



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

With one more month to go in the biennium, the anticipated ending balance is \$192,855 short of the projected ending balance of \$51.7 million. Since the May shortfall in sales tax collections involves timing, we are hopeful that June collections will recoup the shortfall and we will meet or exceed the projected ending balance.

Nationally, the consumer price index rose 2.1 percent from one year ago in May, however, it did not change from one month ago. WEFA believes that real economic growth will continue at 3.9 percent this year, and moderate to 2.0 percent in 2000. Gross domestic product grew by an annual rate of 4.1 percent in the first quarter and WEFA expects the momentum of the first quarter to carry over into the second quarter, at a somewhat lower pace.

OMB's two year contract with WEFA will expire on June 30, 1999. We have received a proposal from Regional Financial Associates (RFA) and will review that proposal as well as WEFA's proposal before making a final decision as to which organization we will select to provide economic and forecasting services during the next biennium.

**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

**Legislative Appropriations Book**

The Fiscal Management Division of the Office of Management and Budget has recently completed the Legislative Appropriations book for the 1999-2001 biennium. This book summarizes the legislative budget and compares it to the executive recom-

mendation. The book also contains many useful charts and graphs.

The Legislative Appropriations book will be mailed to all legislators and state agencies the week of June 28, 1999.

**Oil Activity**

Oil production in April averaged 90,945 barrels of oil per day. Production has stabilized due to drilling activity and over 100 marginal wells being returned to production. The Oil and Gas Division of the Industrial Commission estimates that at the

current prices, oil production should remain in the range of 90,000 to 95,000 barrels of oil per day.

The current price of oil is in the \$14 range. Three rigs are now drilling in North Dakota compared to 13 one year ago.

## REVISED LEGISLATIVE FORECAST

### STATEMENT OF GENERAL FUND REVENUES AND FORECASTS 1997-99 BIENNIUM MAY, 1999

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	1999 Revised Legislative Forecast	Actual	Variance	Percent	1999 Revised Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 23,891,000.00	\$ 20,196,037.64	\$ (3,694,962.36)	-15.5%	\$ 537,865,221	\$ 534,881,517.01	(2,983,703.99)	-0.6%
Motor Vehicle Excise Tax	4,193,000.00	3,787,551.71	(405,448.29)	-9.7%	90,565,643	89,951,517.85	(614,125.15)	-0.7%
Individual Income Tax	15,463,000.00	15,641,160.44	178,160.44	1.2%	348,924,716	348,601,680.44	(323,035.56)	-0.1%
Corporate Income Tax	2,396,000.00	4,914,217.16	2,518,217.16	105.1%	106,208,024	110,332,850.86	4,124,826.86	3.9%
Insurance Premium Tax	2,200,000.00	2,505,927.76	305,927.76	13.9%	31,782,025	30,750,606.88	(1,031,418.12)	-3.2%
Business Priv./Financial Inst.Tax	65,000.00	37,712.00	(27,288.00)	-42.0%	5,121,325	6,502,146.25	1,380,821.25	27.0%
Oil & Gas Production Tax	826,000.00	1,022,766.59	196,766.59	23.8%	24,901,940	25,293,885.81	391,945.81	1.6%
Gaming Tax	2,290,000.00	1,697,438.04	(592,561.96)	-25.9%	22,639,000	22,255,019.10	(383,980.90)	-1.7%
Interest Income	493,000.00	487,232.78	(5,767.22)	-1.2%	15,882,000	16,086,296.99	204,296.99	1.3%
Oil Extraction Tax	501,000.00	583,533.22	82,533.22	16.5%	15,648,218	15,874,346.11	226,128.11	1.4%
Cigarette and Tobacco Tax	1,834,000.00	1,450,258.50	(383,741.50)	-20.9%	42,944,602	42,328,467.28	(616,134.72)	-1.4%
Departmental Collections	950,000.00	696,060.14	(253,939.86)	-26.7%	32,077,343	31,314,896.60	(762,446.40)	-2.4%
Wholesale Liquor Tax	414,835.00	461,953.06	47,118.06	11.4%	10,022,204	10,118,470.85	96,266.85	1.0%
Coal Severance Tax	931,000.00	871,290.77	(59,709.23)	-6.4%	21,779,648	21,762,925.24	(16,722.76)	-0.1%
Coal Conversion Tax	967,000.00	894,664.56	(72,335.44)	-7.5%	22,650,623	22,883,500.48	232,877.48	1.0%
Mineral Leasing Fees	200,000.00	185,093.48	(14,906.52)	-7.5%	7,157,000	7,038,439.79	(118,560.21)	-1.7%
Bank of North Dakota - Transfer					29,600,000	29,600,000.00	0.00	0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					1,128,872	1,128,872.00	0.00	0.0%
Other Transfers		(16,716.24)	(16,716.24)	100.0%	33560081	33,560,189.90	108.90	0.0%
<b>Total Revenues and Transfers</b>	<b>57,614,835.00</b>	<b>55,416,181.61</b>	<b>(2,198,653.39)</b>	<b>-4.0%</b>	<b>1,400,458,485.00</b>	<b>1,400,265,629.44</b>	<b>(192,855.56)</b>	<b>0.0%</b>

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**1997-99 BIENNIUM**  
**MAY, 1999**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Apr-97 Legislative Forecast	Actual	Variance	Percent	Apr-97 Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 24,359,000.00	\$ 20,196,037.64	(4,162,962.36)	-17.1%	\$ 541,744,000.00	\$ 534,881,517.01	(6,862,482.99)	-1.3%
Motor Vehicle Excise Tax	5,118,600.00	3,787,551.71	(1,331,048.29)	-26.0%	95,095,260.00	89,951,517.85	(5,143,742.15)	-5.4%
Individual Income Tax	13,501,280.00	15,641,160.44	2,139,880.44	15.8%	323,186,700.00	348,601,680.44	25,414,980.44	7.9%
Corporate Income Tax	1,832,400.00	4,914,217.16	3,081,817.16	168.2%	83,202,300.00	110,332,850.86	27,130,550.86	32.6%
Insurance Premium Tax	3,200,000.00	2,505,927.76	(694,072.24)	-21.7%	32,840,000.00	30,750,606.88	(2,089,393.12)	-6.4%
Business Priv./Financial Inst. Tax	34,400.00	37,712.00	3,312.00	9.6%	3,468,000.00	6,502,146.25	3,034,146.25	87.5%
Oil & Gas Production Tax	2,031,630.00	1,022,766.59	(1,008,863.41)	-49.7%	33,282,100.00	25,293,885.81	(7,988,214.19)	-24.0%
Gaming Tax	2,296,000.00	1,697,438.04	(598,561.96)	-26.1%	22,612,000.00	22,255,019.10	(356,980.90)	-1.6%
Interest Income	394,000.00	487,232.78	93,232.78	23.7%	12,562,000.00	16,086,296.99	3,524,296.99	28.1%
Oil Extraction Tax	1,022,490.00	583,533.22	(438,956.78)	-42.9%	22,403,510.00	15,874,346.11	(6,529,163.89)	-29.1%
Cigarette and Tobacco Tax	1,823,200.00	1,450,258.50	(372,941.50)	-20.5%	43,438,900.00	42,328,467.28	(1,110,432.72)	-2.6%
Departmental Collections	950,000.00	696,060.14	(253,939.86)	-26.7%	25,950,000.00	31,314,896.60	5,364,896.60	20.7%
Wholesale Liquor Tax	434,053.00	461,953.06	27,900.06	6.4%	10,135,854.00	10,118,470.85	(17,383.15)	-0.2%
Coal Severance Tax	900,160.00	871,290.77	(28,869.23)	-3.2%	21,523,360.00	21,762,925.24	239,565.24	1.1%
Coal Conversion Tax	1,071,450.00	894,664.56	(176,785.44)	-16.5%	23,037,650.00	22,883,500.48	(154,149.52)	-0.7%
Mineral Leasing Fees	200,000.00	185,093.48	(14,906.52)	-7.5%	4,600,000.00	7,038,439.79	2,438,439.79	53.0%
Bank of North Dakota - Transfer					29,600,000.00	29,600,000.00	0.00	0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					1,128,872.00	1,128,872.00	0.00	0.0%
Other Transfers		(16,716.24)	(16,716.24)	100.0%	32,094,725.00	33,560,189.90	1,465,464.90	4.6%
<b>Total Revenues and Transfers</b>	<b>59,168,663.00</b>	<b>55,416,181.61</b>	<b>(3,752,481.39)</b>	<b>-6.8%</b>	<b>1,361,905,231.00</b>	<b>1,400,265,629.44</b>	<b>38,360,398.44</b>	<b>2.8%</b>

# Revenue Variances

Sales tax collections in May fell behind the revised revenue forecast by \$3.7 million or 15.5 percent. A portion of this shortfall can be attributed to the fact that the month of May ended on a three day holiday weekend. The biennium-to-date sales tax collections are \$3.0 million or 0.6 percent behind the revised revenue forecast.

Motor vehicle excise tax collections fell short of projections for the month of May by \$405,448, or 9.7 percent, which bring the biennium-to-date collections to \$614,125 or 0.7 percent behind the revised revenue projections.

Individual income tax collections exceeded the revised revenue projections for May by \$178,160 or 1.2 percent. Biennium-to-date collections are now \$323,035 or 0.1 percent below the revised revenue projections.

Corporate income tax collections in May exceeded the revised revenue projections by \$2.5 million, which bring biennium-to-date collections to \$4.1 million or 3.9 percent ahead of the revised revenue projections. Audit collections accounted

for a portion of the overage in May. The Tax Department expects corporate income tax collections in June to be strong again.

Gaming tax collections fell behind the monthly projection by \$592,562 or 25.9 percent, bringing the biennium-to-date collections to \$383,981 or 1.7 percent behind projections.

Oil and gas production tax exceeded the monthly projection by \$196,766 or 23.8 percent while collections from oil extraction taxes exceeded the monthly projection by \$82,533 or 16.5 percent. Biennium-to-date collections for the two oil taxes are now \$618,073 ahead of the revised projections.



**Have a safe and happy  
4th of July**

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

ADDRESS SERVICE REQUESTED

