

November 2003



North Dakota

# REV-E-NEWS

**From Pam Sharp, Director  
Office of Management and Budget  
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After the first four months of the 2003-05 biennium, revenue collections for the state of North Dakota are \$19.3 million ahead of projections. Over half of this overage is the result of very strong sales tax collections, while over a fourth of the overage is the result of strong individual income tax collections and withholdings. Strong sales tax collections combined with strong individual income tax withholdings are a very good indicator that North Dakota's economy is growing.

In addition to strong revenue collections, North Dakota posted the lowest unemployment rate in the country, 2.7 percent for September.

Nationally, real gross domestic product (GDP) grew by more than a 5 percent annualized rate during the third quarter and appears on track to grow close to 4 percent in the fourth quarter. Despite the strong growth, the recovery for the national economy remains fragile. Over 2 percent of the job base was lost in the last two and a half years. For the recovery to continue, the national job market must soon improve. Expectations are that the economy's performance will continue to improve. Investor confidence has increased by 15 percent and consumer confidence has also rebounded.

## Oil Activity

The current price of oil is \$26.55 per barrel. North Dakota has 19 oil rigs drilling currently compared to 13 rigs drilling one year ago.

**Have a safe and happy  
Thanksgiving !!**

## Federal Fiscal Relief Payment

The second \$25 million Federal Fiscal Relief payment was received in October. The first \$25 million payment was received in July.

These two payments represent the total amount of the block grants allocated to North Dakota for Temporary State Fiscal Relief. The \$50

million has been deposited into the general fund and will boost the ending fund balance.

North Dakota is also expected to receive approximately \$19.6 million from increased Medicaid reimbursements throughout the biennium.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to the Legislative Forecast**  
**2003-05 BIENNIUM**  
**October 2003**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	March 2003 Forecast	Actual	Variance	Percent	March 2003 Forecast	Actual	Variance	Percent
Sales Tax	30,203,000	33,682,747	3,479,747	11.5%	106,063,000	116,874,515	10,811,515	10.2%
Motor Vehicle Excise Tax	5,809,000	5,758,025	(50,975)	-0.9%	22,086,000	22,571,348	485,348	2.2%
Individual Income Tax	15,783,000	21,619,556	5,836,556	37.0%	61,798,000	67,208,595	5,410,595	8.8%
Corporate Income Tax	2,440,000	3,087,369	647,369	26.5%	2,440,000	3,210,760	770,760	31.6%
Insurance Premium Tax	112,000	307,541	195,541	174.6%	3,462,000	3,506,153	44,153	1.3%
Financial Insitutions Tax		(86,059)	(86,059)	100.0%		18,661	18,661	100.0%
Oil & Gas Production Tax	1,857,000	1,580,069	(276,931)	-14.9%	7,918,000	7,471,982	(446,018)	-5.6%
Gaming Tax	950,000	903,840	(46,160)	-4.9%	3,750,000	3,084,152	(665,848)	-17.8%
Interest Income	371,000	91,924	(279,076)	-75.2%	1,334,000	299,197	(1,034,803)	-77.6%
Oil Extraction Tax	1,259,000	1,136,849	(122,151)	-9.7%	5,367,000	4,862,914	(504,086)	-9.4%
Cigarette & Tobacco Tax	1,564,000	1,760,514	196,514	12.6%	6,664,000	6,783,630	119,630	1.8%
Departmental Collections	3,125,000	3,216,047	91,047	2.9%	11,099,750	15,050,012	3,950,262	35.6%
Wholesale Liquor Tax	496,000	463,106	(32,894)	-6.6%	2,066,000	2,011,831	(54,169)	-2.6%
Coal Conversion Tax	1,953,000	2,007,483	54,483	2.8%	8,096,000	8,316,754	220,754	2.7%
Mineral Leasing Fees	350,000	486,985	136,985	39.1%	980,000	1,218,061	238,061	24.3%
Bank of North Dakota-Transfer								
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	174,525	174,525		0.0%	349,050	349,050	-	0.0%
Other Transfers		1,868	1,868	100.0%	13,410,000	13,424,159	14,159	0.1%
<b>Total</b>	<b>66,446,525</b>	<b>76,192,390</b>	<b>9,745,865</b>	<b>14.7%</b>	<b>256,882,800</b>	<b>276,261,775</b>	<b>19,378,975</b>	<b>7.5%</b>
Federal Fiscal Relief Payments		25,000,000				50,000,000		
<b>Total Revenues and Transfers</b>	<b>66,446,525</b>	<b>101,192,390</b>	<b>34,745,865</b>	<b>52.3%</b>	<b>256,882,800</b>	<b>326,261,775</b>	<b>69,378,975</b>	<b>27.0%</b>

**COMPARISON TO PREVIOUS BIENNIUM REVENUES  
2003-05 BIENNIUM  
October 2003**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	October 2001	October 2003	Variance	Percent	2001-03	2003-05	Variance	Percent
Sales Tax	32,899,379	33,682,747	783,368	2.4%	103,939,790	116,874,515	12,934,726	12.4%
Motor Vehicle Excise Tax	6,437,072	5,758,025	(679,046)	-10.5%	21,147,719	22,571,348	1,423,629	6.7%
Individual Income Tax	16,392,039	21,619,556	5,227,517	31.9%	60,073,044	67,208,595	7,135,551	11.9%
Corporate Income Tax	3,135,316	3,087,369	(47,947)	-1.5%	3,305,308	3,210,760	(94,548)	-2.9%
Insurance Premium Tax	77,240	307,541	230,301	298.2%	2,268,699	3,506,153	1,237,454	54.5%
Financial Institutions Tax	190,977	(86,059)	(277,036)	-145.1%	373,525	18,661	(354,864)	-95.0%
Oil & Gas Production Tax*	1,813,740	1,580,069	(233,671)	-13.0%	6,585,686	7,471,982	886,295	13.5%
Gaming Tax	957,139	903,840	(53,299)	-5.6%	3,929,304	3,084,152	(845,152)	-21.5%
Interest Income	557,793	91,924	(465,869)	-83.5%	2,008,819	299,197	(1,709,622)	-85.1%
Oil Extraction Tax*	1,313,166	1,136,849	(176,317)	-13.4%	4,083,234	4,862,914	779,680	19.1%
Cigarette & Tobacco Tax	1,634,242	1,760,514	126,272	7.7%	7,246,981	6,783,630	(463,351)	-6.4%
Departmental Collections	1,054,049	3,216,047	2,161,998	205.1%	11,916,733	15,050,012	3,133,279	26.3%
Wholesale Liquor Tax	405,856	463,106	57,250	14.1%	1,853,457	2,011,831	158,374	8.5%
Coal Conversion Tax	1,856,734	2,007,483	150,749	8.1%	7,557,409	8,316,754	759,346	10.0%
Mineral Leasing Fees	318,728	486,985	168,258	52.8%	966,729	1,218,061	251,332	26.0%
Bank of North Dakota-Transfer							-	
State Mill & Elevator-Transfer			-				-	
Gas Tax Admin-Transfer	170,424	174,525	4,101	2.4%	340,848	349,050	8,202	2.4%
Other Transfers	66	1,868	1,802	100.0%	62,449	13,424,159	13,361,710	21396.2%
<b>Total</b>	<b>69,213,960</b>	<b>76,192,390</b>	<b>6,978,430</b>	<b>10.1%</b>	<b>237,659,735</b>	<b>276,261,775</b>	<b>38,602,040</b>	<b>16.2%</b>
Federal Fiscal Relief Payments		25,000,000				50,000,000	50,000,000	100.0%
<b>Total Revenues and Transfers</b>	<b>69,213,960</b>	<b>101,192,390</b>	<b>6,978,430</b>	<b>10.1%</b>	<b>237,659,735</b>	<b>326,261,775</b>	<b>88,602,040</b>	<b>37.3%</b>

# Revenue Variances

October revenues exceeded monthly projections by \$9.7 million, excluding the \$25 million Federal Fiscal Relief Payment.

For the second month in a row, sales tax collections were very strong. October sales tax collections exceeded monthly projections by \$3.5 million or 11.5 percent, bringing the biennium-to-date collections to \$10.8 million or 10.2 percent over projections. Almost all of this overage is attributed to strong collections in the last two months.

Motor vehicle excise tax collections fell short of projections by \$50,975. Biennium-to-date collections are now \$485,348 or 2.2 percent ahead of projections.

Individual income tax collections exceeded October projections by \$5.8 million or 37.0 percent. At least \$2 million of this overage is solidly attributed to strong individual income tax with-

holdings, while the remainder is likely a combination of increased withholdings and the timing of the collections.

Corporate income tax collections exceeded monthly projections by \$647,369 or 26.5 percent. Biennium-to-date collections are now \$770,760 or 31.6 percent ahead of projections.

Oil and gas production tax collections fell short of the monthly projection by \$276,931 while oil extraction tax collections fell short of projections by \$122,151. The shortage is attributed to lower than projected production.

Comments or Questions???

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