

## Permanent Trust Funds: Funding Economic Change with Fracking Revenues

Appendix. Profile of states with existing Permanent Trust Funds and the potential to create them

State	Has Severance Tax?	Has an oil and gas PTF?	PTF name (Year created)	PTF size (billions)	How is PTF funded?	How is fund income used?	Suggested Move
Alabama	✓	✓	Alabama Trust Fund (1985)	\$2.5	Royalty payments received each month from oil and gas companies	90 percent is transferred to the state general fund and the remainder is paid to Forever Wild Land Trust Fund	Implement the highest standards of governance and transparency that would minimize drawing on the principal of the fund
Alaska	✓	✓	Alaska Permanent Fund (1976)	\$52.8	25 percent of mineral royalties constitutionally mandated to flow to the fund	Significant portion of available earnings-- an amount based on the average realized earnings of the fund over five years-- goes to the Permanent Fund Dividend program. Remaining earnings can be used for inflation proofing	Make adjustments to the dividend program (e.g., cap the dividend amount, introduce a community dividend to be spent on community needs such as improved infrastructure and education) and use fund investment earnings to diversify Alaska's economy
Louisiana	✓	✓	Education Quality Trust Fund (1986)	\$1.3	Receives funds through the Federal Outer Continental Shelf Lands Act	Fund investment income is dedicated to the sole purpose of providing educational enrichment programs	Remove the severance tax suspension on horizontal wells and consider channeling portion of severance tax revenues to grow the fund
New Mexico	✓	✓	Severance Tax Permanent Fund (1973)	\$4.6	Remainder of revenues from the severance tax, after the states pays	The STPF annually distributes 4.7% of its 5-year average (about \$190 million	Consider a minimum deposit requirement into the fund and/or lower the amount that can be

					severance tax bonds. This typically equals approximately 12.5 percent of receipts	per year) to the state's general fund. Half of that amount is allocated to public education and the remaining goes to all other general fund uses	diverted from severance taxes for state bonding capacity prior to money being deposited into the permanent fund
North Dakota	✓	✓	Legacy Fund (2011)	\$3.2	30 percent of state taxes on oil & gas production and extraction	Principal and earnings cannot be touched until 2017 at which point the interest and income generated from the fund will be rolled into the state's general budget	Use fund earnings to invest in bold, transformative initiatives that help diversify the economy instead of depositing earnings into state general fund; reinvest adequate investment income in early years to grow the size of the fund to a level that it becomes a genuinely permanent fund
Ohio	✓	x					Reexamine the currently low severance tax rate, and consider creation of a permanent trust fund with portion of severance tax revenues
Oklahoma	✓	x					Consider creation of a permanent trust fund with portion of severance tax revenues
Pennsylvania	✓	x					Impose the state's first-ever severance tax and consider creation of a permanent trust fund with portion of severance tax revenues

Texas	✓	✓	Permanent School Fund (PSF) (1854) and Permanent University Fund (PUF) (1876)	\$37.7 and \$17.2	Royalties on oil and gas extraction are major source of revenues for Permanent School Fund. Royalties from oil and gas production on University Lands' property flow into the Permanent University Fund	Investment income from the PSF is distributed by the State Board of Education to every school district in Texas on a per-pupil basis. Income from PUF investments go into an Available University Fund which is then divided between the University of Texas and Texas A&M University systems	Continue maintaining the highest standards of governance, transparency, and accountability to guide fund policies and procedures
West Virginia	✓	✓	Future Fund (2014)	Too new to show a measurable balance	3 percent of state's annual severance tax collections from coal, natural gas, oil, limestone, and sandstone	Investment income can be accessed from 2020 and is earmarked for education, workforce development, economic development, infrastructure or tax relief projects	Reexamine the provision that no money can be added to the Future Fund in years during which the Rainy Day Fund is used to balance the budget
Wyoming	✓	✓	Permanent Wyoming Mineral Trust Fund (1974)	\$5.6	Originally 1.5 percent of the taxable value of oil, natural gas, and coal. In 2005, the legislature increased the severance tax allocated to 2.5 percent or roughly 40 percent of all severance tax revenues	An amount equal to five percent of the previous five-year average market value of the fund is allocated to the general fund	Use fund earnings to invest in bold, transformative initiatives that leads to higher-value, equitable, and sustainable growth instead of depositing earnings into state general fund