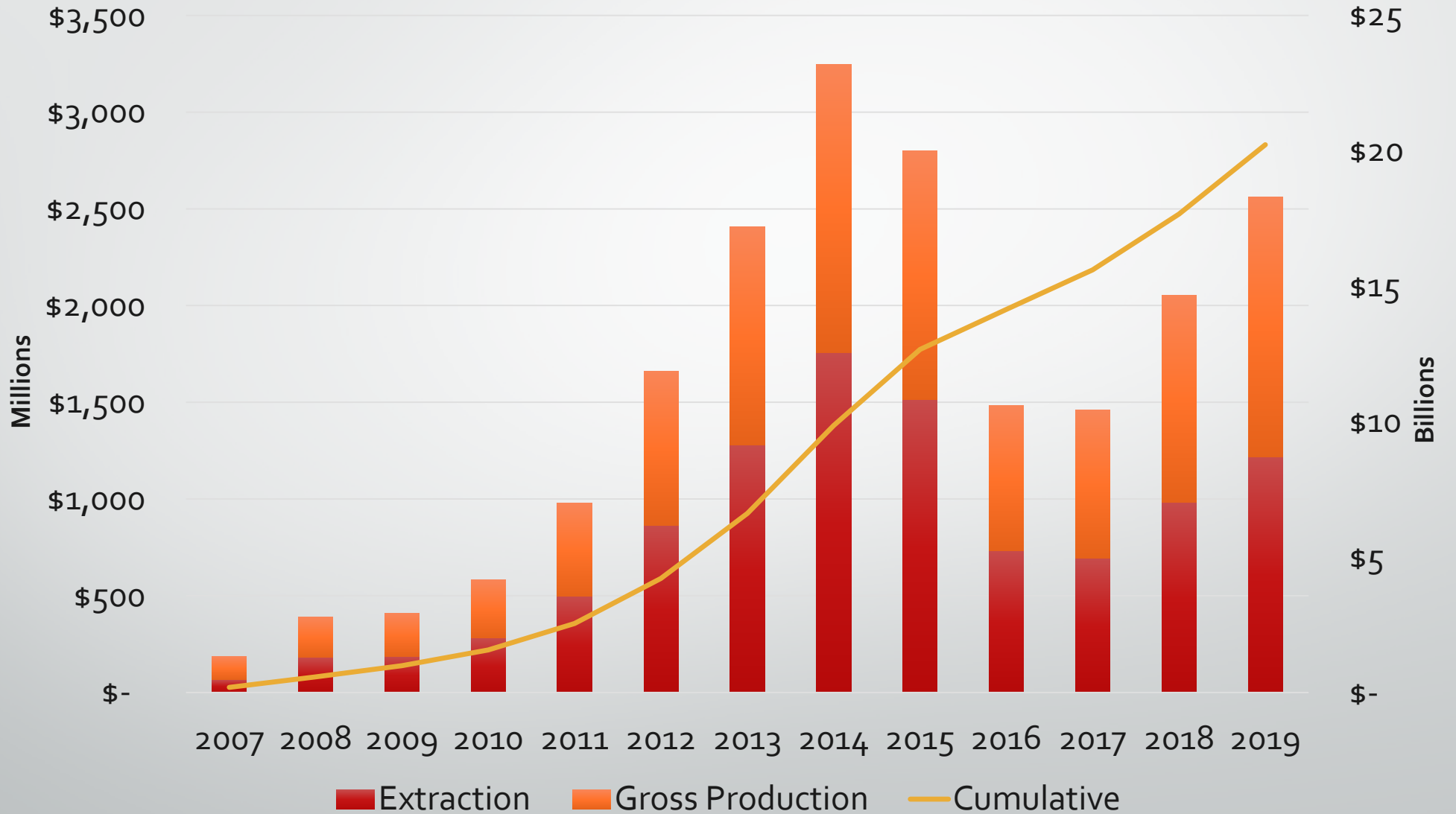
# Infrastructure Funding

- *Cities/Counties/Townships in Non-Oil Producing Counties*
  - *Cities/Counties/Township in low oil producing counties are eligible*
    - *Bottineau, Golden Valley, McHenry, McLean, Renville, Slope, Ward (less Minot)*
- *Funding is distributed once "bucket" is filled*
  - *If bucket does not fill it will be distributed on a prorated basis at the end of the biennium*

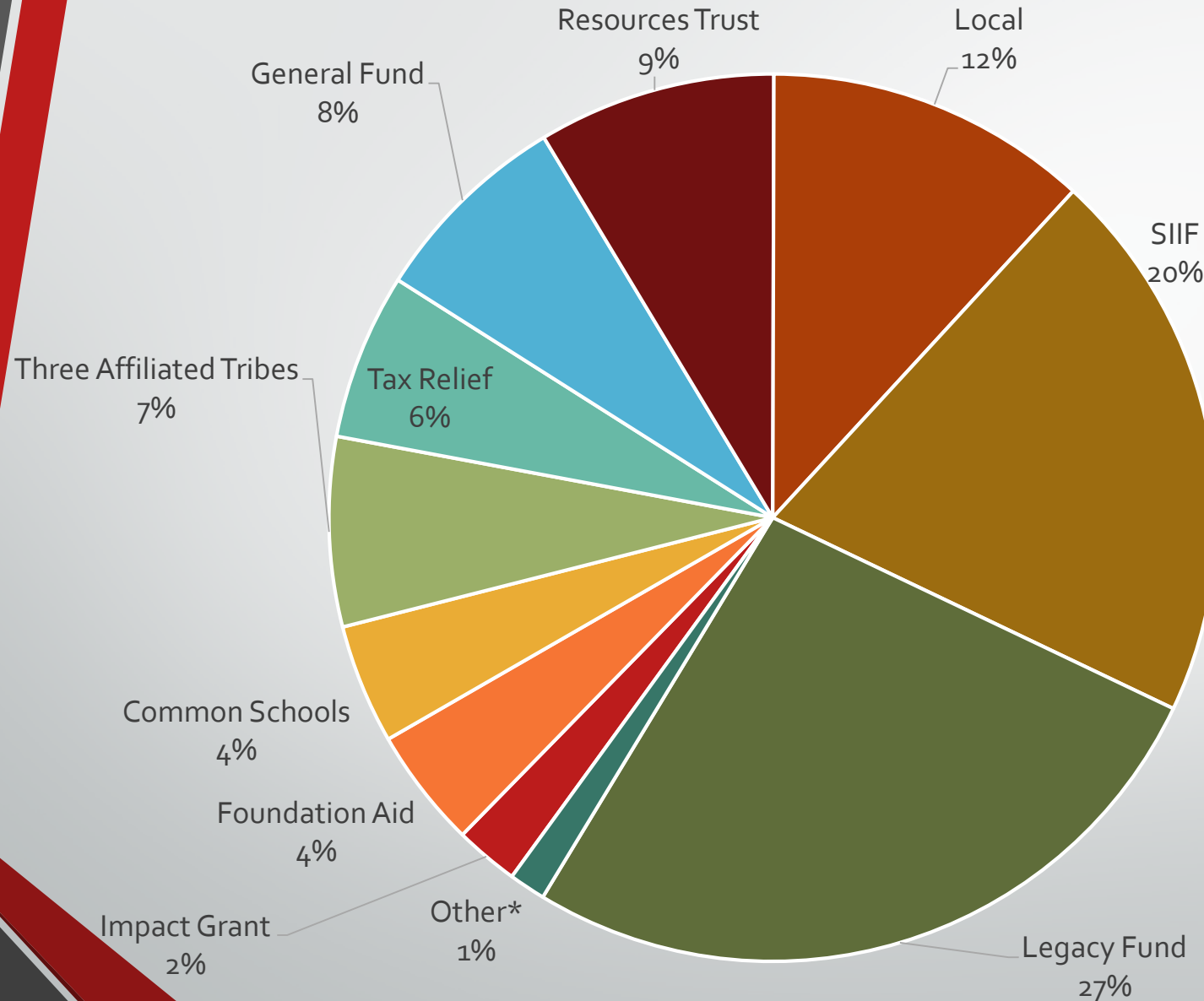


*Current Revenues*

# OIL AND GAS TAX COLLECTIONS



# OIL AND GAS TAX DISTRIBUTIONS FY 2008-2019



Impact Grant	\$	454,427,198
Foundation Aid	\$	850,909,651
Common Schools	\$	850,909,651
Three Affiliated Tribes	\$	1,349,567,834
Tax Relief	\$	1,183,580,000
General Fund	\$	1,442,000,000
Resources Trust	\$	1,693,419,309
Local	\$	2,305,269,169
SIIF	\$	3,956,486,830
Legacy Fund	\$	5,195,470,762
Other*	\$	260,350,303
<b>TOTAL</b>	<b>\$</b>	<b>19,542,390,707</b>

# Current General Fund Revenues

Biennium to Date (May 2020)

Revenues and Transfers	19-21 Forecast	Actual	Variance	Percent
Sales Tax	\$859,404,556	\$895,592,668	\$36,188,112	4.2%
Motor Vehicle Excise Tax	\$112,205,201	\$109,558,465	\$(2,646,736)	(2.4)%
Individual Income Tax	\$378,411,374	\$334,066,887)	\$(44,344,487)	(11.7)%
Corporate Income Tax	\$52,737,016	\$80,967,955	\$28,230,939	53.5%
Insurance Premium Tax	\$40,545,132	\$50,670,202	\$10,125,070	25.0%
Oil & Gas Production Tax	\$195,648,689	\$195,648,689	\$ -	0.0%
Oil & Gas Extraction Tax	\$134,017,527	\$134,017,527	\$ -	0.0%
Other	\$90,701,422	\$118,347,450	\$27,646,028	30.5%
Bank of North Dakota Transfer	\$70,000,000	\$70,000,000	\$ -	0.0%
Legacy Fund Transfer		\$ -	\$ -	0.0%
Tax Relief Fund Transfer	\$8,600,000	\$8,600,000	\$ -	0.0%
SIIF Transfer	\$382,200,000	\$382,200,000	\$ -	0.0%
Gas Tax Administration	\$497,756	\$498,150	\$394	0.1%
Miscellaneous	\$ -	\$889,165	\$889,165	100.0%
<b>Total Revenue &amp; Transfers</b>	<b>\$2,336,128,652</b>	<b>\$2,381,561,754</b>	<b>\$45,433,102</b>	<b>1.9%</b>

# Oil Tax Allocations to State Funds

Biennium to Date (May 2020)

State Fund	19-21 Forecast	YTD Forecast	Actual	Difference
Tribal Share	\$525,110,000	\$216,700,000	\$213,100,000	(\$3,600,000)
Legacy Fund	\$1,297,820,000	\$535,700,000	\$524,900,000	(\$10,800,000)
Political Subdivisions	\$661,150,000	\$275,500,000	\$283,100,000	\$7,600,000
Education Funds	\$426,580,000	\$176,100,000	\$164,800,000	(\$11,500,000)
Resource Trust Fund	\$433,040,000	\$176,500,000	\$164,600,000	\$(11,700,000)



## State Share "The Buckets"

14 \$1,452.5 M

General Fund \$200 M

\$200 M

Tax Relief \$200 M

\$200 M

Budget Stabilization \$75 M

\$48.4 M

General Fund \$200 M

\$129.6 M\*\*

Lignite Research \$10 M

Disaster Relief (capped at \$15M) \$0 M

Municipal (OPD Fund) \$30.4 M

Strategic Investment (SIIF) \$400 M

County (OPD Fund) \$30.4 M

City/County (OPD Fund) \$169.2 M

Airport (OPD Fund) \$20 M

Strategic Investment (SIIF) \$117.5 M

\*\*As of 5/31/2020

# Oil Tax Revenue Forecast

