

February 2003



North Dakota

REV-E-NEWS

**From Pam Sharp, Interim Director
Office of Management and Budget
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January revenue collections were \$2.8 million ahead of projections as a result of strong individual income tax collections and strong oil tax collections.

According to *Economy.com*, the U.S. economy is just barely skirting recession. The odds that the economy could soon be back in recession continue to be one-in-three. Any measurable improvement in the economy is incumbent upon the successful resolution to the Iraqi conflict. Oil prices are expected to spurt briefly to near \$40 per barrel at the start of the conflict, but quickly fall back closer to \$25 per barrel as it becomes apparent that



the U.S. is in control of Iraq's oil fields. Confidence is expected to rebound soon thereafter, igniting a stronger global economic rebound.

The 2003 legislative forecast will be presented to the Legis-

“Any measurable improvement in the economy is incumbent upon the successful resolution to the Iraqi conflict.”

lature on March 7, 2003. Steve Cochrane, from *Economy.com* will make a presentation about the national economy as well as North Dakota's economy and will be available to answer questions regarding assumptions on which the revenue forecast is based.

Oil Activity

Oil production in North Dakota for the month of December was estimated at 83,180 barrels per day, down from the November average production of 84,487 per day.

North Dakota has 10 oil rigs operating compared to 8 one year ago. Even though oil prices are strong, there is no indication that rig count will increase significantly over the next six months.

The current price of oil is in the range of \$31 per barrel.

Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to November 2002 Executive Forecast
2001-03 BIENNIUM
January 2003

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	November 2002 Executive Forecast	Actual	Variance	Percent	November 2002 Executive Forecast	Actual	Variance	Percent
Sales Tax	31,388,000.00	\$ 31,377,648.35	\$ (10,351.65)	0.0%	\$ 512,734,587.00	\$ 511,156,671.52	\$ (1,577,915.48)	-0.3%
Motor Vehicle Excise Tax	5,317,000.00	5,225,787.32	(91,212.68)	-1.7%	96,956,695.00	95,444,068.36	(1,512,626.64)	-1.6%
Individual Income Tax	29,616,000.00	32,738,064.00	3,122,064.00	10.5%	305,591,631.00	308,717,035.48	3,125,404.48	1.0%
Corporate Income Tax	4,528,000.00	3,199,063.24	(1,328,936.76)	-29.3%	57,122,874.00	56,486,785.87	(636,088.13)	-1.1%
Insurance Premium Tax	25,000.00	4,478.02	(20,521.98)	-82.1%	31,595,376.00	31,922,620.57	327,244.57	1.0%
Financial Institutions Tax	100,000.00	71,974.40	(28,025.60)	-28.0%	3,082,058.00	2,827,422.44	(254,635.56)	-8.3%
Oil & Gas Production Tax	1,601,000.00	2,475,373.20	874,373.20	54.6%	31,683,966.00	33,094,438.18	1,410,472.18	4.5%
Gaming Tax	900,000.00	1,274,195.41	374,195.41	41.6%	21,145,281.00	21,659,093.00	513,812.00	2.4%
Interest Income	236,000.00	11,703.96	(224,296.04)	-95.0%	6,994,888.00	6,504,737.21	(490,150.79)	-7.0%
Oil Extraction Tax	1,056,000.00	1,190,636.73	134,636.73	12.7%	17,875,648.00	18,133,567.35	257,919.35	1.4%
Cigarette & Tobacco Tax	1,502,000.00	1,429,756.79	(72,243.21)	-4.8%	32,058,530.00	31,851,438.74	(207,091.26)	-0.6%
Departmental Collections	4,370,000.00	4,289,242.02	(80,757.98)	-1.8%	49,157,273.00	49,361,413.79	204,140.79	0.4%
Wholesale Liquor Tax	490,000.00	544,775.25	54,775.25	11.2%	8,930,220.00	8,948,433.59	18,213.59	0.2%
Coal Conversion Tax	2,099,000.00	2,111,867.41	12,867.41	0.6%	37,524,496.00	37,500,792.92	(23,703.08)	-0.1%
Mineral Leasing Fees	300,000.00	407,592.51	107,592.51	35.9%	4,975,495.00	5,167,668.13	192,173.13	3.9%
Bank of North Dakota-Transfer					45,000,000.00	45,000,000.00		0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	170,424.00	170,424.00		0.0%	1,192,968.00	1,192,968.00	-	0.0%
Other Transfers	18,733,820.00	18,733,939.54	119.54	0.0%	18,805,069.00	18,818,379.46	13,310.46	0.1%
Total Revenues and Transfers	102,432,244.00	105,256,522.15	2,824,278.15	2.8%	1,282,427,055.00	1,283,787,534.61	1,360,479.61	0.1%

**COMPARISON TO PREVIOUS BIENNIUM REVENUES
2001-03 BIENNIUM
JANUARY 2003**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	January <u>2001</u>	January <u>2003</u>	<u>Variance</u>	<u>Percent</u>	<u>1999-01</u>	<u>2001-03</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	\$ 30,606,147.89	\$ 31,377,648.35	\$ 771,500.46	2.5%	\$ 488,468,767.96	\$ 511,156,671.52	\$ 22,687,903.56	4.6%
Motor Vehicle Excise Tax	3,530,305.79	5,225,787.32	1,695,481.53	48.0%	87,245,166.75	95,444,068.36	8,198,901.61	9.4%
Individual Income Tax	36,293,061.73	32,738,064.38	(3,554,997.35)	-9.8%	308,369,656.52	308,717,035.48	347,378.96	0.1%
Corporate Income Tax	2,053,581.45	3,199,063.24	1,145,481.79	55.8%	62,904,424.11	56,486,785.87	(6,417,638.24)	-10.2%
Insurance Premium Tax	9,887.06	4,478.02	(5,409.04)	-54.7%	26,671,898.26	31,922,620.57	5,250,722.31	19.7%
Financial Insitutions Tax	176,822.84	71,974.40	(104,848.44)	-59.3%	2,512,422.00	2,827,422.44	315,000.44	12.5%
Oil & Gas Production Tax	3,078,227.27	2,475,373.20	(602,854.07)	-19.6%	35,939,897.89	33,094,438.18	(2,845,459.71)	-7.9%
Gaming Tax	906,981.00	1,274,195.41	367,214.41	40.5%	20,765,592.85	21,659,093.00	893,500.15	4.3%
Interest Income	653,003.48	11,703.96	(641,299.52)	-98.2%	14,805,620.90	6,504,737.21	(8,300,883.69)	-56.1%
Oil Extraction Tax	1,566,841.23	1,190,636.73	(376,204.50)	-24.0%	22,073,635.30	18,133,567.35	(3,940,067.95)	-17.8%
Cigarette & Tobacco Tax	1,506,607.56	1,429,756.79	(76,850.77)	-5.1%	33,619,809.99	31,851,438.74	(1,768,371.25)	-5.3%
Departmental Collections	4,520,934.63	4,289,242.02	(231,692.61)	-5.1%	33,949,432.18	49,361,413.79	15,411,981.61	45.4%
Wholesale Liquor Tax	467,525.08	544,775.25	77,250.17	16.5%	8,166,633.38	8,948,433.59	781,800.21	9.6%
Coal Severance Tax	1,010,392.48	0.00	(1,010,392.48)	-100.0%	17,735,050.52	775,793.99	(16,959,256.53)	-95.6%
Coal Conversion Tax	1,145,832.34	2,111,867.41	966,035.07	84.3%	19,956,761.42	36,724,998.93	16,768,237.51	84.0%
Mineral Leasing Fees	464,985.20	407,592.51	(57,392.69)	-12.3%	6,307,121.95	5,167,668.13	(1,139,453.82)	-18.1%
Bank of North Dakota-Transfer					15,000,000.00	45,000,000.00	30,000,000.00	200.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	172,576.00	170,424.00		0.0%	1,208,032.00	1,192,968.00	(15,064.00)	-1.2%
Other Transfers	1,637.00	18,733,939.54	18,732,302.54	0.0%	2,142,859.30	18,818,379.46	16,675,520.16	778.2%
Total Revenues and Transfers	88,165,350.03	105,256,522.53	17,091,172.50	19.4%	1,207,842,783.28	1,283,787,534.61	75,944,751.33	6.3%

Revenue Variances

The following comments are based on the January revenue collections compared to the November 2002 executive revenue forecast.

Sales tax collections fell below monthly projections by only \$10,352, which now brings the biennium-to-date collections to \$1.6 million or 0.3 percent less than biennium-to-date projections.

Motor vehicle excise tax collections fell below forecast by \$91,213 or 1.7 percent for the month of January. Biennium-to-date collections are now \$1.5 million or 1.6 percent less than projections.

Individual income tax collections exceeded the monthly forecast for January by \$3.1 million or 10.5 percent, which brings the biennium-to-date collections to \$3.1 million or 1.0 percent ahead of projections.

Corporate income tax collections fell below forecast by \$1.3 million or 29.3 percent in January. Biennium-to-date collections for corporate income tax collections are now \$636,088 or 1.1 percent below projections.

Oil and gas production tax collections exceeded the monthly projection by \$874,373 or 54.6 percent, while collections for the oil extraction gas tax exceeded projections by \$134,637. Biennium-to-date collections for the oil tax collections combined are \$1.7 million ahead of projections.

Two large transfers to the general fund were made in January. The Water Development Trust Fund transferred \$9.7 million to the general fund, which was required by the 2001 Legislative Assembly. In addition, the Student Loan Trust Fund transferred \$9.0 million to the general fund, also authorized by the 2001 Legislative Assembly.

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