



North Dakota  
**REV-E-NEWS**

**From Rod Backman, Director  
Office of Management and Budget  
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505-0400**

For the second consecutive month, revenue collections fell below projections. November's shortfall of \$3.8 million brings biennium-to-date revenues to \$38.2 million over the 1997 legislative forecast.

Nationally, WEFA expects the economy to slow and expects intense competition from abroad to prevent corporate profits from increasing over the next couple of years. After-tax corporate profits are down 6.2 percent from a year ago. A large percentage of the corporate income taxes North Dakota collects are from national corporations. Over \$8 million in refunds have gone out to corporations in the

last two months as a result of corporations estimating their income too optimistically. According to WEFA, the immediate outlook for corporate profits is not particularly promising. The revenue forecast for next biennium shows a significant decrease in corporate income tax collections.

WEFA also believes it is likely that the Federal Reserve will cut interest rates another 25 basis points in early 1999.

**Merry Christmas and a  
Happy New Year to you and  
your family.**

**Did you Know . . .**

At the beginning of the 1997-99 biennium, the Office of Management and Budget renegotiated the economic services contract with WEFA and saved \$55,500. The cost of the contract was \$98,500 for the 1995-97 biennium, while the cost of the new contract is

\$43,000 for the 1997-99 biennium. Although the level of services changed somewhat with the new contract, no major changes were made. OMB was able to negotiate a better price as a result of increased competition with WEFA.

**Oil Activity**



North Dakota has four oil rigs operating in the state compared with 22 one year ago. The preliminary estimate of oil production for

October is 95,716 barrels per day. Forecasted production for October was 104,358 barrels per day.

The current price of oil is less than \$7 per barrel, which is at the 1933 level when adjusted for inflation. The average price of sweet crude oil in November was \$8.80 per barrel compared to a forecasted price of \$18.08.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS  
1997-99 BIENNIUM  
NOVEMBER, 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	\$ 27,450,000.00	\$ 26,179,416.77	\$ (1,270,583.23)	-4.6%	\$ 398,741,000.00	\$ 396,760,698.28	\$ (1,980,301.72)	-0.5%
Motor Vehicle Excise Tax	3,583,020.00	2,995,693.40	(587,326.60)	-16.4%	69,502,260.00	67,176,001.89	(2,326,258.11)	-3.3%
Individual Income Tax	13,501,280.00	13,800,524.30	299,244.30	2.2%	223,614,760.00	245,251,046.25	21,636,286.25	9.7%
Corporate Income Tax	916,200.00	(103,028.84)	(1,019,228.84)	-111.2%	61,671,600.00	77,032,649.92	15,361,049.92	24.9%
Insurance Premium Tax	4,100,000.00	3,514,369.95	(585,630.05)	-14.3%	22,820,000.00	21,920,477.19	(899,522.81)	-3.9%
Business Priv./Financial Institutions Tax	11,200.00	3,696.94	(7,503.06)	-67.0%	2,083,200.00	2,566,539.25	483,339.25	23.2%
Oil & Gas Production Tax	1,292,856.00	713,275.97	(579,580.03)	-44.8%	23,678,031.00	20,343,593.14	(3,334,437.86)	-14.1%
Gaming Tax	2,400,000.00	1,905,777.65	(494,222.35)	-20.6%	16,726,000.00	16,915,983.27	189,983.27	1.1%
Interest Income	394,000.00	596,797.04	202,797.04	51.5%	10,198,000.00	12,827,584.16	2,629,584.16	25.8%
Oil Extraction Tax	795,270.00	640,189.03	(155,080.97)	-19.5%	17,063,840.00	12,807,652.27	(4,256,187.73)	-24.9%
Cigarette and Tobacco Tax	1,823,200.00	1,831,810.92	8,610.92	0.5%	32,727,600.00	32,509,191.62	(218,408.38)	-0.7%
Departmental Collections	900,000.00	1,035,374.29	135,374.29	15.0%	18,345,000.00	23,653,422.96	5,308,422.96	28.9%
Wholesale Liquor Tax	435,501.00	531,308.66	95,807.66	22.0%	7,581,065.00	7,651,806.10	70,741.10	0.9%
Coal Severance Tax	900,160.00	951,761.68	51,601.68	5.7%	15,784,840.00	15,779,914.40	(4,925.60)	0.0%
Coal Conversion Tax	952,400.00	1,036,371.50	83,971.50	8.8%	16,847,050.00	16,798,524.31	(48,525.69)	-0.3%
Mineral Leasing Fees	200,000.00	191,796.95	(8,203.05)	-4.1%	3,400,000.00	5,946,595.68	2,546,595.68	74.9%
Bank of North Dakota - Transfer					15,000,000.00	15,000,000.00		0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					846,654.00	846,654.00		0.0%
Other Transfers		17.88	17.88	100.0%	27,162,270.00	30,205,517.47	3,043,247.47	11.2%
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>\$ 59,655,087.00</b>	<b>\$ 55,825,154.09</b>	<b>\$ (3,829,932.91)</b>	<b>-6.4%</b>	<b>\$ 983,793,170.00</b>	<b>\$ 1,021,993,852.16</b>	<b>\$ 38,200,682.16</b>	<b>3.9%</b>

**COMPARISON TO PREVIOUS BIENNIUM REVENUES**  
**1997-99 BIENNIUM**  
**NOVEMBER, 1998**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	NOVEMBER, 1996	NOVEMBER, 1998	Variance	Percent	1997	1999	Variance	Percent
Sales Tax	\$ 24,281,557.74	\$ 26,179,416.77	\$ 1,897,859.03	7.8%	\$ 367,947,979.98	\$ 396,760,698.28	\$ 28,812,718.30	7.8%
Motor Vehicle Excise Tax	3,072,204.25	2,995,693.40	(76,510.85)	-2.5%	61,598,699.86	67,176,001.89	5,577,302.03	9.1%
Individual Income Tax	10,861,076.28	13,800,524.30	2,939,448.02	27.1%	209,799,619.09	245,251,046.25	35,451,427.16	16.9%
Corporate Income Tax	1,023,791.47	(103,028.84)	(1,126,820.31)	-110.1%	63,548,370.36	77,032,649.92	13,484,279.56	21.2%
Insurance Premium Tax	3,091,381.95	3,514,369.95	422,988.00	13.7%	23,754,886.71	21,920,477.19	(1,834,409.52)	-7.7%
Business Privilege Tax	19,381.00	3,696.94	(15,684.06)	-80.9%	1,831,059.90	2,566,539.25	735,479.35	40.2%
Oil & Gas Production Tax	1,139,244.60	713,275.97	(425,968.63)	-37.4%	20,226,474.69	20,343,593.14	117,118.45	0.6%
Gaming Tax	2,169,967.57	1,905,777.65	(264,189.92)	-12.2%	17,341,479.46	16,915,983.27	(425,496.19)	-2.5%
Interest Income	422,457.39	596,797.04	174,339.65	41.3%	9,469,562.79	12,827,584.16	3,358,021.37	35.5%
Oil Extraction Tax	888,106.94	640,189.03	(247,917.91)	-27.9%	15,364,090.60	12,807,652.27	(2,556,438.33)	-16.6%
Cigarette and Tobacco Tax	1,972,927.09	1,831,810.92	(141,116.17)	-7.2%	32,636,884.90	32,509,191.62	(127,693.28)	-0.4%
Departmental Collections	946,383.11	1,035,374.29	88,991.18	9.4%	19,592,546.08	23,653,422.96	4,060,876.88	20.7%
Wholesale Liquor Tax	517,457.10	531,308.66	13,851.56	2.7%	7,551,052.65	7,651,806.10	100,753.45	1.3%
Coal Severance Tax	1,000,834.63	951,761.68	(49,072.95)	-4.9%	15,782,888.80	15,779,914.40	(2,974.40)	0.0%
Coal Conversion Tax	1,025,477.59	1,036,371.50	10,893.91	1.1%	17,204,532.40	16,798,524.31	(406,008.09)	-2.4%
Mineral Leasing Fees	199,209.35	191,796.95	(7,412.40)	-3.7%	3,184,051.09	5,946,595.68	2,762,544.59	86.8%
Bank of North Dakota - Transfer	12,500,000.00		(12,500,000.00)	-100.0%	37,500,000.00	15,000,000.00	(22,500,000.00)	-60.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer			0.00		803,908.50	846,654.00	42,745.50	5.3%
Other Transfers		17.88	17.88	100.0%	25,390,497.36	30,205,517.47	4,815,020.11	19.0%
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>\$ 65,131,458.06</b>	<b>\$ 55,825,154.09</b>	<b>\$ (9,306,303.97)</b>	<b>-14.3%</b>	<b>\$ 950,528,585.22</b>	<b>\$ 1,021,993,852.16</b>	<b>\$ 71,465,266.94</b>	<b>7.5%</b>

# Revenue Variances

November sales tax collections fell below projections by \$1.2 million or 4.6 percent. Biennium-to-date collections are now \$1.9 million or 0.5 percent behind projections. Once the holiday shopping season is over, a much clearer picture of sales tax collections will emerge.

Motor vehicle excise tax collections fell below forecast by \$587,326, or 16.4 percent in November. Biennium-to-date collections are now \$2.3 million or 3.3 percent below projections.

Individual income tax collections continue to be the most positive revenue source. November collections were \$299,244, or 2.2 percent ahead of collections. Biennium-to-date collections are \$21.6 million or 9.7 percent ahead of projections.

For the second month in a row, corporate income tax collections show negative collections. The negative amount of \$103,028 is again due to a higher level of corporate income tax refunds than anticipated. Refunds of approximately \$1 million were sent to corporations in November. Actual re-

turns filed show that corporate estimates have been too strong. Biennium-to-date collections are now \$15.3 million or 24.9 percent ahead of projections.

Insurance premium tax collections fell below projections in November by \$585,630 due to timing. This variance is expected to be made up next month. Biennium-to-date collections are \$899,522 or 3.9 percent below projections.

Oil and gas production tax and oil extraction tax collections combined fell short of November projections by \$734,660. Biennium-to-date collections for the two tax types combined are \$7.6 million below projections.

## 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 : sfrankli@state.nd.us

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



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