

March 2002



# North Dakota REV-E-NEWS

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

The projected ending balance at June 30, 2003 based on the revised revenue forecast and revenues collected through February, 2002 is \$4.1 million. Indications are that March revenues as compared to forecast were stronger than February revenues. When March revenues are finalized, we estimate that the projected ending balance will be closer to \$6 million.

Economists are now saying the national economic recovery began in February, which was the first month of job gains since July. The economy is also benefiting from the end of the massive inventory liquidation that has plagued manufacturers since late 2000. Except for certain types of information technology equipment, inventories are now back in line with sales. Throughout the recession, low interest rates supported the housing industry while cheap financing and discounting by automakers and other retailers also supported spending. The strength of the recovery will depend

on how significantly consumers rein in their spending in response to somewhat higher mortgage rates and scaled back discounting.

North Dakota's unemployment rate for February 2002 was 3.5 percent, down from the January rate of 4.1 percent. The national unemployment rate in February was 5.5 percent. Eight of the nine major industries in North Dakota showed growth in non-farm wage and salary employment compared to one year ago.

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](mailto:sfrankli@state.nd.us)

Visit the North Dakota web site at  
[www.discovernd.com](http://www.discovernd.com)

## Oil Activity

North Dakota's oil production in January averaged 84,587 barrels per day, down slightly from December's production of 84,870 barrels per day. The Oil and Gas Division of the Industrial Commission anticipates that we are at, or very near, the low point in oil production and that we should see an increase soon.

The current price of oil is \$22.80 per barrel and there are 10 oil

rigs drilling, compared to 19 one year ago.



**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to December 2001 Revised Forecast**  
**2001-03 BIENNIUM**  
**FEBRUARY 2002**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	December 2001 Revised Forecast	Actual	Variance	Percent	December 2001 Revised Forecast	Actual	Variance	Percent
Sales Tax	30,096,000.00	\$ 25,760,100.36	\$ (4,335,899.64)	-14.4%	\$ 217,523,000.00	\$ 215,712,973.66	\$ (1,810,026.34)	-0.8%
Motor Vehicle Excise Tax	3,950,000.00	4,096,201.65	146,201.65	3.7%	39,393,000.00	41,197,124.40	1,804,124.40	4.6%
Individual Income Tax	17,314,000.00	13,678,022.17	(3,635,977.83)	-21.0%	128,388,000.00	126,836,073.89	(1,551,926.11)	-1.2%
Corporate Income Tax	2,102,000.00	2,373,578.31	271,578.31	12.9%	16,614,000.00	15,703,530.43	(910,469.57)	-5.5%
Insurance Premium Tax	2,600,000.00	2,132,118.49	(467,881.51)	-18.0%	9,896,000.00	9,475,521.91	(420,478.09)	-4.2%
Financial Insitutions Tax	72,000.00	98,664.00	26,664.00	100.0%	144,000.00	483,434.00	339,434.00	100.0%
Oil & Gas Production Tax	1,522,000.00	1,406,351.52	(115,648.48)	-7.6%	12,148,000.00	12,307,492.49	159,492.49	1.3%
Gaming Tax	1,700,000.00	2,179,824.16	479,824.16	28.2%	8,575,555.00	9,368,190.33	792,635.33	9.2%
Interest Income	419,000.00	59,791.65	(359,208.35)	-85.7%	3,558,056.00	2,761,963.78	(796,092.22)	-22.4%
Oil Extraction Tax	926,000.00	574,073.24	(351,926.76)	-38.0%	7,465,000.00	6,958,176.51	(506,823.49)	-6.8%
Cigarette & Tobacco Tax	1,357,000.00	1,663,395.25	306,395.25	22.6%	13,353,000.00	13,815,081.76	462,081.76	3.5%
Departmental Collections	1,150,000.00	1,412,127.21	262,127.21	22.8%	20,166,130.00	20,627,759.98	461,629.98	2.3%
Wholesale Liquor Tax	368,682.00	430,322.79	61,640.79	16.7%	3,655,722.00	3,713,196.59	57,474.59	1.6%
Coal Conversion Tax	2,095,000.00	2,048,938.16	(46,061.84)	-2.2%	15,719,000.00	15,526,660.66	(192,339.34)	-1.2%
Mineral Leasing Fees	325,000.00	19.13	(324,980.87)	-100.0%	2,020,373.00	1,456,219.84	(564,153.16)	-27.9%
Bank of North Dakota-Transfer					15,000,000.00	15,000,000.00		
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	511,272.00	511,272.00	-	0.0%
Other Transfers		40.00	40.00	100.0%		68,279.88	68,279.88	100.0%
<b>Total Revenues and Transfers</b>	<b>65,996,682.00</b>	<b>57,913,568.09</b>	<b>(8,083,113.91)</b>	<b>-12.2%</b>	<b>514,130,108.00</b>	<b>511,522,952.11</b>	<b>(2,607,155.89)</b>	<b>-0.5%</b>

**COMPARISON TO PREVIOUS BIENNIUM REVENUES  
2001-03 BIENNIUM  
FEBRUARY 2002**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	February 2000	February 2002	Variance	Percent	2001	2003	Variance	Percent
Sales Tax	\$ 32,347,104.82	\$ 25,760,100.36	\$ (6,587,004.46)	-20.4%	\$ 210,669,408.05	\$ 215,712,973.66	\$ 5,043,565.61	2.4%
Motor Vehicle Excise Tax	4,417,475.34	4,096,201.65	(321,273.69)	-7.3%	35,392,217.24	41,197,124.40	5,804,907.16	16.4%
Individual Income Tax	16,079,212.15	13,678,022.17	(2,401,189.98)	-14.9%	117,901,744.99	126,836,073.89	8,934,328.90	7.6%
Corporate Income Tax	2,524,096.06	2,373,578.31	(150,517.75)	-6.0%	18,820,478.21	15,703,530.43	(3,116,947.78)	-16.6%
Insurance Premium Tax	1,950,513.34	2,132,118.49	181,605.15	9.3%	8,494,859.64	9,475,521.91	980,662.27	11.5%
Financial Institutions Tax	212,253.00	98,664.00	(113,589.00)	-53.5%	(389,559.00)	483,434.00	872,993.00	-224.1%
Oil & Gas Production Tax	1,957,741.94	1,406,351.52	(551,390.42)	-28.2%	11,053,820.21	12,307,492.49	1,253,672.28	11.3%
Gaming Tax	1,715,788.80	2,179,824.16	464,035.36	27.0%	9,105,214.76	9,368,190.33	262,975.57	2.9%
Interest Income	519,339.21	59,791.65	(459,547.56)	-88.5%	3,966,571.47	2,761,963.78	(1,204,607.69)	-30.4%
Oil Extraction Tax	1,159,053.23	574,073.24	(584,979.99)	-50.5%	7,578,219.14	6,958,176.51	(620,042.63)	-8.2%
Cigarette & Tobacco Tax	1,218,272.65	1,663,395.25	445,122.60	36.5%	14,325,478.09	13,815,081.76	(510,396.33)	-3.6%
Departmental Collections	1,243,917.97	1,412,127.21	168,209.24	13.5%	12,493,993.48	20,627,759.98	8,133,766.50	65.1%
Wholesale Liquor Tax	349,908.77	430,322.79	80,414.02	23.0%	3,092,621.70	3,713,196.59	620,574.89	20.1%
Coal Severance Tax	939,938.19	0.00	(939,938.19)	-100.0%	7,604,729.06	775,793.99	(6,828,935.07)	-89.8%
Coal Conversion Tax	1,203,211.02	2,048,938.16	845,727.14	70.3%	8,286,259.60	14,750,866.67	6,464,607.07	78.0%
Mineral Leasing Fees	314,371.33	19.13	(314,352.20)	-159.0%	2,144,272.60	1,456,219.84	(688,052.76)	-32.1%
Bank of North Dakota-Transfer				0.0%	15,000,000.00	15,000,000.00	-	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					517,728.00	511,272.00	(449,448.12)	-86.8%
Other Transfers		40.00	40.00	100.0%	1,850,618.83	68,279.88	1,782,338.95	96.3%
<b>Total Revenues and Transfers</b>	<b>68,152,197.82</b>	<b>57,913,568.09</b>	<b>(10,238,629.73)</b>	<b>-15.0%</b>	<b>487,908,676.07</b>	<b>511,522,952.11</b>	<b>23,614,276.04</b>	<b>4.8%</b>

# Revenue Variances

The following comments are based on February revenue collections compared to the December revised revenue forecast.

Sales tax collections fell below forecast by \$4.3 million or 14.4 percent. Biennium-to-date collections are now \$1.8 million or 0.8 percent behind projections. March collections appear to be stronger and slightly over \$1 million of this monthly shortfall should be recouped in the March collections.

Motor vehicle excise tax collections were \$146,202 above February projections. Biennium-to-date collections are now \$1.8 million or 4.6 percent ahead of projections.

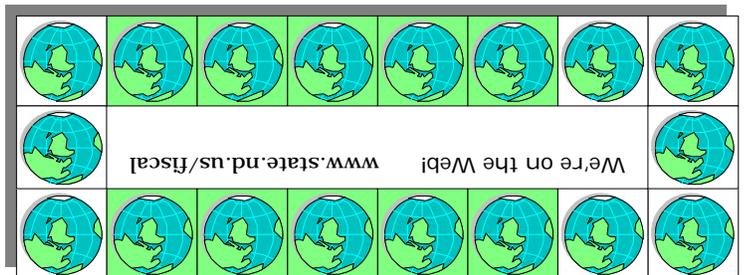
Individual income tax collections fell below projections by \$3.6 million or 21.0 percent. It is difficult to predict the cashflows of individual income tax collections during the tax filing season. Once April collections are received, we will be able to see a better picture of the 2002 tax filing season.

Corporate income tax collections exceeded projections by \$271,578 or 12.9 percent, which brings biennium-to-date collections short of projections by \$910,470 or 5.5 percent.

Insurance premium tax collections fell short by \$467,882 or 18.0 percent in February, however, this is due to timing and is expected to be made up in the March collections. Biennium-to-date collections are \$420,478 or 4.2 percent behind projections.

Oil and gas production tax collections fell short of projections by \$115,648 while oil extraction tax collections fell short of projections by \$351,927. Now that the price of oil is increasing again, we should start to see positive variances soon.

Mineral leasing fees reported collections of only \$19.13. The February fees will show up in the March revenues.



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

