



North Dakota Legislative Council

Prepared by the Legislative Council staff
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OIL AND GAS TAX REVENUES QUARTERLY UPDATE SUMMARY

This memorandum provides a summary of oil production and prices, oil and gas tax revenue collections, and oil and gas tax revenue allocations, including comparisons to forecasted amounts, projections for the biennium, and comparisons to the prior biennium. **The forecasted amounts reflect the 2019 legislative revenue forecast**, prepared at the close of the 2019 legislative session.

QUARTERLY SUMMARY Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for September 2020 through November 2020. Oil and gas tax revenue collections and allocations reflect production and prices from 2 months prior. The amounts shown for the actual oil prices reflect the average of Flint Hills Resources posted prices and West Texas Intermediate posted prices.

Average Daily Oil Production - Barrels Per Day			
	September 2020	October 2020	November 2020
Actual	1,223,107	1,231,048	1,224,540
Forecast	1,440,000	1,440,000	1,440,000
Variance to forecast	(216,893)	(208,952)	(215,460)
Percentage variance to forecast	(15.1%)	(14.5%)	(15.0%)

Average Oil Price - Price Per Barrel			
	September 2020	October 2020	November 2020
Actual	\$35.61	\$34.86	\$37.29
Forecast	48.00	48.00	48.00
Variance to forecast	(\$12.39)	(\$13.14)	(\$10.71)
Percentage variance to forecast	(25.8%)	(27.4%)	(22.3%)

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for November 2020 through January 2021.

	November 2020	December 2020	January 2021
Actual	\$110,702,530	\$112,434,130	\$117,688,875
Forecast	201,139,200	207,843,840	201,139,200
Variance to forecast	(\$90,436,670)	(\$95,409,710)	(\$83,450,325)
Percentage variance to forecast	(45.0%)	(45.9%)	(41.5%)

Oil and Gas Tax Revenue Allocations

The schedule below provides information on the oil and gas tax revenue allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, state funds, and political subdivisions for November 2020 through January 2021.

	November 2020	December 2020	January 2021
Three Affiliated Tribes	\$12,531,892	\$13,560,463	\$14,439,997
Legacy fund	29,451,191	29,662,100	30,974,662
North Dakota outdoor heritage fund	778,432	751,395	792,766
Abandoned well reclamation fund	389,216	375,698	396,383
Political subdivisions	17,040,595	16,757,781	17,407,130
Common schools trust fund	4,380,516	4,570,182	4,756,665
Foundation aid stabilization fund	4,380,516	4,570,182	4,756,665
Resources trust fund	8,980,059	9,368,874	9,751,163
Oil and gas research fund	655,402	656,349	688,269
State energy research center fund	0	0	0
General fund	0	0	0
Tax relief fund	0	0	0
Budget stabilization fund	0	0	0
Lignite research fund	0	0	0
State disaster relief fund	0	0	0
Municipal infrastructure fund	17,782,314	0	0
Strategic investment and improvements fund	14,332,397	32,161,106	33,725,175
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$110,702,530	\$112,434,130	\$117,688,875

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for November 2020 through January 2021. Distributions to political subdivisions pursuant to the new formula in House Bill No. 1066 (2019) became effective with July 2019 oil production and September 2019 distributions. However, this memorandum reports the distributions to political subdivisions for the period August 2019 to July 2021 to align with the reporting for the allocations to state funds.

	November 2020	December 2020	January 2021
Hub cities in oil-producing counties	\$3,092,504	\$3,070,054	\$3,126,615
Hub city school districts	529,816	524,827	537,396
Counties	8,548,135	8,383,453	8,769,927
Cities (excluding hub cities)	2,866,452	2,809,890	2,939,759
School districts (excluding hub city school districts)	1,444,055	1,419,903	1,458,641
Townships	559,633	549,654	574,792
Total	\$17,040,595	\$16,757,781	\$17,407,130

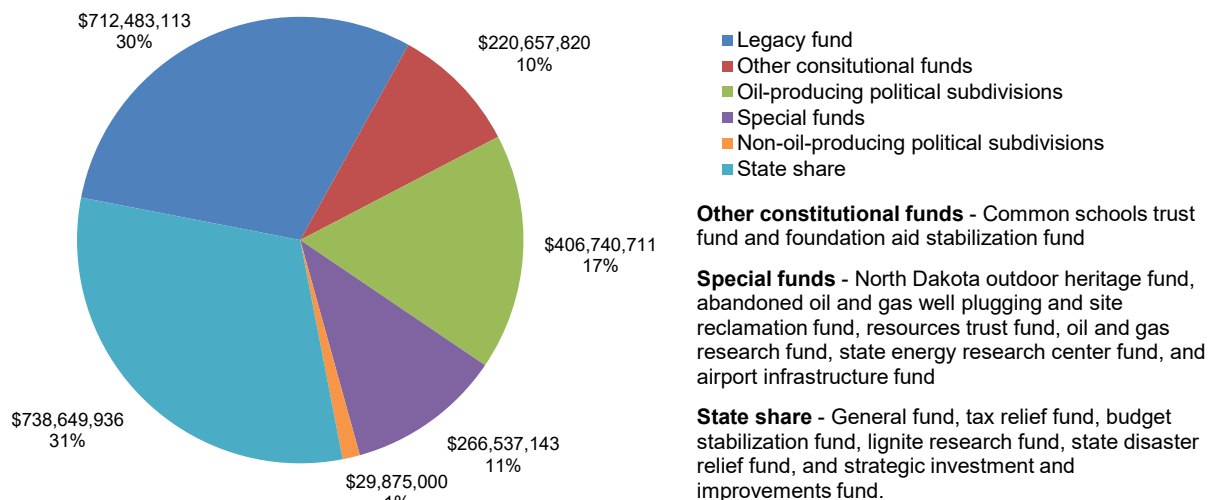
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through January 2021.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$297,166,716	\$393,027,065	(\$95,860,349)	(24.4%)
Legacy fund	712,483,113	971,376,476	(258,893,363)	(26.7%)
North Dakota outdoor heritage fund	11,287,367	14,182,611	(2,895,244)	(20.4%)
Abandoned well reclamation fund	8,289,294	10,841,307	(2,552,013)	(23.5%)
Political subdivisions	406,740,711	508,786,202	(102,045,491)	(20.1%)
Common schools trust fund	110,328,910	159,637,390	(49,308,480)	(30.9%)
Foundation aid stabilization fund	110,328,910	159,637,390	(49,308,480)	(30.9%)
Resources trust fund	226,174,260	327,256,638	(101,082,378)	(30.9%)
Oil and gas research fund	15,786,222	16,000,000	(213,778)	(1.3%)
State energy research center fund	5,000,000	5,000,000	0	0.0%
General fund	400,000,000	400,000,000	0	0.0%
Tax relief fund	200,000,000	200,000,000	0	0.0%
Budget stabilization fund	48,431,258	75,000,000	(26,568,742)	(35.4%)
Lignite research fund	10,000,000	10,000,000	0	0.0%
State disaster relief fund	0	0	0	N/A
Municipal infrastructure fund	29,875,000	30,375,000	(500,000)	(1.6%)
Strategic investment and improvements fund	80,218,678	349,828,541	(269,609,863)	(77.1%)
County and township infrastructure fund	0	0	0	N/A
Airport infrastructure fund	0	0	0	N/A
Total	\$2,672,110,439	\$3,630,948,620	(\$958,838,181)	(26.4%)

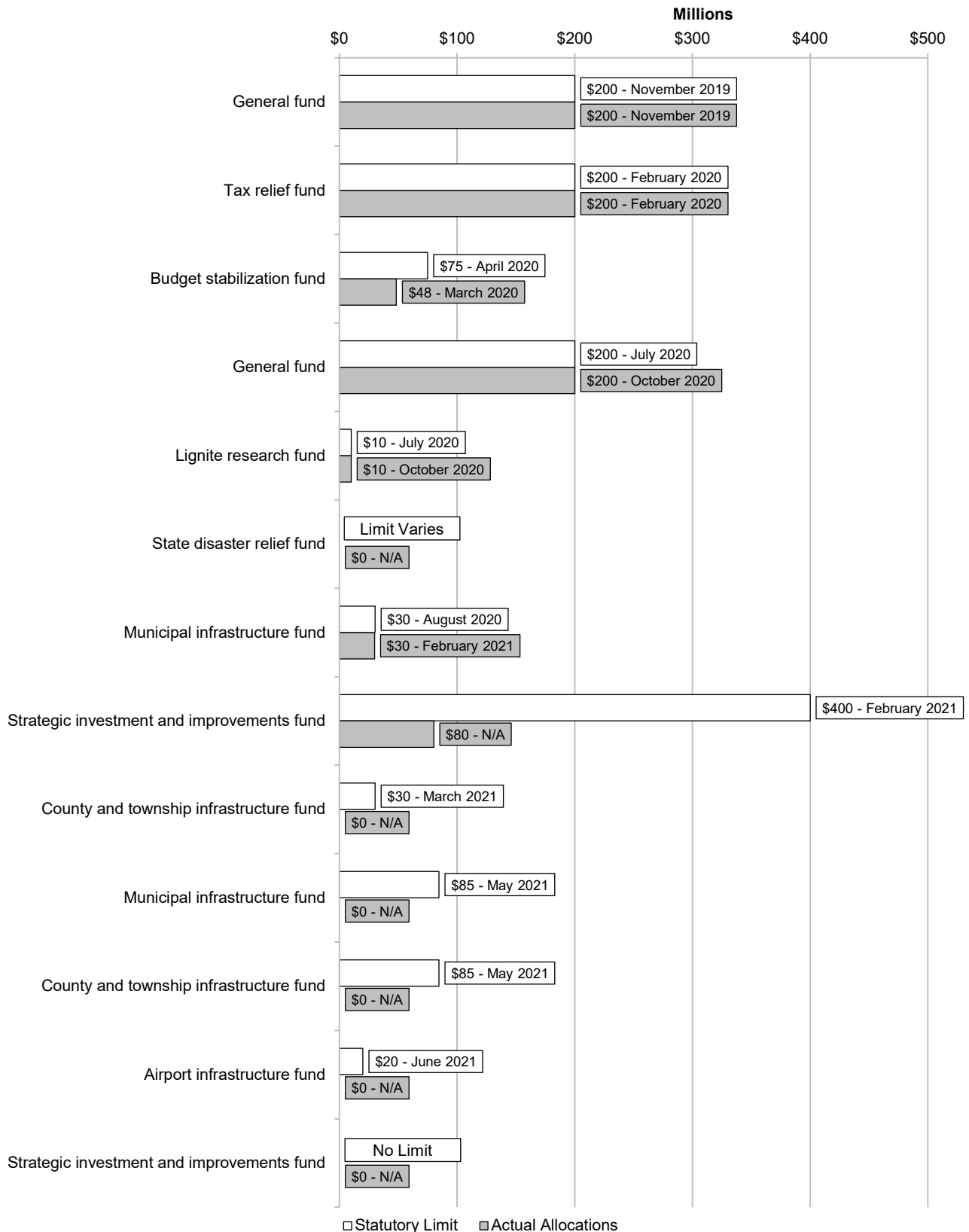
OIL AND GAS TAX REVENUE ALLOCATIONS

The chart below provides information on the oil and gas tax revenue allocations, excluding the allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, for the biennium to date through January 2021.



STATE'S SHARE - FUND STATUS

The chart below provides information on the status of the state's share of allocations ("buckets") for the biennium to date through January 2021. The dates in the white boxes reflect when the funds are estimated to reach the statutory limit based on the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session. The dates shown in the gray boxes reflect when the funds reached the statutory limit or when the funds are anticipated to reach the statutory limit as adjusted for the actual allocations for the biennium to date.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through January 2021 and forecasted amounts for the remainder of the biennium. The amount shown for the original forecast reflects the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session.

2019-21 Biennium Actual Allocations and Remaining Forecast				
	Actual Through January 2021	Remaining Forecast	Biennium Total	Original Forecast
Three Affiliated Tribes	\$297,166,716	\$132,083,690	\$429,250,406	\$525,110,755
Legacy fund	712,483,113	326,448,238	1,038,931,351	1,297,824,714
North Dakota outdoor heritage fund	11,287,367	3,712,633	15,000,000	15,000,000
Abandoned well reclamation fund	8,289,294	3,974,627	12,263,921	14,815,934
Political subdivisions	406,740,711	152,363,738	559,104,449	661,149,940
Common schools trust fund	110,328,910	53,648,967	163,977,877	213,286,357
Foundation aid stabilization fund	110,328,910	53,648,967	163,977,877	213,286,357
Resources trust fund	226,174,260	109,980,380	336,154,640	437,237,018
Oil and gas research fund	15,786,222	213,778	16,000,000	16,000,000
State energy research center fund	5,000,000	0	5,000,000	5,000,000
General fund	400,000,000	0	400,000,000	400,000,000
Tax relief fund	200,000,000	0	200,000,000	200,000,000
Budget stabilization fund	48,431,258	0	48,431,258	75,000,000
Lignite research fund	10,000,000	0	10,000,000	10,000,000
State disaster relief fund	0	0	0	0
Municipal infrastructure fund	29,875,000	17,256,570	47,131,570	115,000,000
Strategic investment and improvements fund	80,218,678	319,781,322	400,000,000	517,482,025
County and township infrastructure fund	0	47,131,570	47,131,570	115,000,000
Airport infrastructure fund	0	0	0	20,000,000
Total	\$2,672,110,439	\$1,220,244,480	\$3,892,354,919	\$4,851,193,100

CURRENT BIENNIUM TO PRIOR BIENNIUM COMPARISON

Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for the first 18 months of the 2019-21 biennium and 2017-19 biennium. Oil and gas tax revenue collections and allocations reflect oil production and prices from 2 months prior.

Average Daily Oil Production - Barrels Per Day				
	2019-21 Biennium Through November 2020	2017-19 Biennium Through November 2018	Increase (Decrease)	
			Amount	Percentage
Actual	1,304,544	1,189,138	115,406	9.7%
Forecast	1,413,333	933,333	480,000	51.4%
Variance to forecast	(108,789)	255,805	(364,594)	(142.5%)
Percentage variance to forecast	(7.7%)	27.4%		

Average Oil Price - Price Per Barrel				
	2019-21 Biennium Through November 2020	2017-19 Biennium Through November 2018	Increase (Decrease)	
			Amount	Percentage
Actual	\$40.33	\$54.93	(\$14.60)	(26.6%)
Forecast	48.33	47.00	1.33	2.8%
Variance to forecast	(\$8.00)	\$7.93	(\$15.93)	(200.9%)
Percentage variance to forecast	(16.6%)	16.9%		

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for the first 18 months of the 2019-21 biennium and 2017-19 biennium.

	2019-21 Biennium Through January 2021	2017-19 Biennium Through January 2019	Increase (Decrease)	
			Amount	Percentage
Actual	\$2,672,110,439	\$3,447,464,198	(\$775,353,759)	(22.5%)
Forecast	3,630,948,620	2,331,814,525	1,299,134,095	55.7%
Variance to forecast	(\$958,838,181)	\$1,115,649,673	(\$2,074,487,854)	(185.9%)
Percentage variance to forecast	(26.4%)	47.8%		