

March 2001



North Dakota

REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
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Although revenue collections in February were down \$3.5 million compared to the 1999 legislative forecast, a large portion of this is due to timing and should be reflected in larger March collections. Compared to the 1999 legislative forecast, biennium-to-date collections are \$33.2 million ahead of projections.

Nationally, gross domestic product (GDP) grew at an annual rate of just one percent in the fourth quarter of 2000. This is the worst growth rate since the second quarter of 1995 when GDP grew only 0.8 percent.

According to Economy.com, Inc. the most recent threat to the economy is from plunging confidence, which is quickly eroding. Consumer confidence has declined by 25 percent in the past five

months, most likely as a result of higher energy prices, weaker stock prices and large corporate layoffs nationally. Despite the decline in consumer confidence, it remains about as high as it was throughout much of the mid-1990's.

In North Dakota, a tight labor market continues to constrain job growth. This is coupled by the fact that the global demand for agricultural products continues to be weak, although it is improving very slowly.

North Dakota's unemployment rate for February 2001 was 2.9 percent, down from last year's February rate of 3.6 percent. The national unemployment rate for February 2001 was 4.2 percent.



Oil Activity

January oil production was 89,130 barrels per day, which was up from December's production of 87,610 barrels per day. North Dakota currently has 16 rigs operating compared to 8 one year ago.

The unitization of Cedar Hills will affect production soon. Unitization of the North Unit was effective March 1, 2001 and unitization of the South Unit will become effective on April 1, 2001. Production restrictions have been lifted and drilling has begun. This will add another

1,000 barrels per day by year end. Another 1,200 barrels per day will be added each year from 2002 through 2006.

Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1999-01 BIENNIUM
FEBRUARY 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	1999 Legislative Forecast	Actual	Variance	Percent	1999 Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 29,087,000.00	\$ 25,825,791.04	\$ (3,261,208.96)	-11.2%	\$ 533,962,500.00	\$ 514,294,559.00	\$ (19,667,941.00)	-3.7%
Motor Vehicle Excise Tax *	3,726,000.00	4,911,153.05	1,185,153.05	31.8%	87,193,400.00	92,156,319.80	4,962,919.80	5.7%
Individual Income Tax	15,705,000.00	13,218,254.03	(2,486,745.97)	-15.8%	303,012,520.00	321,587,910.55	18,575,390.55	6.1%
Corporate Income Tax	1,852,000.00	1,945,653.09	93,653.09	5.1%	80,916,000.00	64,850,077.20	(16,065,922.80)	-19.9%
Insurance Premium Tax	2,100,000.00	1,981,327.49	(118,672.51)	-5.7%	26,505,000.00	28,653,225.75	2,148,225.75	8.1%
Financial Insitutions Tax	133,000.00	164,664.00	31,664.00	23.8%	2,911,000.00	2,677,086.00	(233,914.00)	-8.0%
Oil & Gas Production Tax	1,017,000.00	976,036.53	(40,963.47)	-4.0%	18,688,000.00	36,915,934.42	18,227,934.42	97.5%
Gaming Tax	1,950,000.00	2,149,908.47	199,908.47	10.3%	19,487,000.00	22,915,501.32	3,428,501.32	17.6%
Interest Income	471,000.00	698,500.88	227,500.88	48.3%	11,124,000.00	15,504,121.78	4,380,121.78	39.4%
Oil Extraction Tax	618,000.00	477,071.79	(140,928.21)	-22.8%	11,371,000.00	22,550,707.09	11,179,707.09	98.3%
Cigarette & Tobacco Tax	1,629,000.00	1,652,246.95	23,246.95	1.4%	35,823,000.00	35,272,056.94	(550,943.06)	-1.5%
Departmental Collections	1,150,000.00	1,382,537.62	232,537.62	20.2%	32,509,196.00	35,331,969.80	2,822,773.80	8.7%
Wholesale Liquor Tax	331,142.00	382,511.01	51,369.01	15.5%	8,225,627.00	8,549,144.39	323,517.39	3.9%
Coal Severance Tax	990,000.00	1,026,149.45	36,149.45	3.7%	18,739,000.00	18,761,199.97	22,199.97	0.1%
Coal Conversion Tax	1,060,000.00	1,257,803.26	197,803.26	18.7%	20,564,000.00	21,214,564.68	650,564.68	3.2%
Mineral Leasing Fees	199,760.00	424,992.60	225,232.60	112.8%	4,116,640.00	6,732,114.55	2,615,474.55	63.5%
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					1,208,032.00	1,208,032.00	0.00	0.0%
Other Transfers		0.16	0.16	100.0%	1,700,000.00	2,142,859.46	442,859.46	26.1%
Total Revenues and Transfers	62,018,902.00	58,474,601.42	(3,544,300.58)	-5.7%	1,233,055,915.00	1,266,317,384.70	33,261,469.70	2.7%

* 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 the collections.

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1999-01 BIENNIUM
FEBRUARY 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	February 1999	February 2001	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 27,958,280.78	\$ 25,825,791.04	\$ (2,132,489.74)	-7.6%	\$ 469,832,002.90	\$ 514,294,559.00	\$ 44,462,556.10	9.5%
Motor Vehicle Excise Tax *	3,233,118.40	4,911,153.05	1,678,034.65	51.9%	77,789,792.43	92,156,319.80	14,366,527.37	18.5%
Individual Income Tax	17,272,031.74	13,218,254.03	(4,053,777.71)	-23.5%	289,067,975.83	321,587,910.55	32,519,934.72	11.2%
Corporate Income Tax	1,699,205.20	1,945,653.09	246,447.89	14.5%	90,149,386.11	64,850,077.20	(25,299,308.91)	-28.1%
Insurance Premium Tax	1,250,775.91	1,981,327.49	730,551.58	58.4%	24,129,801.66	28,653,225.75	4,523,424.09	18.7%
Financial Institutions Tax	187,066.00	164,664.00	(22,402.00)	-12.0%	3,024,193.25	2,677,086.00	(347,107.25)	-11.5%
Oil & Gas Production Tax	445,589.88	976,036.53	530,446.65	119.0%	22,019,504.02	36,915,934.42	14,896,430.40	67.7%
Gaming Tax	2,058,684.32	2,149,908.47	91,224.15	4.4%	19,594,723.84	22,915,501.32	3,320,777.48	16.9%
Interest Income	457,623.94	698,500.88	240,876.94	52.6%	14,369,317.38	15,504,121.78	1,134,804.40	7.9%
Oil Extraction Tax	263,796.59	477,071.79	213,275.20	80.8%	13,887,744.18	22,550,707.09	8,662,962.91	62.4%
Cigarette & Tobacco Tax	1,490,591.06	1,652,246.95	161,655.89	10.8%	37,555,067.69	35,272,056.94	(2,283,010.75)	-6.1%
Departmental Collections	825,431.97	1,382,537.62	557,105.65	67.5%	28,903,834.42	35,331,969.80	6,428,135.38	22.2%
Wholesale Liquor Tax	351,686.08	382,511.01	30,824.93	8.8%	8,864,336.64	8,549,144.39	(315,192.25)	-3.6%
Coal Severance Tax	1,037,270.51	1,026,149.45	(11,121.06)	-1.1%	18,946,648.89	18,761,199.97	(185,448.92)	-1.0%
Coal Conversion Tax	1,185,290.91	1,257,803.26	72,512.35	6.1%	19,823,350.55	21,214,564.68	1,391,214.13	7.0%
Mineral Leasing Fees	156,894.23	424,992.60	268,098.37	170.9%	6,512,166.24	6,732,114.55	219,948.31	3.4%
Bank of North Dakota-Transfer					29,600,000.00	15,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					987,763.00	1,208,032.00	220,269.00	22.3%
Other Transfers	109.77	0.16	(109.61)	-99.9%	33,560,190.84	2,142,859.46	(31,417,331.38)	-93.6%
Total Revenues and Transfers	59,873,447.29	58,474,601.42	(1,398,845.87)	-2.3%	1,208,617,799.87	1,266,317,384.70	57,699,584.83	4.8%

* 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 the collections.

Revenue Variances

Sales tax collections in February fell below the 1999 legislative forecast by \$3.3 million, however compared to the March 2001 forecast, collections were equal to projections. Biennium-to-date collections are now \$19.7 million or 3.7 percent below the original 1999 projection; however, bear in mind that the sales tax forecast has been decreased by \$22 million from the 1999 legislative forecast to the 2001 legislative forecast.

Motor vehicle excise tax collections of \$4.9 million for the month of February represent the amount processed during the month, however, a large portion of these collections represent past month's activity. The Department of Transportation is converting to a new computer processing system and is now starting to catch up on processing originating in past months.

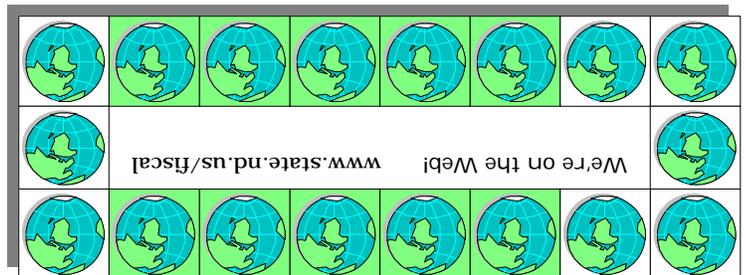
Individual income tax collections fell below the original 1999 forecast by \$2.5 million.

This shortfall is totally related to timing and we continue to believe individual income tax collections will be strong. Biennium-to-date collections are \$18.6 million or 6.1 percent ahead of the 1999 projections.



Oil and gas production tax collections and oil extraction tax collections both fell below the 1999 legislative forecast and the 2001 revenue forecast. Because February is a short month and

returns do not need to be postmarked until the 26th of the month, many returns did not get either received or processed during the month. Those returns will become part of the March collections.



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