

# North Dakota REV-E-NEWS



**Pam Sharp, Director**

**August 2015**

**OFFICE OF MANAGEMENT AND BUDGET  
600 EAST BOULEVARD AVE — DEPT. 110 BISMARCK, ND 58505-0400**

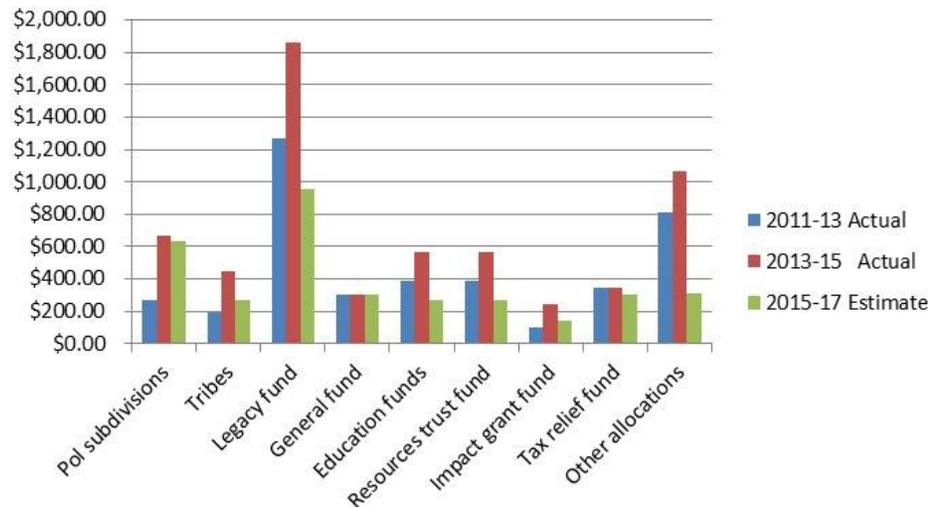
## MESSAGE FROM THE DIRECTOR

Crude oil production in North Dakota surpassed 1 million barrels per day in April 2014 and has continued to climb to over 1.2 million barrels per day in June 2015. However, the actual average price received per barrel for North Dakota crude has decreased significantly over the course of the 2013-15 biennium from \$97 in July 2013 to \$52.14 in June 2015. Even with the decline in price, the actual oil and gas tax revenues distributed in the 2013-15 biennium to state funds, political subdivisions and the Three Affiliated Tribes totaled \$6.04 billion, exceeding the May 2013 legislative oil revenue forecast by over \$760 million.

The May 2015 legislative oil revenue forecast for the 2015-17 biennium is based on oil production holding steady at 1.1 million barrels per day. Crude oil prices are projected to average \$46 during the first year of the biennium and \$51 in the second year. Based on the low oil prices, the

May 2015 legislative forecast of \$3.43 billion anticipated a reduction in the oil extraction tax rate from 6.5 percent to 1.0 percent for the first eleven months of the biennium. A slight rebound in oil prices in May 2015 prevented the reduction in the oil extraction tax which could result in additional oil tax revenue if production and prices meet or exceed the estimates.

The table below compares actual oil and gas tax revenues for the 2011-13 and 2013-15 bienniums to the May 2015 legislative revenue forecast for the 2015-17 biennium.



## OIL ACTIVITY



### Statistical Information

	June 2015	May 2015	Apr 2015
Actual average price per barrel	\$52.14	\$50.09	\$44.38
Production (barrels/day)	1,211,178	1,202,615	1,169,045
Drilling permits	192	150	168
Producing wells	12,864	12,679	12,545
Rig count	78	83	91

### Tax Allocations (in Millions)

	Biennium to Date July 31, 2015
Political subs	\$664.7
Tribes	443.1
Legacy fund	1,860/-
General fund	300.0
Education funds	564.5
Resources trust fund	564.5
Oil and gas impact fund	240.0
Property tax relief fund	341.8
Other allocations	1,065.0
<b>Total</b>	<b>\$6,043.6</b>

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to the Legislative Forecast**  
**2015-17 Biennium**  
**July 2015**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	May 2015 Leg. Forecast	Actual	Variance	Percent	May 2015 Leg. Forecast	Actual	Variance	Percent
Sales Tax	112,496,000	104,529,052	(7,966,948)	-7.1%	112,496,000	104,529,052	(7,966,948)	-7.1%
Motor Vehicle Excise Tax	12,404,000	10,608,599	(1,795,401)	-14.5%	12,404,000	10,608,599	(1,795,401)	-14.5%
Individual Income Tax	51,611,000	66,518,892	14,907,892	28.9%	51,611,000	66,518,892	14,907,892	28.9%
Corporate Income Tax	0	908,524	908,524	100.0%	0	908,524	908,524	100.0%
Insurance Premium Tax	189,020	0	(189,020)	-100.0%	189,020	0	(189,020)	-100.0%
Financial Institutions Tax	0	26,670	26,670	-100.0%	0	26,670	26,670	-100.0%
Oil & Gas Production Tax	0	0	0		0	0	0	
Oil Extraction Tax	0	0	0		0	0	0	
Gaming Tax	225,920	271,055	45,135	20.0%	225,920	271,055	45,135	20.0%
Lottery	0	0	0		0	0	0	
Cigarette & Tobacco Tax	2,716,000	2,800,380	84,380	3.1%	2,716,000	2,800,380	84,380	3.1%
Wholesale Liquor Tax	828,000	992,655	164,655	19.9%	828,000	992,655	164,655	19.9%
Coal Conversion Tax	0	0	0		0	0	0	
Mineral Leasing Fees	819,488	784,594	(34,894)	-4.3%	819,488	784,594	(34,894)	-4.3%
Departmental Collections	1,651,245	1,150,249	(500,996)	-30.3%	1,651,245	1,150,249	(500,996)	-30.3%
Interest Income	92,955	144,152	51,197	55.1%	92,955	144,152	51,197	55.1%
State Mill & Elevator-Transfer		0				0		
Major Special Fund Transfers	657,000,000	657,000,000	0	0.0%	657,000,000	657,000,000	0	0.0%
Other Transfers	253,812	253,812	0	0.0%	253,812	253,812	0	0.0%
<b>Total Revenues and Transfers</b>	<b>840,287,440</b>	<b>845,988,636</b>	<b>5,701,196</b>	<b>0.7%</b>	<b>840,287,440</b>	<b>845,988,636</b>	<b>5,701,196</b>	<b>0.7%</b>

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
*Compared to the Previous Biennium Revenues*  
**2015-17 Biennium**  
**July 2015**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	July 2013	July 2015	Variance	Percent	2013-15	2015-17	Variance	Percent
Sales Tax	122,013,803	104,529,052	(17,484,751)	-14.3%	122,013,803	104,529,052	(17,484,751)	-14.3%
Motor Vehicle Excise Tax	11,376,193	10,608,599	(767,593)	-6.7%	11,376,193	10,608,599	(767,593)	-6.7%
Individual Income Tax	68,259,114	66,518,892	(1,740,222)	-2.5%	68,259,114	66,518,892	(1,740,222)	-2.5%
Corporate Income Tax	366,627	908,524	541,896	147.8%	366,627	908,524	541,896	147.8%
Insurance Premium Tax	190,456	0	(190,456)	-100.0%	190,456	0	(190,456)	-100.0%
Financial Institutions Tax	(2,304)	26,670	28,974	-1257.6%	(2,304)	26,670	28,974	-1257.6%
Oil & Gas Production Tax		0						
Oil Extraction Tax		0						
Gaming Tax	226,507	271,055	44,548	19.7%	226,507	271,055	44,548	19.7%
Lottery		0						
Cigarette & Tobacco Tax	2,341,670	2,800,380	458,710	19.6%	2,341,670	2,800,380	458,710	19.6%
Wholesale Liquor Tax	846,424	992,655	146,232	17.3%	846,424	992,655	146,232	17.3%
Coal Conversion Tax		0						
Mineral Leasing Fees	1,541,929	784,594	(757,335)	-49.1%	1,541,929	784,594	(757,335)	-49.1%
Departmental Collections	1,120,325	1,150,249	29,925	2.7%	1,120,325	1,150,249	29,925	2.7%
Interest Income	86,533	144,152	57,620	66.6%	86,533	144,152	57,620	66.6%
State Mill & Elevator-Transfer		0						
Major Special Fund Transfers	341,790,000	657,000,000	315,210,000	92.2%	341,790,000	657,000,000	315,210,000	92.2%
Other Transfers	388,691	253,812	(134,879)	-34.7%	388,691	253,812	(134,879)	-34.7%
<b>Total Revenues and Transfers</b>	<b>550,545,968</b>	<b>845,988,636</b>	<b>295,442,668</b>	<b>53.7%</b>	<b>550,545,968</b>	<b>845,988,636</b>	<b>295,442,668</b>	<b>53.7%</b>

## VARIANCES

July 2015 marks the beginning of the 2015-17 biennium. Revenues started the biennium on a positive note totaling \$846.0 million, which exceeded the monthly forecast by approximately \$5.7 million, or 0.7 percent, and is 53.7 percent higher than July 2013. Significant monthly variances are as follows:

- **Sales tax** collections of \$104.5 million were \$8.0 million, or 7.1 percent, less than anticipated for the month, and 14.3 percent less than the previous biennium.
- **Motor vehicle excise tax** collections of \$10.6 million were 14.5 percent, or \$1.8 million, below the forecast for the month. July 2015 amounts are approximately \$770,000 less than July 2013 collections.
- **Individual income tax** collections totaling \$66.5 exceeded the forecast by a large margin -- \$14.9 million, or 28.9 percent. Tax rate reductions and above average set-aside for refund reserves resulted in collections that were 2.5 percent lower than July 2013.