

Oil Tax & OPD Overview

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



Statewide Benefits of Oil Development

OIL AND GAS TAX DESCRIPTIONS

Extraction Tax

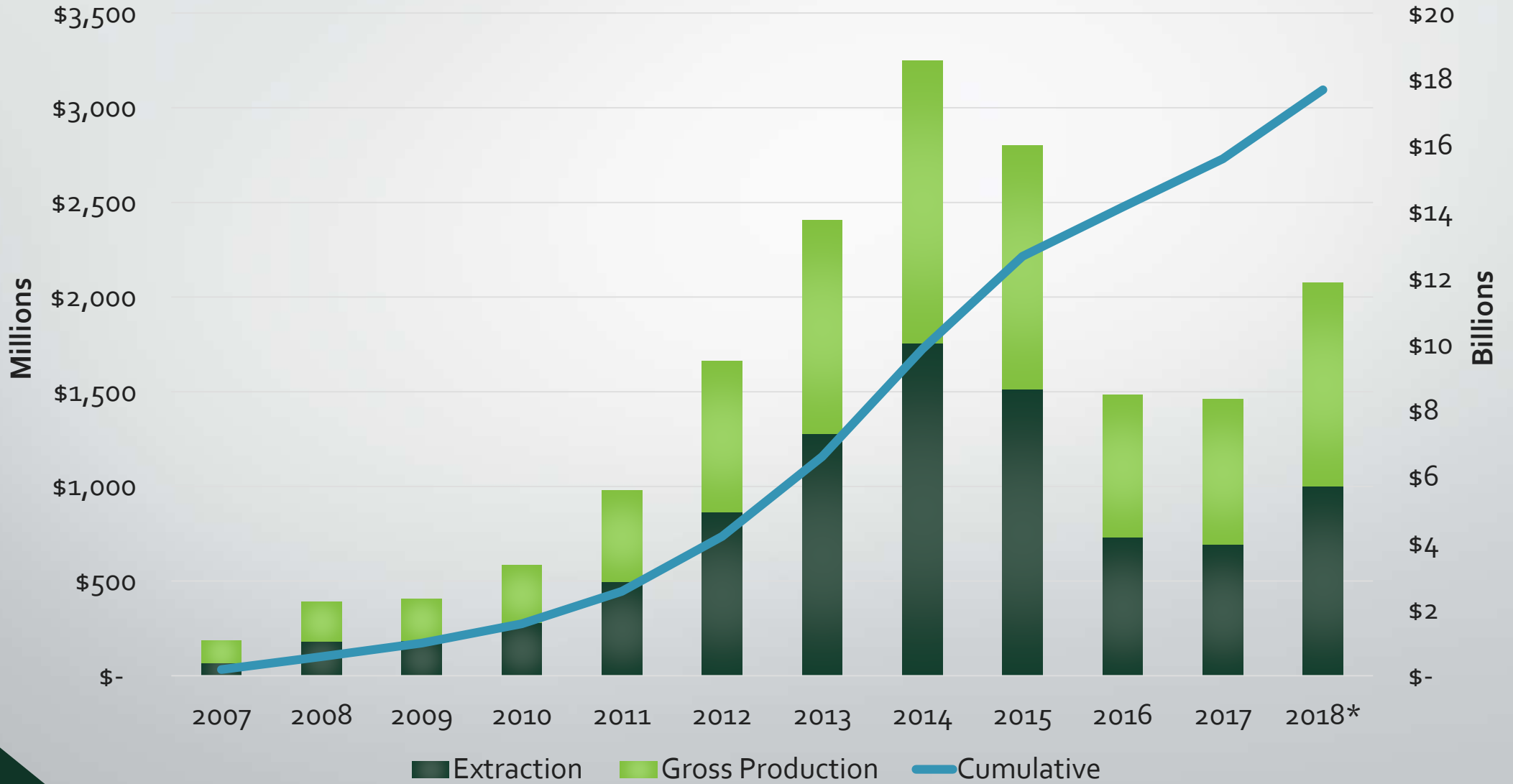
- The gross value of oil production at the well, less any part which is specifically exempt.
- Rate
 - January 1, 1981 = 6.5%
 - January 1, 2016 = 5.0%

Gross Production Tax

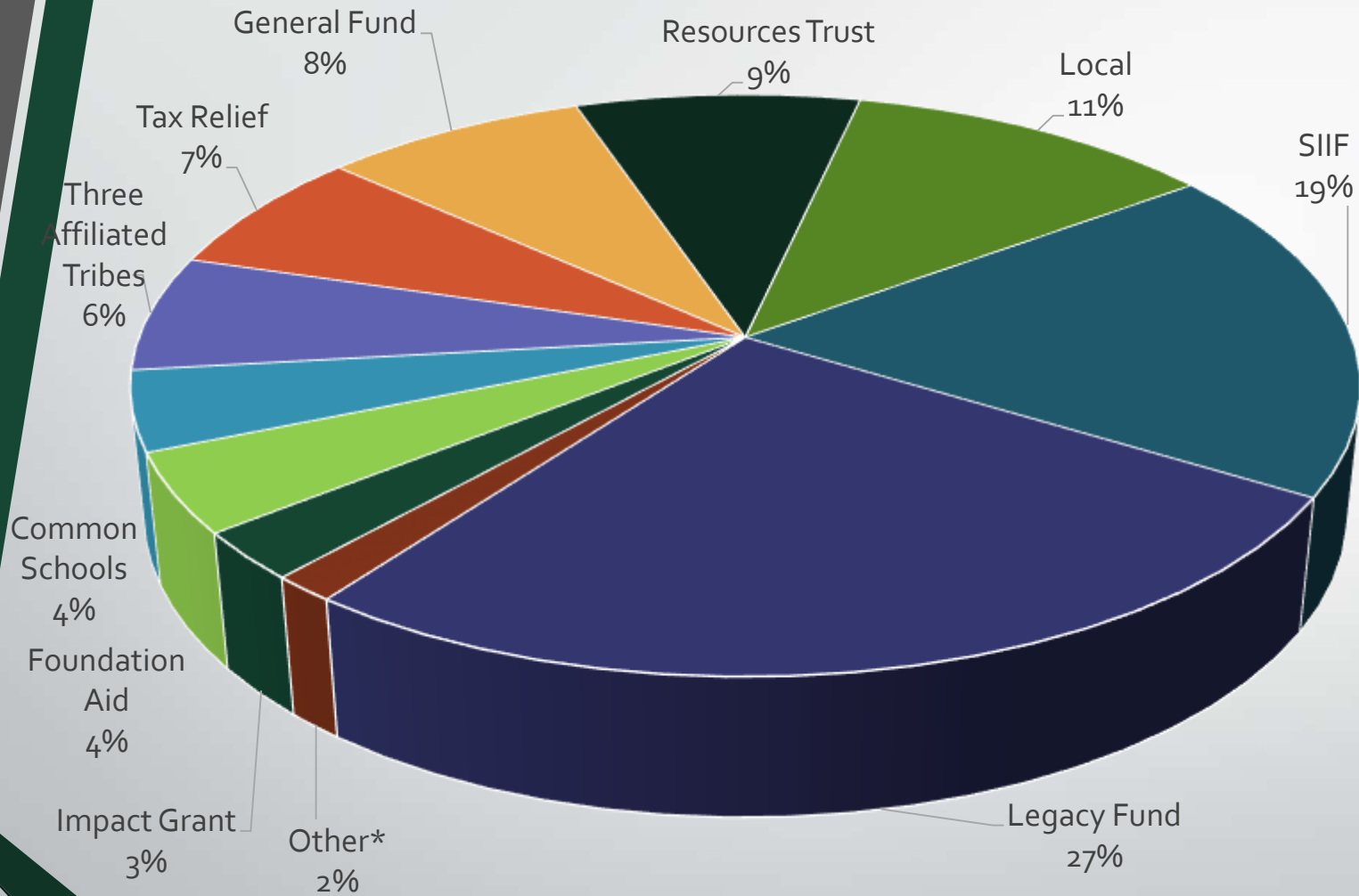
- Gross value of oil production at the well, less any part which is specifically exempt, is taxed in lieu of property taxes on the oil and gas producing properties. Gas production is taxed on a volume basis at a rate determined by the movement of a fuels cost index.
- Rates
 - July 1, 1953 = 4.25%
 -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

OIL AND GAS TAX COLLECTIONS

Total Oil Tax Collections



OIL AND GAS TAX DISTRIBUTIONS FY 2008-2018



Impact Grant	\$ 454,427,198
Foundation Aid	\$ 750,810,221
Common Schools	\$ 750,810,221
Three Affiliated Tribes	\$ 1,093,334,339
Tax Relief	\$ 1,183,580,000
General Fund	\$ 1,384,620,456
Resources Trust	\$ 1,490,020,446
Local	\$ 1,938,629,044
SIIF	\$ 3,176,349,123
Legacy Fund	\$ 4,503,947,145
Other*	\$ 248,550,303
TOTAL	\$ 16,975,078,496

OIL AND GAS TAX TRANSPORTATION FUNDING

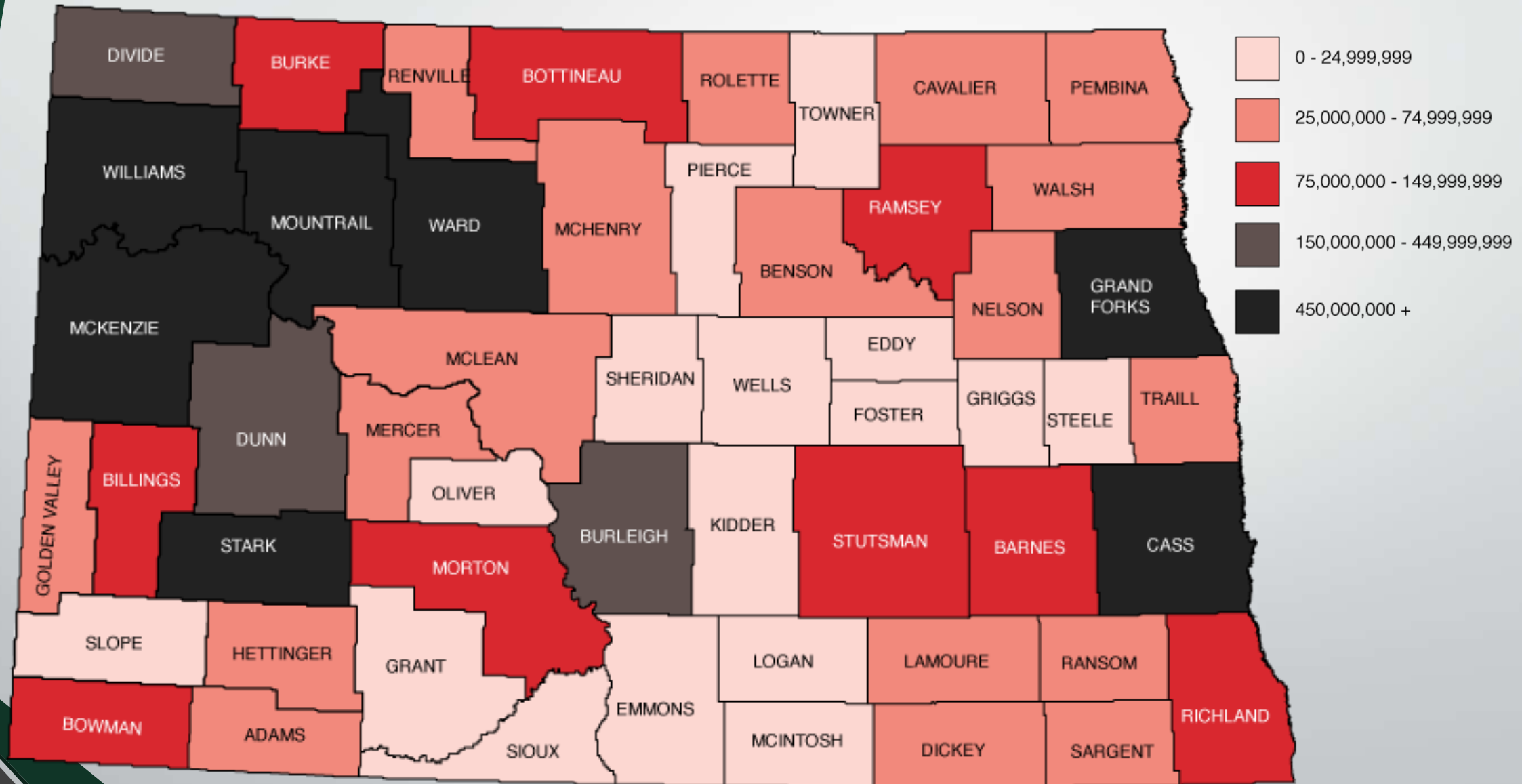
Special Transportation Funding 2009 Legislative Session Through the 2017 Legislative Session

BENEFICIARY	AMOUNT
Oil Region	\$ 550,760,000
Non Oil Counties	\$ 519,644,000
Non Oil Townships	\$ 24,000,000
State DOT	\$ 2,352,341,489
TOTAL	\$ 3,446,745,489

OIL AND GAS TAX SURGE BILL – 2015 FY

RECIPIANT	TOTAL
HUB CITIES	\$ 172,000,000
OIL COUNTIES	\$ 240,000,000
OIL COUNTY CITIES	\$ 100,000,000
NON OIL TOWNSHIPS	\$ 16,000,000
BOUNDARY CITIES	\$ 10,000,000
COUNTIES	\$ 112,000,000
NDDOT	\$ 450,000,000
TOTAL	\$ 1,100,000,000

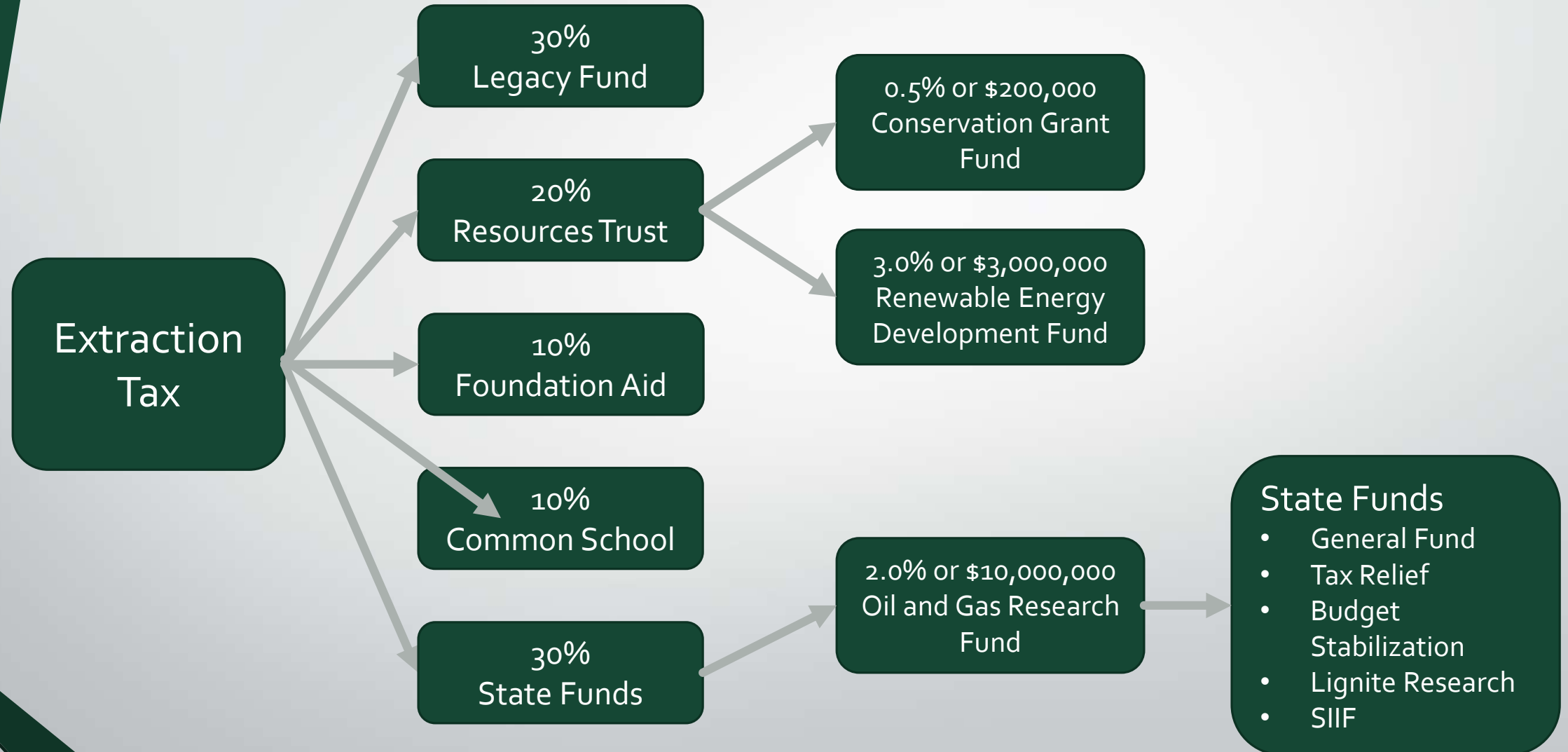
TOTAL OIL AND GAS TAX DISTRIBUTIONS



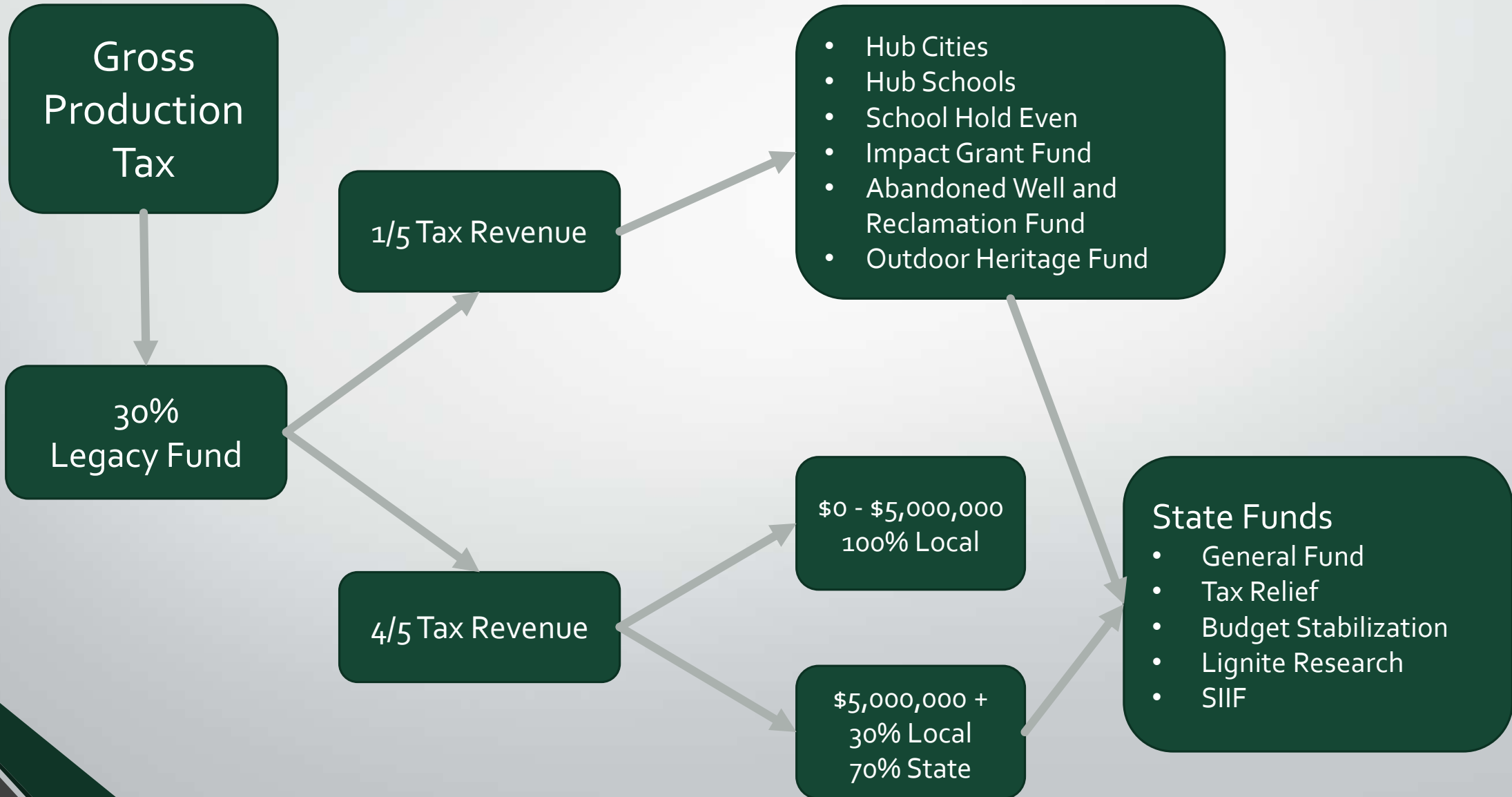


Formula Funding Flow

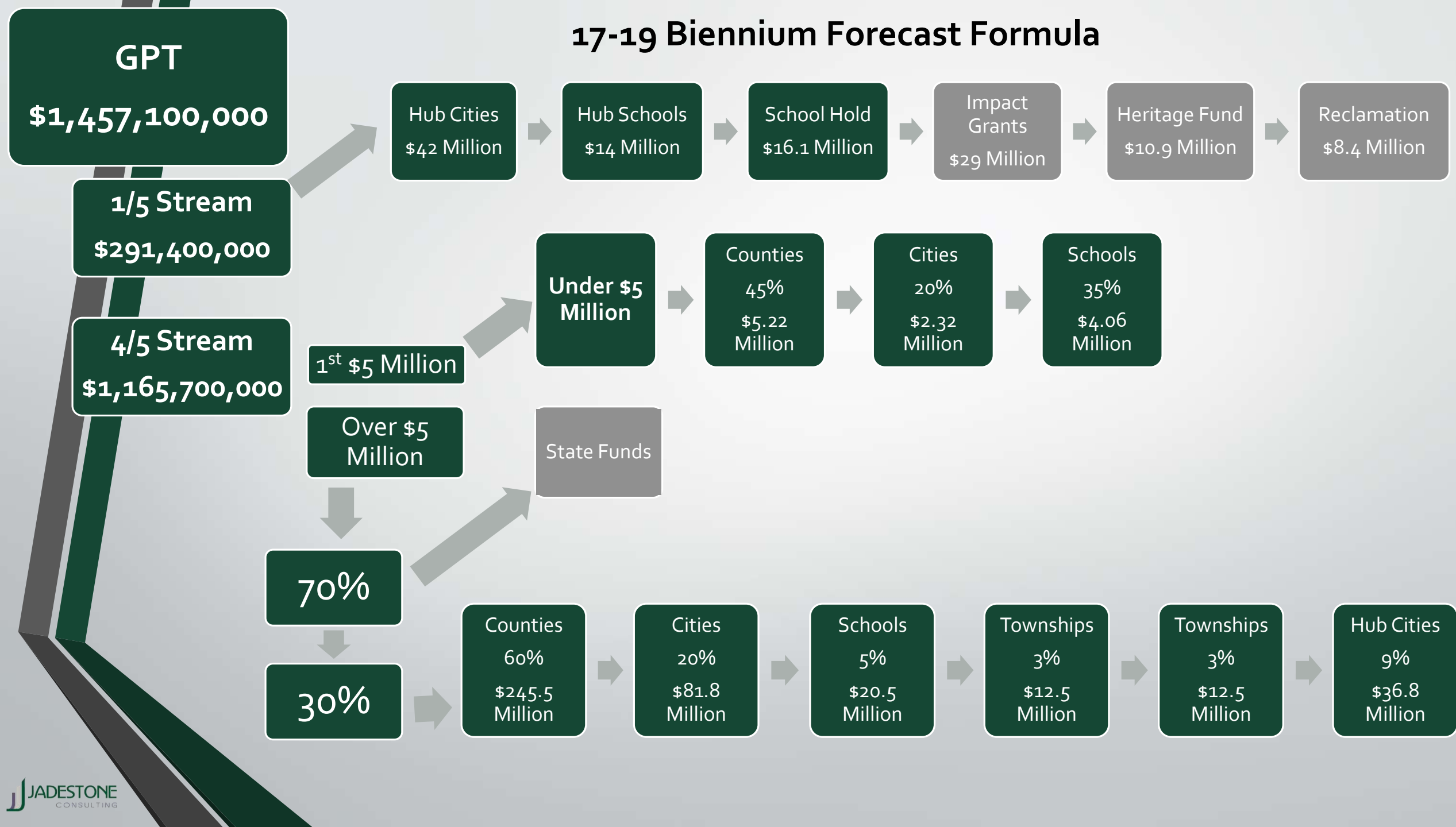
OIL AND GAS TAX – EXTRACTION



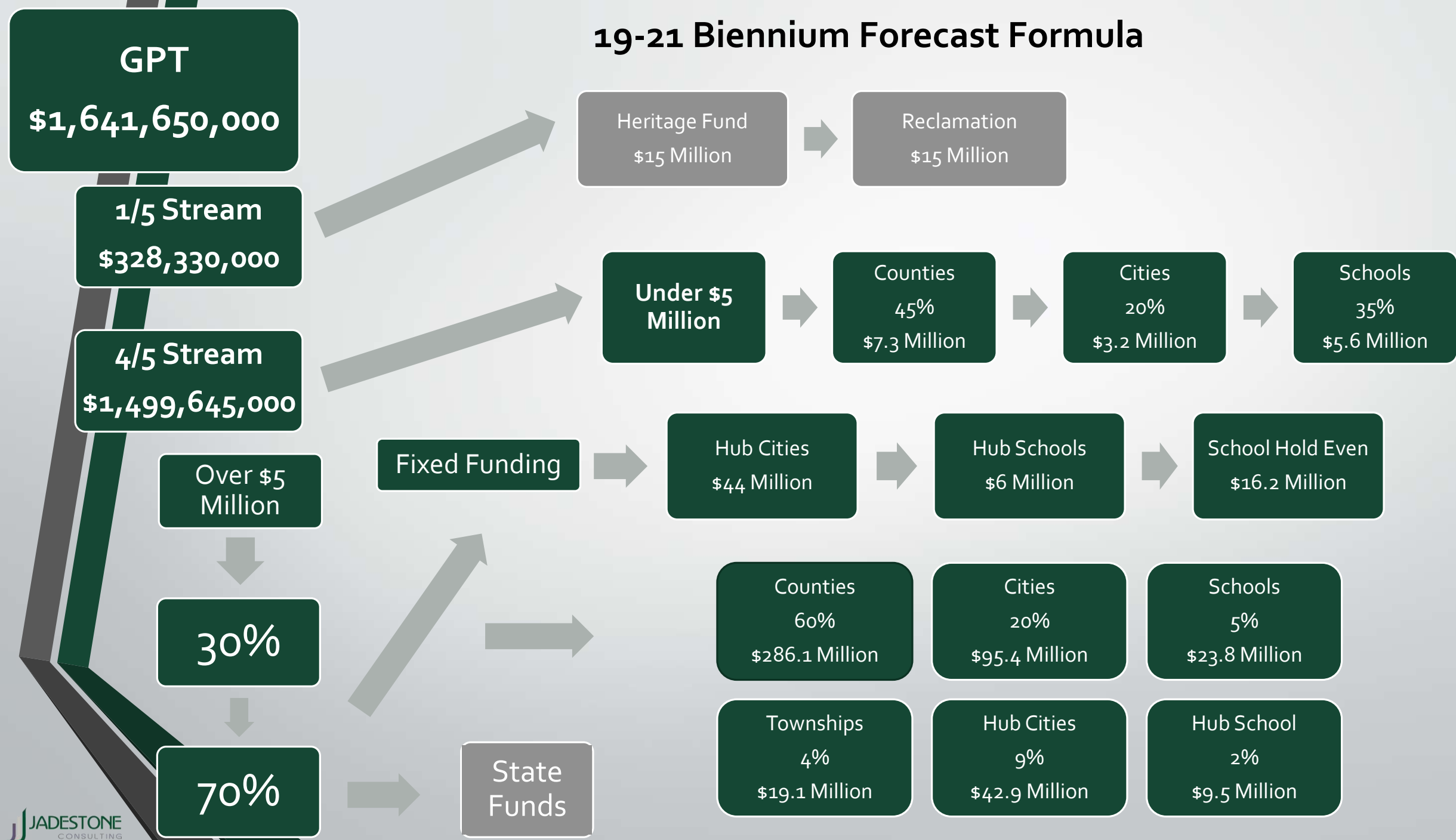
OIL AND GAS TAX – GROSS PRODUCTION



17-19 Biennium Forecast Formula



19-21 Biennium Forecast Formula



Oil Tax Allocations to State Funds

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

State Fund	17-19 Forecast
Tribal Share	\$223,210,000
Legacy Fund	\$869,060,000
Outdoor Heritage	\$10,870,000
Abandoned Well	\$8,430,000
Oil Impact Grant	\$29,110,000
Political Subdivisions	\$496,490,000
Energy Impact Grant	\$4,000,000
Common Schools	\$133,550,000
Foundation Aid	\$133,550,000
Resource Trust Fund	\$263,900,000
Energy Conservation Grants	\$200,000
Renewable Energy	\$3,000,000
Oil and Gas Research	\$10,000,000

State Fund	19-21 Forecast
Tribal Share***	\$525,100,000
Legacy Fund	\$1,297,800,000
Outdoor Heritage***	\$15,000,000
Abandoned Well	\$14,800,000
Oil Impact Grant***	\$0
Political Subdivisions	\$661,150,000
Energy Impact Grant	\$0
Common Schools	\$190,600,000
Foundation Aid	\$190,600,000
Resource Trust Fund	\$381,200,000
Energy Conservation Grants	\$1,200,000
Renewable Energy	\$3,000,000
Oil and Gas Research	\$14,000,000

Oil Tax Funding of State Buckets

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

State Bucket Funds	
Extraction	\$730,700,000
Gross Production	\$844,200,000
Total	\$1,574,900,000

General Fund	\$200,000,000
County Social Services	\$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	\$ 219,900,000+

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