



North Dakota: The
Strongest State Economy
in the Nation.

North Dakota General Fund Ending Balances 2001-2011



\$1.6 billion



ND Total Reserves 2001-2013



Reserves total includes only: General Fund Ending Balance, Budget Stabilization Fund, Foundation Aid Stabilization Fund, Property Tax Sustainability Fund, Strategic Investment and Improvements Fund, Legacy Fund (beginning 2011), and Permanent Oil Tax Trust Fund (ending July, 2011).

ND Total Oil Revenues

in millions



North Dakota Permanent Oil Tax Trust Fund (in millions)

	2007-08 Actual	2008-11	2009-11	2010-11	2011-11	2009-11 Actual (to 30, 2011) ⁴
Revenue ¹	\$48					\$31.6

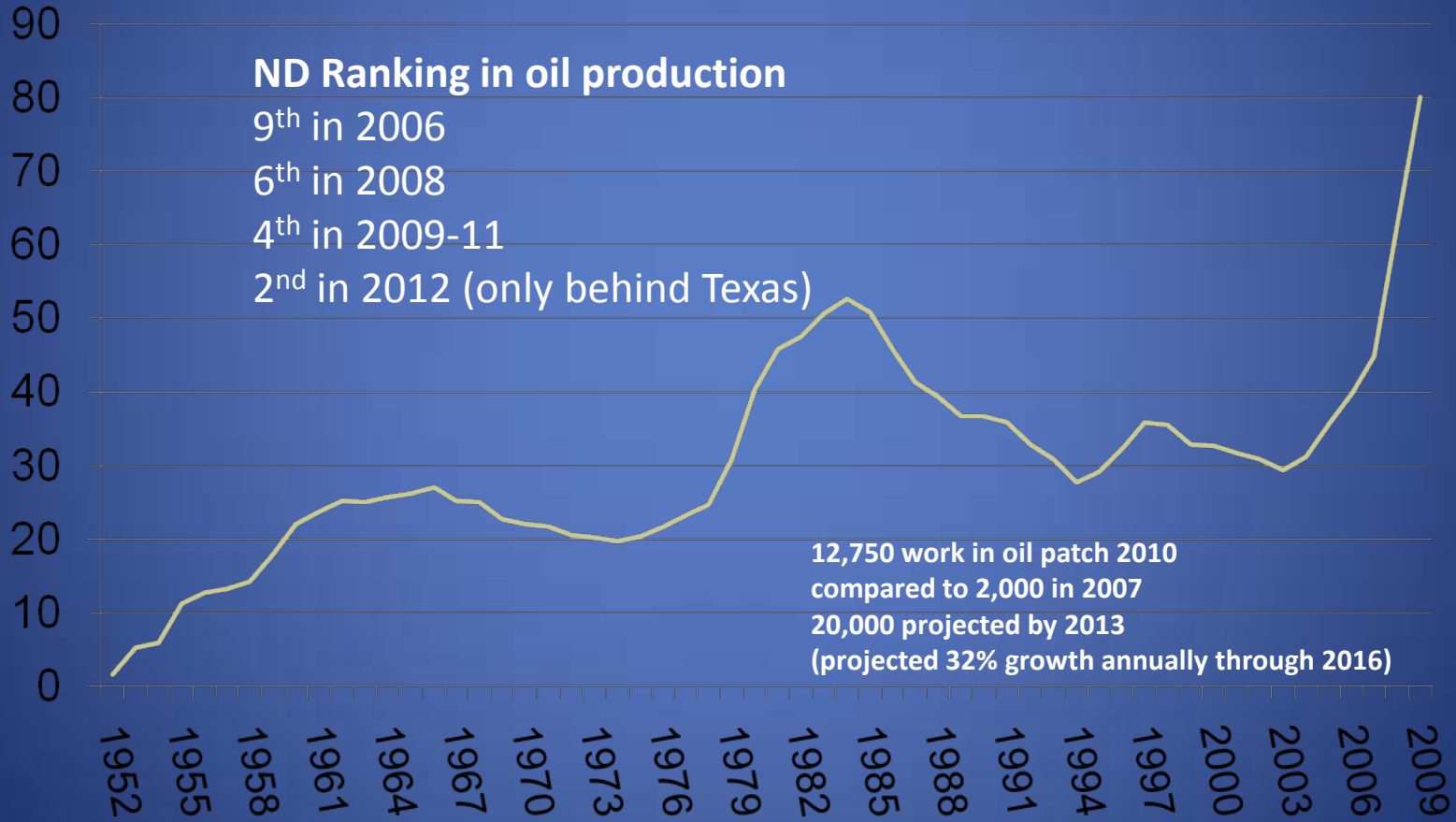
A Difference of
\$659 Million

1. The forecasts assume oil prices of \$96 per barrel during FY 2013. That is well below the Energy Information Administration forecast of \$96 per barrel in 2011 and \$101 per barrel average for 2012. EIA projects that WTI prices will continue to rise. According to EIA, West Texas Intermediate (WTI) crude oil spot prices fell from an average of \$110 per barrel in April to \$97 per barrel in July. During the first week of August, world crude oil prices fell by about \$10 per barrel reflecting market concerns about world economic and oil demand growth. However, EIA still expects oil markets to tighten as growing liquid fuels demand in emerging economies continues to outpace supply growth with continuing upward pressure on oil prices.
2. The February Revised Revenue Forecast is not included because oil assumptions remained unchanged
3. Legislative Appropriations Book 2011-13
4. July Rev-E-News

Crude Oil Production in North Dakota: 1952 to 2009

153 (2011)

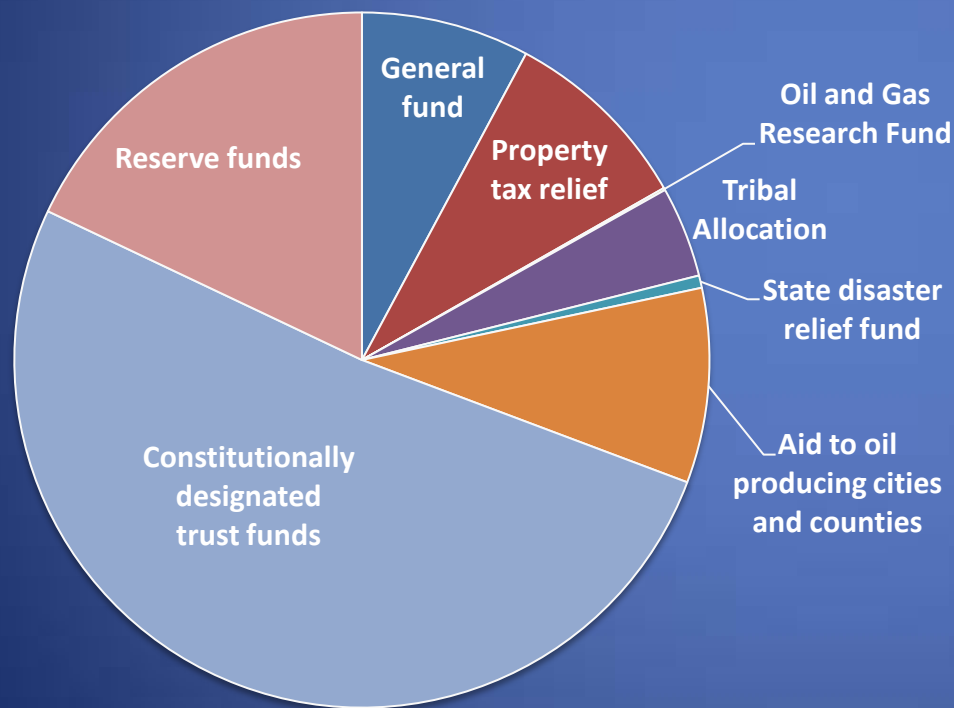
Millions of Barrels



Estimated 2011-13 Oil Tax Allocations of \$3.8 billion

As of September 2012

- \$300 million to general fund
- \$22 million to state disaster relief fund
- \$347 million to oil/gas producing areas
- \$4 million to the oil and gas research fund
- \$162 million tribal allocation

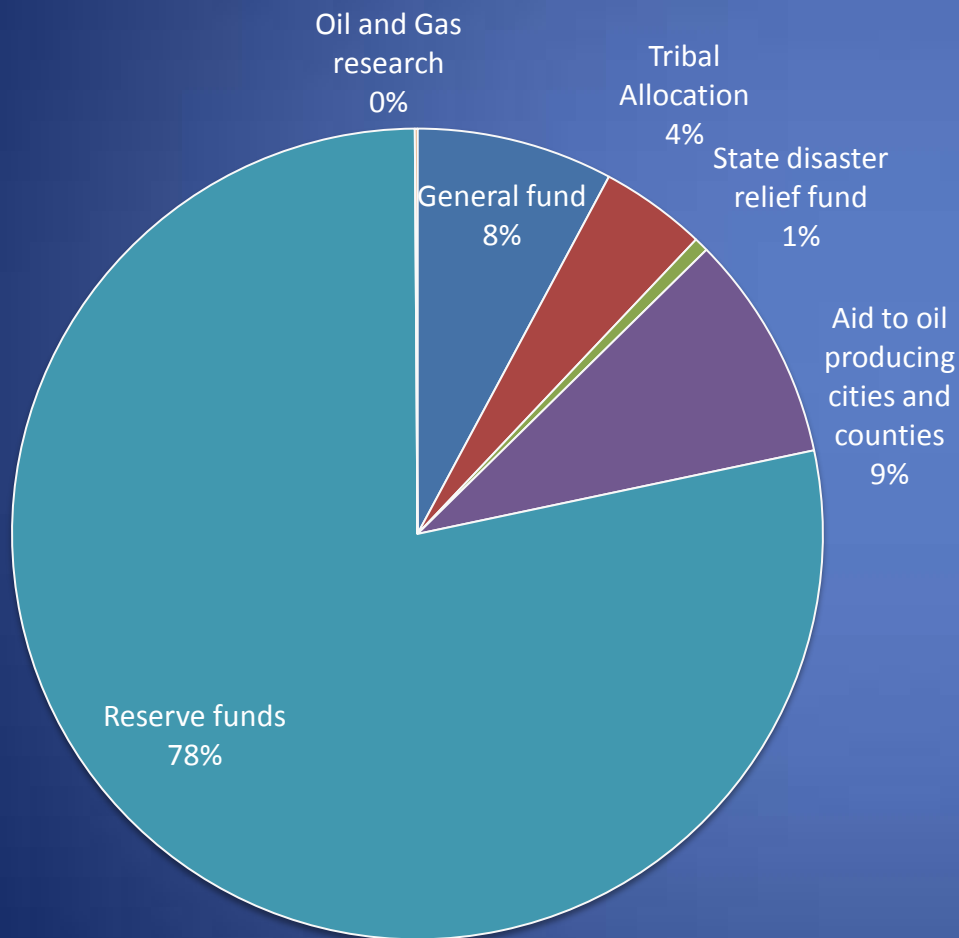


Reserve Funds

- \$342 to property tax relief fund (considered a reserve fund)
- \$688 million to the strategic investment and improvements fund
- Constitutionally Designated Funds
 - \$390 million to resources trust fund
 - \$195 million to common schools trust fund
 - \$195 million to foundation aid stabilization fund
 - \$1.2 billion to legacy fund

2011-13 Projected Oil Tax Allocations of \$3.8 billion*

(as of Sept 2012)



- \$300 million to general fund
- \$22 million to state disaster relief fund
- \$347 million to oil/gas producing areas
- \$4 million to the oil and gas research fund
- \$162 million tribal allocation

Reserve Funds

- \$342 to property tax relief fund (considered a reserve fund)
- \$688 million to the strategic investment and improvements fund
- Constitutionally Designated Funds
 - \$390 million to resources trust fund
 - \$195 million to common schools trust fund
 - \$195 million to foundation aid stabilization fund
 - \$1.2 billion to legacy fund

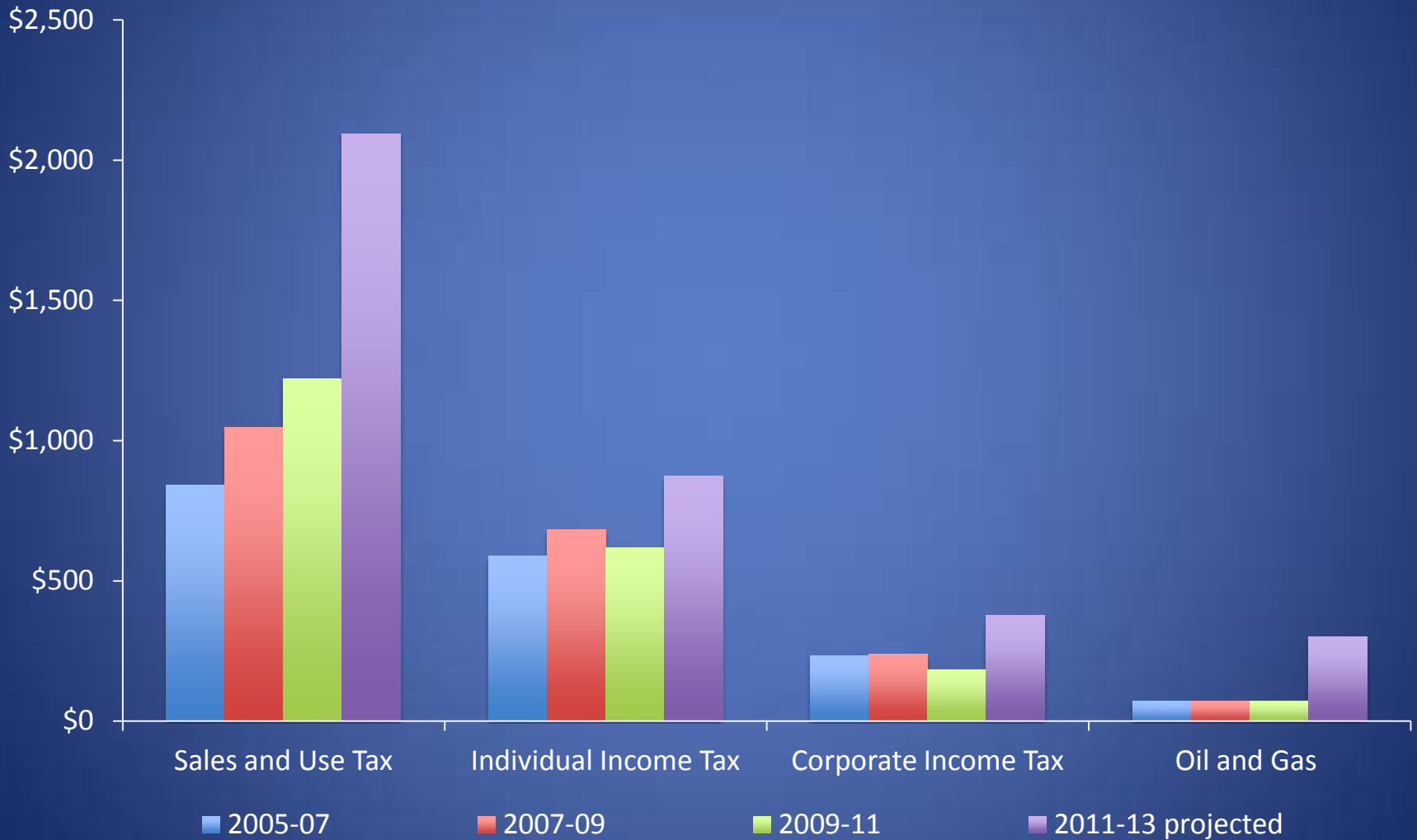
Revenue by Major Tax Type

2005-2013 (in millions)

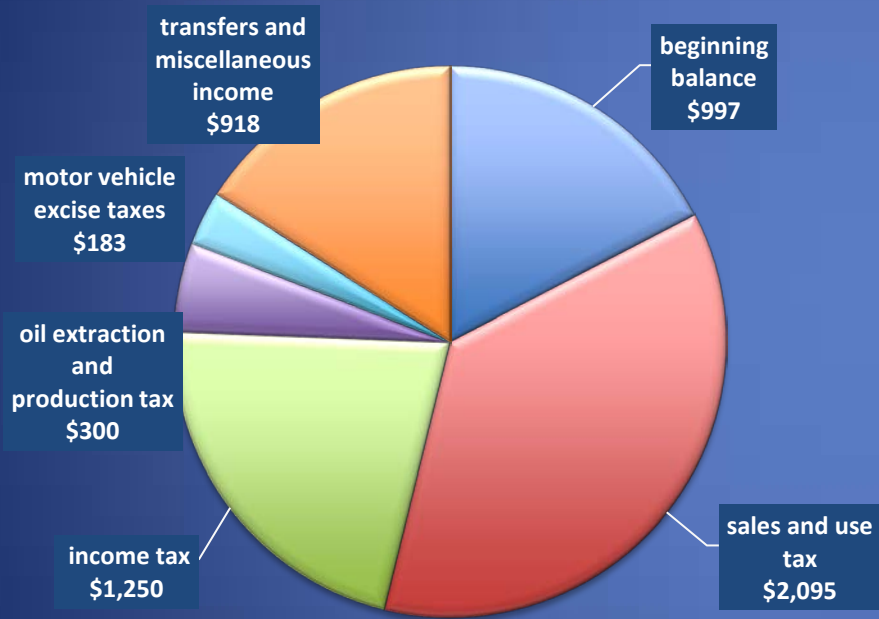


North Dakota General Fund Revenues

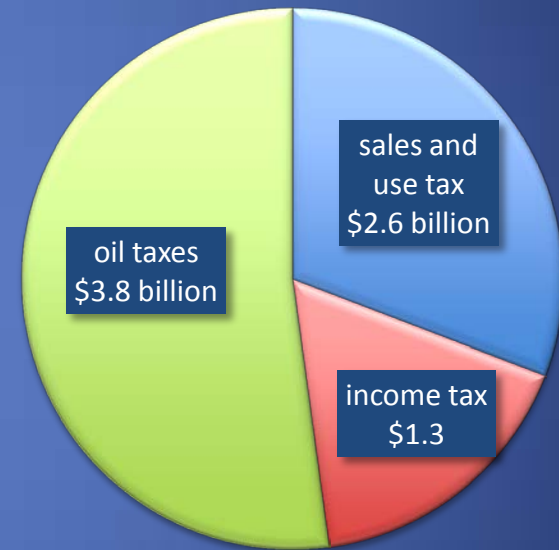
2005-2013 (in millions)



2011-13 Estimated General Fund Revenues
\$4.8 Billion Total



Total All Funds Projected Revenues By Major Tax Type 2011-13



General Fund and Oil Revenue Growth

(in Billions)

Total oil revenues = to 93% General Fund Revenues.

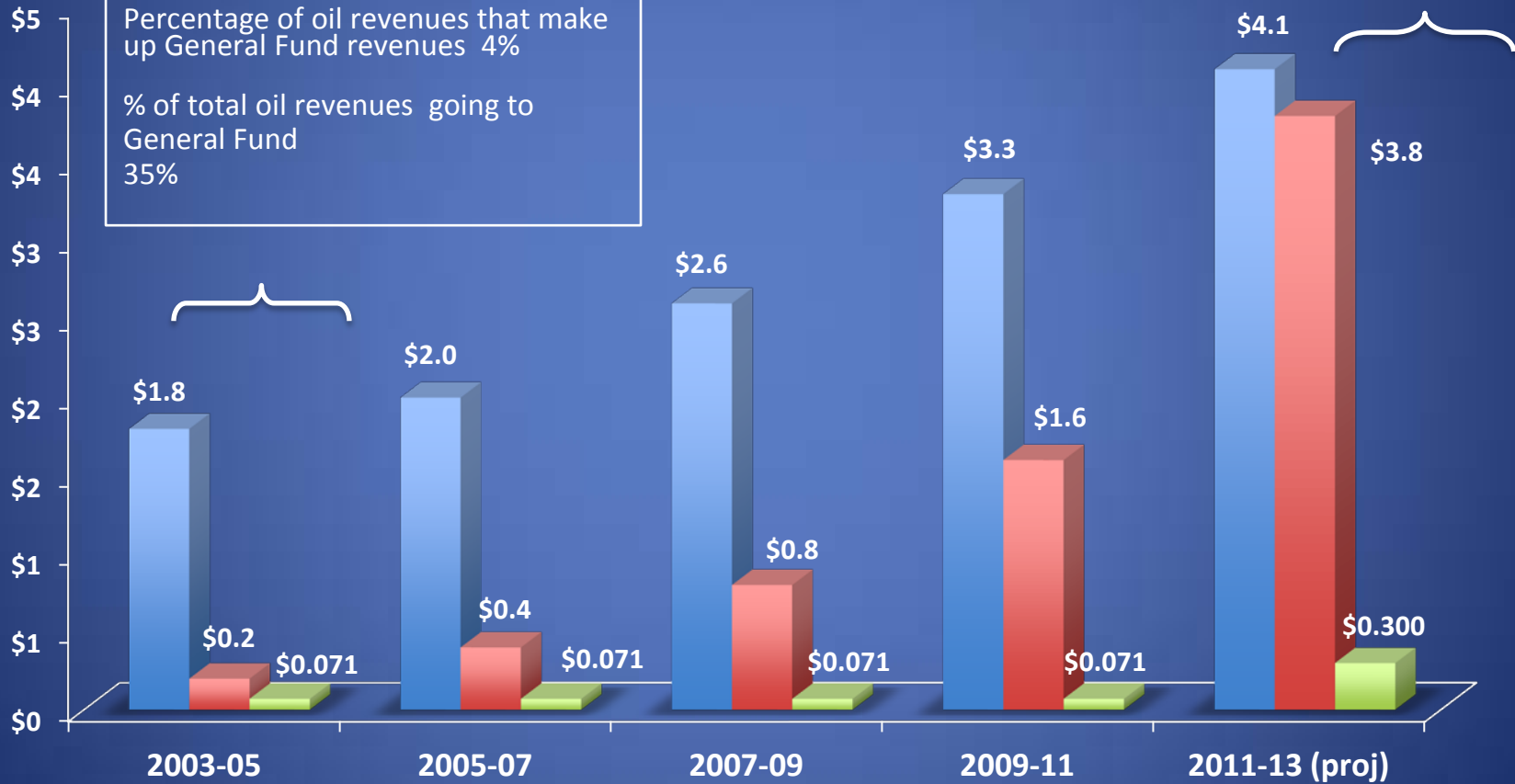
Percentage of oil revenues that make up General Fund revenues 6%

% of total oil revenues going to General Fund 8%

Total oil revenues = to 11% of General Fund revenues.

Percentage of oil revenues that make up General Fund revenues 4%

% of total oil revenues going to General Fund 35%

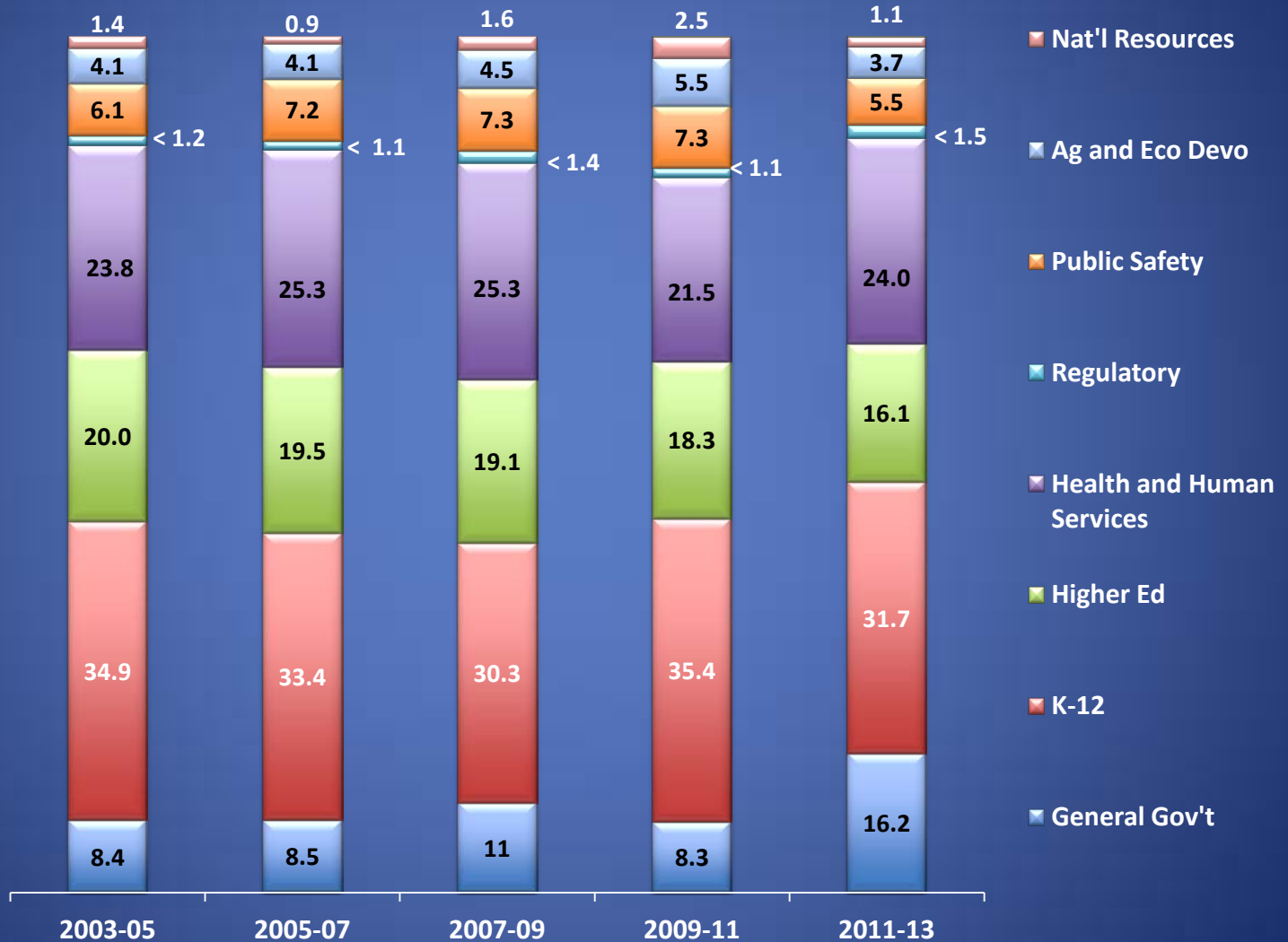


■ General fund revenues ■ Total oil tax revenues ■ Oil Revenue Allocation to the General Fund

Share of Total General Fund Spending by major category 2003-2013

(Prior to special session)

Combined total
of all categories
equal to 100% of
General Fund
spending



Governor's Proposed Initiatives for the 2013-15 Biennium Executive Budget

Tax Relief Plan

- Mill levy reduction grant program- Additional \$400 million appropriation for 2013-15 biennium (\$742 total)
- Homestead tax credit program- Additional \$20 million appropriation for 2013-15 biennium. Expansion of eligibility through raising the income threshold to \$50,000 and disregarding social security benefits in the income test
- Individual income tax reduction- \$100 million rate reduction for 2013-15 biennium
- Corporate income tax reduction - \$25 million rate reduction for 2013-15

Biennium Infrastructure Initiative

- Special transportation funding distribution to non-oil producing counties- \$100 million appropriation
- County and township road reconstruction program- \$145 million appropriation
- Enhanced road and highway fund for one-time investments, including truck reliever routes around cities, upgrading two-lane highways to four-lane, and underpasses- \$1 billion appropriation
- Energy infrastructure and impact grant program- \$135 million appropriation from Oil and Gas Impact Grant Fund
- Gross production tax formula- Change to increase allocation to oil and gas producing counties - \$400million allocation of oil tax revenue

Housing Initiative

- Additional Flex PACE buy down funds for low-interest loans to support the development of affordable housing projects - \$12 million appropriation
- Expansion of Housing Incentive Fund (\$30 million BND earnings and \$5 million additional tax credits) bringing the total fund to \$50 million

Support for Fast-Growing Schools

- Expansion of school construction loan program by reserving \$200 million of the Strategic Investment and Improvements Fund to provide low-interest loans to qualifying school districts
- Energy infrastructure and impact grant program for schools- Proposal to set aside \$25 million in the Oil and Gas Impact Grant Fund for rapidly growing schools impacted by oil development

Building the Budget

Spring before legislative session:
Governor Announces Budget Guidelines



Summer before legislative session:
State agencies prepare budget requests
and submit to Governor

Election!

December
Governor and Legislature



Legislative Session:
Legislature reviews, amends and
passes budget. Budget bills returned to
Governor for signature.

*Where can I get involved
in the budget process?*

Anywhere!

*There are multiple ways to have
your voice heard in the budgeting
process.*

North Dakota Economic Policy Project

Research and policy analysis aimed at shaping budget and policy outcomes by providing accurate, timely, evidence-based information that informs, broadens and enriches the discussion on budget and taxes to policymakers, the media, advocates, and the public.

NDEPP is non-partisan and independent.