



North Dakota Legislative Council

Prepared by the Legislative Council staff
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July 2021

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 March 2021 through May 2021. 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			
	March 2021	April 2021	May 2021
Actual	1,108,906	1,123,166	1,127,517
Forecast	1,440,000	1,440,000	1,440,000
Variance to forecast	(331,094)	(316,834)	(312,483)
Percentage variance to forecast	(23.0%)	(22.0%)	(21.7%)

Average Oil Price - Price Per Barrel			
	March 2021	April 2021	May 2021
Actual	\$58.37	\$58.53	\$61.72
Forecast	48.00	48.00	48.00
Variance to forecast	\$10.37	\$10.53	\$13.72
Percentage variance to forecast	21.6%	21.9%	28.6%

Oil and Gas Tax Revenue Collections

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

	May 2021	June 2021	July 2021
Actual	\$175,556,949	\$173,735,853	\$191,572,700
Forecast	207,843,840	201,139,200	207,843,840
Variance to forecast	(\$32,286,891)	(\$27,403,347)	(\$16,271,140)
Percentage variance to forecast	(15.5%)	(13.6%)	(7.8%)

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 May 2021 through July 2021.

	May 2021	June 2021	July 2021
Three Affiliated Tribes	\$22,016,560	\$21,842,383	\$24,028,831
Legacy fund	46,062,117	45,568,041	50,263,161
North Dakota outdoor heritage fund	859,287	0	0
Abandoned well reclamation fund	580,380	578,205	629,972
Political subdivisions	24,521,701	23,943,312	25,269,306
Common schools trust fund	7,070,810	6,947,919	7,756,540
Foundation aid stabilization fund	7,070,810	6,947,919	7,756,540
Resources trust fund	14,495,161	14,243,235	15,900,908
Oil and gas research fund	0	0	0
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	0	0	0
Strategic investment and improvements fund	52,880,123	53,664,839	59,967,442
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$175,556,949	\$173,735,853	\$191,572,700

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for May 2021 through July 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.

	May 2021	June 2021	July 2021
Hub cities in oil-producing counties	\$3,746,189	\$3,694,450	\$3,814,505
Hub city school districts	675,079	663,582	690,260
Counties	13,004,108	12,657,602	13,454,390
Cities (excluding hub cities)	4,362,673	4,246,996	4,512,195
School districts (excluding hub city school districts)	1,883,492	1,853,520	1,917,436
Townships	850,160	827,162	880,520
Total	\$24,521,701	\$23,943,312	\$25,269,306

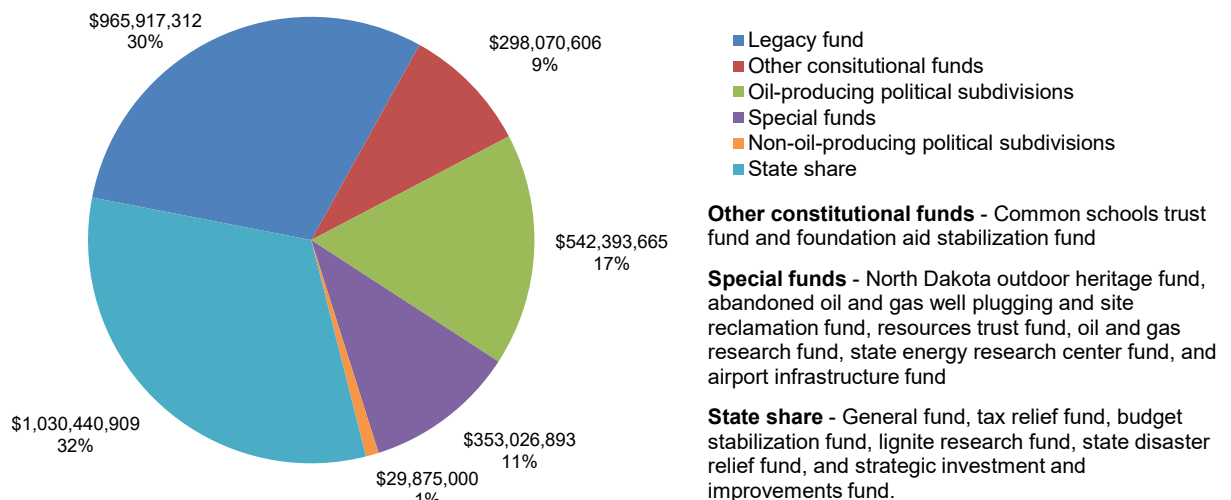
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$419,460,520	\$525,110,755	(\$105,650,235)	(20.1%)
Legacy fund	965,917,312	1,297,824,714	(331,907,402)	(25.6%)
North Dakota outdoor heritage fund	15,000,000	15,000,000	0	0.0%
Abandoned well reclamation fund	11,504,524	14,815,934	(3,311,410)	(22.4%)
Political subdivisions	542,393,665	661,149,940	(118,756,275)	(18.0%)
Common schools trust fund	149,035,303	213,286,357	(64,251,054)	(30.1%)
Foundation aid stabilization fund	149,035,303	213,286,357	(64,251,054)	(30.1%)
Resources trust fund	305,522,369	437,237,018	(131,714,649)	(30.1%)
Oil and gas research fund	16,000,000	16,000,000	0	0.0%
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	115,000,000	(85,125,000)	(74.0%)
Strategic investment and improvements fund	372,009,651	517,482,025	(145,472,374)	(28.1%)
County and township infrastructure fund	0	115,000,000	(115,000,000)	(100.0%)
Airport infrastructure fund	0	20,000,000	(20,000,000)	(100.0%)
Total	\$3,639,184,905	\$4,851,193,100	(\$1,212,008,195)	(25.0%)

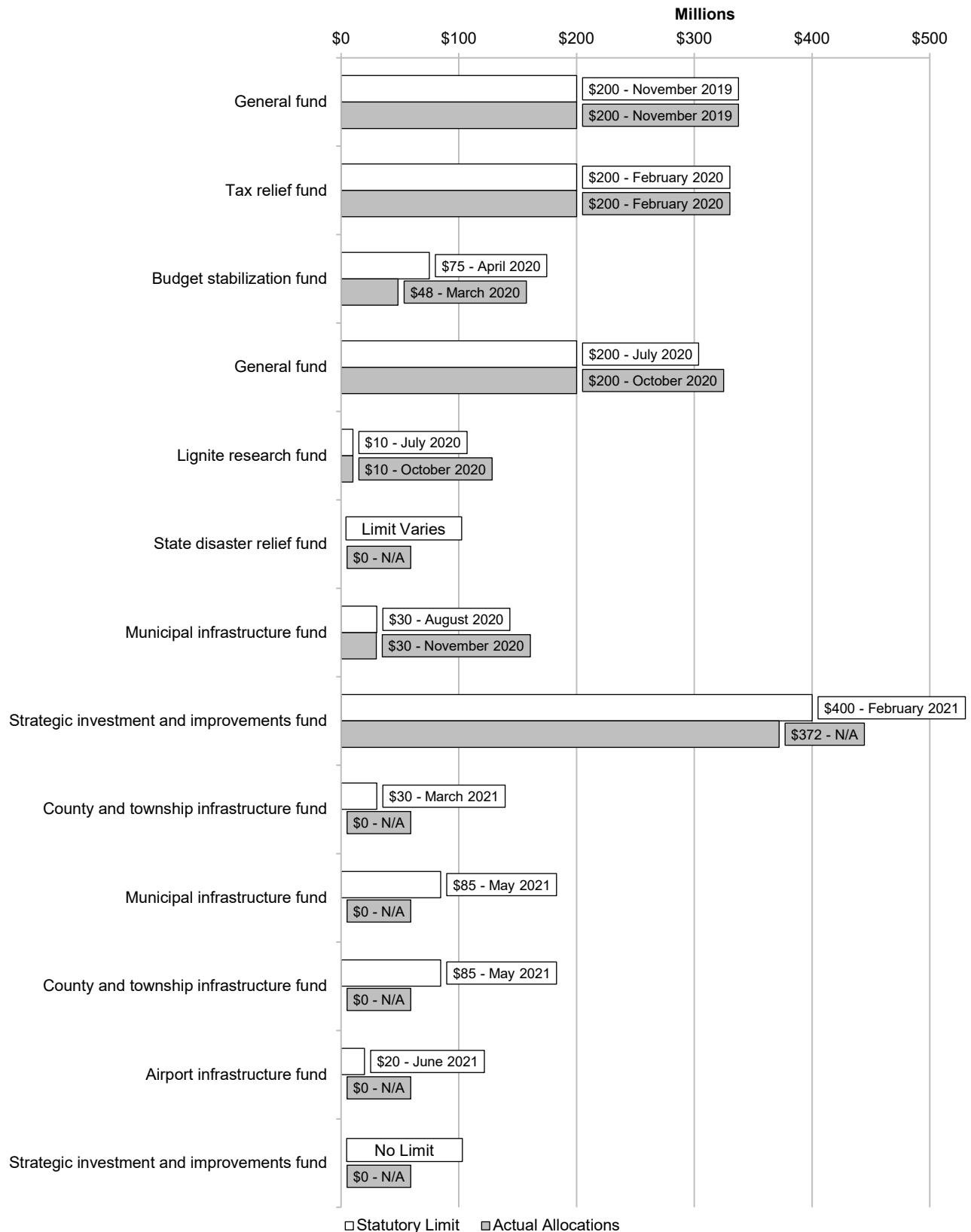
OIL AND GAS TAX REVENUE ALLOCATIONS

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 July 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 July 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 July 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 July 2021	Remaining Forecast	Biennium Total	Original Forecast
Three Affiliated Tribes	\$419,460,520	\$0	\$419,460,520	\$525,110,755
Legacy fund	965,917,312	0	965,917,312	1,297,824,714
North Dakota outdoor heritage fund	15,000,000	0	15,000,000	15,000,000
Abandoned well reclamation fund	11,504,524	0	11,504,524	14,815,934
Political subdivisions	542,393,665	0	542,393,665	661,149,940
Common schools trust fund	149,035,303	0	149,035,303	213,286,357
Foundation aid stabilization fund	149,035,303	0	149,035,303	213,286,357
Resources trust fund	305,522,369	0	305,522,369	437,237,018
Oil and gas research fund	16,000,000	0	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	0	29,875,000	115,000,000
Strategic investment and improvements fund	372,009,651	0	372,009,651	517,482,025
County and township infrastructure fund	0	0	0	115,000,000
Airport infrastructure fund	0	0	0	20,000,000
Total	\$3,639,184,905	\$0	\$3,639,184,905	\$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 24 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 May 2021	2017-19 Biennium Through May 2019	Increase (Decrease)	
			Amount	Percentage
Actual	1,261,097	1,238,088	23,009	1.9%
Forecast	1,420,000	937,500	482,500	51.5%
Variance to forecast	(158,903)	300,588	(459,491)	(152.9%)
Percentage variance to forecast	(11.2%)	32.1%		

Average Oil Price - Price Per Barrel				
	2019-21 Biennium Through May 2021	2017-19 Biennium Through May 2019	Increase (Decrease)	
			Amount	Percentage
Actual	\$43.67	\$53.58	(\$9.91)	(18.5%)
Forecast	48.25	47.00	1.25	2.7%
Variance to forecast	(\$4.58)	\$6.58	(\$11.16)	(169.6%)
Percentage variance to forecast	(9.5%)	14.0%		

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 24 months of the 2019-21 biennium and 2017-19 biennium.

	2019-21 Biennium Through July 2021	2017-19 Biennium Through July 2019	Increase (Decrease)	
			Amount	Percentage
Actual	\$3,639,184,905	\$4,615,743,544	(\$976,558,639)	(21.2%)
Forecast	4,851,193,100	3,120,065,625	1,731,127,475	55.5%
Variance to forecast	(\$1,212,008,195)	\$1,495,677,919	(\$2,707,686,114)	(181.0%)
Percentage variance to forecast	(25.0%)	47.9%		