

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 November and December 2016.

	November 2016	December 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$55,234,987	\$68,254,718	\$13,019,731	23.6%
Oil extraction tax	50,076,696	62,494,016	12,417,320	24.8%
Total actual collections	\$105,311,683	\$130,748,734	\$25,437,051	24.2%
Forecasted collections				
Oil and gas gross production tax	\$79,849,440	\$83,083,968	\$3,234,528	4.1%
Oil extraction tax	79,849,440	83,083,968	3,234,528	4.1%
Total forecasted collections	\$159,698,880	\$166,167,936	\$6,469,056	4.1%
Increase (decrease) to forecast				
Amount	(\$54,387,197)	(\$35,419,202)		
Percentage	(34.1%)	(21.3%)		

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 September and October 2016. Monthly oil tax revenue collections reflect production from 2 months prior. For example, December 2016 oil tax revenue collections relate to October 2016 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	September 2016	October 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	971,760	1,043,207	71,447	7.4%
Average daily price - FHR	\$32.98	\$39.31	\$6.33	19.2%
Average daily price - WTI	\$45.23	\$49.87	\$4.64	10.3%
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	\$50.41	\$50.76	\$0.35	0.7%

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 November and December 2016.

	November 2016	December 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$29,332,212	\$36,095,762	\$6,763,550	23.1%
Three Affiliated Tribes	7,537,644	10,429,527	2,891,883	38.4%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	2,913,632	4,694,596	1,780,964	61.1%
Political subdivisions	20,954,544	23,685,950	2,731,406	13.0%
Abandoned well reclamation fund	379,597	460,550	80,953	21.3%
North Dakota outdoor heritage fund	759,194	921,100	161,906	21.3%
Foundation aid stabilization fund	4,278,678	5,232,095	953,417	22.3%
Common schools trust fund	4,278,678	5,232,095	953,417	22.3%
Resources trust fund	8,557,356	10,464,191	1,906,835	22.3%
General fund	0	22,116,561	22,116,561	N/A
Tax relief fund	26,320,148	11,416,307	(14,903,841)	(56.6%)
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	\$105,311,683	\$130,748,734	\$25,437,051	24.2%

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

	August 2015 Through December 2016	August 2013 Through December 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$1,060,480,408	\$2,202,457,435	(\$1,141,977,027)	(51.9%)
Oil extraction tax	1,012,127,690	2,604,252,436	(1,592,124,746)	(61.1%)
Total actual collections	\$2,072,608,098	\$4,806,709,871	(\$2,734,101,773)	(56.9%)
Forecasted collections				
Oil and gas gross production tax	\$1,297,376,784	\$1,598,732,049	(\$301,355,265)	(18.8%)
Oil extraction tax	978,020,428	2,094,415,089	(1,116,394,661)	(53.3%)
Total forecasted collections	\$2,275,397,212	\$3,693,147,138	(\$1,417,749,926)	(38.4%)
Increase (decrease) to forecast				
Amount	(\$202,789,114)	\$1,113,562,733		
Percentage	(8.9%)	30.2%		

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 17 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, December 2016 oil tax revenue collections relate to October 2016 oil production.

	June 2015 Through October 2016	June 2013 Through October 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,104,089	1,000,401	103,688	10.4%
Average daily price - FHR	\$32.44	\$83.47	(\$51.03)	(61.1%)
Average daily price - WTI	\$43.97	\$99.37	(\$55.40)	(55.8%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	845,882	254,118	30.0%
Average daily price of oil per barrel	\$47.43	\$76.47	(\$29.04)	(38.0%)

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

	August 2015 Through December 2016	August 2013 Through December 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$576,002,720	\$1,475,206,290	(\$899,203,570)	(61.0%)
Three Affiliated Tribes	152,598,492	355,681,276	(203,082,784)	(57.1%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	49,132,212	240,000,000	(190,867,788)	(79.5%)
Political subdivisions	397,636,331	532,319,741	(134,683,410)	(25.3%)
Abandoned well reclamation fund	7,258,689	9,729,510	(2,470,821)	(25.4%)
North Dakota outdoor heritage fund	13,867,165	14,708,577	(841,412)	(5.7%)
Foundation aid stabilization fund	85,998,848	225,221,183	(139,222,335)	(61.8%)
Common schools trust fund	85,998,848	225,221,183	(139,222,335)	(61.8%)
Resources trust fund	171,997,698	450,442,368	(278,444,670)	(61.8%)
General fund	222,116,561	300,000,000	(77,883,439)	(26.0%)
Tax relief fund	300,000,001	341,799,000	(41,799,999)	(12.2%)
Strategic investment and improvements fund	533	604,389,743	(604,389,210)	(100.0%)
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	22,000,000	(22,000,000)	(100.0%)
Total oil and gas tax revenue allocations	\$2,072,608,098	\$4,806,709,871	(\$2,734,101,773)	(56.9%)

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 2016.

	December 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$68,254,718	\$83,083,968	(\$14,829,250)	(17.8%)
Oil extraction tax	62,494,016	83,083,968	(20,589,952)	(24.8%)
Total actual collections	\$130,748,734	\$166,167,936	(\$35,419,202)	(21.3%)
Allocations				
Legacy fund	\$36,095,762	\$46,036,826	(\$9,941,064)	(21.6%)
Three Affiliated Tribes	10,429,527	12,711,848	(2,282,321)	(18.0%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	4,694,596	7,415,298	(2,720,702)	(36.7%)
Political subdivisions	23,685,950	27,516,194	(3,830,244)	(13.9%)
Abandoned well reclamation fund	460,550	608,839	(148,289)	(24.4%)
North Dakota outdoor heritage fund	921,100	1,217,679	(296,579)	(24.4%)
Foundation aid stabilization fund	5,232,095	7,161,838	(1,929,743)	(26.9%)
Common schools trust fund	5,232,095	7,161,838	(1,929,743)	(26.9%)
Resources trust fund	10,464,191	14,323,676	(3,859,485)	(26.9%)
General fund	22,116,561	35,351,786	(13,235,225)	(37.4%)
Tax relief fund	11,416,307	6,662,114	4,754,193	71.4%
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	\$130,748,734	\$166,167,936	(\$35,419,202)	(21.3%)

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	\$1,060,480,408	\$1,297,376,784	(\$236,896,376)	(18.3%)
Oil extraction tax	1,012,127,690	978,020,428	34,107,262	3.5%
Total actual collections	\$2,072,608,098	\$2,275,397,212	(\$202,789,114)	(8.9%)
Allocations				
Legacy fund	\$576,002,720	\$629,680,241	(\$53,677,521)	(8.5%)
Three Affiliated Tribes	152,598,492	176,463,077	(23,864,585)	(13.5%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	49,132,212	104,314,220	(55,182,008)	(52.9%)
Political subdivisions	397,636,331	455,385,636	(57,749,305)	(12.7%)
Abandoned well reclamation fund	7,258,689	7,966,460	(707,771)	(8.9%)
North Dakota outdoor heritage fund	13,867,165	19,014,356	(5,147,191)	(27.1%)
Foundation aid stabilization fund	85,998,848	84,305,359	1,693,489	2.0%
Common schools trust fund	85,998,848	84,305,359	1,693,489	2.0%
Resources trust fund	171,997,698	168,610,718	3,386,980	2.0%
General fund	222,116,561	235,351,786	(13,235,225)	(5.6%)
Tax relief fund	300,000,001	300,000,000	1	0.0%
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	\$2,072,608,098	\$2,275,397,212	(\$202,789,114)	(8.9%)

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 2016 distributions of oil and gas gross production tax collections relate to October 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.

	Fiscal Year 2016	September 2016	October 2016	November 2016	December 2016	Biennium-to- Date Total
Counties	\$119,510,657	\$18,255,869	\$9,559,515	\$9,264,745	\$10,901,626	\$167,492,412
Hub cities ¹	68,221,050	6,345,499	5,039,222	4,994,242	5,238,894	89,838,907
Other cities	39,989,148	6,098,535	3,201,101	3,103,409	3,649,690	56,041,883
Hub city school districts	15,000,000	1,062,500	1,062,500	1,062,500	1,062,500	19,250,000
Other school districts	19,910,824	2,354,107	1,637,854	1,616,815	1,757,311	27,276,911
Townships	11,814,030	1,813,667	942,815	912,833	1,075,929	16,559,274
Total	\$274,445,709	\$35,930,177	\$21,443,007	\$20,954,544	\$23,685,950	\$376,459,387
¹ The distributions to the hub cities are as follows:						
Williston	\$35,382,631	\$3,413,549	\$2,629,783	\$2,602,797	\$2,749,586	\$46,778,346
Dickinson	20,316,315	1,878,649	1,486,766	1,473,273	1,546,668	26,701,671
Minot	7,022,104	615,800	485,172	480,674	505,139	9,108,889
Mandan	2,250,000	166,667	166,667	166,666	166,667	2,916,667
Bismarck	1,000,000	83,333	83,333	83,334	83,333	1,333,333
West Fargo	750,000	104,167	104,167	104,166	104,167	1,166,667
Jamestown	500,000	41,667	41,667	41,666	41,667	666,667
Fargo	500,000	0	0	0	0	500,000
Grand Forks	500,000	41,667	41,667	41,666	41,667	666,667
Total	\$68,221,050	\$6,345,499	\$5,039,222	\$4,994,242	\$5,238,894	\$89,838,907