

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 originally forecasted oil tax revenue collections for the months of March and April 2016.

	March 2016	April 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$43,791,551	\$40,754,583	(\$3,036,968)	(6.9%)
Oil extraction tax	38,836,441	31,826,023	(7,010,418)	(18.1%)
Total actual collections	\$82,627,992	\$72,580,606	(\$10,047,386)	(12.2%)
Forecasted collections				
Oil and gas gross production tax	\$77,878,944	\$70,992,768	(\$6,886,176)	(8.8%)
Oil extraction tax	77,878,944	70,992,768	(6,886,176)	(8.8%)
Total forecasted collections	\$155,757,888	\$141,985,536	(\$13,772,352)	(8.8%)
Increase (decrease) to forecast				
Amount	(\$73,129,896)	(\$69,404,930)		
Percentage	(47.0%)	(48.9%)		

Oil Production and Prices

The schedule below provides information on actual and originally forecasted average daily production and average daily price of oil per barrel for the months of January and February 2016. Monthly oil tax revenue collections reflect production from 2 months prior. For example, April 2016 oil tax revenue collections relate to February 2016 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	January 2016	February 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,122,462	1,118,333	(4,129)	(0.4%)
Average daily price - FHR	\$21.13	\$18.07	(\$3.06)	(14.5%)
Average daily price - WTI	\$31.78	\$30.62	(\$1.16)	(3.7%)
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	\$47.58	\$48.02	\$0.44	0.9%

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 March and April 2016.

	March 2016	April 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$22,976,563	\$20,466,184	(\$2,510,379)	(10.9%)
Three Affiliated Tribes	6,039,448	4,359,993	(1,679,455)	(27.8%)
Oil and gas research fund	647,153	587,378	(59,775)	(9.2%)
Oil and gas impact grant fund	398,471	135,598	(262,873)	(66.0%)
Political subdivisions	16,911,207	16,374,916	(536,291)	(3.2%)
Abandoned well reclamation fund	300,309	288,361	(11,948)	(4.0%)
North Dakota outdoor heritage fund	600,619	576,721	(23,898)	(4.0%)
Foundation aid stabilization fund	3,301,044	2,781,555	(519,489)	(15.7%)
Common schools trust fund	3,301,044	2,781,555	(519,489)	(15.7%)
Resources trust fund	6,602,087	5,563,111	(1,038,976)	(15.7%)
General fund	0	0	0	N/A
Tax relief fund	21,550,047	18,665,234	(2,884,813)	(13.4%)
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	\$82,627,992	\$72,580,606	(\$10,047,386)	(12.2%)

BIENNIUM-TO-DATE SUMMARY - COMPARISON

Oil Tax Revenue Collections

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections for the first 9 months of the 2015-17 and 2013-15 bienniums.

	August 2015 Through April 2016	August 2013 Through April 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$583,050,072	\$1,084,109,130	(\$501,059,058)	(46.2%)
Oil extraction tax	587,459,881	1,266,649,082	(679,189,201)	(53.6%)
Total actual collections	\$1,170,509,953	\$2,350,758,212	(\$1,180,248,259)	(50.2%)
Forecasted collections				
Oil and gas gross production tax	\$655,692,576	\$822,604,762	(\$166,912,186)	(20.3%)
Oil extraction tax	336,336,220	1,077,651,396	(741,315,176)	(68.8%)
Total forecasted collections	\$992,028,796	\$1,900,256,158	(\$908,227,362)	(47.8%)
Increase (decrease) to forecast				
Amount	\$178,481,157	\$450,502,054		
Percentage	18.0%	23.7%		

Oil Production and Prices

The schedule below provides information on actual and originally forecasted average daily production and average daily price of oil per barrel for the first 9 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, April 2016 oil tax revenue collections relate to February 2016 oil production.

	June 2015 Through February 2016	June 2013 Through February 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,168,279	919,665	248,614	27.0%
Average daily price - FHR	\$31.14	\$84.42	(\$53.28)	(63.1%)
Average daily price - WTI	\$43.11	\$100.09	(\$56.98)	(56.9%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	842,222	257,778	30.6%
Average daily price of oil per barrel	\$45.51	\$75.00	(\$29.49)	(39.3%)

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

	August 2015 Through April 2016	August 2013 Through April 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$324,902,133	\$653,533,154	(\$328,631,021)	(50.3%)
Three Affiliated Tribes	87,502,303	171,335,368	(83,833,065)	(48.9%)
Oil and gas research fund	8,822,230	10,000,000	(1,177,770)	(11.8%)
Oil and gas impact grant fund	23,602,386	128,197,824	(104,595,438)	(81.6%)
Political subdivisions	213,707,738	258,330,556	(44,622,818)	(17.3%)
Abandoned well reclamation fund	3,980,818	5,000,000	(1,019,182)	(20.4%)
North Dakota outdoor heritage fund	7,311,423	7,207,447	103,976	1.4%
Foundation aid stabilization fund	49,781,658	110,247,436	(60,465,778)	(54.8%)
Common schools trust fund	49,781,658	110,247,436	(60,465,778)	(54.8%)
Resources trust fund	99,563,316	220,494,873	(120,931,557)	(54.8%)
General fund	200,000,000	300,000,000	(100,000,000)	(33.3%)
Tax relief fund	101,553,757	341,790,000	(240,236,243)	(70.3%)
Strategic investment and improvements fund	533	34,374,118	(34,373,585)	(100.0%)
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	\$1,170,509,953	\$2,350,758,212	(\$1,180,248,259)	(50.2%)

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 April 2016.

	April 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$40,754,583	\$70,992,768	(\$30,238,185)	(42.6%)
Oil extraction tax	31,826,023	70,992,768	(39,166,745)	(55.2%)
Total actual collections	\$72,580,606	\$141,985,536	(\$69,404,930)	(48.9%)
Allocations				
Legacy fund	\$20,466,184	\$39,337,093	(\$18,870,909)	(48.0%)
Three Affiliated Tribes	4,359,993	10,861,895	(6,501,902)	(59.9%)
Oil and gas research fund	587,378	759,988	(172,610)	(22.7%)
Oil and gas impact grant fund	135,598	5,466,003	(5,330,405)	(97.5%)
Political subdivisions	16,374,916	22,282,135	(5,907,219)	(26.5%)
Abandoned well reclamation fund	288,361	520,235	(231,874)	(44.6%)
North Dakota outdoor heritage fund	576,721	1,040,470	(463,749)	(44.6%)
Foundation aid stabilization fund	2,781,555	6,119,576	(3,338,021)	(54.5%)
Common schools trust fund	2,781,555	6,119,576	(3,338,021)	(54.5%)
Resources trust fund	5,563,111	12,239,153	(6,676,042)	(54.5%)
General fund	0	9,845,709	(9,845,709)	(100.0%)
Tax relief fund	18,665,234	27,393,703	(8,728,469)	(31.9%)
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	\$72,580,606	\$141,985,536	(\$69,404,930)	(48.9%)

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	\$583,050,072	\$655,692,576	(\$72,642,504)	(11.1%)
Oil extraction tax	587,459,881	336,336,220	251,123,661	74.7%
Total actual collections	\$1,170,509,953	\$992,028,796	\$178,481,157	18.0%
Allocations				
Legacy fund	\$324,902,133	\$274,123,024	\$50,779,109	18.5%
Three Affiliated Tribes	87,502,303	78,285,385	9,216,918	11.8%
Oil and gas research fund	8,822,230	4,640,688	4,181,542	90.1%
Oil and gas impact grant fund	23,602,386	47,157,081	(23,554,695)	(49.9%)
Political subdivisions	213,707,738	230,045,445	(16,337,707)	(7.1%)
Abandoned well reclamation fund	3,980,818	4,804,915	(824,097)	(17.2%)
North Dakota outdoor heritage fund	7,311,423	9,609,831	(2,298,408)	(23.9%)
Foundation aid stabilization fund	49,781,658	28,992,181	20,789,477	71.7%
Common schools trust fund	49,781,658	28,992,181	20,789,477	71.7%
Resources trust fund	99,563,316	57,984,362	41,578,954	71.7%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	101,553,757	27,393,703	74,160,054	270.7%
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	\$1,170,509,953	\$992,028,796	\$178,481,157	18.0%

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, April 2016 distributions of oil and gas gross production tax collections relate to February 2016 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	January 2016
Counties	\$22,132,918	\$10,750,097	\$10,583,996	\$10,987,564	\$10,233,528
Hub cities ¹	7,502,930	5,801,627	5,776,344	5,835,816	5,727,856
Other cities	7,396,411	3,597,603	3,542,509	3,677,819	3,422,663
Hub city school districts	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Other school districts	2,711,732	1,734,825	1,722,686	1,761,240	1,674,585
Townships	2,196,397	1,062,196	1,045,341	1,084,988	1,013,014
Total	\$43,190,388	\$24,196,348	\$23,920,876	\$24,597,427	\$23,321,646
¹ The distributions to the hub cities are as follows:					
Williston	\$4,039,258	\$3,018,476	\$3,003,307	\$3,038,989	\$2,974,213
Dickinson	2,238,379	1,727,988	1,720,404	1,738,245	1,705,857
Minot	766,959	596,829	594,301	600,248	589,452
Mandan	187,500	187,500	187,500	187,500	187,500
Bismarck	83,333	83,333	83,334	83,333	83,333
West Fargo	62,500	62,500	62,500	62,500	62,500
Jamestown	41,667	41,667	41,666	41,667	41,667
Fargo	41,667	41,667	41,666	41,667	41,667
Grand Forks	41,667	41,667	41,666	41,667	41,667
Total	\$7,502,930	\$5,801,627	\$5,776,344	\$5,835,816	\$5,727,856

	February 2016	March 2016	April 2016	Biennium-to- Date Total
Counties	\$8,251,238	\$6,395,786	\$6,081,029	\$85,416,156
Hub cities ¹	5,430,470	5,156,029	5,111,974	46,343,046
Other cities	2,761,931	2,140,575	2,033,321	28,572,832
Hub city school districts	1,250,000	1,250,000	1,250,000	10,000,000
Other school districts	1,509,591	1,337,021	1,296,169	13,747,849
Townships	814,756	631,796	602,423	8,450,911
Total	\$20,017,986	\$16,911,207	\$16,374,916	\$192,530,794
¹ The distributions to the hub cities are as follows:				
Williston	\$2,795,783	\$2,631,117	\$2,604,684	\$24,105,827
Dickinson	1,616,641	1,534,308	1,521,092	13,802,914
Minot	559,714	532,270	527,864	4,767,637
Mandan	187,500	187,500	187,500	1,500,000
Bismarck	83,334	83,333	83,333	666,666
West Fargo	62,500	62,500	62,500	500,000
Jamestown	41,666	41,667	41,667	333,334
Fargo	41,666	41,667	41,667	333,334
Grand Forks	41,666	41,667	41,667	333,334
Total	\$5,430,470	\$5,156,029	\$5,111,974	\$46,343,046