



**From Rod Backman, Director  
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October's revenue collections fell behind projections by \$5.7 million. Most of this shortfall is due to timing. The month of October ended on a weekend and, as a result, a portion of the October collections were shifted to the month of November. Consequently, the \$5.6 million cushion at the end of September is no longer there, and as of the end of October, biennium-to-date collections are now \$56,237 below projections.

Nationally, the economy continues to perform very well, with real GDP growth near the 4 percent rate. However, RFA believes that after four years of strong GDP growth, the nation is seeing signs of economic strain. Labor markets are tight, which results in pressure on

wages. In addition, consumers have been spending beyond their income gains. Personal savings has decreased and household debt has increased. RFA believes the economy should cool sufficiently in the coming months to ensure that these economic strains don't undermine the long economic expansion.

As a result of the continuing strong price of oil, North Dakota has collected \$2.3 million more in oil taxes in the last four months compared to what was projected. Our main concern continues to be North Dakota's agriculture economy.

### Oil Activity

Oil production in September averaged 88,224 barrels of oil per day. The Oil and Gas Division of the Industrial Commission expects production to return to above 90,000 barrels of oil per day.

The current price of oil is in the \$22 per barrel range. 16 rigs are drilling in North Dakota compared to 8 rigs one year ago.

### Happy Thanksgiving



Best wishes from the OMB staff for a wonderful Thanksgiving.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**1999-01 BIENNIUM**  
**OCTOBER, 1999**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Legislative Forecast	Actual	Variance	Percent	Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 26,395,000.00	\$ 24,825,965.02	(1,569,034.98)	-5.9%	\$ 97,569,000.00	\$ 98,765,567.88	1,196,567.88	1.2%
Motor Vehicle Excise Tax	4,827,000.00	4,463,988.47	(363,011.53)	-7.5%	18,982,000.00	18,889,228.84	(92,771.16)	-0.5%
Individual Income Tax	14,099,000.00	10,014,829.08	(4,084,170.92)	-29.0%	54,184,000.00	51,845,671.43	(2,338,328.57)	-4.3%
Corporate Income Tax	1,820,000.00	368,536.12	(1,451,463.88)	-79.8%	14,733,000.00	11,134,692.53	(3,598,307.47)	-24.4%
Insurance Premium Tax	71,000.00	38,832.59	(32,167.41)	-45.3%	1,211,000.00	1,988,169.13	777,169.13	64.2%
Financial Institutions Tax	30,000.00	21,788.00	(8,212.00)	-27.4%	99,000.00	480,083.00	381,083.00	384.9%
Oil & Gas Production Tax	844,000.00	1,241,895.56	397,895.56	47.1%	3,500,000.00	4,409,729.58	909,729.58	26.0%
Gaming Tax	542,000.00	1,364,313.84	822,313.84	151.7%	3,392,000.00	4,073,661.31	681,661.31	20.1%
Interest Income	471,000.00	434,175.51	(36,824.49)	-7.8%	1,588,000.00	1,912,805.43	324,805.43	20.5%
Oil Extraction Tax	512,000.00	1,363,669.10	851,669.10	166.3%	2,129,000.00	3,520,272.68	1,391,272.68	65.3%
Cigarette and Tobacco Tax	1,788,000.00	1,910,497.83	122,497.83	6.9%	7,742,000.00	8,053,708.72	311,708.72	4.0%
Departmental Collections	1,348,000.00	979,357.13	(368,642.87)	-27.3%	4,725,000.00	4,832,286.91	107,286.91	2.3%
Wholesale Liquor Tax	467,321.00	428,095.11	(39,225.89)	-8.4%	1,391,109.00	1,357,476.92	(33,632.08)	-2.4%
Coal Severance Tax	943,000.00	974,160.31	31,160.31	3.3%	3,815,000.00	3,770,933.95	(44,066.05)	-1.2%
Coal Conversion Tax	1,008,000.00	1,035,207.81	27,207.81	2.7%	4,078,000.00	3,923,635.25	(154,364.75)	-3.8%
Mineral Leasing Fees	220,000.00	249,977.39	29,977.39	13.6%	880,000.00	938,556.11	58,556.11	6.7%
Bank of North Dakota - Transfer								
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer	172,576.00	172,576.00			345,152.00	345,152.00	0.00	0.0%
Other Transfers	1,500,000.00	1,500,350.00	350.00	0.0%	1,700,000.00	1,765,391.76	65,391.76	3.8%
<b>Total Revenues and Transfers</b>	<b>57,057,897.00</b>	<b>51,388,214.87</b>	<b>(5,669,682.13)</b>	<b>-11.0%</b>	<b>222,063,261.00</b>	<b>222,007,023.43</b>	<b>(56,237.57)</b>	<b>0.0%</b>

**COMPARISON TO PREVIOUS BIENNIUM REVENUES**  
**1999-01 BIENNIUM**  
**OCTOBER, 1999**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	October, 1997	October, 1999	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 27,245,171.91	\$ 24,825,965.02	\$ (2,419,206.89)	-8.9%	\$ 93,762,582.56	\$ 98,765,567.88	\$ 5,002,985.32	5.3%
Motor Vehicle Excise Tax	5,027,997.73	4,463,988.47	(564,009.26)	-11.2%	18,588,946.39	18,889,228.84	300,282.45	1.6%
Individual Income Tax	15,276,226.36	10,014,829.08	(5,261,397.28)	-34.4%	52,957,523.09	51,845,671.43	(1,111,851.66)	-2.1%
Corporate Income Tax	1,806,798.16	368,536.12	(1,438,262.04)	-79.6%	18,134,321.14	11,134,692.53	(6,999,628.61)	-38.6%
Insurance Premium Tax	74,846.32	38,832.59	(36,013.73)	-48.1%	1,637,619.39	1,988,169.13	350,549.74	21.4%
Financial Institutions Tax	5,551.00	21,788.00	16,237.00	292.5%	90,853.89	480,083.00	389,229.11	428.4%
Oil & Gas Production Tax	1,215,681.88	1,241,895.56	26,213.68	2.2%	5,183,181.05	4,409,729.58	(773,451.47)	-14.9%
Gaming Tax	542,187.30	1,364,313.84	822,126.54	151.6%	3,391,656.12	4,073,661.31	682,005.19	20.1%
Interest Income	601,845.53	434,175.51	(167,670.02)	-27.9%	3,458,686.14	1,912,805.43	(1,545,880.71)	-44.7%
Oil Extraction Tax	1,057,632.83	1,363,669.10	306,036.27	28.9%	3,916,550.59	3,520,272.68	(396,277.91)	-10.1%
Cigarette and Tobacco Tax	1,953,645.69	1,910,497.83	(43,147.86)	-2.2%	8,275,679.36	8,053,708.72	(221,970.64)	-2.7%
Departmental Collections	898,520.91	979,357.13	80,836.22	9.0%	4,226,166.41	4,832,286.91	606,120.50	14.3%
Wholesale Liquor Tax	389,289.33	428,095.11	38,805.78	10.0%	1,850,653.91	1,357,476.92	(493,176.99)	-26.6%
Coal Severance Tax	850,240.52	974,160.31	123,919.79	14.6%	3,609,081.27	3,770,933.95	161,852.68	4.5%
Coal Conversion Tax	897,963.01	1,035,207.81	137,244.80	15.3%	3,802,998.79	3,923,635.25	120,636.46	3.2%
Mineral Leasing Fees	755,336.34	249,977.39	(505,358.95)	-66.9%	1,675,235.50	938,556.11	(736,679.39)	-44.0%
Bank of North Dakota - Transfer								
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer	141,109.00	172,576.00			282,218.00	345,152.00	62,934.00	22.3%
Other Transfers	4,871,782.00	234,968.59	(4,636,813.41)	-95.2%	4,989,507.71	1,765,391.76	(3,224,115.95)	-64.6%
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>\$ 63,611,825.82</b>	<b>\$ 50,122,833.46</b>	<b>\$ (13,520,459.36)</b>	<b>-21.3%</b>	<b>\$ 229,833,461.31</b>	<b>\$ 222,007,023.43</b>	<b>\$ (7,826,437.88)</b>	<b>-3.4%</b>

# Revenue Variances

Sales tax collections in October fell below forecast by \$1.6 million or 5.9 percent. Timing appears to be the reason for the shortfall. Because the month of October ended on a weekend, some of the processing spilled over to the month of November. Biennium-to-date collections are now \$1.2 million or 1.2 percent ahead of projections.

Individual income tax collections fell behind forecast by \$4.1 million. Again, timing appears to be the reason for this large shortfall. The Tax Department collected \$11 million within the first few days of November, which strongly indicates that a large amount of the October collections shifted into the month of November. Biennium-to-date collections are \$2.3 million or 4.3 percent behind projections.

Corporate income tax collections fell below forecast in October by \$1.5 million or 79.8 percent. Biennium-to-date collections are \$3.6 million or 24.4 percent behind projections.

Gaming tax collections were ahead of projections by \$822,314, however, all of the excess is due to timing.

Oil and gas production tax collections were ahead of projections by \$397,896 or 47.1 percent. Biennium-to-date collections are now ahead of projections by nearly \$1 million.

Oil extraction tax collections exceeded projections by \$851,669, which brings biennium-to-date collections to \$1.4 million or 65.3 percent ahead of projections.

## Comments or Questions???

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