

April 2001



North Dakota

# REV-E-NEWS

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

This month's newsletter includes a new schedule. Normally we compare the tax collections with the original legislative forecast, however, significant revenue changes have been made to the 1999 legislative forecast. Therefore, we are also including a schedule that compares the tax collections to the March 2001 forecast. You will find that schedule on page 3.

Compared to the 1999 legislative revenue forecast, collections are \$40.3 million or 3.1 percent ahead of projections. Compared to the 2001 revenue forecast, collections are \$376,687 below projections.

March was the month that put our

oil tax collections over the \$62 million mark. The remaining collections through the end of the biennium will go into the Oil Tax Trust Fund. As a result of March collections, \$2.7 million is now being reserved for transfer into the trust fund.

Fourth quarter taxable sales and purchases decreased by 2.2 percent compared to fourth quarter 1999. The construction sector decreased by 31.3 percent and the manufacturing sector fell by 14.9 percent. The mining and oil extraction sector grew by 48.7 percent over the same quarter in 1999. This decrease in taxable sales and purchases was not a surprise and was anticipated in OMB's recent revenue forecasts.

## Oil Activity

North Dakota currently has 18 rigs operating in North Dakota compared to 10 rigs one year ago. Oil production in February averaged 88,487 barrels per day which compares to 89,132 barrels per day in January. The current price of oil is in the range of \$23 per barrel.

## Cellular Phone Service Contract



A cooperative purchasing venture between the State and ND University System will result in substantial savings on cellular phone services and equipment. On March 1, the State entered into a term contract with Western Wireless Corporation, dba Cellular One for cellular phone services and equipment.

This contract is a result of the collaborative efforts of the State Procurement Office, Information Technology Department, and the ND University System. In May 2000, the State and University System surveyed their agencies and institutions, and learned that approximately

1,280 cellular phones were in service statewide using a total average of 161,339 minutes per month. The contract was awarded after a competitive bidding process, and the State and ND University system will realize a projected monthly savings of \$5,700. The term contract features four rate plans, starting at \$12 for 70 minutes per month.

Learn more about the cellular phone services term contract on the ND State Procurement Office website at [www.state.nd.us/csd/spo/](http://www.state.nd.us/csd/spo/) or by calling the State Procurement Office at (701) 328-2683.

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

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	1999 Legislative Forecast	Actual	Variance	Percent	1999 Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 20,472,000.00	\$ 19,195,137.25	\$ (1,276,862.75)	-6.2%	\$ 554,434,500.00	\$ 533,489,696.25	\$ (20,944,803.75)	-3.8%
Motor Vehicle Excise Tax *	4,616,000.00	4,900,000.00	284,000.00	6.2%	91,809,400.00	97,056,319.80	5,246,919.80	5.7%
Individual Income Tax	4,637,000.00	6,635,265.55	1,998,265.55	43.1%	307,649,520.00	328,223,176.10	20,573,656.10	6.7%
Corporate Income Tax	3,058,000.00	6,392,784.85	3,334,784.85	109.1%	83,974,000.00	71,242,862.05	(12,731,137.95)	-15.2%
Insurance Premium Tax	4,500,000.00	5,773,189.33	1,273,189.33	28.3%	31,005,000.00	34,426,415.08	3,421,415.08	11.0%
Financial Institutions Tax	378,000.00	21,057.00	(356,943.00)	-94.4%	3,289,000.00	2,698,143.00	(590,857.00)	-18.0%
Oil & Gas Production Tax **	999,000.00	1,517,430.61	518,430.61	51.9%	19,687,000.00	38,433,365.00	18,746,365.00	95.2%
Gaming Tax	50,000.00	363,302.89	313,302.89	626.6%	19,537,000.00	23,278,804.21	3,741,804.21	19.2%
Interest Income	471,000.00	513,769.67	42,769.67	9.1%	11,595,000.00	16,017,891.45	4,422,891.45	38.1%
Oil Extraction Tax**	611,000.00	1,015,928.00	404,928.00	66.3%	11,982,000.00	23,566,635.00	11,584,635.00	96.7%
Cigarette & Tobacco Tax	1,600,000.00	1,487,835.49	(112,164.51)	-7.0%	37,423,000.00	36,759,892.43	(663,107.57)	-1.8%
Departmental Collections	900,000.00	1,171,341.75	271,341.75	30.1%	33,409,196.00	36,503,311.55	3,094,115.55	9.3%
Wholesale Liquor Tax	362,385.00	362,604.40	219.40	0.1%	8,588,012.00	8,911,748.79	323,736.79	3.8%
Coal Severance Tax	908,000.00	851,829.68	(56,170.32)	-6.2%	19,647,000.00	19,613,029.65	(33,970.35)	-0.2%
Coal Conversion Tax	1,001,000.00	1,080,180.70	79,180.70	7.9%	21,565,000.00	22,294,745.38	729,745.38	3.4%
Mineral Leasing Fees	199,760.00	579,322.07	379,562.07	190.0%	4,316,400.00	7,311,436.62	2,995,036.62	69.4%
Bank of North Dakota-Transfer	20,000,000.00	20,000,000.00			35,000,000.00	35,000,000.00	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		6.10	6.10	100.0%	1,700,000.00	2,142,865.56	442,865.56	26.1%
<b>Total Revenues and Transfers</b>	<b>64,763,145.00</b>	<b>71,860,985.34</b>	<b>7,097,840.34</b>	<b>11.0%</b>	<b>1,297,819,060.00</b>	<b>1,338,178,369.92</b>	<b>40,359,309.92</b>	<b>3.1%</b>

\* 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.

\*\* Oil and gas production and oil extraction tax collections totaled \$5.3 million in March. These collections cause biennium-to-date collections to exceed \$62 million. Therefore \$2.7 million has been reserved for deposit into the Oil Tax Trust Fund.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**1999-01 BIENNIUM**  
**MARCH 2001**  
**COMPARED TO MARCH 2001 REVENUE FORECAST**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	2001 Legislative Forecast	Actual	Variance	Percent	2001 Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 21,487,000	\$ 19,195,137.25	\$ (2,291,862.75)	-10.7%	\$ 535,781,767.00	\$ 533,489,696.25	\$ (2,292,070.75)	-0.4%
Motor Vehicle Excise Tax *	4,806,000	4,900,000.00	94,000.00	2.0%	95,931,168.00	97,056,319.80	1,125,151.80	1.2%
Individual Income Tax	4,458,000	6,635,265.55	2,177,265.55	48.8%	328,757,657.00	328,223,176.10	(534,480.90)	-0.2%
Corporate Income Tax	4,990,000	6,392,784.85	1,402,784.85	28.1%	70,425,424.00	71,242,862.05	817,438.05	1.2%
Insurance Premium Tax	5,100,000	5,773,189.33	673,189.33	13.2%	34,170,916.00	34,426,415.08	255,499.08	0.7%
Financial Institutions Tax	198,000	21,057.00	(176,943.00)	-89.4%	2,871,422.00	2,698,143.00	(173,279.00)	-6.0%
Oil & Gas Production Tax**	307,466	1,517,430.61	1,209,964.61	393.5%	38,433,365.00	38,433,365.00	-	0.0%
Gaming Tax	150,000	363,302.89	213,302.89	142.2%	22,915,700.00	23,278,804.21	363,104.21	1.6%
Interest Income	565,000	513,769.67	(51,230.33)	-9.1%	16,108,540.00	16,017,891.45	(90,648.55)	-0.6%
Oil Extraction Tax**	174,000	1,015,928.00	841,928.00	483.9%	23,566,635.00	23,566,635.00	-	0.0%
Cigarette & Tobacco Tax	1,899,000	1,487,835.49	(411,164.51)	-21.7%	36,712,809.00	36,759,892.43	47,083.43	0.1%
Departmental Collections	1,200,000	1,171,341.75	(28,658.25)	-2.4%	36,600,656.00	36,503,311.55	(97,344.45)	-0.3%
Wholesale Liquor Tax	502,817	362,604.40	(140,212.60)	-27.9%	9,053,222.00	8,911,748.79	(141,473.21)	-1.6%
Coal Severance Tax	915,000	851,829.68	(63,170.32)	-6.9%	19,615,050.00	19,613,029.65	(2,020.35)	0.0%
Coal Conversion Tax	1,072,000	1,080,180.70	8,180.70	0.8%	22,263,761.00	22,294,745.38	30,984.38	0.1%
Mineral Leasing Fees	262,500	579,322.07	316,822.07	120.7%	6,996,074.00	7,311,436.62	315,362.62	4.5%
Bank of North Dakota-Transfer	20,000,000	20,000,000.00			35,000,000.00	35,000,000.00	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		6.10		100.0%	2,142,859.00	2,142,865.56	6.56	0.0%
<b>Total Revenues and Transfers</b>	<b>68,086,783.00</b>	<b>71,860,985.34</b>	<b>3,774,202.34</b>	<b>5.5%</b>	<b>1,338,555,057.00</b>	<b>1,338,178,369.92</b>	<b>(376,687.08)</b>	<b>0.0%</b>

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# Revenue Variances

Although we are including schedules in this newsletter that show the revenues compared to the 2001 revenue forecast as well as the 1999 legislative revenue forecast, the comments below relate only to the 2001 revenue forecast.

Sales tax collections in March fell below the 2001 revenue forecast projections by \$2.3 million. We believe this shortfall is due to timing. The end of March fell on a weekend which may have caused some returns not to be received in time for processing. Biennium-to-date collections are \$2.3 million or 0.4 percent below projections.

The motor vehicle excise tax collections of \$4.9 million shown on the reports are still estimates as the Department of Transportation is still not current on their processing as a result of the new processing system. The department is estimating they will be current by the end of May. Based on estimates, biennium-to-date collections are \$1.1 million or 1.2 percent ahead of the 2001 forecast.

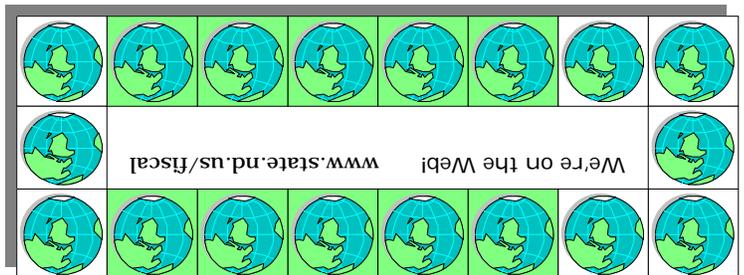
Individual income tax collections exceeded projections by \$2.2 million, however, this is likely due to

timing since last months collections fell short by \$2.2 million. Biennium-to-date collections are \$534,480 or 0.2 percent below the 2001 forecast.

Corporate income tax collections exceeded the 2001 forecast by \$1.4 million. Biennium-to-date collections are \$817,438 or 1.2 percent ahead of projections.

Collections for the two oil taxes combined totaled \$5.2 million in March, although this report reflects only \$2.5 million. This large collection puts the total over \$62 million. According to North Dakota Century Code, any collections exceeding \$62 million in a biennium must be transferred to the Oil Tax Trust Fund at the end of the biennium. As a result, this report reflects only the collections up to the \$62 million. \$2.7 million has been reserved and will be deposited into the Oil Tax Trust Fund at the end of the biennium.

The Bank of North Dakota transferred \$20 million to the general fund in March. Total transfers so far this biennium are \$35 million. An additional \$15 million will be transferred to the general fund before the end of the biennium, which will bring the total to \$50 million.



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

