

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 2015-17 biennium to the same number of months for the 2013-15 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 November and December 2015.

	November 2015	December 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$63,796,649	\$70,276,500	\$6,479,851	10.2%
Oil extraction tax	66,241,723	76,470,120	10,228,397	15.4%
Total actual collections	\$130,038,372	\$146,746,620	\$16,708,248	12.8%
Forecasted collections				
Oil and gas gross production tax	\$71,406,720	\$74,965,440	\$3,558,720	5.0%
Oil extraction tax	14,876,400	15,617,800	741,400	5.0%
Total forecasted collections	\$86,283,120	\$90,583,240	\$4,300,120	5.0%
Increase (decrease) to forecast				
Amount	\$43,755,252	\$56,163,380		
Percentage	50.7%	62.0%		

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 September and October 2015. Monthly oil tax revenue collections reflect production from 2 months prior. For example, December 2015 oil tax revenue collections relate to October 2015 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	September 2015	October 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,162,159	1,168,950	6,791	0.6%
Average daily price - FHR	\$31.17	\$34.37	\$3.20	10.3%
Average daily price - WTI	\$45.47	\$46.25	\$0.78	1.7%
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	1,100,000	0	0.0%
Average daily price of oil per barrel	\$45.08	\$45.80	\$0.72	1.6%

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 November and December 2015.

	November 2015	December 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$36,388,263	\$40,656,758	\$4,268,495	11.7%
Three Affiliated Tribes	8,744,161	11,224,092	2,479,931	28.4%
Oil and gas research fund	959,016	1,080,774	121,758	12.7%
Oil and gas impact grant fund	3,519,660	4,284,045	764,385	21.7%
Political subdivisions	23,920,876	24,597,427	676,551	2.8%
Abandoned well reclamation fund	442,182	476,926	34,744	7.9%
North Dakota outdoor heritage fund	884,363	953,853	69,490	7.9%
Foundation aid stabilization fund	5,727,736	6,468,265	740,529	12.9%
Common schools trust fund	5,727,736	6,468,265	740,529	12.9%
Resources trust fund	11,455,472	12,936,530	1,481,058	12.9%
General fund	32,268,907	37,599,685	5,330,778	16.5%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$130,038,372	\$146,746,620	\$16,708,248	12.8%

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 5 months of the 2015-17 and 2013-15 bienniums.

	August 2015 Through December 2015	August 2013 Through December 2013	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$376,661,541	\$619,601,099	(\$242,939,558)	(39.2%)
Oil extraction tax	385,266,410	717,362,561	(332,096,151)	(46.3%)
Total actual collections	\$761,927,951	\$1,336,963,660	(\$575,035,709)	(43.0%)
Forecasted collections				
Oil and gas gross production tax	\$356,072,640	\$457,654,626	(\$101,581,986)	(22.2%)
Oil extraction tax	74,181,800	599,549,346	(525,367,546)	(87.6%)
Total forecasted collections	\$430,254,440	\$1,057,203,972	(\$626,949,532)	(59.3%)
Increase (decrease) to forecast				
Amount	\$331,673,511	\$279,759,688		
Percentage	77.1%	26.5%		

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 first 5 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, December 2015 oil tax revenue collections relate to October 2015 oil production.

	June 2015 Through October 2015	June 2013 Through October 2013	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,187,413	897,334	290,079	32.3%
Average daily price - FHR	\$36.44	\$90.76	(\$54.32)	(59.9%)
Average daily price - WTI	\$49.07	\$102.77	(\$53.70)	(52.3%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	836,000	264,000	31.6%
Average daily price of oil per barrel	\$44.07	\$75.00	(\$30.93)	(41.2%)

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 5 months of the 2015-17 biennium to the 2013-15 biennium.

	August 2015 Through December 2015	August 2013 Through December 2013	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$211,195,224	\$372,229,462	(\$161,034,238)	(43.3%)
Three Affiliated Tribes	57,943,332	95,379,589	(37,436,257)	(39.2%)
Oil and gas research fund	5,697,409	10,000,000	(4,302,591)	(43.0%)
Oil and gas impact grant fund	17,275,294	66,352,305	(49,077,011)	(74.0%)
Political subdivisions	137,081,983	155,553,004	(18,471,021)	(11.9%)
Abandoned well reclamation fund	2,564,435	4,107,241	(1,542,806)	(37.6%)
North Dakota outdoor heritage fund	4,478,657	4,107,241	371,416	9.0%
Foundation aid stabilization fund	32,540,038	62,724,983	(30,184,945)	(48.1%)
Common schools trust fund	32,540,038	62,724,983	(30,184,945)	(48.1%)
Resources trust fund	65,080,077	125,449,967	(60,369,890)	(48.1%)
General fund	195,530,931	200,000,000	(4,469,069)	(2.2%)
Tax relief fund	0	178,115,729	(178,115,729)	(100.0%)
Strategic investment and improvements fund	533	219,156	(218,623)	(99.8%)
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$761,927,951	\$1,336,963,660	(\$575,035,709)	(43.0%)

COMPARISON OF ACTUAL TO FORECAST - COLLECTIONS AND ALLOCATIONS

Monthly Comparison

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections and allocations for the month of December 2015.

	December 2015		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$70,276,500	\$74,965,440	(\$4,688,940)	(6.3%)
Oil extraction tax	76,470,120	15,617,800	60,852,320	389.6%
Total actual collections	\$146,746,620	\$90,583,240	\$56,163,380	62.0%
Allocations				
Legacy fund	\$40,656,758	\$24,962,554	\$15,694,204	62.9%
Three Affiliated Tribes	11,224,092	7,374,726	3,849,366	52.2%
Oil and gas research fund	1,080,774	380,267	700,507	184.2%
Oil and gas impact grant fund	4,284,045	6,106,461	(1,822,416)	(29.8%)
Political subdivisions	24,597,427	26,093,074	(1,495,647)	(5.7%)
Abandoned well reclamation fund	476,926	549,347	(72,421)	(13.2%)
North Dakota outdoor heritage fund	953,853	1,098,694	(144,841)	(13.2%)
Foundation aid stabilization fund	6,468,265	1,346,254	5,122,011	380.5%
Common schools trust fund	6,468,265	1,346,254	5,122,011	380.5%
Resources trust fund	12,936,530	2,692,508	10,244,022	380.5%
General fund	37,599,685	18,633,101	18,966,584	101.8%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$146,746,620	\$90,583,240	\$56,163,380	62.0%

Biennium-to-Date Comparison

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections and allocations for the biennium to date for the 2015-17 biennium.

	2015-17 Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$376,661,541	\$356,072,640	\$20,588,901	5.8%
Oil extraction tax	385,266,410	74,181,800	311,084,610	419.4%
Total actual collections	\$761,927,951	\$430,254,440	\$331,673,511	77.1%
Allocations				
Legacy fund	\$211,195,224	\$118,567,737	\$92,627,487	78.1%
Three Affiliated Tribes	57,943,332	35,028,651	22,914,681	65.4%
Oil and gas research fund	5,697,409	1,698,482	3,998,927	235.4%
Oil and gas impact grant fund	17,275,294	22,770,222	(5,494,928)	(24.1%)
Political subdivisions	137,081,983	135,557,952	1,524,031	1.1%
Abandoned well reclamation fund	2,564,435	2,609,300	(44,865)	(1.7%)
North Dakota outdoor heritage fund	4,478,657	5,218,601	(739,944)	(14.2%)
Foundation aid stabilization fund	32,540,038	6,394,471	26,145,567	408.9%
Common schools trust fund	32,540,038	6,394,471	26,145,567	408.9%
Resources trust fund	65,080,077	12,788,940	52,291,137	408.9%
General fund	195,530,931	83,225,613	112,305,318	134.9%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	533	0	533	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$761,927,951	\$430,254,440	\$331,673,511	77.1%

2015-17 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 2 months prior. For example, December 2015 distributions of oil and gas gross production tax collections relate to October 2015 oil production. Distributions to political subdivisions pursuant to the new formula in 2015 House Bill No. 1176 became effective with July 2015 oil production and September 2015 distributions. As a result, this memorandum reports the distributions to political subdivisions for the period September 2015 to August 2017 to reflect 24 months of distributions based on the new formula.

	September 2015	October 2015	November 2015	December 2015	Biennium-to- Date Total
Counties	\$22,132,918	\$10,750,097	\$10,583,996	\$10,987,564	\$54,454,575
Hub cities ¹	7,502,930	5,801,627	5,776,344	5,835,816	24,916,717
Other cities	7,396,411	3,597,603	3,542,509	3,677,819	18,214,342
Hub city school districts	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
Other school districts	2,711,732	1,734,825	1,722,686	1,761,240	7,930,483
Townships	2,196,397	1,062,196	1,045,341	1,084,988	5,388,922
Total	\$43,190,388	\$24,196,348	\$23,920,876	\$24,597,427	\$115,905,039
¹ The distributions to the hub cities are as follows:					
Williston	\$4,039,258	\$3,018,476	\$3,003,307	\$3,038,989	\$13,100,030
Dickinson	2,238,379	1,727,988	1,720,404	1,738,245	7,425,016
Minot	766,959	596,829	594,301	600,248	2,558,337
Mandan	187,500	187,500	187,500	187,500	750,000
Bismarck	83,333	83,333	83,334	83,333	333,333
West Fargo	62,500	62,500	62,500	62,500	250,000
Jamestown	41,667	41,667	41,666	41,667	166,667
Fargo	41,667	41,667	41,666	41,667	166,667
Grand Forks	41,667	41,667	41,666	41,667	166,667
Total	\$7,502,930	\$5,801,627	\$5,776,344	\$5,835,816	\$24,916,717