

OIL TAX REVENUE COLLECTIONS AND ALLOCATIONS SUMMARY

This memorandum provides a summary of oil tax revenue collections, oil production and prices, and oil tax revenue allocations. The first page compares the current month to the previous month. The second page compares the biennium to date for the 2013-15 biennium to the same number of months for the 2011-13 biennium. The third page provides a comparison of actual and forecasted collections and allocations. The fourth page provides information on the distribution of oil and gas gross production tax collections to political subdivisions for the current month and for the biennium to date.

MONTHLY SUMMARY Oil Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil tax revenue collections for the months of July and August 2014.

	July 2014	August 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$143,847,208	\$147,026,175	\$3,178,967	2.2%
Oil extraction tax	173,481,260	175,530,949	2,049,689	1.2%
Total actual collections	\$317,328,468	\$322,557,124	\$5,228,656	1.6%
Forecasted collections				
Oil and gas gross production tax	\$94,278,785	\$97,320,036	\$3,041,251	3.2%
Oil extraction tax	123,509,696	127,493,880	3,984,184	3.2%
Total forecasted collections	\$217,788,481	\$224,813,916	\$7,025,435	3.2%
Increase (decrease) to forecast				
Amount	\$99,539,987	\$97,743,208		
Percentage	45.7%	43.5%		

Oil Production and Prices

The schedule below provides information on actual and forecasted average daily production and average daily price of oil per barrel for the months of May and June 2014. Monthly oil tax revenue collections reflect production from two months prior. For example, August 2014 oil tax revenue collections relate to June 2014 oil production.

	May 2014	June 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,040,469	1,092,617	52,148	5.0%
Average daily price of oil per barrel	\$88.31	\$90.03	\$1.72	1.9%
Forecasted average daily production and price				
Average daily production of oil in barrels	850,000	850,000	0	0.0%
Average daily price of oil per barrel	\$75.00	\$80.00	\$5.00	6.7%

Oil Tax Revenue Allocations

The schedule below provides information on the total oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the months of July and August 2014.

	July 2014	August 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$111,811,809	\$113,720,871	\$1,909,062	1.7%
Three Affiliated Tribes	22,931,242	23,114,976	183,734	0.8%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	20,360,281	19,941,841	(418,440)	(2.1%)
Political subdivisions	30,684,689	31,298,467	613,778	2.0%
Abandoned well reclamation fund	0	993,848	993,848	N/A
North Dakota heritage fund	969,873	993,848	23,975	2.5%
Foundation aid stabilization fund	15,023,150	15,212,861	189,711	1.3%
Common schools trust fund	15,023,150	15,212,861	189,711	1.3%
Resources trust fund	30,046,299	30,425,723	379,424	1.3%
General fund	0	0	0	N/A
Property tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	70,477,975	71,641,828	1,163,853	1.7%
State disaster fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$317,328,468	\$322,557,124	\$5,228,656	1.6%

BIENNIUM-TO-DATE SUMMARY - COMPARISON

Oil Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil tax revenue collections for the first 13 months of the 2011-13 and 2013-15 bienniums.

	August 2013 Through August 2014	August 2011 Through August 2012	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$1,639,944,439	\$867,313,104	\$772,631,335	89.1%
Oil extraction tax	1,930,210,293	943,513,511	986,696,782	104.6%
Total actual collections	\$3,570,154,732	\$1,810,826,615	\$1,759,328,117	97.2%
Forecasted collections				
Oil and gas gross production tax	\$1,199,719,902	\$542,603,232	\$657,116,670	121.1%
Oil extraction tax	1,571,690,181	519,994,764	1,051,695,417	202.3%
Total forecasted collections	\$2,771,410,083	\$1,062,597,996	\$1,708,812,087	160.8%
Increase (decrease) to forecast				
Amount	\$798,744,649	\$748,228,619		
Percentage	28.8%	70.4%		

Oil Production and Prices

The schedule below provides information on actual and forecasted average daily production and average daily price of oil per barrel for the first 13 months of 2011-13 and 2013-15 bienniums. Monthly oil tax revenue collections reflect production from two months prior. For example, August 2014 oil tax revenue collections relate to June 2014 oil production.

	June 2013 Through June 2014	June 2011 Through June 2012	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	953,116	526,893	426,223	80.9%
Average daily price of oil per barrel	\$85.42	\$82.97	\$2.45	3.0%
Forecasted average daily production and price				
Average daily production of oil in barrels	844,615	392,840	451,775	115.0%
Average daily price of oil per barrel	\$75.38	\$69.40	\$5.98	8.6%

Oil Tax Revenue Allocations

The schedule below compares oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the first 13 months of the 2013-15 biennium to the 2011-13 biennium.

	August 2013 Through August 2014	August 2011 Through August 2012	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$1,040,356,814	\$489,798,925	\$550,557,889	112.4%
Three Affiliated Tribes	259,224,887	77,865,338	181,359,549	232.9%
Oil and gas research fund	10,000,000	4,000,000	6,000,000	150.0%
Oil and gas impact grant fund	205,464,275	99,999,999	105,464,276	105.5%
Political subdivisions	377,337,050	124,785,599	252,551,451	202.4%
Abandoned well reclamation fund	5,993,848	N/A	5,993,848	N/A
North Dakota heritage fund	10,954,404	N/A	10,954,404	N/A
Foundation aid stabilization fund	167,780,599	87,114,236	80,666,363	92.6%
Common schools trust fund	167,780,599	87,114,236	80,666,363	92.6%
Resources trust fund	335,561,198	174,228,475	161,332,723	92.6%
General fund	300,000,000	300,000,000	0	0.0%
Property tax relief fund	341,790,000	341,790,000	0	0.0%
Strategic investment and improvements fund	325,911,058	24,129,807	301,781,251	1,250.7%
State disaster fund	22,000,000	0	22,000,000	N/A
Total oil and gas tax revenue allocations	\$3,570,154,732	\$1,810,826,615	\$1,759,328,117	97.2%

COMPARISON OF ACTUAL TO FORECAST - COLLECTIONS AND ALLOCATIONS

Monthly Comparison

The schedule below provides a comparison of actual to forecasted oil tax revenue collections and allocations for the month of August 2014.

	August 2014		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$147,026,175	\$97,320,036	\$49,706,139	51.1%
Oil extraction tax	175,530,949	127,493,880	48,037,069	37.7%
Total actual collections	\$322,557,124	\$224,813,916	\$97,743,208	43.5%
Allocations				
Legacy fund	\$113,720,871	\$76,380,135	\$37,340,736	48.9%
Three Affiliated Tribes	23,114,976	11,700,000	11,414,976	97.6%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	19,941,841	14,217,420	5,724,421	40.3%
Political subdivisions	31,298,467	22,462,541	8,835,926	39.3%
Abandoned well reclamation fund	993,848	744,960	248,888	33.4%
North Dakota heritage fund	993,848	744,960	248,888	33.4%
Foundation aid stabilization fund	15,212,861	11,999,388	3,213,473	26.8%
Common schools trust fund	15,212,861	11,999,388	3,213,473	26.8%
Resources trust fund	30,425,723	23,998,776	6,426,947	26.8%
General fund	0	0	0	N/A
Property tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	71,641,828	37,337,878	34,303,950	91.9%
State disaster fund	0	13,228,470	(13,228,470)	(100.0%)
Total oil and gas tax revenue allocations	\$322,557,124	\$224,813,916	\$97,743,208	43.5%

Biennium-to-Date Comparison

The schedule below provides a comparison of actual to forecasted oil tax revenue collections and allocations for the biennium to date for the 2013-15 biennium.

	2013-15 Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$1,639,944,439	\$1,199,719,902	\$440,224,537	36.7%
Oil extraction tax	1,930,210,293	1,571,690,181	358,520,112	22.8%
Total actual collections	\$3,570,154,732	\$2,771,410,083	\$798,744,649	28.8%
Allocations				
Legacy fund	\$1,040,356,814	\$813,313,028	\$227,043,786	27.9%
Three Affiliated Tribes	259,224,887	143,700,000	115,524,887	80.4%
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	205,464,275	163,922,158	41,542,117	25.3%
Political subdivisions	377,337,050	303,455,235	73,881,815	24.3%
Abandoned well reclamation fund	5,993,848	5,744,960	248,888	4.3%
North Dakota heritage fund	10,954,404	9,180,157	1,774,247	19.3%
Foundation aid stabilization fund	167,780,599	148,019,020	19,761,579	13.4%
Common schools trust fund	167,780,599	148,019,020	19,761,579	13.4%
Resources trust fund	335,561,198	296,038,036	39,523,162	13.4%
General fund	300,000,000	300,000,000	0	0.0%
Property tax relief fund	341,790,000	341,790,000	0	0.0%
Strategic investment and improvements fund	325,911,058	74,999,999	250,911,059	334.5%
State disaster fund	22,000,000	13,228,470	8,771,530	66.3%
Total oil and gas tax revenue allocations	\$3,570,154,732	\$2,771,410,083	\$798,744,649	28.8%

2013-15 BIENNIUM DISTRIBUTIONS TO POLITICAL SUBDIVISIONS - OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for the biennium to date. Distributions of the oil and gas gross production tax to political subdivisions reflect production from two months prior. For example, August 2014 distributions of oil and gas gross production tax collections relate to June 2014 oil production. Distributions to political subdivisions pursuant to the new formula in 2013 House Bill No. 1358 became effective with July 2013 oil production and September 2013 distributions. As a result, this memorandum reports the distributions to political subdivisions for the period September 2013 to August 2015 to reflect 24 months of distributions based on the new formula.

	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014
Counties	\$29,617,443	\$18,978,803	\$16,863,054	\$14,455,833	\$13,413,638	\$13,343,930
Hub cities ¹	6,488,813	4,914,901	4,599,771	4,237,259	4,105,771	4,099,314
Other cities	9,912,791	6,421,354	5,703,480	4,902,388	4,537,578	4,513,164
Hub city school districts	729,167	729,167	729,166	729,167	729,167	729,166
Other school districts	3,001,565	2,146,297	1,940,497	1,746,648	1,546,262	1,525,296
Townships	2,867,537	1,818,269	1,608,184	1,366,505	1,278,846	1,274,544
Total	\$52,617,316	\$35,008,791	\$31,444,152	\$27,437,800	\$25,611,262	\$25,485,414

¹The distributions to the hub cities are as follows:

Williston	\$3,924,535	\$2,980,191	\$2,791,113	\$2,573,606	\$2,494,712	\$2,490,838
Dickinson	1,946,626	1,474,470	1,379,931	1,271,177	1,231,732	1,229,795
Minot	617,652	460,240	428,727	392,476	379,327	378,681
Total	\$6,488,813	\$4,914,901	\$4,599,771	\$4,237,259	\$4,105,771	\$4,099,314

	March 2014	April 2014	May 2014	June 2014	July 2014	August 2014
Counties	\$13,314,242	\$13,802,200	\$15,370,933	\$15,024,278	\$16,491,692	\$16,862,229
Hub cities ¹	4,090,355	4,172,550	4,416,643	4,372,549	4,584,773	4,641,467
Other cities	4,509,851	4,666,021	5,178,719	5,060,276	5,553,376	5,676,267
Hub city school districts	729,167	729,167	729,166	729,167	729,167	729,166
Other school districts	1,549,420	1,525,965	1,626,737	1,572,076	1,727,500	1,753,359
Townships	1,268,570	1,323,368	1,486,094	1,456,700	1,598,181	1,635,979
Total	\$25,461,605	\$26,219,271	\$28,808,292	\$28,215,046	\$30,684,689	\$31,298,467

¹The distributions to the hub cities are as follows:

Williston	\$2,485,463	\$2,534,780	\$2,681,236	\$2,654,780	\$2,782,114	\$2,816,130
Dickinson	1,227,106	1,251,765	1,324,993	1,311,764	1,375,432	1,392,440
Minot	377,786	386,005	410,414	406,005	427,227	432,897
Total	\$4,090,355	\$4,172,550	\$4,416,643	\$4,372,549	\$4,584,773	\$4,641,467

	Biennium-to- Date Total
Counties	\$197,538,275
Hub cities ¹	54,724,166
Other cities	66,635,265
Hub city school districts	8,750,000
Other school districts	21,661,622
Townships	18,982,777
Total	\$368,292,105

¹The distributions to the hub cities are as follows:

Williston	\$33,209,498
Dickinson	16,417,231
Minot	5,097,437
Total	\$54,724,166