



Oil Tax Distributions

Dickinson City Commission

by Ryan Rauschenberger,
Deputy Tax Commissioner

Oil Production

- ▶ July production = approximately 875,000 barrels of oil per day (BOPD)
 - North Dakota is now the 2nd largest oil producing state
 - (after Texas)
 - Previous oil boom in 80's
 - topped out at 148,000 BOPD in August 1984
 - Currently 187 rigs drilling in North Dakota
- ▶ We will collect \$5.2 billion in oil taxes in the 2013-15 biennium

Oil Taxes

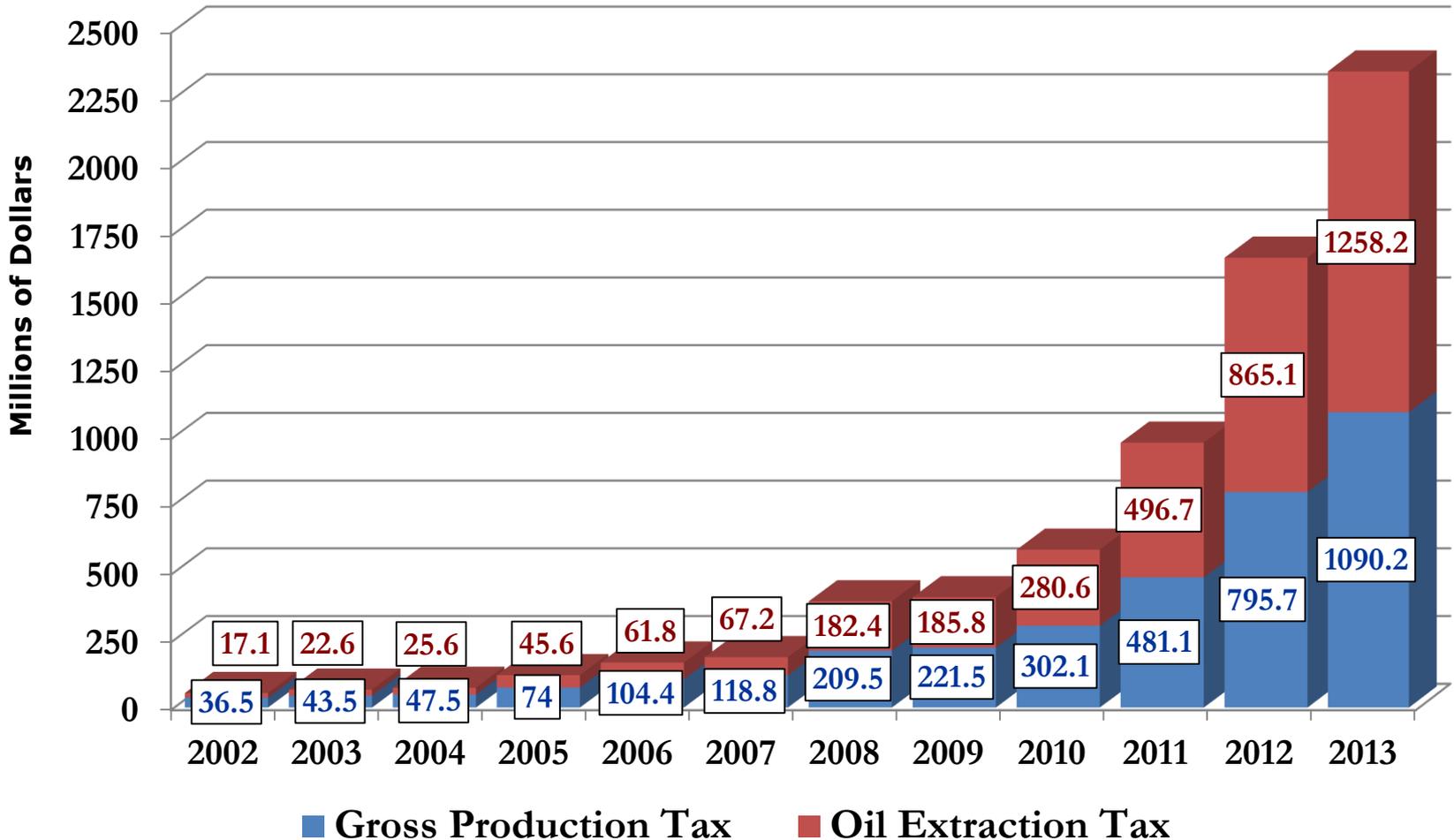
▶ North Dakota has two oil tax types

- Oil & Gas Production Tax (GPT) 5%
- Oil Extraction Tax (OET) 6 ½%
- Majority of the state's oil production is subject to the
 - **combined 11.5% tax rate**
- Overall, the state's effective tax rate is currently 10.8%



North Dakota Oil & Gas Tax Collections

Trends in Oil and Gas Tax Collections



1/5 of 5% Gross Production Tax

\$375,000 per fiscal year to hub cities for each percentage point of oil and mining employment

\$125,000 per fiscal year to hub city school districts for each percentage point of oil and mining employment

Oil and Gas Impact Grant Fund
\$240 million per biennium

4% to the Heritage Fund
capped at \$30 million per biennium

4% to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund capped at \$10 million per biennium

Remainder to the state

HB 1358 2013 Legislature

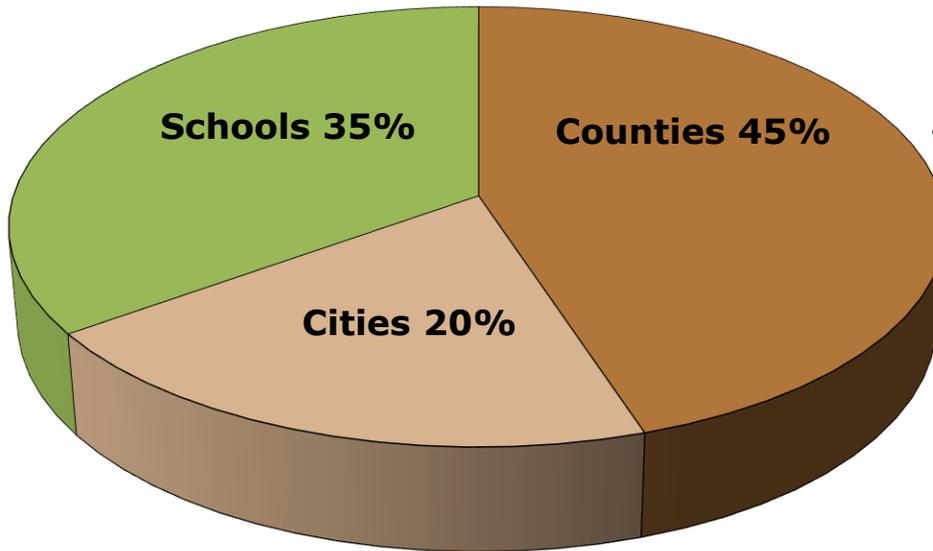




4/5 of 5% GPT-Counties Under \$5 million



Breakdown of the 4/5 among political subdivisions



HB 1358
2013
Legislature





4/5 of 5% GPT-Counties Over \$5 million



Breakdown of the 4/5

State General Fund

Oil & Gas Counties



0%

75%



\$0 - \$5,000,000

\$Over \$5,000,000



100%

25%



Townships 3%
(distributed evenly among all townships)

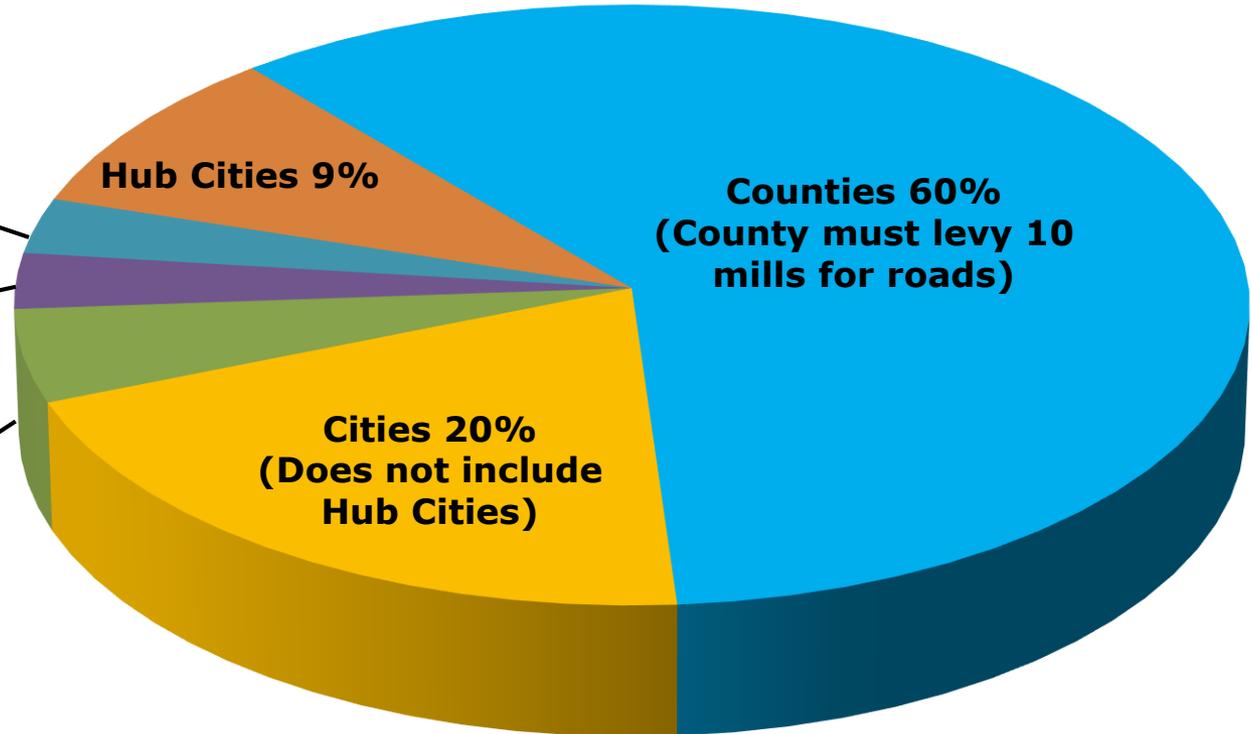
Townships 3%
(distributed based on road miles)

Schools 5% (Does not include Hub City Schools)

Hub Cities 9%

Cities 20%
(Does not include Hub Cities)

Counties 60%
(County must levy 10 mills for roads)





6 1/2% Oil Extraction Tax



30%
Legacy Fund

30%
State Share
(General Fund
\$300M cap per
Biennium)

20%
Resources
Trust Fund



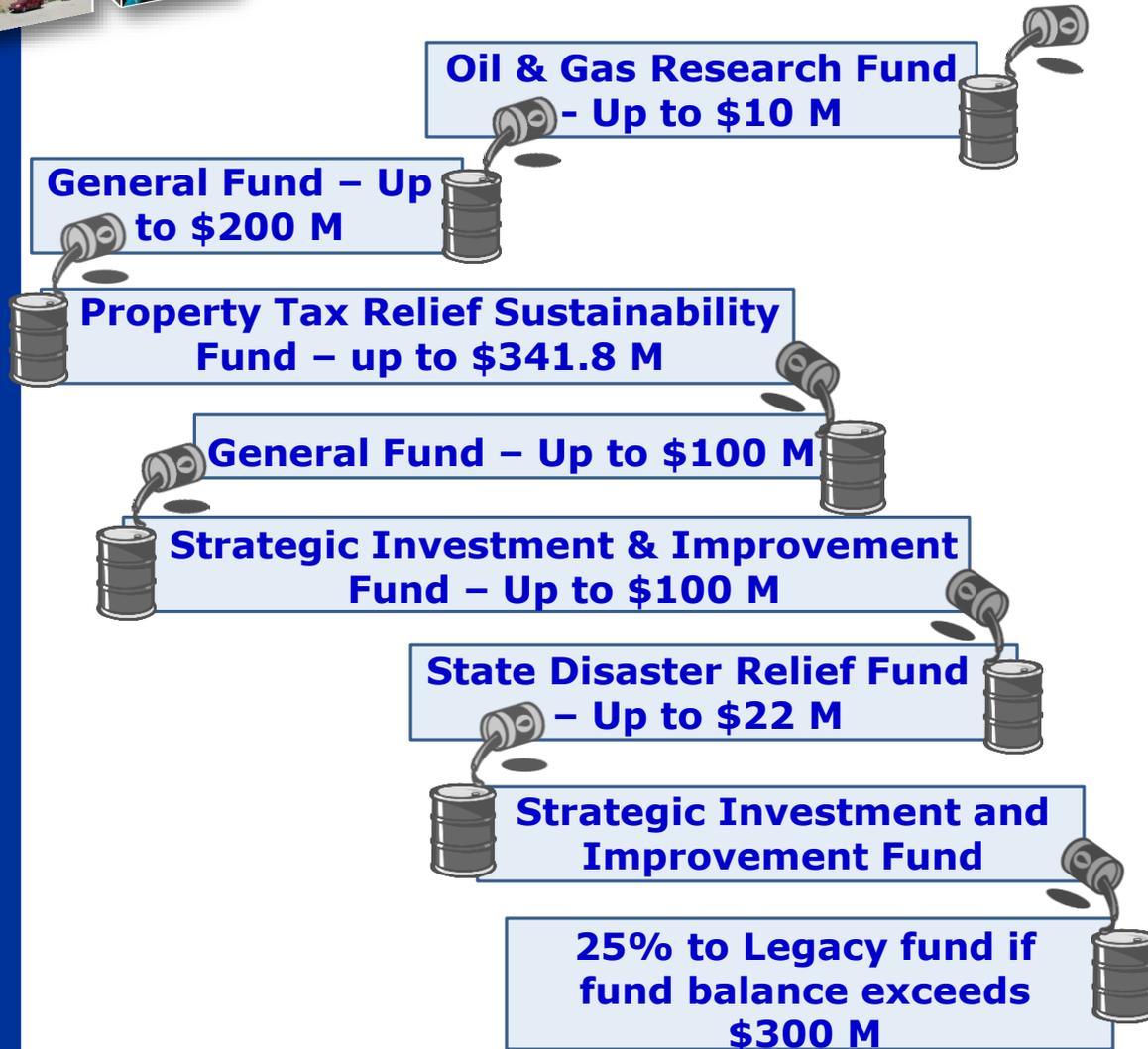
20%
Education
Purposes

50%
Common
School
Trust Fund

50%
Foundation
Aid
Stabilization
Fund

State Share of Oil Revenue

HB 1451 2011 Legislature





HB 1358 (Skarphol/Andrist)



Gross Production Tax Distribution Overhaul & Western Infrastructure Funding Initiative

- ▶ HB 1358 increases the oil and gas tax revenue distributed to local government through the formula to \$593M, an increase of \$301M over the current biennium.
 - Counties - \$315.5M
 - Cities - \$198M
 - School Districts - \$49M
 - Townships - \$30.5M
 - Including distributions and monies made available to
 - ▶ “hub” cities and “hub” school districts

HB 1358 (Skarphol/Andrist)

- ▶ HB 1358 increases the Oil and Gas Impact Grant Fund to \$240, an increase of \$140 million over the current biennium.
- ▶ The grant program includes:
 - Hub Cities - \$14M
 - Airport Authorities - \$60M
 - Oil Impacted Counties - \$5M
 - Higher Education Grants - \$4M
 - Dust Contro. - \$3.5M
 - Fire Protection Districts - \$3.5M
 - County Sheriffs - \$7M
 - Emergency Medical Providers - \$7M
 - Political Subdivision Competitive Grants - \$137M

HB 1358 (Skarphol/Andrist)

- ▶ HB 1358 provides more than \$310M in direct appropriations for:
 - Oil County Roads - \$160M
 - Non Oil County Roads - \$120M
 - Oil County Township Roads - \$9M
 - Nursing Home Grants - \$2M
 - Critical-Access Hospitals - \$10M
 - Law Enforcement Grants - \$10M
- ▶ In total, HB 1358 delivers \$1.143B in oil and gas tax revenue and other funding, primarily for western oil and gas counties.

Questions?

Office of State Tax Commissioner

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- ▶ www.nd.gov/tax
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