



From the Director, Rod Backman

Office of Management and Budget – 600 E. Blvd Ave Dept 110, Bismarck, ND 58505-0400

North Dakota REV-E-NEWS

At the close of fiscal year 1998, general fund revenue collections were \$41.8 million ahead of projections. Assuming revenue collections follow closely with the 1997 legislative forecast, the projected ending balance would be \$52.6 million. However, based on new information from WEFA, we do expect some revenue growth in fiscal year 1999 which could result in a slightly higher ending balance.

North Dakota's unemployment rate is one of the lowest in the country and, despite our tight labor mar-

ket, our employment growth rate is among the highest in the country. Every employment sector in North Dakota added jobs in 1997. A total of 8,900 new jobs were created last year with the service sector adding the most new jobs. WEFA believes that job growth will continue in 1998, but at a slower pace.

The economic crisis in Southeast Asia could temper economic growth in North Dakota. The crisis appears to be more severe than originally thought and will affect primarily manufacturing and agriculture.

June Revenue

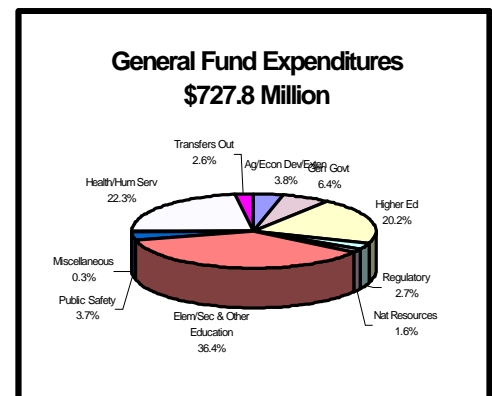
Revenue collections in June exceeded the monthly projection by \$7.5 million or 12.2%. Biennium-to-date collections are \$41.8 million or 6.0% ahead of projections after completion of the first year of the 1997-99 biennium.

Oil Activity

Oil production in May averaged 100,450 barrels per day. Forecasted production for May was 100,537 barrels per day. North Dakota now has 14 oil rigs operating compared to 22 one year ago. The current price of oil is approximately \$10 per barrel. The average price of sweet crude oil in June was \$9.64 compared to a forecasted price for June of \$18.

FY98 Expenditures

Appropriated general fund expenditures in FY98 totaled \$727.8 million. The following pie chart shows how those general fund dollars were spent during FY98. The total general fund appropriation for 1997-99 is \$1.49 billion. The \$727.8 million spent in the first year of the biennium represents 48.8% of the total general fund appropriation.



STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1997-99 BIENNIUM
JUNE, 1998

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Apr-97 Legislative Forecast	Actual	Variance	Percent	Apr-97 Legislative Forecast	Actual	Variance	Percent
Sales and Use Taxes	\$ 21,812,600.00	\$ 22,145,002.60	\$ 332,402.60	1.5%	\$ 272,657,500.00	\$ 271,606,220.79	\$ (1,051,279.21)	-0.4%
Motor Vehicle Excise Tax	4,366,440.00	4,569,622.84	203,182.84	4.7%	48,516,000.00	47,978,643.38	(537,356.62)	-1.1%
Individual Income Tax	8,142,950.00	9,291,181.77	1,148,231.77	14.1%	162,859,000.00	177,493,715.87	14,634,715.87	9.0%
Corporate Income Tax	7,680,600.00	12,020,172.93	4,339,572.93	56.5%	45,180,000.00	65,543,024.70	20,363,024.70	45.1%
Insurance Premium Tax	1,000,000.00	2,385,287.38	1,385,287.38	138.5%	16,920,000.00	17,357,573.51	437,573.51	2.6%
Business Priv./Financial Institutions Tax	532,000.00	1,275.00	(530,725.00)	-99.8%	2,000,000.00	2,826,325.03	826,325.03	41.3%
Oil & Gas Production Tax	1,852,880.00	1,868,200.09	15,320.09	0.8%	16,844,365.00	15,744,939.68	(1,099,425.32)	-6.5%
Gaming Tax	13,000.00	58,478.37	45,478.37	349.8%	11,307,000.00	11,656,000.98	349,000.98	3.1%
Interest Income	2,794,000.00	3,396,438.70	602,438.70	21.6%	8,228,000.00	10,073,066.44	1,845,066.44	22.4%
Oil Extraction Tax	1,085,850.00	958,598.28	(127,251.72)	-11.7%	12,065,000.00	9,373,218.33	(2,691,781.67)	-22.3%
Cigarette and Tobacco Tax	2,043,000.00	1,896,970.99	(146,029.01)	-7.1%	22,700,000.00	22,694,601.68	(5,398.32)	0.0%
Departmental Collections	1,400,000.00	1,489,255.72	89,255.72	6.4%	13,675,000.00	17,275,343.48	3,600,343.48	26.3%
Wholesale Liquor Tax	452,329.00	463,200.52	10,871.52	2.4%	5,263,178.00	5,283,308.73	20,130.73	0.4%
Coal Severance Tax	774,130.00	873,423.19	99,293.19	12.8%	11,059,000.00	11,065,647.84	6,647.84	0.1%
Coal Conversion Tax	837,620.00	924,290.49	86,670.49	10.3%	11,966,000.00	11,790,622.69	(175,377.31)	-1.5%
Mineral Leasing Fees	200,000.00	230,985.72	30,985.72	15.5%	2,400,000.00	4,771,904.88	2,371,904.88	98.8%
Bank of North Dakota - Transfer					15,000,000.00	15,000,000.00		0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					564,436.00	564,436.00		0.0%
Other Transfers	7,432,454.00	7,432,478.50	24.50	100.0%	22,229,816.00	25,197,869.95	2,968,053.95	13.4%
TOTAL REVENUES AND TRANSFERS	\$ 62,419,853.00	\$ 70,004,863.09	\$ 7,585,010.09	12.2%	\$ 701,434,295.00	\$ 743,296,463.96	\$ 41,862,168.96	6.0%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1997-99 BIENNIUM
JUNE, 1998

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	JUNE, 1996	JUNE, 1998	Variance	Percent	1997	1999	Variance	Percent
Sales Tax	\$ 16,112,525.97	\$ 22,145,002.60	\$ 6,032,476.63	37.4%	\$ 246,680,731.09	\$ 271,606,220.79	\$ 24,925,489.70	10.1%
Motor Vehicle Excise Tax	4,010,889.35	4,569,622.84	558,733.49	13.9%	42,957,975.00	47,978,643.38	5,020,668.38	11.7%
Individual Income Tax	7,914,971.07	9,291,181.77	1,376,210.70	17.4%	152,016,071.81	177,493,715.87	25,477,644.06	16.8%
Corporate Income Tax	8,440,796.28	12,020,172.93	3,579,376.65	42.4%	49,047,417.28	65,543,024.70	16,495,607.42	33.6%
Insurance Premium Tax	992,552.71	2,385,287.38	1,392,734.67	140.3%	18,737,678.04	17,357,573.51	(1,380,104.53)	-7.4%
Business Privilege Tax	294,825.92	1,275.00	(293,550.92)	-99.6%	1,638,686.40	2,826,325.03	1,187,638.63	72.5%
Oil & Gas Production Tax	1,459,599.39	1,868,200.09	408,600.70	28.0%	13,319,134.50	15,744,939.68	2,425,805.18	18.2%
Gaming Tax	184,993.39	58,478.37	(126,515.02)	-68.4%	11,741,235.25	11,656,000.98	(85,234.27)	-0.7%
Interest Income	2,846,885.39	3,396,438.70	549,553.31	19.3%	7,268,626.89	10,073,066.44	2,804,439.55	38.6%
Oil Extraction Tax	738,158.19	958,598.28	220,440.09	29.9%	10,446,661.77	9,373,218.33	(1,073,443.44)	-10.3%
Cigarette and Tobacco Tax	1,974,720.79	1,896,970.99	(77,749.80)	-3.9%	22,783,767.16	22,694,601.68	(89,165.48)	-0.4%
Departmental Collections	1,670,835.38	1,489,255.72	(181,579.66)	-10.9%	14,301,572.40	17,275,343.48	2,973,771.08	20.8%
Wholesale Liquor Tax	478,052.93	463,200.52	(14,852.41)	-3.1%	5,177,224.71	5,283,308.73	106,084.02	2.0%
Coal Severance Tax	757,547.29	873,423.19	115,875.90	15.3%	11,086,973.09	11,065,647.84	(21,325.25)	-0.2%
Coal Conversion Tax	929,388.30	924,290.49	(5,097.81)	-0.5%	12,170,245.03	11,790,622.69	(379,622.34)	-3.1%
Mineral Leasing Fees	282,265.76	230,985.72	(51,280.04)	-18.2%	1,963,173.06	4,771,904.88	2,808,731.82	143.1%
Bank of North Dakota - Transfer	10,000,000.00		(10,000,000.00)	-100.0%	25,000,000.00	15,000,000.00	(10,000,000.00)	-40.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer			0.00		535,939.00	564,436.00	28,497.00	5.3%
Other Transfers	4,890,468.57	7,432,478.50	2,542,009.93	0.0%	21,508,074.16	25,197,869.95	3,689,795.79	17.2%
TOTAL REVENUES AND TRANSFERS	\$ 63,979,476.68	\$ 70,004,863.09	\$ 6,025,386.41	9.4%	\$ 668,381,186.64	\$ 743,296,463.96	\$ 74,915,277.32	11.2%

Revenue Variances

Sales and use tax collections exceeded projections by \$332,402 or 1.5% in June, making up only a small portion of the previous month's shortfall in sales tax. Biennium-to-date collections are \$1 million or 0.4% behind projections.

Motor vehicle excise tax collections exceeded monthly projections by \$203,182 or 4.7%. Biennium-to-date collections are now \$537,356 or 1.1% behind biennium-to-date projection.

Individual income tax collections were strong again in the month of June, exceeding projections by \$1.1 million or 14.1%. Strong estimated payments and withholdings account for this overage. Biennium-to-date col-

lections after the first year of the biennium are \$14.6 million or 9.0% ahead of projections.

Corporate income tax collections were ahead of June's projection by \$4.3 million or 56.5% primarily as a result of strong estimated tax payments. Corporate income tax collections for the first year of the biennium total over \$65.5 million, exceeding projections by \$20.3 million or 45.1%.

Insurance premium tax collections exceeded June's projection by \$1.3 million which makes up the shortfall experienced in May. Biennium-to-date collections are now \$437,573 or 2.6% ahead of projections.

Oil and gas production tax

collections are \$15,320 ahead of projections for the month of June. However, this is distorted by a situation in the previous month that caused a refund amount to be temporarily set aside which resulted in shifting revenues from May to June. Therefore, some of the revenues reported in June are actually attributable to May. The same situation holds true for oil extraction tax collections. Biennium-to-date collections in oil and gas production tax collections are \$1 million or 6.5% behind projections, while biennium-to-date collections for oil extraction tax are \$2.6 million or 22.3% behind projections.

Office of Management and Budget
600 East Boulevard Ave., Dept 110
Bismarck, ND 58505-0400

ADDRESS SERVICE REQUESTED



We're on the Web!

<http://www.state.nd.us/omb/fiscal>

Comments or Questions???

Call Rod Backman, Director
Pam Sharp, Deputy Director

Office of Management and Budget
600 East Boulevard Ave, Dept 110
Bismarck, ND 58505-0400
Phone: 701-328-4904
Fax : 701-328-3230
E-mail address:
sfrankli@state.nd.us