

August 2001



North Dakota

REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
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Economy.com believes the economy is just skirting recession. Although, second quarter growth was positive, it was not enough to forestall declining employment. The most severe problems are concentrated in the technology industry. Economy.com believes that given the significant uncertainty in the economy, the likelihood that the economy will slide into recession before the end of the year is 40 percent. Any significant rebound in the economy will not occur in earnest until businesses begin investing and hiring again.

Business are not expected to feel comfortable doing that until this time next year, Economy.com explains.

The consumer price index (CPI) increased by 2.7 percent as of July 2001.

North Dakota's unemployment rate for June 2001 was 2.9 percent, down from last years rate of 3.4 percent. The national unemployment rate for June 2001 was 4.5 percent.

Oil Activity

Oil production in June averaged 85,414 barrels per day, which compares to the production forecast of 90,715 barrels per day. The price of oil is currently around \$21.50 per barrel, which compares to the forecasted price of \$22.73.

Currently, 15 rigs are operating in North Dakota compared to 16 rigs one year ago.

1999-2001 Ending Balance

The June 30, 2001 ending balance is \$62.2 million. This compares with approximately \$52 million estimated at the end of the legislative session. Turn-back from state agencies amounted to \$20.8 million.

Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to March 2001 Legislative Forecast
2001-03 BIENNIUM
JULY 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	2001 Legislative Forecast	Actual	Variance	Percent	2001 Legislative Forecast	Actual	Variance	Percent
Sales Tax	18,886,000.00	\$ 23,116,830.98	\$ 4,230,830.98	22.4%	\$ 18,886,000.00	\$ 23,116,830.98	\$ 4,230,830.98	22.4%
Motor Vehicle Excise Tax	4,505,000.00	4,760,834.49	255,834.49	5.7%	4,505,000.00	4,760,834.49	255,834.49	5.7%
Individual Income Tax	19,024,000.00	18,070,563.47	(953,436.53)	-5.0%	19,024,000.00	18,070,563.47	(953,436.53)	-5.0%
Corporate Income Tax		25,202.62	25,202.62	100.0%		25,202.62	25,202.62	100.0%
Insurance Premium Tax		(500.00)	(500.00)	100.0%		(500.00)	(500.00)	100.0%
Financial Insitutions Tax		16,622.00	16,622.00	100.0%		16,622.00	16,622.00	100.0%
Oil & Gas Production Tax	1,900,000.00	2,802,748.45	902,748.45	47.5%	1,900,000.00	2,802,748.45	902,748.45	47.5%
Gaming Tax	878,000.00	336,069.90	(541,930.10)	-61.7%	878,000.00	336,069.90	(541,930.10)	-61.7%
Interest Income	324,000.00	217,560.53	(106,439.47)	-32.9%	324,000.00	217,560.53	(106,439.47)	-32.9%
Oil Extraction Tax**	1,156,000.00	1,117,227.85	(38,772.15)	-3.4%	1,156,000.00	1,117,227.85	(38,772.15)	-3.4%
Cigarette & Tobacco Tax	1,848,000.00	1,790,660.89	(57,339.11)	-3.1%	1,848,000.00	1,790,660.89	(57,339.11)	-3.1%
Departmental Collections	7,325,000.00	7,341,228.03	16,228.03	0.2%	7,325,000.00	7,341,228.03	16,228.03	0.2%
Wholesale Liquor Tax	505,112.00	527,544.92	22,432.92	4.4%	505,112.00	527,544.92	22,432.92	4.4%
Coal Conversion Tax	2,035,000.00	1,725,427.31	(309,572.69)	-15.2%	2,035,000.00	1,725,427.31	(309,572.69)	-15.2%
Mineral Leasing Fees	400,000.00	374,807.94	(25,192.06)	-6.3%	400,000.00	374,807.94	(25,192.06)	-6.3%
Bank of North Dakota-Transfer								
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	170,424.00	170,424.00	-	0.0%	170,424.00	170,424.00		0.0%
Other Transfers								
Total Revenues and Transfers	58,956,536.00	62,393,253.38	3,436,717.38	5.8%	58,956,536.00	62,393,253.38	3,436,717.38	5.8%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1999-01 BIENNIUM
JULY 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	July 1999	July 2001	Variance	Percent	2001	2003	Variance	Percent
Sales Tax	\$ 17,347,146.36	\$ 23,116,830.98	\$ 5,769,684.62	33.3%	\$ 17,347,146.36	\$ 23,116,830.98	\$ 5,769,684.62	33.3%
Motor Vehicle Excise Tax	4,211,291.98	4,760,834.49	549,542.51	13.0%	4,211,291.98	4,760,834.49	549,542.51	13.0%
Individual Income Tax	15,257,611.34	18,070,563.47	2,812,952.13	18.4%	15,257,611.34	18,070,563.47	2,812,952.13	18.4%
Corporate Income Tax	1,970,314.39	25,202.62	(1,945,111.77)	-98.7%	1,970,314.39	25,202.62	(1,945,111.77)	-98.7%
Insurance Premium Tax	194,277.80	(500.00)	(194,777.80)	-100.3%	194,277.80	(500.00)	(194,777.80)	-100.3%
Financial Insitutions Tax	635.00	16,622.00	15,987.00	2517.6%	635.00	16,622.00	15,987.00	2517.6%
Oil & Gas Production Tax	1,253,234.08	2,802,748.45	1,549,514.37	123.6%	1,253,234.08	2,802,748.45	1,549,514.37	123.6%
Gaming Tax	1,029,982.00	336,069.90	(693,912.10)	-67.4%	1,029,982.00	336,069.90	(693,912.10)	-67.4%
Interest Income	176,571.82	217,560.53	40,988.71	23.2%	176,571.82	217,560.53	40,988.71	23.2%
Oil Extraction Tax	460,031.98	1,117,227.85	657,195.87	142.9%	460,031.98	1,117,227.85	657,195.87	142.9%
Cigarette & Tobacco Tax	2,109,534.12	1,790,660.89	(318,873.23)	-15.1%	2,109,534.12	1,790,660.89	(318,873.23)	-15.1%
Departmental Collections	919,049.40	7,341,228.03	6,422,178.63	698.8%	919,049.40	7,341,228.03	6,422,178.63	698.8%
Wholesale Liquor Tax	2,949.27	527,544.92	524,595.65	17787.3%	2,949.27	527,544.92	524,595.65	17787.3%
Coal Severance Tax	957,032.63		768,394.68	80.3%	957,032.63		(957,032.63)	-100.0%
Coal Conversion Tax	934,073.52	1,725,427.31	(559,265.58)	-59.9%	934,073.52	1,725,427.31	791,353.79	84.7%
Mineral Leasing Fees	200,571.32	374,807.94	(200,571.32)	-100.0%	200,571.32	374,807.94	174,236.62	86.9%
Bank of North Dakota-Transfer							-	
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	172,576.00	170,424.00			172,576.00	170,424.00	(2,152.00)	-1.2%
Other Transfers							-	
Total Revenues and Transfers	47,196,883.01	62,393,253.38	15,196,370.37	32.2%	47,196,883.01	62,393,253.38	15,196,370.37	32.2%

Revenue Variances

Sales tax collections in July exceeded the monthly forecast by \$4.2 million or 22.4 percent. Some of the excess is likely due to timing as revenues in June fell behind forecast by \$2.8 million.

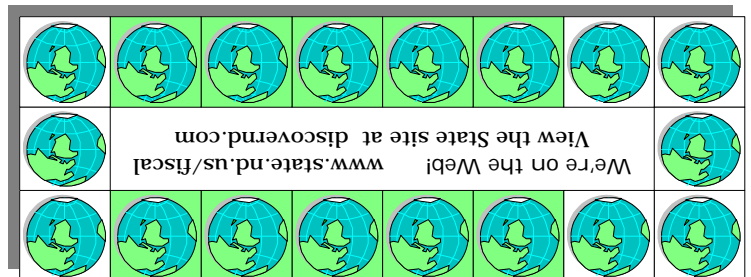
Motor vehicle excise tax collections exceeded the monthly forecast by \$255,834, while collections in individual income tax fell below the forecast by \$953,437.

Because of the large corporate refunds expected next quarter, the assumption was made, for cash-flow purposes, that collections for the first three months of the fiscal year would go into the refund reserve account. Corporate income tax collections for July were \$2,425,203 of which, \$2.4

million was transferred into the refund reserve account, and the remaining \$25,203 is reported as revenue for the month.

The first \$2.6 million collected each fiscal year in insurance tax premiums goes to the fire districts, therefore the forecast for insurance premium tax collections is also zero.

Oil and gas production tax collection taxes exceeded the July forecast by \$902,748, or 47.5 percent, while collections for oil extraction taxes fell \$38,777 short of the monthly projection.



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