

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 February and March 2017.

	February 2017	March 2017	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$61,972,478	\$65,112,645	\$3,140,167	5.1%
Oil extraction tax	56,409,341	59,520,142	3,110,801	5.5%
Total actual collections	\$118,381,819	\$124,632,787	\$6,250,968	5.3%
Forecasted collections				
Oil and gas gross production tax	\$83,624,112	\$84,278,832	\$654,720	0.8%
Oil extraction tax	83,624,112	84,278,832	654,720	0.8%
Total forecasted collections	\$167,248,224	\$168,557,664	\$1,309,440	0.8%
Increase (decrease) to forecast				
Amount	(\$48,866,405)	(\$43,924,877)		
Percentage	(29.2%)	(26.1%)		

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 December 2016 and January 2017. Monthly oil tax revenue collections reflect production from 2 months prior. For example, March 2017 oil tax revenue collections relate to January 2017 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	December 2016	January 2017	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	942,322	980,294	37,972	4.0%
Average daily price - FHR	\$39.93	\$40.51	\$0.58	1.5%
Average daily price - WTI	\$52.17	\$52.61	\$0.44	0.8%
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	\$51.09	\$51.49	\$0.40	0.8%

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 February and March 2017.

	February 2017	March 2017	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$32,364,538	\$34,183,141	\$1,818,603	5.6%
Three Affiliated Tribes	10,500,027	10,688,987	188,960	1.8%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	3,591,903	4,114,035	522,132	14.5%
Political subdivisions	21,222,347	21,693,763	471,416	2.2%
Abandoned well reclamation fund	410,427	434,161	23,734	5.8%
North Dakota outdoor heritage fund	820,855	868,321	47,466	5.8%
Foundation aid stabilization fund	4,607,834	4,898,473	290,639	6.3%
Common schools trust fund	4,607,834	4,898,473	290,639	6.3%
Resources trust fund	9,215,667	9,796,946	581,279	6.3%
General fund	31,040,387	17,898,355	(13,142,032)	(42.3%)
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	15,158,132	15,158,132	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	\$118,381,819	\$124,632,787	\$6,250,968	5.3%

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

	August 2015 Through March 2017	August 2013 Through March 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$1,245,796,022	\$2,471,952,158	(\$1,226,156,136)	(49.6%)
Oil extraction tax	1,181,001,073	2,924,359,984	(1,743,358,911)	(59.6%)
Total actual collections	\$2,426,797,095	\$5,396,312,142	(\$2,969,515,047)	(55.0%)
Forecasted collections				
Oil and gas gross production tax	\$1,546,095,408	\$1,897,180,159	(\$351,084,751)	(18.5%)
Oil extraction tax	1,226,739,052	2,485,396,321	(1,258,657,269)	(50.6%)
Total forecasted collections	\$2,772,834,460	\$4,382,576,480	(\$1,609,742,020)	(36.7%)
Increase (decrease) to forecast				
Amount	(\$346,037,365)	\$1,013,735,662		
Percentage	(12.5%)	23.1%		

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 20 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, March 2017 oil tax revenue collections relate to January 2016 oil production.

	June 2015 Through January 2017	June 2013 Through January 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,086,336	1,030,688	55,648	5.4%
Average daily price - FHR	\$33.32	\$77.56	(\$44.24)	(57.0%)
Average daily price - WTI	\$44.91	\$93.58	(\$48.67)	(52.0%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	846,500	253,500	29.9%
Average daily price of oil per barrel	\$48.00	\$77.00	(\$29.00)	(37.7%)

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

	August 2015 Through March 2017	August 2013 Through March 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$673,386,335	\$1,678,953,235	(\$1,005,566,900)	(59.9%)
Three Affiliated Tribes	182,175,445	399,294,606	(217,119,161)	(54.4%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	60,141,027	240,000,000	(179,858,973)	(74.9%)
Political subdivisions	461,168,602	593,386,302	(132,217,700)	(22.3%)
Abandoned well reclamation fund	8,500,567	10,000,000	(1,499,433)	(15.0%)
North Dakota outdoor heritage fund	16,350,921	16,528,186	(177,265)	(1.1%)
Foundation aid stabilization fund	99,978,883	252,713,633	(152,734,750)	(60.4%)
Common schools trust fund	99,978,883	252,713,633	(152,734,750)	(60.4%)
Resources trust fund	199,957,767	505,427,269	(305,469,502)	(60.4%)
General fund	300,000,000	300,000,000	0	0.0%
Tax relief fund	300,000,000	341,790,000	(41,790,000)	(12.2%)
Strategic investment and improvements fund	15,158,665	773,505,278	(758,346,613)	(98.0%)
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	\$2,426,797,095	\$5,396,312,142	(\$2,969,515,047)	(55.0%)

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 March 2017.

	March 2017		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$65,112,645	\$84,278,832	(\$19,166,187)	(22.7%)
Oil extraction tax	59,520,142	84,278,832	(24,758,690)	(29.4%)
Total actual collections	\$124,632,787	\$168,557,664	(\$43,924,877)	(26.1%)
Allocations				
Legacy fund	\$34,183,141	\$46,698,901	(\$12,515,760)	(26.8%)
Three Affiliated Tribes	10,688,987	12,894,663	(2,205,676)	(17.1%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	4,114,035	7,607,929	(3,493,894)	(45.9%)
Political subdivisions	21,693,763	25,333,183	(3,639,420)	(14.4%)
Abandoned well reclamation fund	434,161	617,595	(183,434)	(29.7%)
North Dakota outdoor heritage fund	868,321	1,235,191	(366,870)	(29.7%)
Foundation aid stabilization fund	4,898,473	7,264,835	(2,366,362)	(32.6%)
Common schools trust fund	4,898,473	7,264,835	(2,366,362)	(32.6%)
Resources trust fund	9,796,946	14,529,670	(4,732,724)	(32.6%)
General fund	17,898,355	0	17,898,355	N/A
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	15,158,132	45,110,862	(29,952,730)	(66.4%)
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	\$124,632,787	\$168,557,664	(\$43,924,877)	(26.1%)

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	\$1,245,796,022	\$1,546,095,408	(\$300,299,386)	(19.4%)
Oil extraction tax	1,181,001,073	1,226,739,052	(45,737,979)	(3.7%)
Total actual collections	\$2,426,797,095	\$2,772,834,460	(\$346,037,365)	(12.5%)
Allocations				
Legacy fund	\$673,386,335	\$767,495,230	(\$94,108,895)	(12.3%)
Three Affiliated Tribes	182,175,445	214,517,030	(32,341,585)	(15.1%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	60,141,027	126,474,141	(66,333,114)	(52.4%)
Political subdivisions	461,168,602	531,393,838	(70,225,236)	(13.2%)
Abandoned well reclamation fund	8,500,567	9,789,069	(1,288,502)	(13.2%)
North Dakota outdoor heritage fund	16,350,921	22,659,577	(6,308,656)	(27.8%)
Foundation aid stabilization fund	99,978,883	105,744,903	(5,766,020)	(5.5%)
Common schools trust fund	99,978,883	105,744,903	(5,766,020)	(5.5%)
Resources trust fund	199,957,767	211,489,808	(11,532,041)	(5.5%)
General fund	300,000,000	300,000,000	0	0.0%
Tax relief fund	300,000,000	300,000,000	0	0.0%
Strategic investment and improvements fund	15,158,665	67,525,961	(52,367,296)	(77.6%)
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	\$2,426,797,095	\$2,772,834,460	(\$346,037,365)	(12.5%)

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, March 2017 distributions of oil and gas gross production tax collections relate to January 2017 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
Counties	\$119,510,657	\$18,255,869	\$9,559,515	\$9,264,745	\$10,901,626
Hub cities ¹	68,221,050	6,345,499	5,039,222	4,994,242	5,238,894
Other cities	39,989,148	6,098,535	3,201,101	3,103,409	3,649,690
Hub city school districts	15,000,000	1,062,500	1,062,500	1,062,500	1,062,500
Other school districts	19,910,824	2,354,107	1,637,854	1,616,815	1,757,311
Townships	11,814,030	1,813,667	942,815	912,833	1,075,929
Total	\$274,445,709	\$35,930,177	\$21,443,007	\$20,954,544	\$23,685,950
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
Dickinson	20,316,315	1,878,649	1,486,766	1,473,273	1,546,668
Minot	7,022,104	615,800	485,172	480,674	505,139
Mandan	2,250,000	166,667	166,667	166,666	166,667
Bismarck	1,000,000	83,333	83,333	83,334	83,333
West Fargo	750,000	104,167	104,167	104,166	104,167
Jamestown	500,000	41,667	41,667	41,666	41,667
Fargo	500,000	0	0	0	0
Grand Forks	500,000	41,667	41,667	41,666	41,667
Total	\$68,221,050	\$6,345,499	\$5,039,222	\$4,994,242	\$5,238,894

	January 2017	February 2017	March 2017	Biennium-to- Date Total
Counties	\$9,069,582	\$9,427,759	\$9,690,131	\$195,679,884
Hub cities ¹	4,968,511	5,019,745	5,049,888	104,877,051
Other cities	3,035,732	3,156,969	3,251,253	65,485,837
Hub city school districts	1,062,500	1,062,500	1,062,500	22,437,500
Other school districts	1,584,163	1,625,540	1,690,068	32,176,682
Townships	895,673	929,834	949,923	19,334,704
Total	\$20,616,161	\$21,222,347	\$21,693,763	\$439,991,658
¹ The distributions to the hub cities are as follows:				
Williston	\$2,587,356	\$2,618,098	\$2,636,182	\$54,619,982
Dickinson	1,465,553	1,480,924	1,489,966	31,138,114
Minot	478,101	483,225	486,239	10,556,454
Mandan	166,667	166,666	166,667	3,416,667
Bismarck	83,333	83,334	83,333	1,583,333
West Fargo	104,167	104,166	104,167	1,479,167
Jamestown	41,667	41,666	41,667	791,667
Fargo	0	0	0	500,000
Grand Forks	41,667	41,666	41,667	791,667
Total	\$4,968,511	\$5,019,745	\$5,049,888	\$104,877,051