

October 2000



North Dakota

# REV-E-NEWS

**From Rod Backman, Director  
Office of Management and Budget  
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The Office of Management and Budget is now in the process of putting together the Governor's budget recommendation, the executive revenue forecast, and is also at work on the comprehensive annual financial report (CAFR). The Advisory Group on Revenue Forecasting met on October 12 to discuss North Dakota's economy and the revenue forecast.

North Dakota's economy continues to lag the nation's economy. Employment growth is still decelerating in the state and currently shows nearly flat year-over-year

growth. North Dakota's troubled farm economy combined with poor demographic trends limits North Dakota's overall economic growth. North Dakota's unemployment rate continues to be lower than the national average. In the mid-1990's, the state's jobless rate was driven to record lows by employment growth exceeding the national average.



## Oil Activity

North Dakota now has 21 oil rigs operating compared to 10 one year ago. Preliminary estimates for August oil production indicate an average of 87,477 barrels per day. Although August oil production is down slightly from July produc-

tion, the Oil and Gas Division of the Industrial Commission still expect the increased drilling activity to increase oil production in the near future. The current price of oil is \$28 per barrel.

## Strong Revenue Growth

September is the fifth consecutive month in which overall revenues have exceeded projections; led by oil tax revenues, which now are \$20.7 million dollars ahead of forecasts.

Over this five month period motor vehicle excise tax and individual income tax have steadily

continued to exceed projections while sales tax and corporate income taxes have gradually fallen farther behind.

Fifteen months into the biennium most other revenue sources have positive variances, providing us with \$32.8 million of revenue in excess of the March '99 forecast.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**1999-01 BIENNIUM**  
**SEPTEMBER 2000**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Legislative Forecast	Actual	Variance	Percent	Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 21,772,000.00	\$ 20,871,172.04	(900,827.96)	-4.1%	\$ 384,838,500.00	\$ 379,217,669.44	(5,620,830.56)	-1.5%
Motor Vehicle Excise Tax	5,052,000.00	5,121,378.10	69,378.10	1.4%	66,019,400.00	70,065,448.73	4,046,048.73	6.1%
Individual Income Tax	9,731,000.00	11,473,912.54	1,742,912.54	17.9%	229,473,520.00	240,819,139.99	11,345,619.99	4.9%
Corporate Income Tax	9,795,000.00	8,777,829.32	(1,017,170.68)	-10.4%	66,782,000.00	58,768,887.45	(8,013,112.55)	-12.0%
Insurance Premium Tax	1,025,000.00	343,442.00	(681,558.00)	-66.5%	18,925,000.00	21,641,274.17	2,716,274.17	14.4%
Financial Institutions Tax	1,000.00	125,706.00	124,706.00	12470.6%	2,677,000.00	2,508,160.16	(168,839.84)	-6.3%
Oil & Gas Production Tax	1,030,000.00	1,270,370.10	240,370.10	23.3%	13,773,000.00	26,408,115.50	12,635,115.50	91.7%
Gaming Tax	43,000.00	380,258.33	337,258.33	784.3%	14,383,000.00	16,425,892.18	2,042,892.18	14.2%
Interest Income	471,000.00	912,710.81	441,710.81	93.8%	8,769,000.00	11,487,080.16	2,718,080.16	31.0%
Oil Extraction Tax	630,000.00	1,091,254.71	461,254.71	73.2%	8,383,000.00	16,474,748.09	8,091,748.09	96.5%
Cigarette and Tobacco Tax	1,975,000.00	1,888,708.73	(86,291.27)	-4.4%	27,379,000.00	26,916,157.79	(462,842.21)	-1.7%
Departmental Collections	1,100,000.00	996,790.42	(103,209.58)	-9.4%	23,360,000.00	24,279,776.01	919,776.01	3.9%
Wholesale Liquor Tax	455,798.00	469,622.03	13,824.03	3.0%	6,115,394.00	6,373,113.05	257,719.05	4.2%
Coal Severance Tax	956,000.00	995,785.63	39,785.63	4.2%	14,074,000.00	14,046,041.03	(27,958.97)	-0.2%
Coal Conversion Tax	1,064,000.00	1,113,532.87	49,532.87	4.7%	15,385,000.00	15,716,822.61	331,822.61	2.2%
Mineral Leasing Fees	199,760.00	299,190.56	99,430.56	49.8%	3,117,840.00	4,706,569.71	1,588,729.71	51.0%
Bank of North Dakota - Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					862,880.00	862,880.00	0.00	0.0%
Other Transfers					1,700,000.00	2,056,365.23	356,365.23	21.0%
<b>Total Revenues and Transfers</b>	<b>55,300,558.00</b>	<b>56,131,664.19</b>	<b>831,106.19</b>	<b>1.5%</b>	<b>921,017,534.00</b>	<b>953,774,141.30</b>	<b>32,756,607.30</b>	<b>3.6%</b>

**COMPARISON TO PREVIOUS BIENNIUM REVENUES  
1999-01 BIENNIUM  
SEPTEMBER, 2000**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	September, 1998	September, 2000	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 20,924,884.50	\$ 20,871,172.04	\$ (53,712.46)	-0.3%	\$ 345,575,467.84	\$ 379,217,669.44	\$ 33,642,201.60	9.7%
Motor Vehicle Excise Tax	3,874,057.35	5,121,378.10	1,247,320.75	32.2%	60,394,297.53	70,065,448.73	9,671,151.20	16.0%
Individual Income Tax	9,401,970.01	11,473,912.54	2,071,942.53	22.0%	216,689,075.60	240,819,139.99	24,130,064.39	11.1%
Corporate Income Tax	13,887,225.22	8,777,829.32	(5,109,395.90)	-36.8%	83,575,226.54	58,768,887.45	(24,806,339.09)	-29.7%
Insurance Premium Tax	833,393.26	343,442.00	(489,951.26)	-58.8%	18,261,768.08	21,641,274.17	3,379,506.09	18.5%
Financial Institutions Tax	49,986.00	125,706.00	75,720.00	100.0%	2,877,054.03	2,508,160.16	(368,893.87)	-12.8%
Oil & Gas Production Tax	706,186.80	1,270,370.10	564,183.30	79.9%	19,051,634.86	26,408,115.50	7,356,480.64	38.6%
Gaming Tax	42,526.17	380,258.33	337,732.16	794.2%	14,382,170.71	16,425,892.18	2,043,721.47	14.2%
Interest Income	790,433.53	912,710.81	122,277.28	15.5%	11,677,575.14	11,487,080.16	(190,494.98)	-1.6%
Oil Extraction Tax	795,535.83	1,091,254.71	295,718.88	37.2%	11,650,849.18	16,474,748.09	4,823,898.91	41.4%
Cigarette and Tobacco Tax	1,920,424.26	1,888,708.73	(31,715.53)	-1.7%	28,594,486.45	26,916,157.79	(1,678,328.66)	-5.9%
Departmental Collections	886,580.05	996,790.42	110,210.37	12.4%	20,750,966.30	24,279,776.01	3,528,809.71	17.0%
Wholesale Liquor Tax	430,024.05	469,622.03	39,597.98	9.2%	6,681,310.41	6,373,113.05	(308,197.36)	-4.6%
Coal Severance Tax	1,026,669.88	995,785.63	(30,884.25)	-3.0%	13,895,089.35	14,046,041.03	150,951.68	1.1%
Coal Conversion Tax	1,054,142.93	1,113,532.87	59,389.94	5.6%	14,814,137.91	15,716,822.61	902,684.70	6.1%
Mineral Leasing Fees	195,336.92	299,190.56	103,853.64	53.2%	5,562,198.95	4,706,569.71	(855,629.24)	-15.4%
Bank of North Dakota - Transfer					15,000,000.00	15,000,000.00	0.00	100.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					705,545.00	862,880.00	157,335.00	22.3%
Other Transfers	34,516.47		(34,516.47)	-100.0%	25,232,964.09	2,056,365.23	(23,176,598.86)	-91.9%
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>\$ 56,853,893.23</b>	<b>\$ 56,131,664.19</b>	<b>\$ (722,229.04)</b>	<b>-1.3%</b>	<b>\$ 915,371,817.97</b>	<b>\$ 953,774,141.30</b>	<b>\$ 38,402,323.33</b>	<b>4.2%</b>

# Revenue Variances

September sales tax collections fell below forecast by \$900,828 or 4.1 percent. September is the third consecutive month in which sales tax collections have fallen below forecast. Biennium-to-date collections are \$5.6 million or 1.5 percent behind biennium-to-date projections.

Motor vehicle excise tax collections exceeded monthly projections by \$69,378 or 1.4 percent bringing the biennium-to-date collections to \$4.0 million or 6.1 percent ahead of projections.

Individual income tax collections exceeded the September projections by \$1.7 million or 17.9 percent. Biennium-to-date collections are \$11.3 million or 4.9 percent ahead of projections.

Corporate income tax collections fell short of projections by \$1.0 million or 10.4 percent. Biennium-to-date collections are now \$8.0 million or 12.0 percent behind projections.

Insurance premium tax collections fell short of projections in September by \$681,558. This

monthly shortfall is due to timing. Biennium-to-date collections are \$2.7 million or 14.4 percent ahead of projections.

Oil and gas production tax collections exceeded projections in September by \$240,370 or 23.3 percent. Oil extraction tax collections exceeded projections by \$461,255 or 73.2 percent. Combined collections for the two oil taxes are now \$20.7 million ahead of projections.

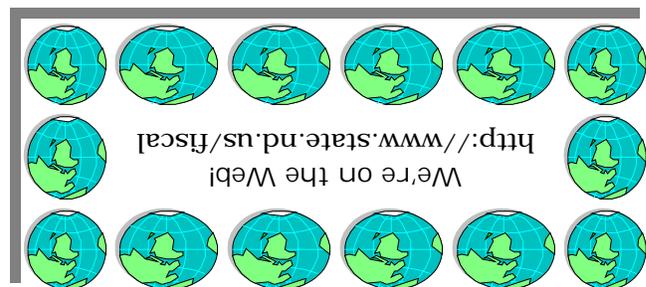
Comments or Questions???

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