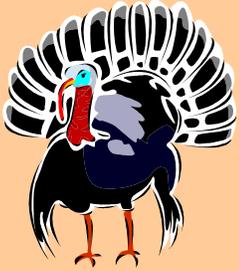


November 2000



North Dakota REV-E-NEWS

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

Economy.com predicts national real gross domestic product (GPD) growth will be over 5 percent in 2000 and core consumer price inflation, which excludes food and energy prices, will be near 2.5 percent. The national unemployment rate should average close to 4 percent, which would be a record low. North Dakota's unemployment rate for 2000 should average around 2.8 percent.

October's revenue collections were only slightly below forecast in total; however, sales tax collections were \$1.8 million below forecast for the month. We have experienced four months in a row of shortfalls in sales tax collections,

and this is certainly cause for concern. It is very likely these shortfalls are partially due to Internet and catalog sales; unfortunately, we have no way of tracking these sales to determine exactly how much they may be affecting general fund revenue collections.

Biennium-to-date revenue collections in total are \$32.9 million over projections, with oil tax collections making up nearly \$23 million of that overage.

As you read this, our office is in the final stages of preparing the executive budget recommendation which will be presented by Governor Schafer to the Legislature on December 7, 2000.

Oil Activity

North Dakota currently has 18 oil rigs operating in the state compared to 14 rigs one year ago. Oil production in September averaged 88,793 barrels per day, which was up slightly from August's production of 87,501 barrels per day.

The current price of oil is in the range of \$31 per barrel. One year ago the price of oil was \$22 per barrel, while the price of oil two years ago was only \$8 per barrel.

Comments or Questions???

Call Rod Backman, Director
Pam Sharp, Deputy Director
Phone: 701-328-4904
Fax : 701-328-3230

E-mail : sfrankli@state.nd.us

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

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Legislative Forecast	Actual	Variance	Percent	Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 32,402,000.00	\$ 30,598,978.72	\$ (1,803,021.28)	-5.6%	\$ 417,240,500.00	\$ 409,816,648.49	\$ (7,423,851.51)	-1.8%
Motor Vehicle Excise Tax *	4,922,000.00	4,697,537.00	(224,463.00)	-4.6%	70,941,400.00	74,762,985.73	3,821,585.73	5.4%
Individual Income Tax	14,547,000.00	16,709,644.18	2,162,644.18	14.9%	244,020,520.00	254,528,784.17	10,508,264.17	4.3%
Corporate Income Tax	1,852,000.00	(2,304,762.31)	(4,156,762.31)	-224.4%	68,634,000.00	59,464,125.14	(9,169,874.86)	-13.4%
Insurance Premium Tax	100,000.00	68,593.54	(31,406.46)	-31.4%	19,025,000.00	21,709,867.71	2,684,867.71	14.1%
Financial Insitutions Tax	29,000.00	(24,459.00)	(53,459.00)	-184.3%	2,406,000.00	2,483,701.16	77,701.16	3.2%
Oil & Gas Production Tax	915,000.00	1,890,903.75	975,903.75	106.7%	14,688,000.00	28,299,019.25	13,611,019.25	92.7%
Gaming Tax	628,000.00	938,152.46	310,152.46	49.4%	15,011,000.00	17,364,044.64	2,353,044.64	15.7%
Interest Income	471,000.00	896,231.75	425,231.75	90.3%	9,240,000.00	12,383,311.91	3,143,311.91	34.0%
Oil Extraction Tax	555,000.00	1,464,252.94	909,252.94	163.8%	8,938,000.00	17,939,001.03	9,001,001.03	100.7%
Cigarette & Tobacco Tax	1,731,000.00	1,710,056.17	(20,943.83)	-1.2%	29,110,000.00	28,626,213.96	(483,786.04)	-1.7%
Departmental Collections	1,399,196.00	2,816,669.33	1,417,473.33	101.3%	24,759,196.00	27,114,445.34	2,355,249.34	9.5%
Wholesale Liquor Tax	466,898.00	399,747.14	(67,150.86)	-14.4%	6,582,292.00	6,772,860.19	190,568.19	2.9%
Coal Severance Tax	922,000.00	854,394.51	(67,605.49)	-7.3%	14,996,000.00	14,900,435.54	(95,564.46)	-0.6%
Coal Conversion Tax	1,021,000.00	971,455.35	(49,544.65)	-4.9%	16,406,000.00	16,688,277.96	282,277.96	1.7%
Mineral Leasing Fees	199,760.00	363,635.46	163,875.46	82.0%	3,317,600.00	5,070,205.17	1,752,605.17	52.8%
Bank of North Dakota-Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	172,576.00	172,576.00			1,035,456.00	1,035,456.00	0.00	0.0%
Other Transfers					1,700,000.00	2,056,365.23	356,365.23	21.0%
Total Revenues and Transfers	62,333,430.00	62,223,606.99	(109,823.01)	-0.2%	983,050,964.00	1,016,015,748.62	32,964,784.62	3.4%

* Motor Vehicle Excise Tax Collections are estimated for the month. The Department of Transportation is converting to a new computer processing system and was unable to process a portion of October's collections.

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1999-01 BIENNIUM
OCTOBER 2000

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	October 1998	October 2000	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 25,005,813.67	\$ 30,598,978.72	\$ 5,593,165.05	22.4%	\$ 370,581,281.51	\$ 409,816,648.49	\$ 39,235,366.98	10.6%
Motor Vehicle Excise Tax *	3,786,010.96	4,697,537.00	911,526.04	24.1%	64,180,308.49	74,762,985.73	10,582,677.24	16.5%
Individual Income Tax	7,761,446.35	16,709,644.18	8,948,197.83	115.3%	224,450,521.95	254,528,784.17	30,078,262.22	13.4%
Corporate Income Tax	560,452.22	(2,304,762.31)	(2,865,214.53)	-511.2%	84,135,678.76	59,464,125.14	(24,671,553.62)	-29.3%
Insurance Premium Tax	144,339.16	68,593.54	(75,745.62)	-52.5%	18,406,107.24	21,709,867.71	3,303,760.47	17.9%
Financial Institutions Tax	(314,211.72)	(24,459.00)	289,752.72	-92.2%	2,562,842.31	2,483,701.16	(79,141.15)	-3.1%
Oil & Gas Production Tax	578,682.31	1,890,903.75	1,312,221.44	226.8%	19,630,317.17	28,299,019.25	8,668,702.08	44.2%
Gaming Tax	628,034.91	938,152.46	310,117.55	49.4%	15,010,205.62	17,364,044.64	2,353,839.02	15.7%
Interest Income	553,211.98	896,231.75	343,019.77	62.0%	12,230,787.12	12,383,311.91	152,524.79	1.2%
Oil Extraction Tax	516,614.06	1,464,252.94	947,638.88	183.4%	12,167,463.24	17,939,001.03	5,771,537.79	47.4%
Cigarette & Tobacco Tax	2,082,894.25	1,710,056.17	(372,838.08)	-17.9%	30,677,380.70	28,626,213.96	(2,051,166.74)	-6.7%
Departmental Collections	1,867,082.37	2,816,669.33	949,586.96	50.9%	22,618,048.67	27,114,445.34	4,496,396.67	19.9%
Wholesale Liquor Tax	439,187.03	399,747.14	(39,439.89)	-9.0%	7,120,497.44	6,772,860.19	(347,637.25)	-4.9%
Coal Severance Tax	933,063.37	854,394.51	(78,668.86)	-8.4%	14,828,152.72	14,900,435.54	72,282.82	0.5%
Coal Conversion Tax	948,014.90	971,455.35	23,440.45	2.5%	15,762,152.81	16,688,277.96	926,125.15	5.9%
Mineral Leasing Fees	192,599.78	363,635.46	171,035.68	88.8%	5,754,798.73	5,070,205.17	(684,593.56)	-11.9%
Bank of North Dakota-Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	141,109.00	172,576.00			846,654.00	1,035,456.00	188,802.00	22.3%
Other Transfers	4,972,535.50				30,205,499.59	2,056,365.23	(28,149,134.36)	-93.2%
Total Revenues and Transfers	50,796,880.10	62,223,606.99	11,426,726.89	22.5%	966,168,698.07	1,016,015,748.62	49,847,050.55	5.2%

* Motor Vehicle Excise Tax Collections are estimated for the month. The Department of Transportation is converting to a new computer processing system and was unable to process a portion of October's collections.

Revenue Variances

October sales tax collections fell below forecast by \$1.8 million or 5.6 percent – the fourth consecutive month of below-forecast collections. It is very likely that Internet sales are a factor in this shortfall. Biennium-to-date sales tax collections are \$7.4 million or 1.8 percent behind projections.

Due to the Department of Transportation converting to a new computer processing system, motor vehicle excise tax collections are estimated for October. The estimate shows collections to be \$224,463 behind the monthly projection and brings the biennium-to-date collections to \$3.8 million or 5.4 percent ahead of projections.

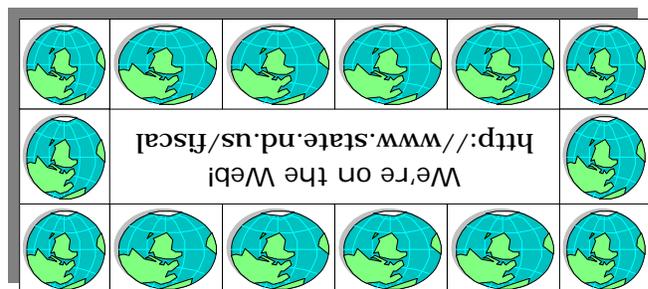
Individual income tax collections exceeded monthly projections by \$2.2 million or 14.9 percent. Biennium-to-date collections are now \$10.5 million or 4.3 percent ahead of projections.

Corporate income tax collections show nega-

tive collections of \$2.3 million as a result of very large corporate income tax refund requests received in October. Biennium-to-date collections are \$9.2 million or 13.4 percent below projections.

Oil and gas production tax collections exceeded projections by \$975,904 or 106.7 percent while oil extraction tax collections exceeded projections by \$909,253 or 163.8 percent. Combined oil tax collections at this point in the biennium are \$22.6 million ahead of projections.

Departmental collections exceeded projections in October by \$1.4 million as a result of the Insurance Department transferring \$1.8 million to the general fund. This transfer is in accordance with NDCC 26.1-01-07, which requires any amount in excess of \$1 million in the Insurance Regulatory Trust Fund at the end of each fiscal year to be transferred to the general fund.



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