

January 2004

2004

North Dakota
REV-E-NEWS

**From Pam Sharp, Director
Office of Management and Budget
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December was a very positive month for state revenues, which exceeded projections by more than 14 percent. Biennium to date revenue collections exceed legislative projections by nearly \$15 million. In addition

Economy.com, the econometric forecasting firm used by the state, predicts that 2004 “will be characterized by strong growth, an improving job market, low inflation, and another solid gain in the stock market.”

tion to regular revenues, the state has received \$50 million in federal fiscal relief payments. When considering these federal payments, general fund revenues exceed projections by nearly \$65 million, or 17 percent.

Unemployment remains exceptionally low in North Dakota. The November 2003 unemployment rate was only 3.2 percent, a significant decrease from the 4.3 percent rate just

one year ago. The national unemployment rate in November 2003 was 5.9 percent.

Economy.com, the econometric forecasting firm used by the state, predicts that 2004 “will be characterized by strong growth, an improving job market, low inflation, and another solid gain in the stock market.” Real gross domestic product (GDP) is expected to grow by more than 4 percent, up from 3 percent in 2003, and 2.5 percent in 2002. Interest rates, which are expected to increase during the year, are anticipated to be the principal constraint on the economy’s growth in 2004.

Although North Dakota generally enjoys a more stable economy than the nation as a whole, national trends are reflected in the state’s economy. A positive national outlook for 2004 is good news for the North Dakota economy as well.

Oil Activity

Average North Dakota oil production in November was approximately 78,700 barrels per day, up slightly from October production of 78,556 barrels per day.

As of mid-January 2004, oil prices are edging upward toward \$30 per barrel and the rig count is at 13 rigs, three more than one year ago.



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

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	March 2003 Forecast	Actual	Variance	Percent	March 2003 Forecast	Actual	Variance	Percent
Sales Tax	26,068,000	30,593,682	4,525,682	17.4%	161,049,000	172,175,625	11,126,625	6.9%
Motor Vehicle Excise Tax	4,761,000	4,711,223	(49,777)	-1.0%	31,518,000	31,673,083	155,083	0.5%
Individual Income Tax	4,277,000	5,433,928	1,156,928	27.0%	82,364,000	85,448,867	3,084,867	3.7%
Corporate Income Tax	5,083,000	5,230,389	147,389	2.9%	9,169,000	8,533,575	(635,425)	-6.9%
Insurance Premium Tax	1,900,000	2,935,194	1,035,194	54.5%	9,012,000	9,311,243	299,243	3.3%
Financial Institutions Tax		(275,435)	(275,435)	100.0%		(500,698)	(500,698)	100.0%
Oil & Gas Production Tax	1,822,000	2,075,248	253,248	13.9%	11,545,000	11,006,246	(538,754)	-4.7%
Gaming Tax	350,000	21,902	(328,098)	-93.7%	5,900,000	5,580,449	(319,551)	-5.4%
Interest Income	371,000	98,448	(272,552)	-73.5%	2,076,000	460,510	(1,615,490)	-77.8%
Oil Extraction Tax	1,234,000	1,163,136	(70,864)	-5.7%	7,825,000	6,948,797	(876,203)	-11.2%
Cigarette & Tobacco Tax	1,530,000	2,061,592	531,592	34.7%	9,854,000	10,540,129	686,129	7.0%
Departmental Collections	1,200,000	2,041,497	841,497	70.1%	15,624,750	18,737,077	3,112,327	19.9%
Wholesale Liquor Tax	489,000	432,910	(56,090)	-11.5%	3,013,000	3,033,520	20,520	0.7%
Coal Conversion Tax	2,030,000	2,073,309	43,309	2.1%	12,162,000	12,482,450	320,450	2.6%
Mineral Leasing Fees	(70,000)	(62,604)	7,396	0.0%	1,260,000	1,588,615	328,615	26.1%
Bank of North Dakota-Transfer								
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					349,050	349,050	-	0.0%
Other Transfers		7,754	7,754	100.0%	13,410,000	13,432,572	22,572	0.2%
Total	51,045,000	58,542,173	7,497,173	14.7%	376,130,800	390,801,110	14,670,310	3.9%
Federal Fiscal Relief Payments						50,000,000	50,000,000	100.0%
Total Revenues and Transfers	51,045,000	58,542,173	7,497,173	14.7%	376,130,800	440,801,110	64,670,310	17.2%

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

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	December 2001	December 2003	Variance	Percent	2001-03	2003-05	Variance	Percent
Sales Tax	24,834,868	30,593,682	5,758,814	23.2%	159,343,311	172,175,625	12,832,314	8.1%
Motor Vehicle Excise Tax	5,049,831	4,711,223	(338,608)	-6.7%	31,604,984	31,673,083	68,099	0.2%
Individual Income Tax	4,123,407	5,433,928	1,310,521	31.8%	80,028,142	85,448,867	5,420,725	6.8%
Corporate Income Tax	4,976,530	5,230,389	253,859	5.1%	9,652,161	8,533,575	(1,118,586)	-11.6%
Insurance Premium Tax	1,763,051	2,935,194	1,172,143	66.5%	7,328,426	9,311,243	1,982,817	27.1%
Financial Institutions Tax	(299,025)	(275,435)	23,590	-7.9%	361,879	(500,698)	(862,577)	-238.4%
Oil & Gas Production Tax	1,147,750	2,075,248	927,498	80.8%	9,286,166	11,006,246	1,720,080	18.5%
Gaming Tax	359,383	21,902	(337,481)	-93.9%	6,242,938	5,580,449	(662,489)	-10.6%
Interest Income	221,398	98,448	(122,950)	-55.5%	2,522,454	460,510	(2,061,944)	-81.7%
Oil Extraction Tax	614,069	1,163,136	549,067	89.4%	5,635,597	6,948,797	1,313,200	23.3%
Cigarette & Tobacco Tax	1,659,237	2,061,592	402,355	24.2%	10,691,575	10,540,129	(151,446)	-1.4%
Departmental Collections	1,729,509	2,041,497	311,988	18.0%	14,845,639	18,737,077	3,891,438	26.2%
Wholesale Liquor Tax	433,806	432,910	(896)	-0.2%	2,808,746	3,033,520	224,774	8.0%
Coal Conversion Tax	1,936,079	2,073,309	137,230	7.1%	11,456,351	12,482,450	1,026,099	9.0%
Mineral Leasing Fees	98,828	(62,604)	(161,432)	-163.3%	1,299,201	1,588,615	289,414	22.3%
Bank of North Dakota-Transfer	15,000,000		(15,000,000)	-100.0%	15,000,000		(15,000,000)	-100.0%
State Mill & Elevator-Transfer			-				-	
Gas Tax Admin-Transfer					340,848	349,050	8,202	2.4%
Other Transfers		7,754	7,754	100.0%	68,240	13,432,572	13,364,332	19584.3%
Total	63,648,721	58,542,173	(5,106,548)	-8.0%	368,516,658	390,801,110	22,284,452	6.0%
Federal Fiscal Relief Payments						50,000,000	50,000,000	100.0%
Total Revenues and Transfers	63,648,721	58,542,173	(5,106,548)	-8.0%	368,516,658	440,801,110	72,284,452	19.6%

Revenue Variances

Through December 2003, biennium-to-date revenue collections exceed legislative projections by over \$14.6 million, excluding the impact of the \$50 million of federal fiscal relief payments received by the state. Collections for the month of December exceeded projections by nearly \$7.5 million.

Sales and use tax collections for the month exceeded projections by more than \$4.5 million, or 17.4 percent. This is primarily a timing issue, offset by November sales tax collections, which were slightly less than forecasted.

Individual income tax collections were \$1.2 million more than forecasted for the month. This reflects an increase in estimated tax payments received by the Tax Department in December.

Biennium-to-date collections exceed projections by approximately \$3.1 million, or 3.7 percent. Due to a large number of refund requests, net corporate income tax collections are slightly less than

forecasted for the biennium to date. However, December collections exceeded projections by 2.9 percent.

Insurance premium tax collections were \$1.0 million more than estimated for the month and are 3.3 percent more than projected for the biennium to date. This reflects a timing issue, correcting a negative variance for the month of November.

Cigarette and tobacco tax collections for the month exceeded projections by over \$500,000, or nearly 35 percent.

Comments or Questions???

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