

HB1358

Oil & Gas Production Tax Distribution

Kelly Schmidt

State Treasurer

TWO TAXES

- ▶ Gross Production Tax (GPT) - 5%
- ▶ Extraction Tax (ET) – 6.5%

Total Tax = 11.5%

- ▶ HB1358 relates to Gross Production only

HUB CITIES & HUB CITY SCHOOL DISTRICTS

- ▶ Population 12,500 or more
- ▶ More than 1% of employment engaged in mining as reported by Job Service, annually.
- ▶ Fiscal Year 2014
 - ▶ Williston – 43%
 - ▶ Dickinson – 21%
 - ▶ Minot – 6%

HUB CITY ALLOCATIONS

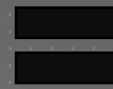
FY 2014

Williston

43



\$375,000



\$16.1
Million/year

Dickinson

21



\$375,000



\$7.875
Million/year

Divide by 12 = Monthly Distribution Amount

Minot

6



\$375,000



\$2.250
Million/year

Divide by 12 = Monthly Distribution Amount

Divide by 12 = Monthly Distribution Amount

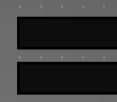
HUB CITY SCHOOL DISTRICT ALLOCATIONS FY 2014

Williston

43



\$125,000



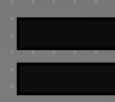
\$5.375
Million/year

Dickinson

21



\$125,000



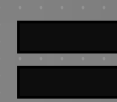
\$2.625
Million/year

Minot

6



\$125,000



\$750,000/ye
ar

Divide by 12 = Monthly Distribution Amount

Divide by 12 = Monthly Distribution
Amount

Divide by 12 = Monthly Distribution Amount

FISCAL YEAR

- ▶ Fiscal Year 2014 (FY2014) – began July 1, 2013 – ends June 30, 2014
 - **Oil Produced** in July
 - **Taxes Collected** in August
 - **Revenue Distributed** in September to Counties/Cities/Schools
- ▶ HB 1358 formula applies to distributions you received beginning September 2013

NEW FORMULA (HB1358)

- 2 tiers for split between state & county
 - First \$5 Million – 0/100
 - All \$\$ Over \$5 Million - 75/25

NEW FORMULA (HB1358)

- Two distribution formulas:
 - Counties less than \$5 Million
 - Counties over \$5 Million
- State Treasurer will do ALL allocations to cities and schools FY 2014 and later
 - Counties responsible for handling prior year adjustments in the proper manner

NEW FORMULA (HB1358)

➤ 8 Counties Less than \$5 Million FY 2013

- ☐ Bottineau
- ☐ Golden Valley
- ☐ McHenry
- ☐ Renville
- ☐ Slope
- ☐ Ward
- ☐ Mercer
- ☐ McLean

NEW FORMULA (HB1358)

➤ Counties Less than \$5 Million

- 45% General Fund
- 35% Schools
- 20% Cities

NEW FORMULA (HB1358)

9 Counties Over \$5 Million

FY 2013

- ▶ Billings
- ▶ Bowman
- ▶ Burke
- ▶ Divide
- ▶ Dunn
- ▶ McKenzie
- ▶ Mountrail
- ▶ Stark
- ▶ Williams

County list is subject to change in 2nd year of biennium

NEW FORMULA (HB1358)

➤ Counties Over \$5 Million

- 60% General Fund
- 5% Schools
- 20% Cities
- 3% Townships (allocated by miles)
- 3% Townships (pooled & shared equally)
- 9% Hub Cities (pooled & split)

LET'S TALK TOWNSHIP'S

- ▶ “township” refers to a congressional township.
(6 miles x 6 miles)
- ▶ If a township straddles the border of two participating counties it is entitled to a single share of the 3% township pool.
- ▶ If a township straddles the border between a participating county and non-participating county or another state or country the portion of the township in the participating county is entitled to a full share from the 3% township pool.

* Confirmed by the ND Attorney General in a letter dated 9/25/2013

NEW FORMULA (HB1358)

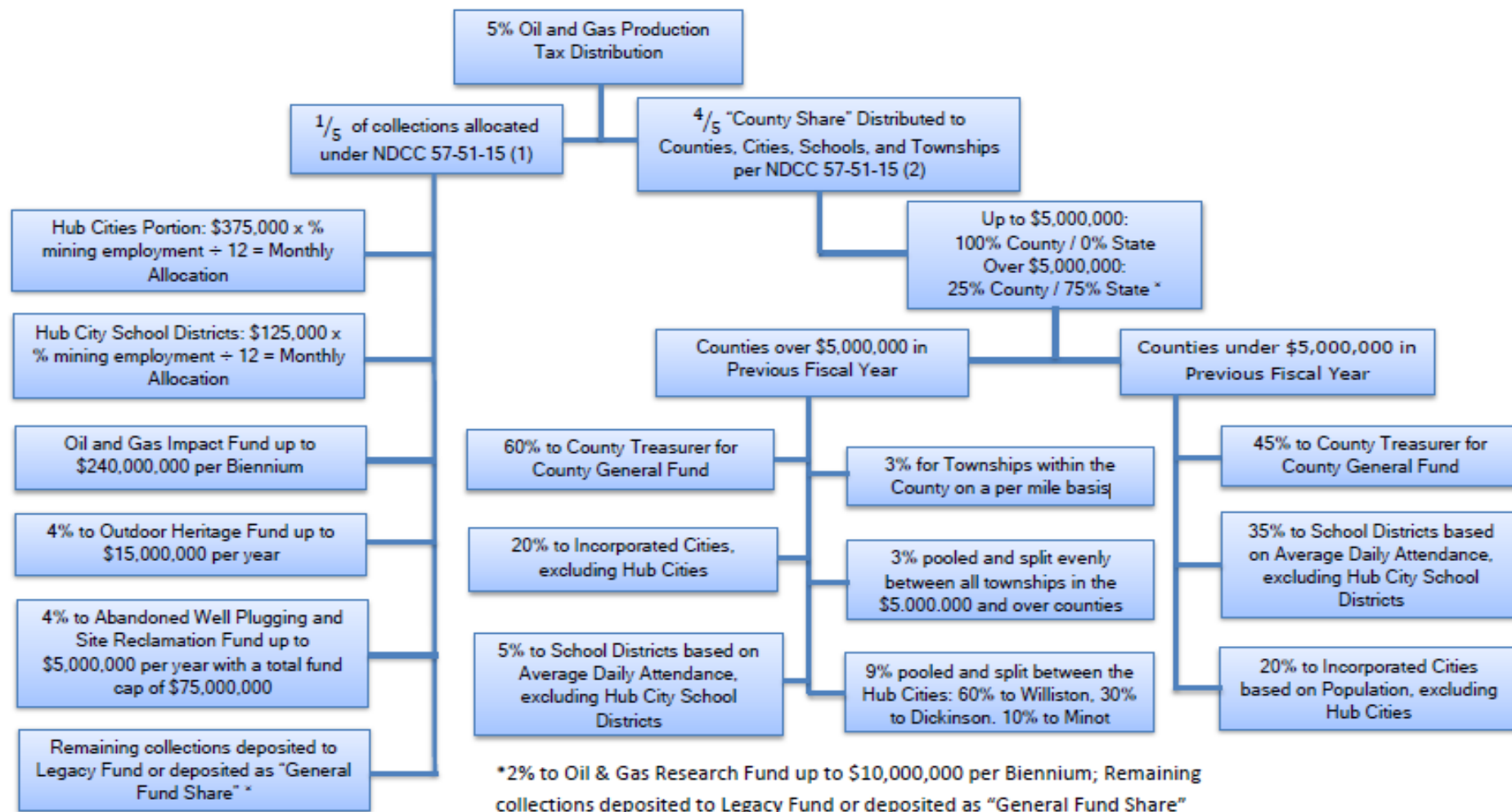
➤ Counties Over \$5 Million

➤ 9% to Hub Cities:

- Williston – 60%
- Dickinson – 30%
- Minot – 10%

DISTRIBUTION INFORMATION

- ▶ The formula flow chart and distribution amounts for Oil/Gas producing Counties, Cities and Schools can be found on the State Treasurer's website at www.nd.gov/ndtreas
- ▶ Various search options are available.
- ▶ Note: Oil/Gas was originally a quarterly distribution. Treasurer Schmidt changed this distribution to monthly in December 2007.



AND MORE....

- ▶ **HB1358 – Section 7 – County Road Funds**
 - Township Road Distribution
 - \$15,000 per township for Counties receiving more than \$500,000 but less than \$5M in GPT
 - Distributed July 2013 & May 2014
 - FY 2013 – Mercer, McHenry and Ward do not qualify

QUESTIONS ?

CONTACT

- ▶ State Treasurer Kelly Schmidt
- ▶ Deputy Treasurer Jeb Oehlke
- ▶ Accounting Manager Ryan Skor

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