

2025 Legislative Assembly Review

Representative Mike Lefor
Majority Leader
North Dakota House of Representatives

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Property Tax Reform and Relief

\$1600 Primary Residence Tax Credit
Homestead Tax Credit
3% cap on Political Subdivisions
\$5.5 Billion State Aid to Political Subdivisions (23-25)

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Property Tax Reform and Relief

12 Year Estimate

6.5% rate of return

1.1 million barrels a day of production

\$60 per barrel

Legacy Fund would grow to \$29 billion.

Earnings could provide higher tax credits in the future

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LEGACY PROPERTY TAX RELIEF

Legacy Property Tax Credit - Estimated Credit Amounts							
Projected Legacy Fund Balances							
Fiscal Year	Legacy Fund Ending Balance						
2020	6,995,300,070						
2021	8,115,202,181						
2022	7,946,078,492						
2023	8,999,736,920						
2024	10,873,738,190						
2025 est	12,378,910,454						
2026 est	13,105,564,927						
2027 est	14,599,484,328						
2028 est	15,345,588,978						
2029 est	17,046,658,721						
2030 est	17,787,736,167						
2031 est	19,704,149,429						
2032 est	20,478,340,750						
2033 est	22,628,761,036						
2034 est	23,384,727,842						
2035 est	25,727,784,253						
2036 est	26,462,194,233						
2037 est	29,011,354,267						
Projected Legacy Earnings Fund Allocations							
	2025-27	2027-28	2029-31	2031-33	2033-35	2035-37	2037-38
5-year average balance	8,586,013,571	10,659,806,397	13,259,657,575	15,576,005,624	16,072,493,607	20,796,338,843	23,735,955,622
Allocation @ 9% POMV	668,881,086	852,784,512	1,060,772,608	1,248,080,450	1,445,799,505	1,663,707,187	1,898,876,770
Allocations:							
Sinking and interest fund	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000	102,624,000
Highway fund	175,277,126	187,540,128	239,537,101	285,864,112	335,793,676	390,270,797	449,063,192
Proposed Legacy Property Tax Credit	408,979,960	562,620,384	718,611,454	857,592,337	1,007,381,628	1,170,812,391	1,347,189,577
Assumed number of primary residences	147,500	151,000	154,500	156,000	161,500	165,000	168,500
Legacy property tax relief payment	\$1,600	\$1,863	\$2,326	\$2,714	\$3,119	\$3,548	\$3,998
Calculation of Legacy offset of \$1,000 General Fund credit							
General fund credit before reduction	\$229	\$0	\$0	\$0	\$0	\$0	\$0
Gross Legacy payment before offset	\$1,386	\$1,863	\$2,326	\$2,714	\$3,119	\$3,548	\$3,998
Legacy earnings fund available	\$408,979,960	\$562,620,384	\$718,611,454	\$857,592,337	\$1,007,381,628	\$1,170,812,391	\$1,347,189,577
Cost of PRC	\$472,000,000	\$562,620,384	\$718,611,454	\$857,592,337	\$1,007,381,628	\$1,170,812,391	\$1,347,189,577
Potential General Fund deficiency	\$63,020,040	\$0	\$0	\$0	\$0	\$0	\$0

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PROPERTY TAX RELIEF PROGRAMS - 2007-09 THROUGH 2023-25 BIENNIUMS

The schedule below provides information on property tax relief programs provided by the Legislative Assembly for the 2007-09 biennium through the 2023-25 biennium.

	Estimated Fiscal Impact									
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	Total
School-related mill levy reductions										
Mill levy reduction grants		\$299,444,264	\$341,790,000							\$641,234,264
Mill levy reduction in integrated school formula payments				\$656,473,838 ¹	\$988,000,000 ²	\$1,081,000,000 ²	\$1,166,000,000 ²	\$1,240,000,000 ²	\$1,331,000,000 ²	6,462,473,838
Total school-related mill levy reductions	\$0	\$299,444,264	\$341,790,000	\$656,473,838	\$988,000,000	\$1,081,000,000	\$1,166,000,000	\$1,240,000,000	\$1,331,000,000	\$7,103,708,102
Homestead and disabled veterans' tax credits										
Homestead and disabled veterans' property tax credit programs	\$8,104,000	\$10,774,000	\$14,018,563	\$27,678,000	\$25,865,091	\$24,820,200	\$28,250,200	\$34,300,000	\$91,145,000	\$264,955,054
Homestead income tax credit for property tax relief	112,000,000									112,000,000
Total homestead tax credits	\$120,104,000	\$10,774,000	\$14,018,563	\$27,678,000	\$25,865,091	\$24,820,200	\$28,250,200	\$34,300,000	\$91,145,000	\$376,955,054
Other property tax relief										
State-paid property tax relief credits (12 percent property tax credit)				\$200,000,000	\$241,525,000					\$441,525,000
Primary residence property tax credit								\$103,225,000	103,225,000	103,225,000
State funding of certain county costs of child welfare and service payments for elderly and disabled services					19,300,000	\$23,300,000	\$23,300,000 ³	\$23,300,000 ³	23,300,000 ³	112,500,000
State grants to counties - Emergency human service levies					3,900,000					3,900,000
County economic assistance and social services financing pilot program						160,700,000				160,700,000
County social and human services project							173,700,000	186,917,386	226,787,642	590,405,028
State funding of clerk of court costs formerly paid by counties	\$13,587,187	\$15,253,306	\$16,795,673	20,432,528	24,603,806	23,936,056	24,057,631	25,212,502	26,125,566	190,904,255
Total other property tax relief	\$13,587,187	\$15,253,306	\$16,795,673	\$20,432,528	\$289,328,806	\$207,936,056	\$221,957,631	\$236,429,888	\$379,438,208	\$1,003,159,283
Total property tax relief	\$133,691,187	\$325,471,570	\$372,604,236	\$904,584,366	\$1,303,193,897	\$1,313,756,256	\$1,416,207,831	\$1,512,729,888	\$1,801,583,208	\$9,083,822,439

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Property Tax Reform

Placed a 3% cap on political subdivisions.

Allows for a vote of the people to raise that to be higher for no more than a four-year period.

Clarified that for the purposes of a real estate sale, the primary residence tax credit will be pro-rated by the closing agent.

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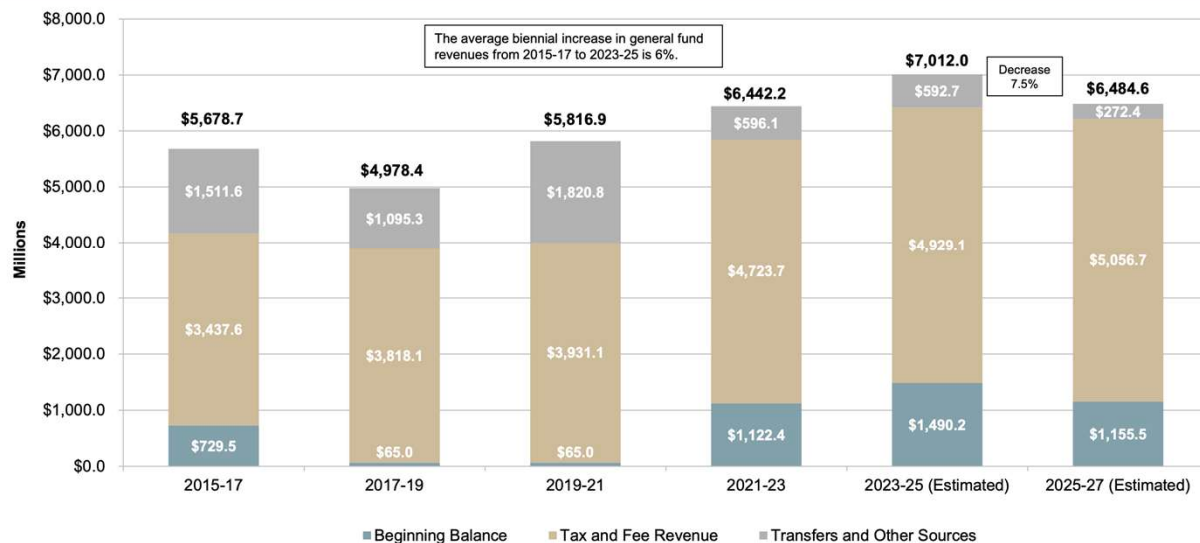
General Fund Revenues

In millions

	2017-19	2019-21	2021-23	2023-25	2025-27
Sales Tax	\$1,786.5	\$1,824.0	\$2,130.6	\$2,430.3	\$2,496.6
Motor Vehicle	239.0	259.7	308.7	172.5	178.8
Income Tax	1,018.2	1,056.0	1,460.5	1,322.6	1,375.9
Oil Taxes	400.0	400.0	400.0	460.0	500.0
Other Taxes & Fees	363.2	374.9	401.2	404.7	362.1
Interest	11.3	22.2	22.7	235.1	158.6
Ongoing Transfers	175.6	164.2	170.0	175.4	172.8
Total Ongoing Revenue & Transfers	\$3,991.8	\$4,098.9	\$4,891.9	\$5,198.7	\$5,244.8
Other Transfers	919.8	1,651.0	426.1	308.4	0
Total All Revenue & Transfers	\$4,913.6	\$5,751.9	\$5,319.8	\$5,508.9	\$5,244.8

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General Fund Revenues - Summary



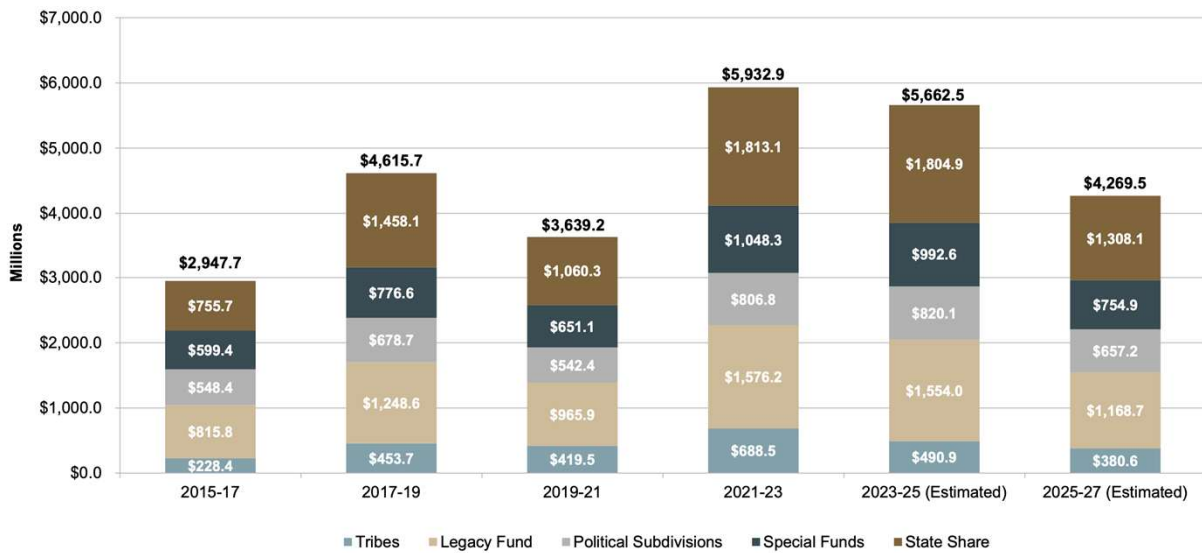
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June 2025

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Oil and Gas Tax Revenues - Summary



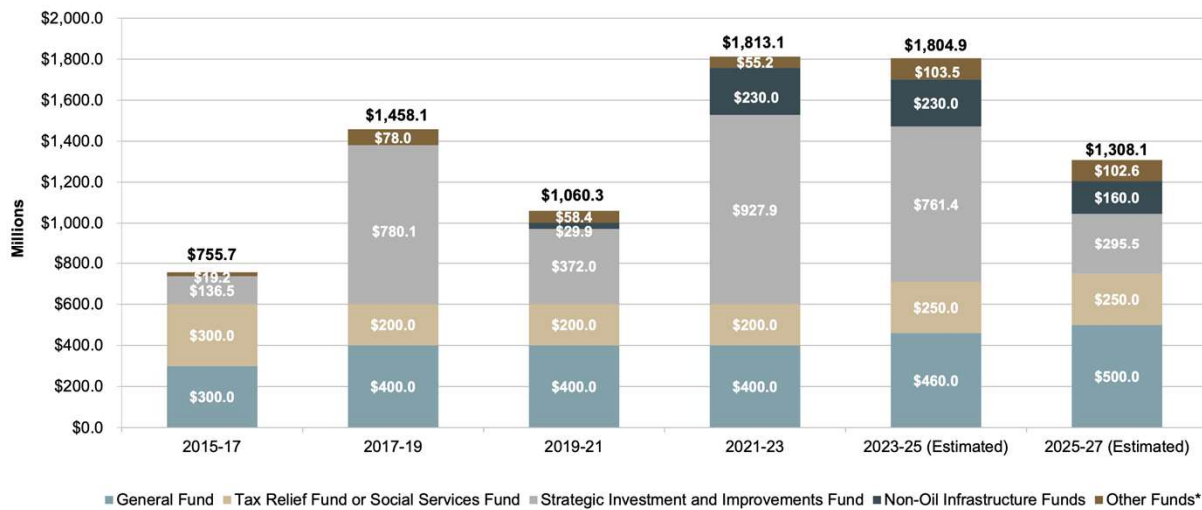
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Oil and Gas Tax Revenues - State Share



*The Other Funds category includes the budget stabilization fund, lignite research fund, state disaster relief fund, Public Employees Retirement System fund, airport infrastructure fund, and political subdivision allocation fund.

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Oil tax allocations

biennium to date - Feb. 28, 2025

In Millions

	Orig. 2023 Leg. Forecast	Actual	Increase (Decrease)
Political Subdivisions	\$558.3	\$683.3	\$125.0
Tribes	\$540.1	\$401.2	(\$138.9)
Legacy Fund	\$1,082.2	\$1,277.4	\$195.2
General Fund	\$460.0	\$460.0	\$0.0
Education Funds	\$353.6	\$378.0	\$24.4
Resources Trust Fund	\$358.2	\$383.3	\$25.0
Budget Stabilization Fund	\$0.0	\$0.0	\$0.0
Social Services Fund	\$250.0	\$250.0	\$0.0
PERS Fund	\$61.4	\$65.0	\$3.6
Municipal Infrastructure	\$0.0	\$115.0	\$115.0
County Town Infrastructure	\$0.0	\$115.0	\$115.0
Strategic Investment Improvement Fund	\$400.0	\$428.5	\$28.5
Airport Infrastructure	\$0.0	\$20.0	\$20.0
Other Allocations	\$78.1	\$75.1	(\$2.9)
Total	\$4,141.9	\$4,651.9	\$510.0

12.3%
Above
Forecast

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Oil tax allocations

forecast change for 2025-27

In Millions

	January Forecast 2025-27	March Forecast 2025-27	Change
Political Subdivisions	\$638.9	\$615.0	(\$23.9)
Tribes	\$421.1	\$369.0	(\$52.1)
Legacy Fund	\$1,334.1	\$1,172.3	(\$161.8)
General Fund	\$500.0	\$500.0	\$0
Education Funds	\$438.6	\$347.1	(\$91.5)
Resources Trust Fund	\$449.0	\$355.8	(\$93.2)
Budget Stabilization Fund	\$0	\$0	\$0
Social Services Fund	\$250.0	\$250.0	\$0
PERS Fund	\$65.0	\$65.0	\$0
Municipal Infrastructure	\$115.0	\$61.5	(\$53.5)
County Town Infrastructure	\$115.0	\$61.5	(\$53.5)
Airport Infrastructure	\$20.0	\$0	(\$20.0)
SIIF	\$441.0	\$400.0	(\$41.0)
Other Allocations	\$73.4	\$72.3	(\$1.1)
Total	\$4,861.1	\$4,269.5	(\$591.6)

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Oil tax allocations

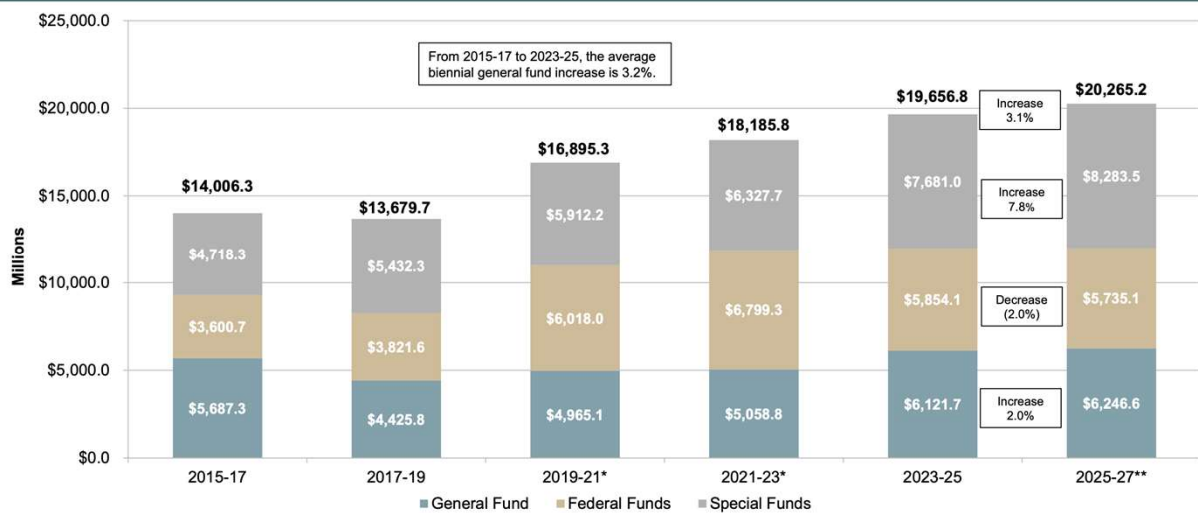
March 2025 Forecast 2023-25 and 2025-27

In Millions

	March Forecast 2023-25	March Forecast 2025-27	Change
Political Subdivisions	\$810.1	\$615.0	(\$195.1)
Tribes	\$594.3	\$369.0	(\$225.3)
Legacy Fund	\$1,521.8	\$1,172.3	(\$349.5)
General Fund	\$460.0	\$500.0	\$40.0
Education Funds	\$452.6	\$347.1	(\$105.5)
Resources Trust Fund	\$463.9	\$355.8	(\$108.1)
Budget Stabilization Fund	\$0	\$0	\$0
Social Services Fund	\$250.0	\$250.0	\$0
PERS Fund	\$65.0	\$65.0	\$0
Municipal Infrastructure	\$115.0	\$61.5	(\$53.5)
County Town Infrastructure	\$115.0	\$61.5	(\$53.5)
Airport Infrastructure	\$20.0	\$0	(\$20.0)
SIIF	\$721.3	\$400.0	(\$321.3)
Other Allocations	\$73.5	\$72.3	(\$1.2)
Total	\$5,662.5	\$4,269.5	(\$1,393.0)

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Appropriations - All Funds

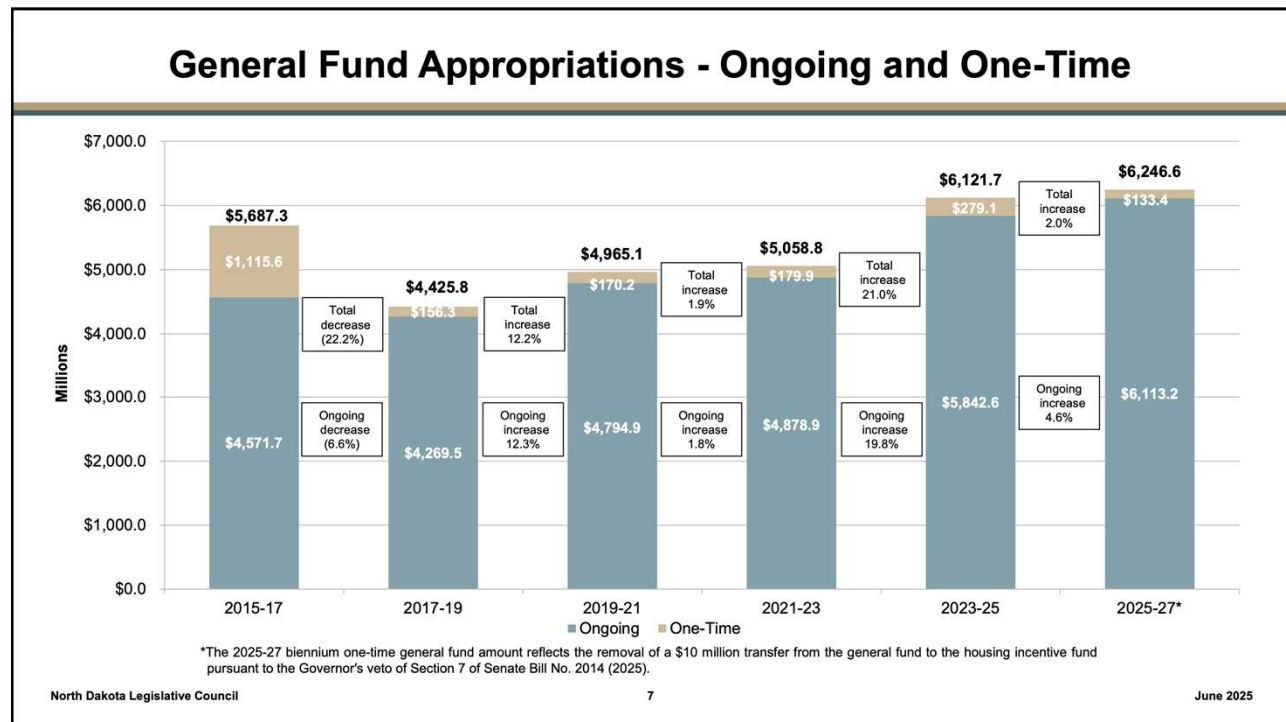


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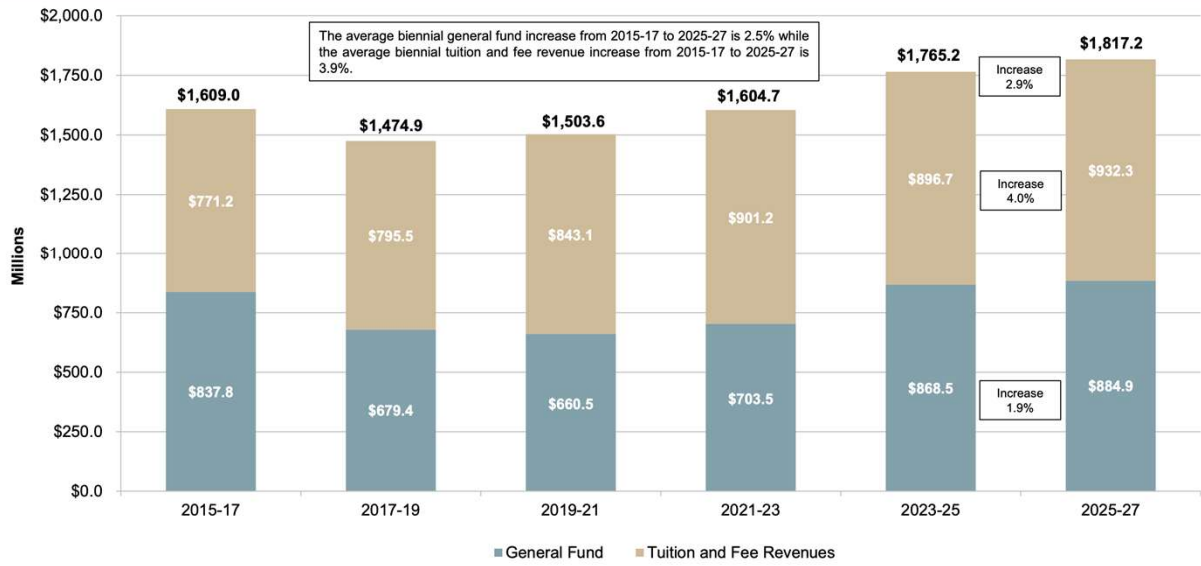
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GENERAL FUND APPROPRIATIONS MAJOR CATEGORIES

Higher Education
K-12 Education (Common Schools Trust Fund)
Corrections
Health and Human Services

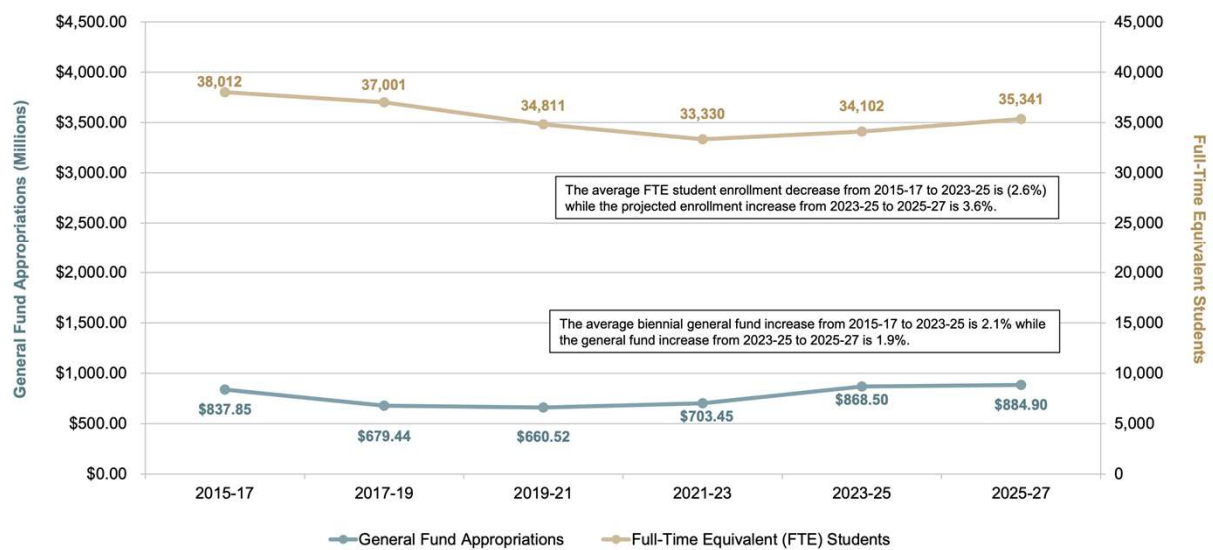
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Higher Education - Funding Summary



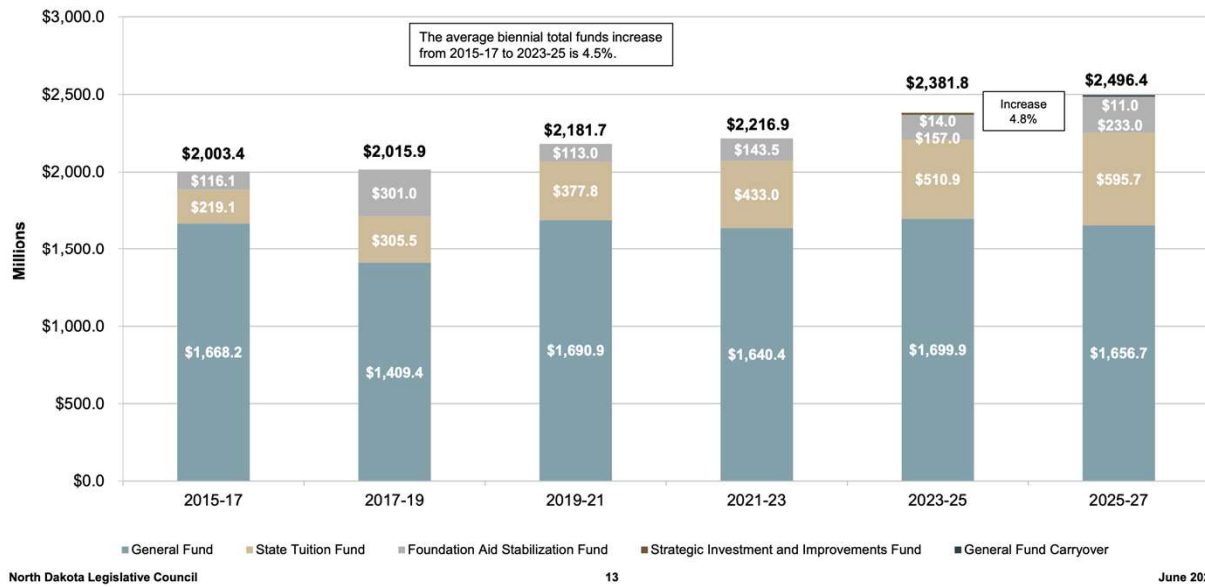
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Higher Education - Appropriations and Students



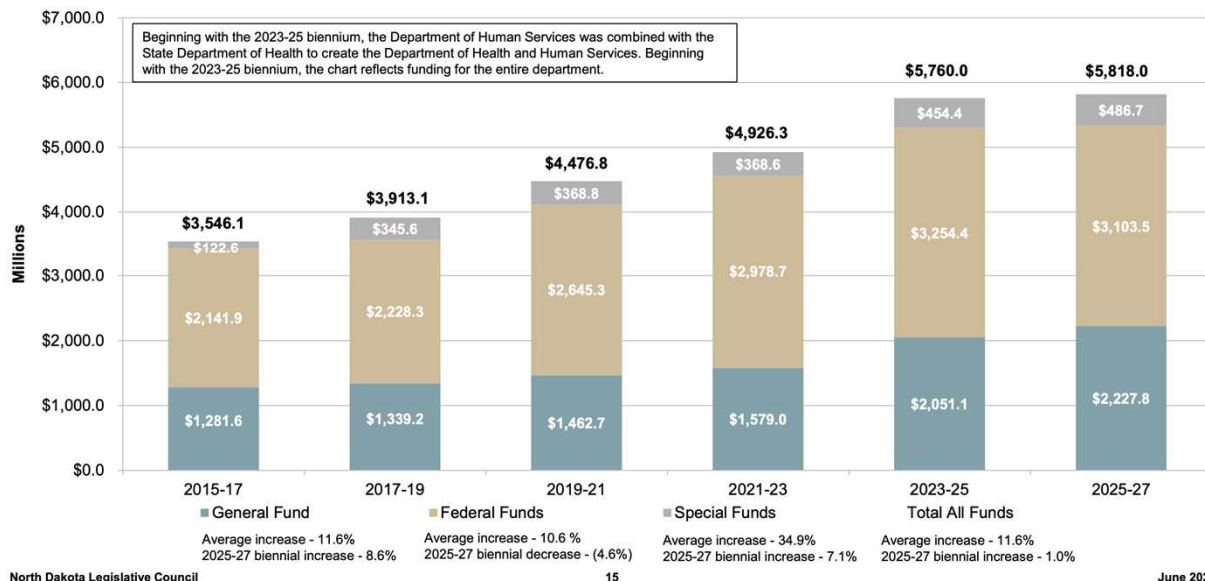
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Kindergarten Through Grade 12 - State School Aid Funding

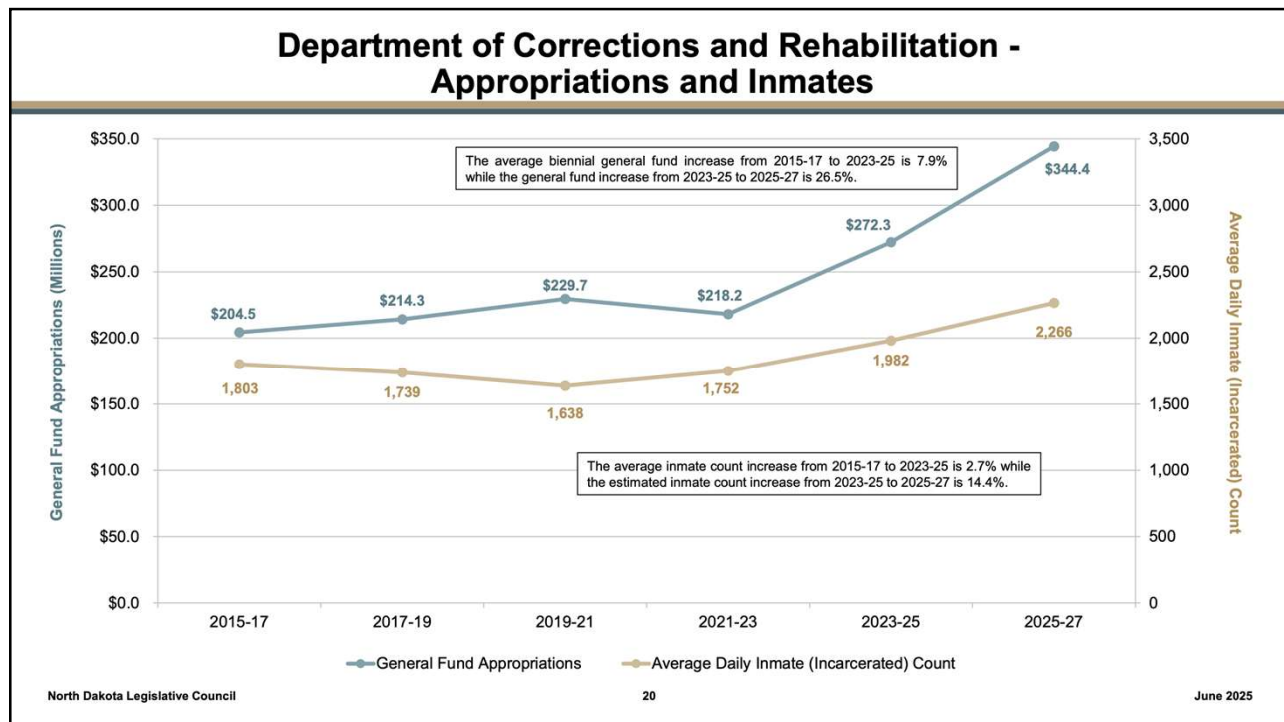


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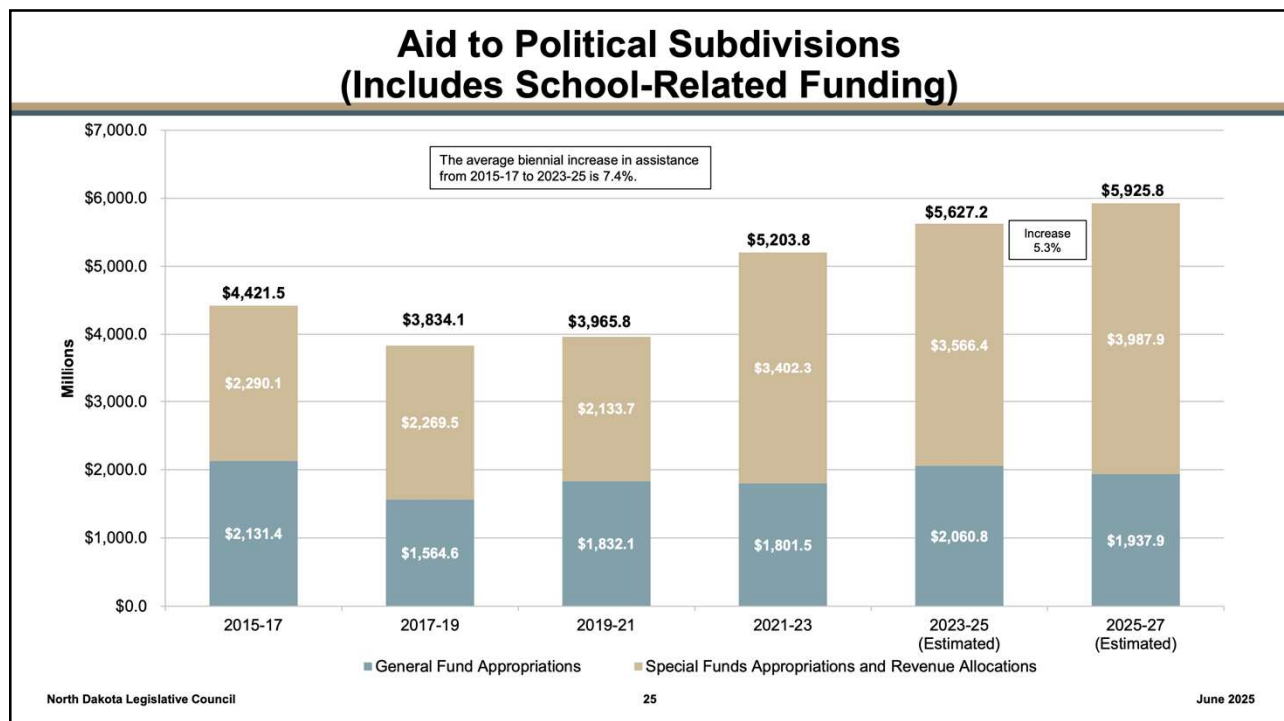
Health and Human Services - Department Funding



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MOODY'S OIL PRICE FORECAST

2023	\$70 per barrel
2024	\$62 per barrel
2025	\$59 per barrel
2026	\$57 per barrel

Stripper Wells Production

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ANIMAL AGRICULTURE

Increase the number of dairy cattle, beef cattle and hog production in the state, North Dakota has a tremendous opportunity for growth in this area.

In the 2023 legislative assembly, ownership laws were relaxed to allow for more investment in these areas. In the past year, some dairy farms are looking to relocate in North Dakota and contain more than 40,000 dairy cattle.

Big win for area farmers who may contract to supply feed to these operations and would be able to purchase manure for fertilizer.

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CASH MANAGEMENT TASK FORCE

Updated Technology and Staffing
Financial Management Software System
Agency Reports

Asset Allocation Tiers
Operating Cash
Liquid Reserves
Invested Reserves

Policy and Procedures Development

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GOVERNMENT EFFICIENCY TASK FORCE

Interim Budget Section Committees
DHHS Budget – Limited Time to Analyze
Meet Monthly – with Executive Branch

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Cell Phone Ban

Some schools already had this policy

Behavioral Health Issues-

Expand the number of professionals in schools

Avelcare Example

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Transportation Infrastructure

Maximize Federal Grant Dollars

Townships – Bridges

Highway 85 – 20 miles

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ENERGY SECTOR INNOVATION

Carbon Capture
Enhanced Oil Recovery
Natural Gas Pipeline
Improve and Grow Electrical Grids

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PROJECTS

State Hospital
Women's Prison
Higher Education Buildings

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WORKFORCE

Career Exploration and Preparation – work to implement programs to expose students to various career paths early on, including internships and apprenticeships.

Technical Skills Gap – Invest in vocational training and technical education to equip workers with skills needed for modern industries.

Recruitment and Retention – develop initiatives to attract and retain talent, such as offering incentives to businesses to hire locally and providing support for employee retention

Removing Barriers to Employment – create programs to help individuals overcome obstacles to employment such as childcare support, transportation assistance and access to affordable housing.

Occupational Licensure Reform – simplify and streamline the process for obtaining professional licenses to make it easier for workers to enter new fields.

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Questions?

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