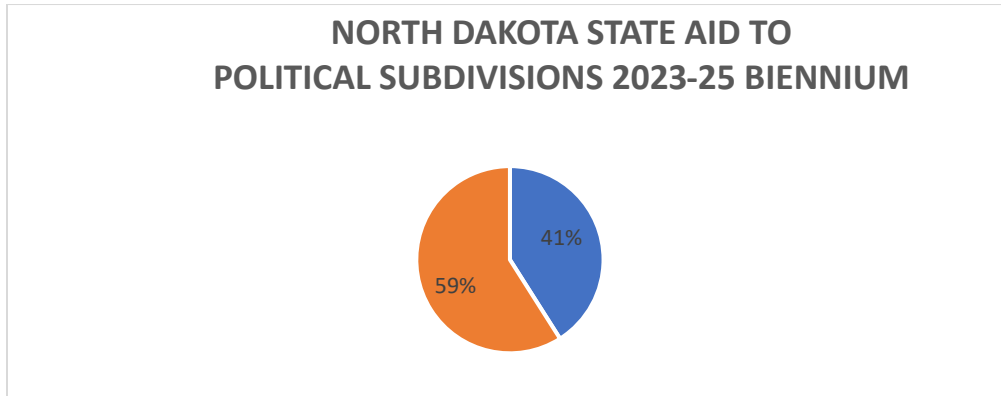


NORTH DAKOTA STATE SPENDING 2023-25 BIENNIUM

I. ASSISTANCE TO POLITICAL SUBS IN NORTH DAKOTA

Point #1 North Dakota provides assistance to local political subdivisions by sending \$5.5 billion of non-federal funds in the General and Special Funds in the 2023-25 biennium. This 41% of the total from those funds of \$13.4 billion for the biennium.



\$ Aid to Political Subs

\$ State Government

Definitions:

General Funds – Revenue for General Funds comes from taxes generated in the state of North Dakota. Income, sales, used, gaming, tobacco, alcohol and some oil and gas tax. General Fund Budget **\$6.096 billion**.

Special Funds – Revenue is generated by state agencies or by constitutional funds and some of the oil and gas taxes that goes to Strategic Investment and Improvement Fund (SIIF). Special Fund Budget **\$7.332 billion**

Breakdown of Aid to Political Subs

<u>Category</u>	<u>General Fund</u>	<u>Special Fund</u>	<u>Total</u>
Assistance Totals	\$2.062 billion	\$3.431 billion	\$5.49 billion
K-12 Schools	\$1.775 billion	\$0.7357 billion	\$2.511 billion
Non-School Aid	\$0.286 billion	\$2.6954 billion	\$2.982 billion
Totals	\$2.062 billion	\$3.4311 billion	\$5.493 billion

Point #2

Breakdown of the General Fund Assistance (Major Groups) (Not the Total) (\$2.062 billion)

<u>Group</u>	<u>Amount per Biennium</u>	<u>Origin of Funds</u>
K-12 (115mill Prop. Tax Relief)	\$1,330.0 million (1.33 billion)	General Tax Revenue (PT Relief)
Transportation funds Schools	58.1 million	General Tax Revenue
Career and Tech Funding	41.5 million	General Tax Revenue
Homestead Tax (Low income & veterans)	91.1 million	General Tax Revenue (PT Relief)
Child Welfare, elderly & disabled payment	23.3 million	General Tax Revenue (PT Relief)
County Clerk of Court	26.1 million	General Tax Revenue (PT Relief)
Primary Home Property Tax Relief	103.2 million	General Tax Revenue (PT Relief)

Note: \$1,573.7 million (\$1.57 billion) of the Assistance to Political Subs is Property Tax Relief.

Breakdown of the Special Fund Assistance (Major Groups) (Not the Total) (\$3.431 billion)

<u>Group</u>	<u>Amount per Biennium</u>	<u>Origin of Funds</u>
State Aid Distribution/counties &- city	243.0 million	Sales Tax
Insurance Tax Distribution/Fire Dept.	20.6 million	Insurance Premium Tax
County Social Services (20 mill Relief)	225.5 million	Oil Tax (PT Relief)
Grants to Airports	20.0 million	Oil Tax
Prairie Dog to Cities	115.0 million	Oil Tax
Prairie Dog to Counties & Townships	115.0 million	Oil Tax
Fuel & Gas Tax/Counties, Cities, Townships	186.7 million	Gas Tax
Highway Funds/Counties and Cities	40.0 million	Legacy Earnings
Flex Fund Highway Funds/Townships	42.0 million	Legacy Earnings
Telecommunications Tax Allocations	16.8 million	Telecom. Tax
In Lieu Tax/ Oil Country Political Subs	682.4 million	Oil Tax (Production Tax)
Resources Trust Fund Water Projects	782.7 million	Oil Tax (Constitutional)
PERS Retirement Unfunded Liability	120.0 million	Oil Tax

60% the PERS Unfunded Liability belongs to Cities and Counties.

The state is paying of the Cities and Counties, other wise the property tax payers would be paying.

Common Schools Trust Earning	510.0 million	Oil Tax/Earnings (Constitutional)
K-12 Foundation Aid Stabilization	157.0 million	Oil Tax (Constitutional)
K-12 School Aid	14.0 million	Oil Tax
K-12 Career and Tech Centers	28.5 million	Oil Tax

(Source: Legislative Budget Book pages L30-L37)

.Question: What is left of North Dakota's General and Special Funds?

	<u>General Fund</u>	<u>Special Fund</u>
	\$6,096.2 million (\$6.1 billion)	\$7,332.8 million (\$7.33 billion)
Pol. Sub. Assist.	\$2,062.0 million (\$2.06 billion)	\$3,431.0 million (\$3.43 billion)
Balance	\$4,034.2 million (\$4.03 billion)	\$3,901.8 million (\$3.9 billion)

Note: Balance left in the General Fund after funding assistance to local political subs is \$4,034.2 million or \$4.03 billion.

Therefore; that leaves \$2.0 billion per each year of the biennium for state government.

Note: Balance left in the Special Fund after funding assistance to local political subs is \$3,901.8 million for state agencies that are specially funded.

Therefore; that leaves \$1.95 billion per each year of the biennium for special funded agencies.

And \$1.04 billion of the \$1.95 billion is Higher Education tuition and fees.

Point #3

The following list of **Special Fund Appropriations** that **cannot be used for property tax** elimination. This list does not include any of Assistance to Political Subs groups.

<u>Special Fund</u>	<u>Biennium Dollars</u>	<u>Status</u>
N. Dak. Game & Fish	\$ 135.0 million	Not Eligible – Lic. & Fees
Higher Education	\$ 2,028.0 million	Not Eligible – Student Fees & Tuition
Dept. of Transportation	\$ 1,057.0 million	Not Eligible – Gas Tax & Fees
N. Dak. Parks and Rec.	\$ 125.0 million	Not Eligible – User Fees
Bank of N. Dak.	\$ 77.1 million	Not Eligible – Bank Earnings
N. Dak. Mill	\$ 97.2 million	Not Eligible – Mill Earnings
WSI	\$ 72.0 million	Not Eligible – Employers Premiums

Note: The only Special Fund Dollars that would be available are Legacy Earnings and Oil Dollars that end up in the Strategic Investment and Infrastructure Fund (SIIF). It is estimated that the SIIF will have around \$840 million which will be needed to balance the General Fund and the Legacy Earnings \$420 million which could be available for tax relief.

(Source: [Legislative Budget Book](#))

II. NORTH DAKOTA - SOUTH DAKOTA COMPARISON

Point #4 QUESTION: WHY DOES NORTH DAKOTA SPEND \$2.5 BILLION MORE THAN SOUTH DAKOTA???

<u>GENERAL FUND</u>		<u>SPECIAL FUND</u>	
North Dakota 2024 - \$2,987.1 million		North Dakota 2024 - \$3,593.1 million	
South Dakota 2024 - \$2,283.6 million		South Dakota 2024 - \$1,631.9 million	
Difference	- \$ 503.5 million	Difference	- \$ 1,961.2 million

Yes, it is true that North Dakota appropriates **\$2,464.7 million** (\$2.46 billion) more per year than South Dakota. **Now let us look at the rest of the story!!**

Point #5

MAJOR POINT: North Dakota appropriates and assists **Political Subs** at an amount of **\$2,746.5 million** (\$2.74 billion) annually compared to South Dakota’s assistance to political subs of **\$ 716.5 million** (\$0.716 billion).

Question: Is North Dakota wasting **\$2.02 billion more** than South Dakota on assistance to Political Subs to maintain services and help in keeping property taxes from increasing more??

Point #6

GENERAL FUND COMPARISON \$503.5 million North Dakota appropriates over South Dakota.

<u>NORTH DAKOTA</u>	<u>SOUTH DAKOTA</u>
1. North Dakota provides 115 mill property tax relief for K-12 education of \$665 million that is funded out of the General Fund.	1. South Dakota does not provide this property tax relief. South Dakota relies on property tax and additional sales tax to fund k-12 education.
2. North Dakota’s F-MAP percent is 46.18 % us 3.18 % more that S.Dak., that means that N. Dak. Will pay \$100 million more per year than S. Dak.	2. South Dakota’s F-MAP is 43.00% and will pay less than N.Dak.

Note: When you add the property tax relief \$665 million and the F-MAP \$100 together your total is \$765 million vs the \$503.5 million North Dakota spends less in some other areas than South Dakota.

Note: South Dakota pays higher property taxes than North Dakota. South Dakota’s Effective Property Tax Rate is 1.17% and North Dakota’s is .98%. This amounts to \$500 dollars per year on a house assessed at \$250,000. [Tax Foundation’s Facts & Figures 2023](#)

Point #7

SPECIAL FUND COMPARISON \$1,961.2 million North Dakota appropriates over South Dakota

<u>NORTH DAKOTA</u>			<u>SOUTH DAKOTA</u>
<u>Appropriation</u>	<u>Source</u>	<u>Biennium</u>	<u>Annual</u>
Resources Trust (Water)*	Oil Tax	\$782.7 m	\$391.4 m
Common School Trust*	Oil Tax	510.0 m	255.0 m
Foundation Aid Fund*	Oil Tax	157.0 m	78.5 m
County SS (20 mill relief)	Oil Tax	225.0 m	112.5 m
PERS Liability Payment*	Oil Tax	120.0 m	60.0 m
Career & Tech Centers	Oil Tax	28.5 m	14.3 m
Industrial Commission	Oil Tax	131.4 m	65.7 m
Bank of North Dakota	Fees	74.0 m	37.0 m
State Mill & Elevator	Sales	94.0 m	47.0 m
Work Force Safety	Premium	72.0 m	36.0 m
State Aid Dist. County/City*	Sales Tax	243.0 m	121.5 m
Higher Education (In Budget)	Tuition	2,028.0 m	1,014.0 m
Totals		\$4,465.6 m	\$2,232.8 m
		Difference in spending (Annual)	\$2,184.2 million

*Constitutional Funds put in place by a vote of the people.

*60% of the Liability for the PERS Retirement System is credited to counties and cities. The State of North Dakota is paying it for the counties and cities.

*The State of North Dakota places .5 % of one cent of the 5% state sales tax in a fund and and distribute to counties and cities on a formula. It is called State Aid Distribution Fund

The above list of Special Funds are examples of areas where North Dakota appropriates funds and ends up 1.96 billion over South Dakota. North Dakota Special Funds are mostly from oil revenue and are spent in areas that don't exist in South Dakota.

The \$2,184.2 million (\$2.2 billion) more that covers the reasons for North Dakota's so called over spending!!!!

Question: What would you cut??

All of the numbers and information come from the North Dakota Legislative Council's Budget Book and the South Dakota 2024 Budget Book, which is online.