

2015 – 2017 Biennium Overview for Williston and the Region

Brent Bogar
Jadestone Consulting

Legislative Initiatives

- SB 2103 – Surge Bill
- HB 1176 – Formula Bill
- HB 1476 – Extraction Tax Trigger
- HB 1377 – Bucket Bill

SB 2103 – Surge Bill

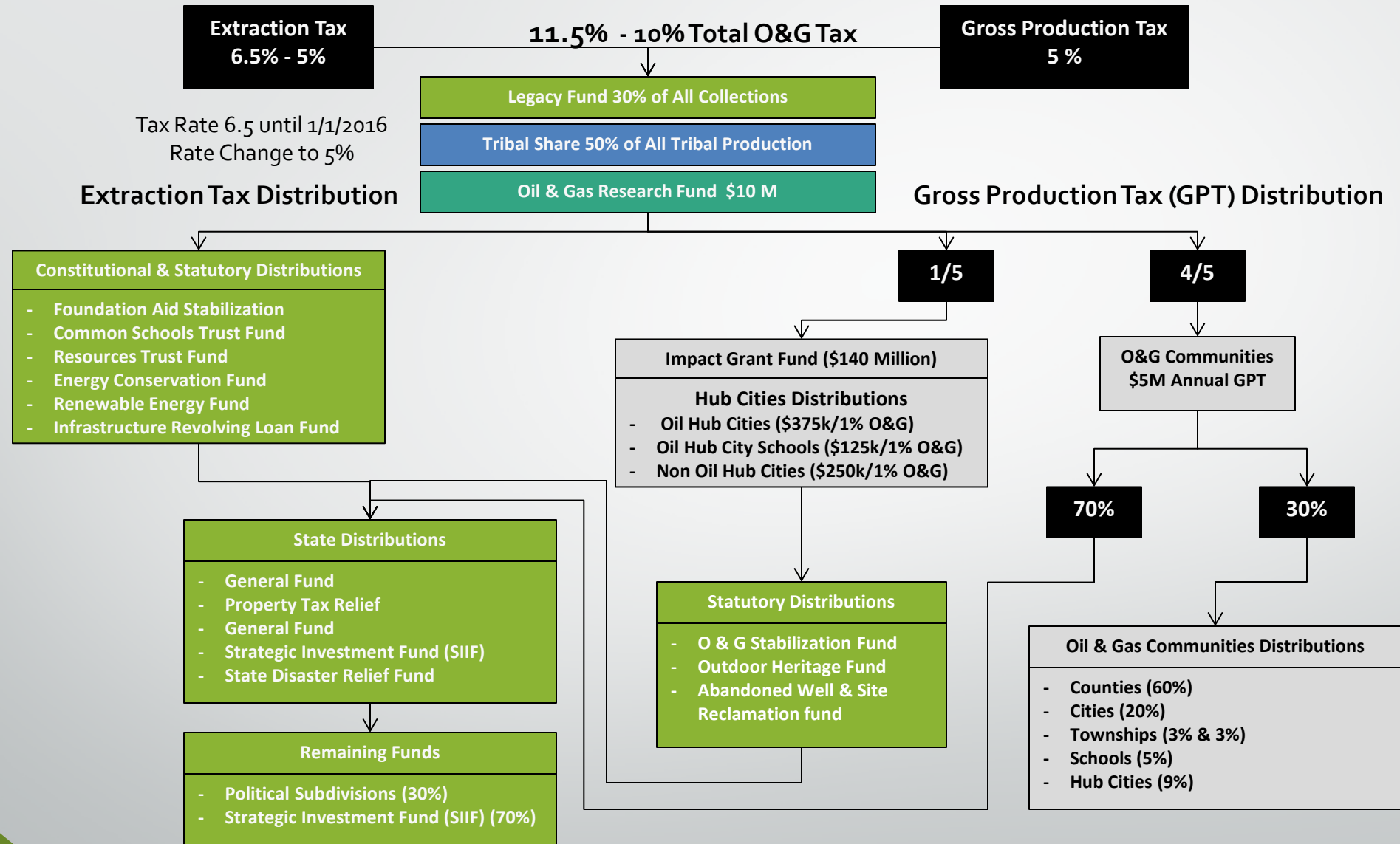
- Introduced for early funding to meet 2015 construction season
- Original bill provided funding based on Senate Majority Leader Findings
- House Amendments changed County funding to UGPTI Road Needs
- House Amendments changed County funding to DOT/Roads
- Total Bill \$1.1 Billion from SIIF
 - 47% of Funding to Oil and Gas Local Political Subs
 - 87% to Western ND including State DOT Funding

Surge Funding: Summary

State DOT	\$ 450,000,000
Non Oil Townships	\$ 16,000,000
Top 10 Oil Counties	\$ 240,000,000
Counties Outside Top 10	\$ 112,000,000
Cities in Top 10 Counties	\$ 100,000,000
Boundary Cities	\$ 10,000,000
Hub Cities	\$ 172,000,000
	\$ 1,100,000,000

HB 1176 – Formula Bill

- Introduced to change GPT distribution formula
- Original bill changed formula from 25% to 60%
- Original bill removed sunset of formula distribution change
- House Amendments changed formula to 30%
- Senate Amendments changed Impact Grant Funding allocations
 - \$140 Million to Impact Grant Fund
- Hub City Change to Oil & Gas Related Employment (1 Biennium)
 - Minot (6% - 13%)
 - Fargo (2%)
 - Bismarck (3%)
 - Dickinson (22% – 40%)
 - Grand Forks (2%)
 - West Fargo (3%)
 - Williston (40% - 65%)
 - Jamestown (2%)
 - Mandan (9%)



HB 1176 Impact Grants

- \$48 Million Airports
- \$30 Million Schools
- \$10 Million Law Enforcement
- \$10 Million Critical Access Hospitals
- \$8 Million Specific Eligible Counties
- \$6 Million Emergency Services
- \$5 Million Non-Big 10 Counties
- \$4 Million Nursing Homes/Home Health
- \$3 Million Fire
- \$2 Million Developmental Disabilities
- \$2 Million Domestic Violence
- \$2 Million District Health
- \$2.5 Million Eligible Cities
- \$6.8 Million Undesignated

HB 1476 – Extraction Tax Trigger Bill

- Not part of original Legislative Strategy
- NDAOGPC did not take an official position on the bill
- Removes the “Big Trigger” on the Extraction Tax as of Jan. 1, 2016
- Changes the Extraction Tax Rate to 5% from 6.5% on Jan. 1, 2016
 - Triggers to 6% if oil above \$90 for 3 consecutive months
 - Triggers back to 5% if oil below \$90 for 3 consecutive months
- Many of the reductions and exemptions are eliminated on Jan. 1, 2016

HB 1377 – Bucket Bill

- Not part of original Legislative Strategy
- Revenue forecast to fill State “Buckets” required unique approach for funding
- New Bucket created to provide funding to Oil and Gas Political Subdivisions
- Receive 30% of funds after the state “Buckets” are filled
- Oil and Gas Political Subdivisions receive extraction tax dollars

Bucket List

General Fund - \$200 Million

Tax Relief Fund - \$300 Million

General Fund - \$100 Million

SIIF - \$100 Million

Disaster Relief - \$22 Million (\$16 Million)

SIIF (70% of Additional Revenues)

Political Subs (30% of Additional Revenues)

State Revenue Forecast

- \$57.81 WTI Average Price
 - Moody Analytics Pricing Forecast for 24 Months
- \$49.14 State Average Price
 - 15% Discount from WTI
- Production of 1.1 Million BPD
- Big Trigger 1st 6 Months of Biennium
 - HB 1476 Removed “Trigger” as of Jan. 1, 2016

Bucket List

Oil & Gas Revenue State Forecast

General Fund - \$200 Million

Tax Relief Fund - \$300 Million

General Fund - \$100 Million

SIIF - \$100 Million

Disaster Relief - \$22 Million (\$16 Million)

SIIF (70% of Additional Revenues) - \$102 Million

Political Subs (30% of Additional Revenues) - \$44 Million

Additional State SIIF Funds (Royalties, Lease Bonuses, etc.) - \$161 Million

NDAOGPC Revenue Forecast

- \$53.75 WTI Average Price
 - 22 Month NYMEX Futures pricing as of 8/31/2015
 - WTI Price Average for July/August
- \$45.69 State Average Price
 - 15% Discount from WTI
- Production of 1.1 Million BPD
- Big Trigger for 1 Month of Biennium
 - HB 1476 Removed "Trigger" as of Jan. 1, 2016
 - Extraction Tax decrease of 5% Average for Remainder of Biennium

Bucket List

Oil & Gas Revenue NDAOGPC Forecast

General Fund - \$200 Million

Tax Relief Fund - \$300 Million

General Fund - \$100 Million

SIIF - \$100 Million

Disaster Relief - \$22 Million (\$16 Million)

SIIF (70% of Additional Revenues) - \$150 Million

Political Subs (30% of Additional Revenues) - \$64 Million

Additional State SIIF Funds (Royalties, Lease Bonuses, etc.) - \$161 Million

Questions



Brent Bogar

bcbogar@jadestoneconsulting.com

701-390-9694