

**Fiscal Management Division
Office of Management and Budget
Rev-E-News
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FROM THE DIRECTOR

As we end the biennium, it is a relief to find that unanticipated revenues in several areas have made up for the shortfall in sales and use taxes from the winter blizzards and spring floods.

The disaster forecast prepared by WEFA indicated shortfalls in the spring of 1997 but showed increased revenues in the 1997-99 biennium. As a result of the increased construction and restoration activity in the eastern part of the state, we may see revenues exceeding projection in the upcoming months.

With the signing of the federal budget bills, our office will be working to analyze the potential effects on the state biennial budget for 1997-99. Specific details of the agreement have not been released for analysis at this time.

We will also be continuing to monitor the results of the disaster activities, including crop production, on the state revenues.

On the back of the cover is a schedule of the original 1995-97 legislative forecast as approved in March 1995 and actual 1995-97 revenues.

One item to note is the changes that have taken place in the Bank of North Dakota transfers since May 1995. When the 1995 session ended, transfers were expected to be \$59,900,000. Actual transfers to the general fund were \$50,214,540. Changes to the budget stabilization fund in 1997 include the transfer of excess revenues over \$65,000,000 to the bank. This amount should exceed \$14 million and result in increasing the equity in the bank.

1995-97 REVENUE

June revenue collections were \$73.8 million, compared to the final 1995-97 legislative forecast of \$61.5 million, or a positive variance of \$12.3 million or 19.9%. The total collections for the 1995-97 biennium were \$1,381 million. This exceeds the final legislative forecast of \$1,377 million by \$4.6 million or .3%.

The total collections of \$1,381 exceed the original March 1995 legislative forecast by \$50.1 million, or 3.8% .

JUNE COLLECTIONS

Sales and use taxes for June exceeded the final 1995-97 forecast by \$4.8 million or 21.4%. Some of this was anticipated from tax filing extensions provided to businesses affected by the flood. Total biennium sales and use taxes were \$517.3 million, or \$5.9

million below the final forecast of \$523.3 million. The reduction in sales tax is attributable to the reduced revenues received during the winter blizzard months.

Motor vehicle excise tax for June was \$5.0 million or 15.5% above the forecasted amount \$4.4 million. Total biennium motor vehicle excise taxes were \$88.1 million, compared to the forecasted total of \$88.3 million. The variance from final forecast was \$118,062 or .1% below forecast and is considered to be attributed to the closing and loss of business during the blizzards and flooding.

Individual income tax for June was \$12.5 million. This is \$3.4 million or 37.4% greater than the monthly anticipated collection. Total biennium individual income taxes were \$315.5 million, \$5.5 million higher than forecast.

Corporate income tax for June was \$10.1 million. This is \$2.3 million or 29.3% greater than the June forecast. Total biennium corporate income tax was \$99.3 million, \$2.8 million greater than forecast.

Insurance premium tax for June was \$847,556 or 5.8% below final legislative forecast. Total biennium insurance premium tax was \$37.0 million or \$2.1 million greater than the final forecast.

Oil and gas production tax for June exceeded the final legislative forecast by \$796,498 or 71.9%. Total biennium production tax was \$33.0 million or 3.1% greater than the final forecast of \$32.1 million. Revenue estimates anticipated production around 93,158 barrels per day, current production exceeds 101,000; however, the price per barrel was projected at \$19.84 with actual June prices of \$15.49.

Oil extraction tax for June was \$881,091. This is \$723,909 or 45.1% below forecast. The revenue forecast assumed oil production would be greater on existing wells where tax exemptions have expired. Total biennium oil extraction tax was \$22.0 million, or \$2.3 million less than anticipated.