



Oil and Gas Tax Revenues

2024 Update

Oil and Gas Tax Benefits

North Dakota’s enviable economy relies significantly on oil and gas taxes and revenues – averaging **more than 50%** of the State’s local tax collections for the past decade and provides a substantial contribution to local budgets in many counties and cities.

Oil extraction and production tax revenues have supported North Dakota with more than **\$32 billion** since 2008 to fund roads and bridges, high-quality education, public safety, safe drinking water, tax relief, and so much more. From infrastructure and research investments to budget stabilization and quality of life projects, oil and gas tax revenues benefit each and every North Dakota resident.



Oil and Gas Tax Study Purpose

North Dakota's oil and gas industry has been a long-time cornerstone of the state's economy – driving growth, creating jobs, and generating significant tax revenues. These revenues play a vital role in shaping the quality of life for residents by funding essential public services, strengthening local communities, and securing a prosperous future. From supporting schools and infrastructure to preserving natural resources and fostering economic stability, the impact of oil and gas tax revenues reaches every corner of the state.

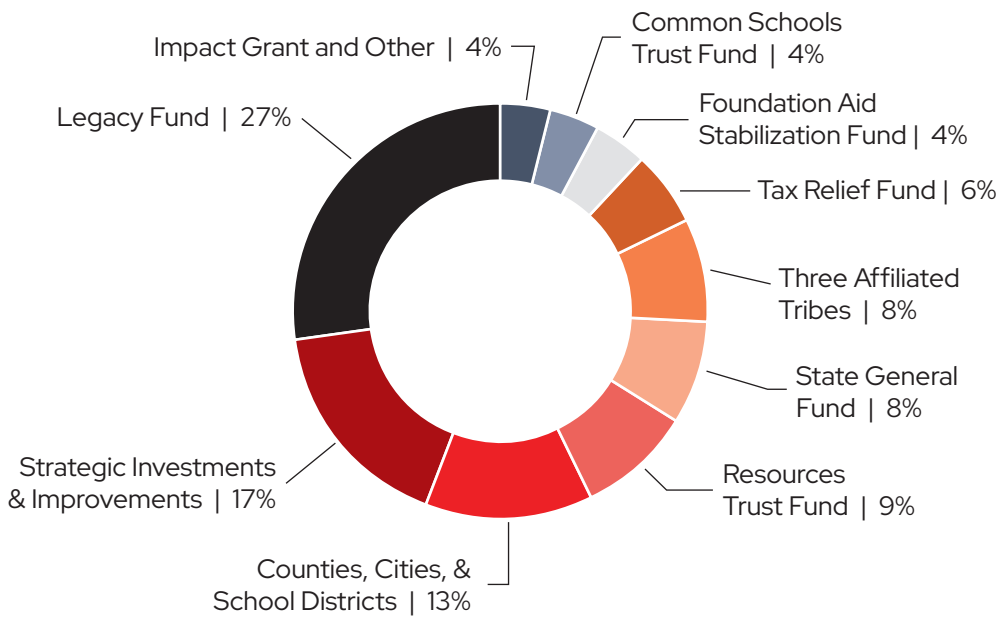
Western Dakota Energy Association and North Dakota Petroleum Foundation collaborate each biennium to develop this Oil and Gas Tax Revenue Study to review the extraction and gross production tax collections by the State of North Dakota. The study includes collections from fiscal years 2008 to 2024.

This report explores the multifaceted ways revenues from the Extraction Tax and Gross Production Tax are allocated and highlights their influence on daily life in North Dakota. By examining key programs and initiatives funded by oil and gas revenues as distributed by the State Legislature, we aim to provide a comprehensive understanding of how this critical resource benefits residents today and ensures the state's long-term resilience.



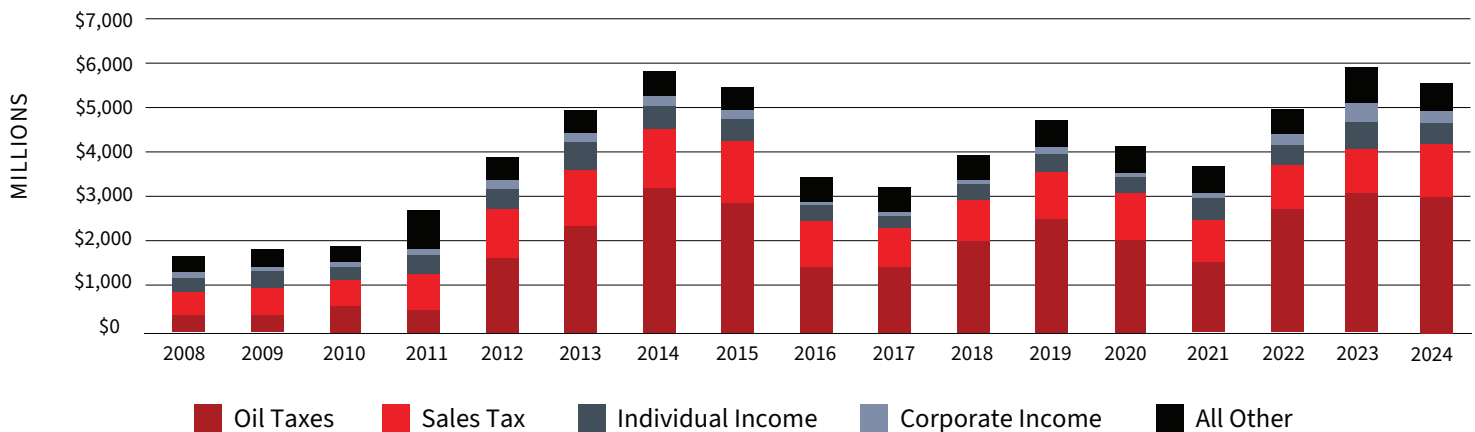


Oil and Gas Tax Distributions | 2008 - 2024 FY



Legacy Fund	\$8,580,724,342
Strategic Investment & Improvements	\$5,503,398,092
Counties/Cities/School Districts	\$4,095,359,401
State General Fund	\$2,702,010,626
Resources Trust Fund	\$2,752,043,934
Three Affiliated Tribes	\$2,715,939,511
Tax Relief Fund	\$1,833,580,000
Foundation Aid Stabilization Fund	\$1,371,409,470
Common Schools Trust Fund	\$1,371,409,470
Impact Grant and Other	\$1,238,583,541
TOTAL	\$32,164,458,387

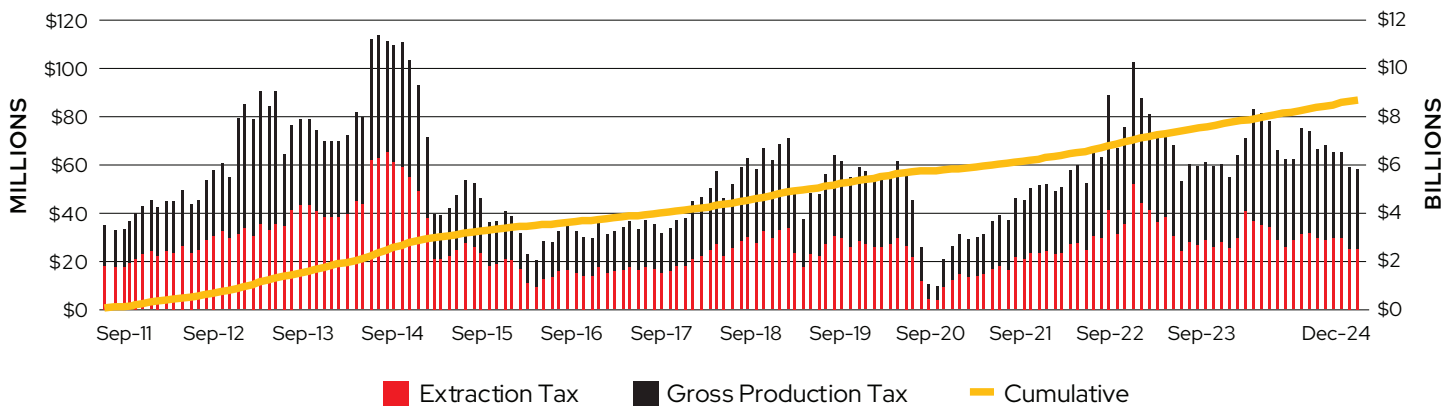
Total Taxes Collected | 2008 - 2024



North Dakota Legacy Fund

With a future-focus, the North Dakota Legacy Fund was established as law in 2010 (Article X, Section 26 of the North Dakota Constitution) to require 30% of total oil and gas tax revenue to be transferred into a special fund designed to be a perpetual source of revenue for these critical taxes. The principal of the Legacy Fund is invested, and earnings are transferred into the Legacy Earning Fund at the close of each biennium. The State Legislature also has the authority to transfer money from other sources to add to the Legacy Fund's principle. No more than 5% of the Legacy Fund's principle can be expended during each biennium.

Legacy Fund Deposits | 2011 - 2024



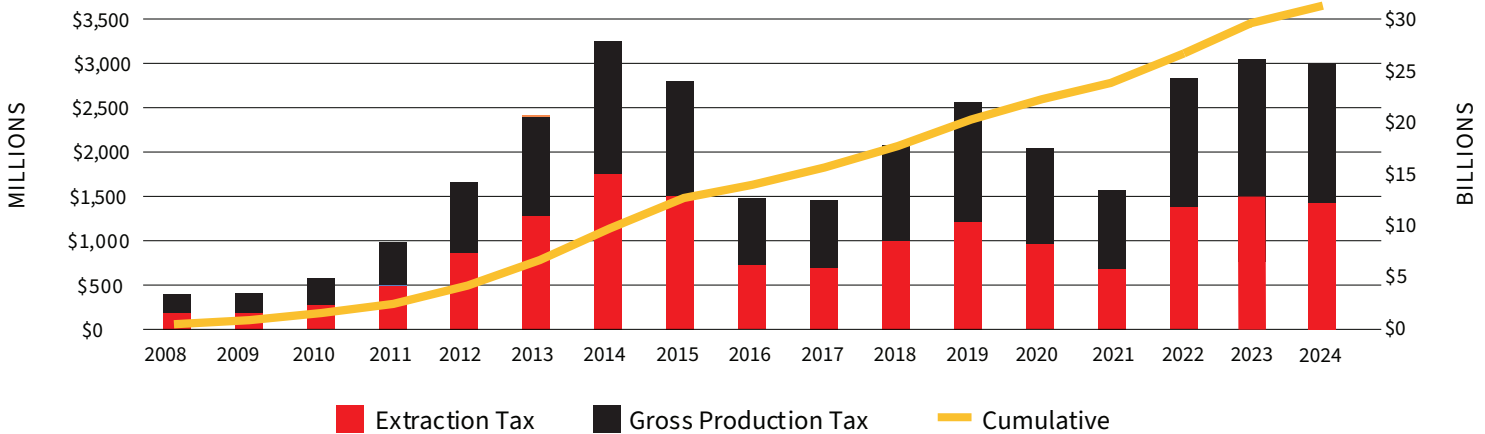
Since the 2017 biennium, Legacy Fund earnings have been used for essential initiatives. Appropriations of the earnings have supported tax relief and major infrastructure projects, including the Legacy Highway Distribution Fund.

Biennium	Legacy Fund Appropriations
2021 - 2023	\$486,568,637
2019 - 2021	\$871,687,384
2017 - 2019	\$455,362,216

One of the largest impacts of the Legacy Fund on taxpayers was during the 2021 legislative session when lawmakers approved a \$680 million bonding package to fund infrastructure projects across the state. Projects included flood protection in Fargo and Minot, major bridge and road projects, additional funding for the infrastructure revolving loan program and the building of the NDSU Agriculture Products Development Center. By utilizing earnings from the Legacy Fund for the bond payments, the projects were funded without tax increases.

In North Dakota, both the **Extraction Tax** and the **Gross Production Tax** are levied on the production of oil and gas, but they differ in purpose, rate, and calculation.

Oil and Gas Tax Collected | 2008 - 2024



Extraction Tax

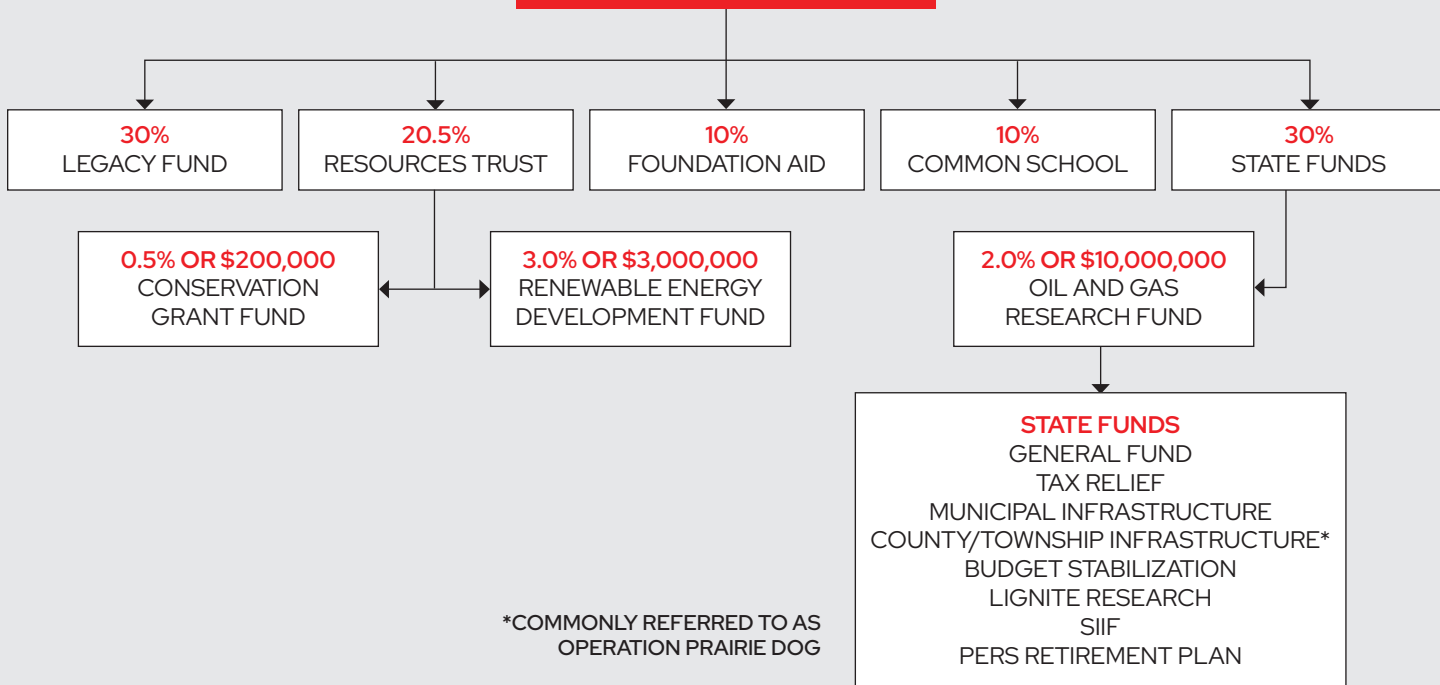
Extraction Tax is the gross value of oil production at the well, less any part that is specifically exempt. The Extraction Tax rate is 5%. In the fiscal years of 2023 and 2024, the Extraction Tax collections were nearly \$3 billion dollars total. The Extraction Tax supports broader state initiatives and programs, including the following Constitutional Funds: Common Schools Trust Fund, Foundation Aid Stabilization Fund, Resources Trust Fund and Legacy Fund.

Gross Production Tax

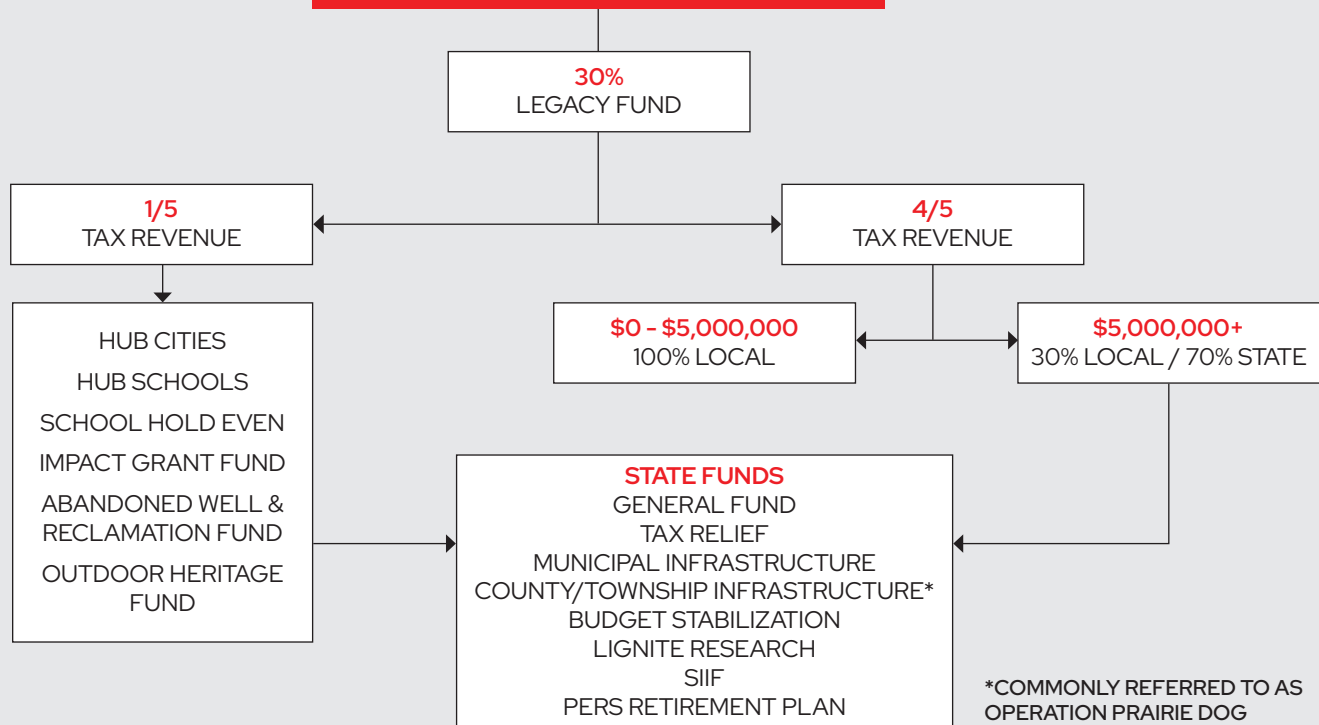
Gross Production Tax is a substitute for property tax on oil and gas production; instead of taxing the value of the mineral reserves as property, this tax is assessed on the production. It is applied to the gross value at the wellhead, which is the value of the oil when it is first extracted from the ground, less any part that is specifically exempt. Since July 1, 1957, the Gross Production Tax rate has been 5%. In 2023 and 2024, Gross Production Tax revenue was more than \$3.3 billion. This tax provides revenues to support local governments, providing revenues for cities, counties, schools, and townships. Additionally, the revenues support the state’s general fund and numerous programs, including Operation Prairie Dog.

Together, the Extraction and Gross Production Taxes brought in approximately \$3 billion in fiscal year 2023 and another \$3 billion in 2024.

EXTRACTION TAX



GROSS PRODUCTION TAX



Oil & Gas Tax Revenues Build Community



Local Government

Infrastructure/roads, public safety



Outdoor Heritage

Preserving Natural Resources



Common Schools Trust Fund

K-12 Public Schools



Resources Trust Fund

Water



Energy Research & Development

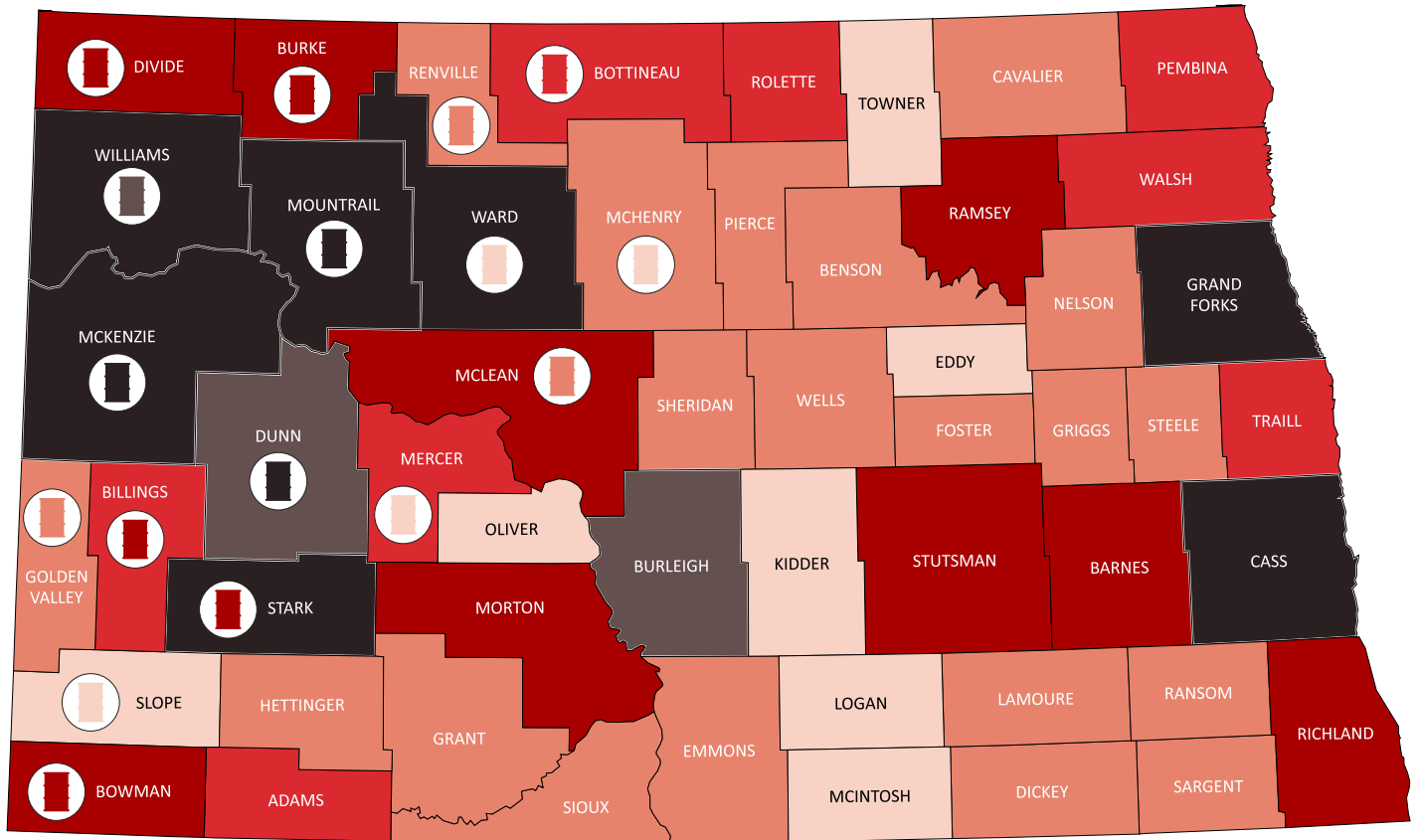
Energy Sector Innovation



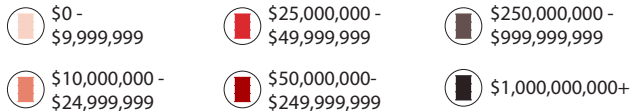
State Funds

Tax Relief, PERS Retirement Plan

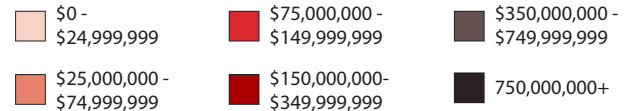
Where Does State Oil Tax Come From and Where Does It Go?



PRODUCTION



DISTRIBUTION



State Oil Tax Distributions by Type | Fiscal Years 2008 - 2024

COUNTY	PROPERTY TAX	WATER	EDUCATION	OTHER*	TOTAL
Adams	\$3,828,215	\$10,921,695	\$6,637,283	\$11,990,650	\$27,222,297
Barnes	\$18,820,277	\$59,596,508	\$32,881,899	\$78,837,916	\$186,659,311
Benson	\$8,578,733	\$20,319,790	\$25,400,498	\$18,520,227	\$71,072,582
Billings	\$1,978,970	\$12,704,530	\$347,195	\$111,010,011	\$126,040,706
Bottineau	\$11,444,016	\$5,759,129	\$20,574,791	\$98,647,899	\$132,250,170
Bowman	\$5,136,899	\$10,889,597	\$13,427,051	\$150,091,319	\$179,544,865
Burke	\$4,479,306	\$18,076,192	\$8,851,048	\$121,510,767	\$152,917,312
Burleigh	\$14,795,993	\$19,022,747	\$274,881,463	\$301,405,057	\$738,674,544

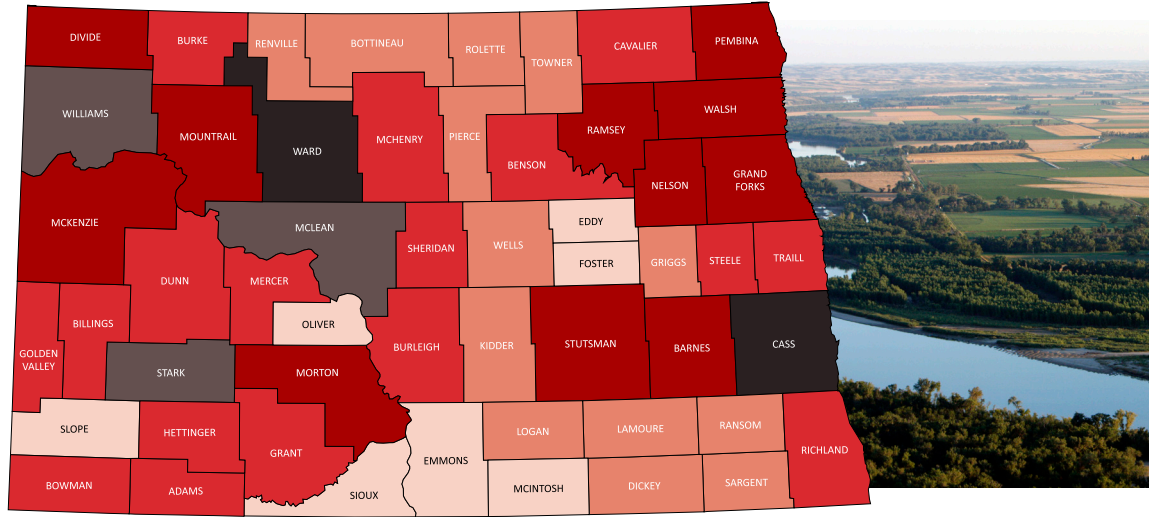
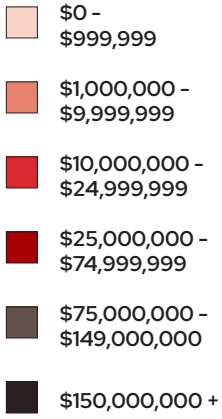
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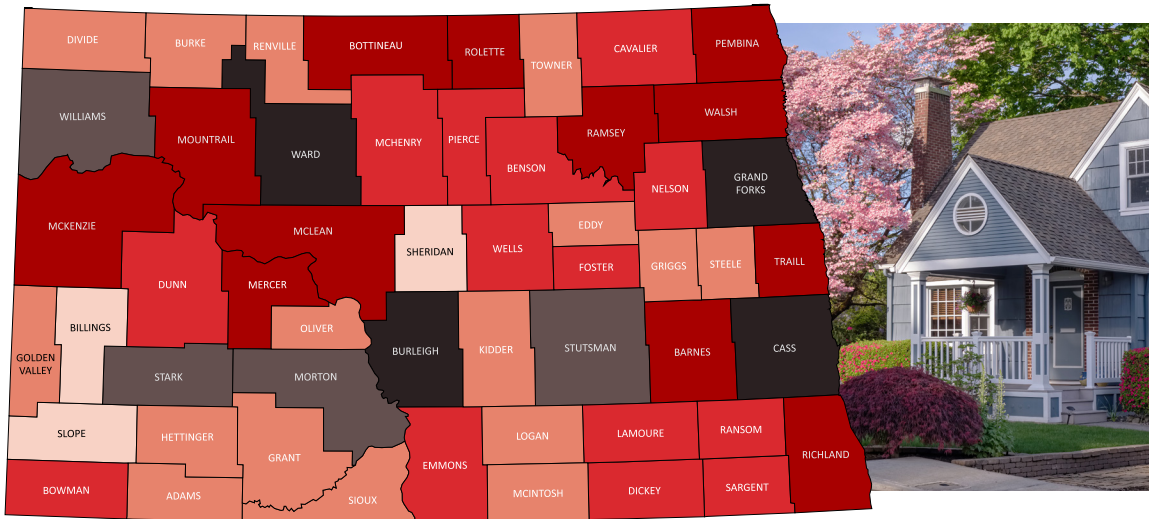
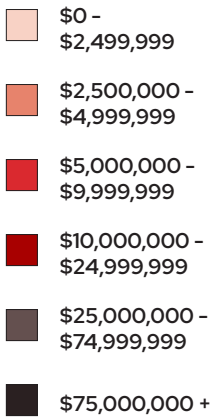
COUNTY	PROPERTY TAX	WATER	EDUCATION	OTHER*	TOTAL
Cass	\$284,828,704	\$431,106,132	\$502,358,857	\$624,283,712	\$1,835,717,489
Cavalier	\$8,297,222	\$13,559,233	\$10,340,190	\$16,678,417	\$46,453,366
Dickey	\$9,031,976	\$2,661,467	\$17,127,269	\$17,260,875	\$44,344,728
Divide	\$4,739,103	\$26,048,474	\$4,800,588	\$175,167,143	\$210,755,308
Dunn	\$7,248,241	\$18,990,317	\$9,591,238	\$585,470,685	\$621,300,481
Eddy	\$3,764,201	\$270,196	\$7,659,190	\$8,870,545	\$19,481,783
Emmons	\$5,774,139	\$280,037	\$14,334,206	\$12,752,121	\$31,604,817
Foster	\$6,011,597	\$9,494	\$11,138,519	\$15,424,949	\$31,149,035
Golden Valley	\$2,673,888	\$14,286,650	\$7,953,797	\$45,527,938	\$68,870,809
Grand Forks	\$113,701,845	\$69,338,210	\$193,516,656	\$440,526,855	\$811,340,989
Grant	\$4,095,625	\$10,962,650	\$7,242,031	\$13,387,149	\$32,780,158
Griggs	\$4,424,780	\$1,215,612	\$11,211,038	\$8,658,262	\$24,403,021
Hettinger	\$4,808,045	\$11,184,338	\$11,039,730	\$12,002,935	\$37,542,312
Kidder	\$3,890,016	\$1,525,592	\$8,684,545	\$9,570,492	\$22,117,631
LaMoure	\$7,668,429	\$3,009,493	\$15,678,064	\$17,545,438	\$41,158,063
Logan	\$3,324,124	\$2,666,864	\$9,054,358	\$7,239,792	\$21,329,293
McHenry	\$9,138,648	\$12,202,095	\$23,935,173	\$25,499,902	\$67,568,949
McIntosh	\$4,203,715	\$0	\$10,444,612	\$9,636,036	\$22,800,254
McKenzie	\$24,510,110	\$73,276,215	\$28,603,644	\$1,191,324,918	\$1,317,714,888
McLean	\$15,317,096	\$76,151,029	\$38,054,332	\$58,328,069	\$183,751,549
Mercer	\$12,042,347	\$23,841,598	\$24,354,066	\$34,617,213	\$92,370,612
Morton	\$49,355,712	\$39,126,532	\$104,335,038	\$110,440,974	\$299,853,639
Mountrail	\$17,753,258	\$35,175,478	\$34,296,761	\$723,053,271	\$810,278,769
Nelson	\$5,515,175	\$25,286,392	\$12,396,406	\$11,899,027	\$53,553,862
Oliver	\$3,096,571	\$14,773	\$5,508,127	\$6,891,588	\$14,746,170
Pembina	\$12,516,946	\$33,595,650	\$33,837,554	\$24,638,018	\$101,775,680
Pierce	\$7,058,797	\$3,617,750	\$13,253,279	\$15,847,063	\$37,989,318
Ramsey	\$17,902,574	\$59,281,301	\$45,272,109	\$55,381,433	\$176,008,445
Ransom	\$9,329,931	\$2,351,502	\$21,858,020	\$35,529,820	\$67,508,750
Renville	\$4,292,708	\$3,132,295	\$14,287,429	\$43,463,195	\$63,445,395
Richland	\$27,747,219	\$10,269,731	\$55,223,136	\$102,460,690	\$190,446,132
Rolette	\$13,742,556	\$5,301,879	\$68,468,420	\$31,446,858	\$117,663,386
Sargent	\$7,459,716	\$5,764,867	\$17,389,150	\$13,550,301	\$42,591,569
Sheridan	\$2,349,330	\$10,177,883	\$3,725,040	\$12,372,118	\$27,430,407
Sioux	\$4,230,886	\$0	\$12,857,940	\$11,896,337	\$27,858,570
Slope	\$1,334,375	\$9,600	\$305,686	\$23,260,249	\$23,778,042
Stark	\$54,810,674	\$109,955,589	\$89,013,172	\$526,027,811	\$775,833,177
Steele	\$4,522,914	\$11,306,736	\$5,903,232	\$8,840,368	\$28,703,197
Stutsman	\$33,934,056	\$28,605,730	\$63,907,111	\$75,611,164	\$198,055,078
Towner	\$4,419,889	\$1,144,134	\$6,446,625	\$10,074,228	\$20,576,131
Trails	\$13,609,845	\$23,153,516	\$29,003,635	\$45,778,882	\$107,593,849
Walsh	\$17,393,318	\$36,529,413	\$40,452,735	\$39,487,774	\$129,184,976
Ward	\$110,828,003	\$250,085,176	\$215,066,356	\$354,616,130	\$924,518,738
Wells	\$7,651,836	\$1,643,760	\$13,375,863	\$15,537,142	\$35,923,846
Williams	\$67,675,282	\$99,512,241	\$101,571,639	\$1,343,247,035	\$1,612,006,198
TOTAL	\$1.24B	\$1.75B	\$2.36B	\$7,863,138,767	\$13.09B

*OTHER includes GPT, Legacy Fund, Transportation, and Misc.

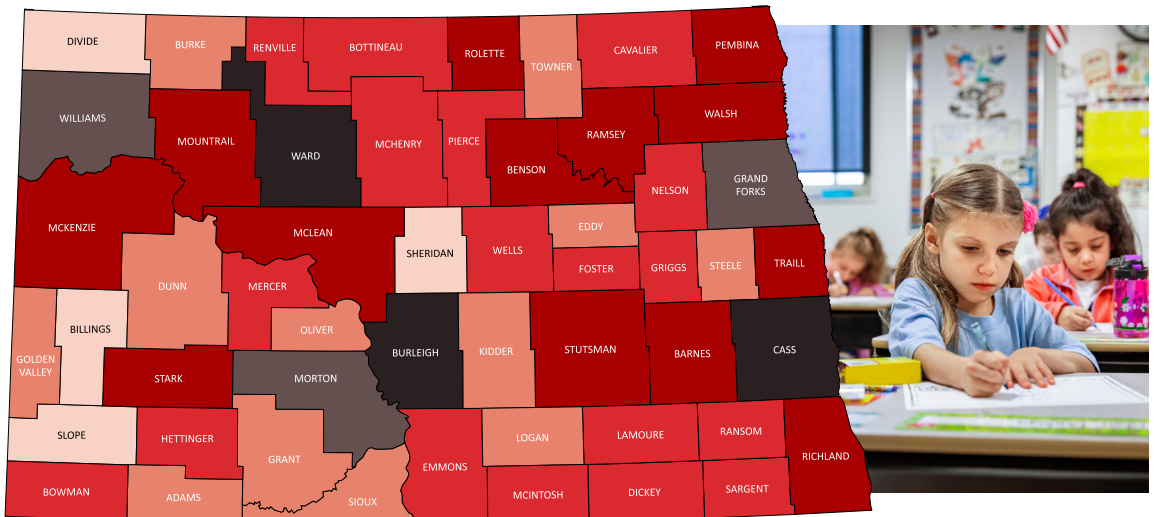
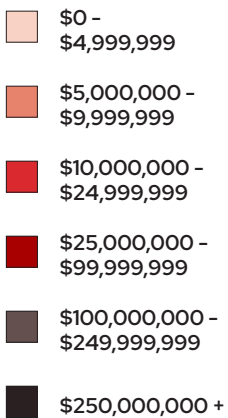
Water



Property Tax



Education



Oil & Gas Tax Revenue Study Methodology

Data from the following sources is utilized to develop the annual Oil & Gas Tax Revenue Study: Department of Mineral Resources, Department of Water Resources, State Tax Department, State Treasurer, Office of Management and Budget, Legislative Council, State Investment Board, Department of Public Instruction, and Department of Transportation. The study's authors categorize project types to the best of their knowledge to describe the allocation of funds regarding project location and use of funds. Examples include a rural water project that serves multiple counties versus a road project, etc. The data presented in this report is accurate to the best of the study authors' knowledge, but 100% accuracy cannot be guaranteed due to the potential input errors in the original data's source material, amended data, or allocation adjustments.

Oil & Gas Tax Revenue Study Sponsors

The Western Dakota Energy Association (WDEA) is a membership organization comprised of 20 counties, as well as cities and school districts in the oil and coal-producing regions of North Dakota. WDEA supports sustainable energy development and responsible revenue sharing for its members.

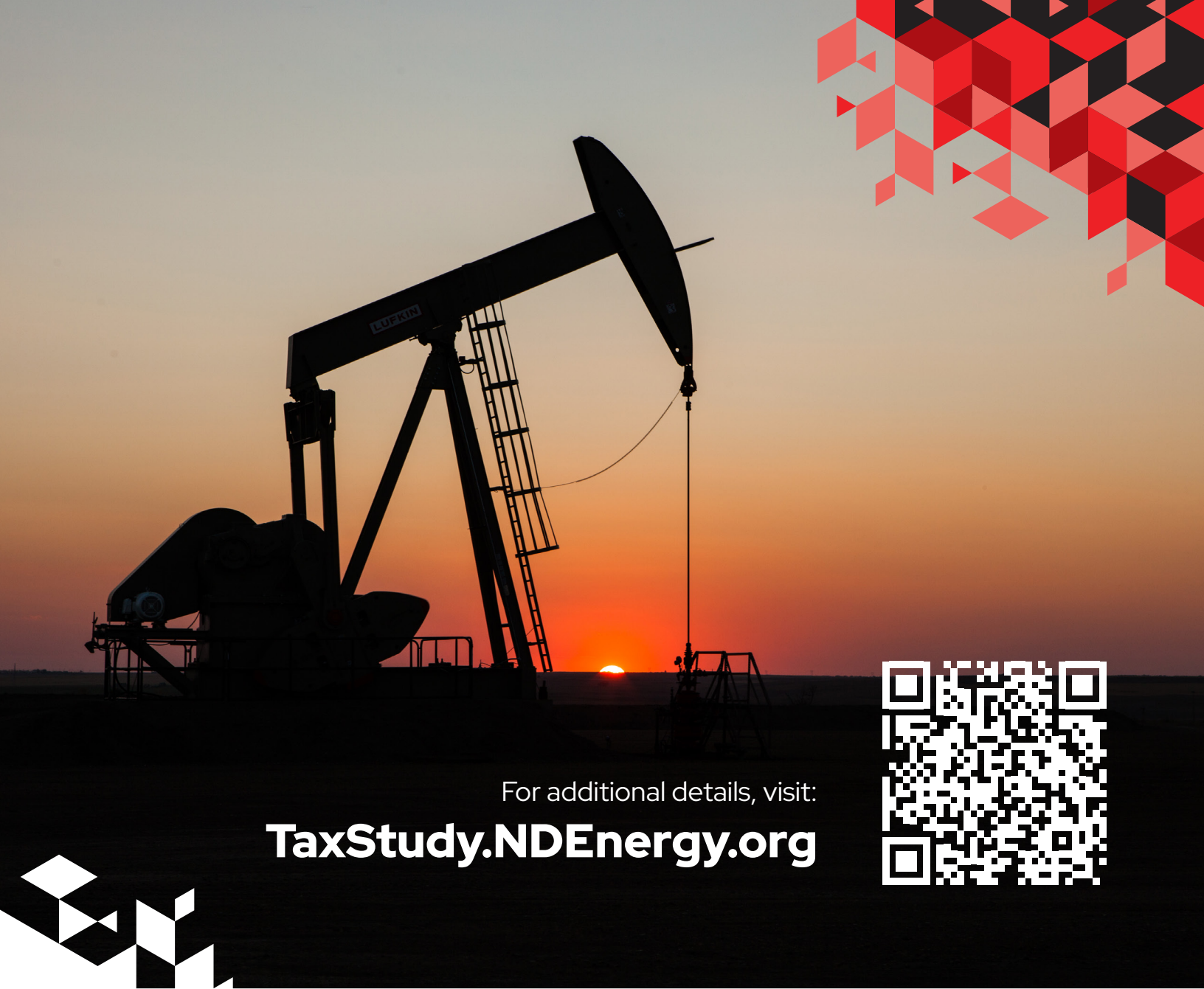
The North Dakota Petroleum Foundation (NDPF) was founded by the North Dakota Petroleum Council (NDPC) in 2018 to support our state and the communities in which we operate. One of the Foundation's initiatives is to increase the general public's awareness of the oil and natural gas industry. NDPF endeavors to promote opportunities for open discussion and education concerning the petroleum industry while gathering and disseminating information about the industry to foster the best interests of the public and the industry.

The North Dakota Petroleum Council (NDPC) has been the primary voice of the oil and gas industry in the state since 1952. NDPC promotes and enhances the discovery, development, production, transportation, refining, conservation, and marketing of oil and gas in North Dakota, as well as South Dakota and the Rocky Mountain region. NDPC also seeks to monitor and influence legislative and regulatory activities on the state and national level.

Thank You to Our State Legislators

We extend our heartfelt gratitude to the dedicated state legislators who work tirelessly to ensure North Dakota's oil and gas revenues are wisely managed for the benefit of all residents. Your commitment to balancing immediate community needs with long-term investments in education, infrastructure, and economic stability is instrumental in shaping a prosperous future for our state. Through your vision and leadership, you have helped turn natural resource wealth into opportunities that strengthen families, support businesses, and preserve our quality of life.

Thank you for your service, stewardship, and unwavering dedication to the people of North Dakota.



For additional details, visit:

TaxStudy.NDEnergy.org

