



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 2021 legislative revenue forecast**, prepared at the close of the 2021 legislative session. The oil revenue forecast was not changed during the November 2021 special session.

QUARTERLY SUMMARY

Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for September 2021 through November 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			
	September 2021	October 2021	November 2021
Actual	1,114,020	1,110,910	1,159,718
Forecast	1,100,000	1,100,000	1,100,000
Variance to forecast	14,020	10,910	59,718
Percentage variance to forecast	1.3%	1.0%	5.4%

Average Oil Price - Price Per Barrel			
	September 2021	October 2021	November 2021
Actual	\$67.96	\$77.79	\$75.61
Forecast	50.00	50.00	50.00
Variance to forecast	\$17.96	\$27.79	\$25.61
Percentage variance to forecast	35.9%	55.6%	51.2%

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for November 2021 through January 2022.

	November 2021	December 2021	January 2022
Actual	\$198,301,198	\$225,933,875	\$231,200,059
Forecast	160,050,000	165,385,000	160,050,000
Variance to forecast	\$38,251,198	\$60,548,875	\$71,150,059
Percentage variance to forecast	23.9%	36.6%	44.5%

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 2021 through January 2022.

	November 2021	December 2021	January 2022
Three Affiliated Tribes	\$29,211,024	\$34,139,065	\$31,864,386
Legacy fund	50,810,324	57,629,077	59,883,952
North Dakota outdoor heritage fund	1,265,053	1,413,337	1,497,731
Abandoned well reclamation fund	632,527	706,668	748,866
Political subdivisions	27,926,507	31,014,347	31,417,536
Common schools trust fund	7,740,929	8,856,952	9,191,238
Foundation aid stabilization fund	7,740,929	8,856,952	9,191,238
Resources trust fund	15,868,904	18,156,752	18,842,038
Oil and gas research fund	1,147,651	1,309,257	1,376,811
State energy research center fund	573,825	654,628	688,406
General fund	43,959,532	0	0
Tax relief fund	11,423,993	63,196,840	66,497,857
Budget stabilization fund	0	0	0
Lignite research fund	0	0	0
State disaster relief fund	0	0	0
Strategic investment and improvements fund	0	0	0
Municipal infrastructure fund	0	0	0
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$198,301,198	\$225,933,875	\$231,200,059

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 2021 through January 2022. The formula for the distributions to political subdivisions became effective with July 2021 oil production and September 2021 distributions. However, this memorandum reports the distributions to political subdivisions for the period August 2021 to July 2023 to align with the reporting for the allocations to state funds.

	November 2021	December 2021	January 2022
Hub cities	\$4,004,450	\$4,289,395	\$4,316,163
Hub city school districts	732,470	795,791	801,740
Counties	15,022,956	16,887,391	17,113,441
Cities (excluding hub cities)	5,068,635	5,686,203	5,766,840
School districts (excluding hub city school districts)	2,133,054	2,263,984	2,315,870
Townships	964,942	1,091,583	1,103,482
Total	\$27,926,507	\$31,014,347	\$31,417,536

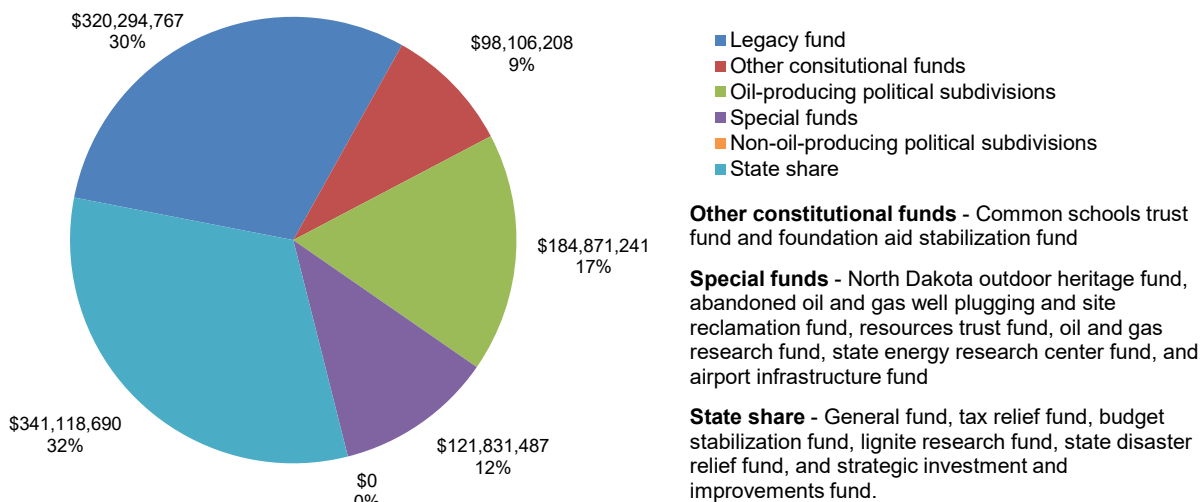
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through January 2022.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$174,155,797	\$127,544,093	\$46,611,704	36.5%
Legacy fund	320,294,767	255,094,578	65,200,189	25.6%
North Dakota outdoor heritage fund	6,691,588	5,145,942	1,545,646	30.0%
Abandoned well reclamation fund	3,986,845	3,077,475	909,370	29.5%
Political subdivisions	184,871,241	143,265,734	41,605,507	29.0%
Common schools trust fund	49,053,104	41,675,139	7,377,965	17.7%
Foundation aid stabilization fund	49,053,104	41,675,139	7,377,965	17.7%
Resources trust fund	100,558,864	85,434,036	15,124,828	17.7%
Oil and gas research fund	7,062,793	5,498,945	1,563,848	28.4%
State energy research center fund	3,531,397	2,749,473	781,924	28.4%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	141,118,690	65,144,446	75,974,244	116.6%
Budget stabilization fund	0	0	0	N/A
Lignite research fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
Municipal infrastructure fund	0	0	0	N/A
County and township infrastructure fund	0	0	0	N/A
Airport infrastructure fund	0	0	0	N/A
Total	\$1,240,378,190	\$976,305,000	\$264,073,190	27.0%

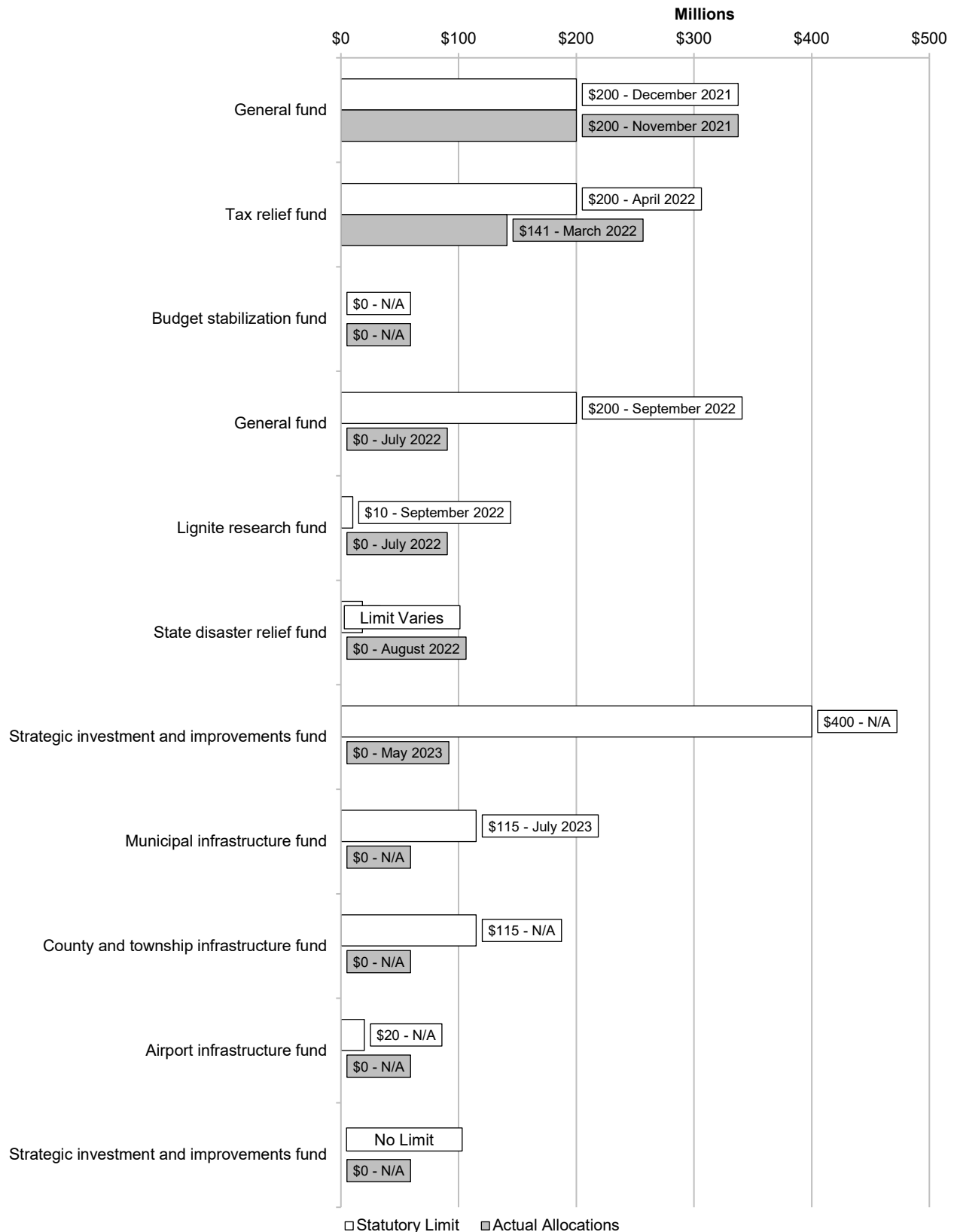
OIL AND GAS TAX REVENUE ALLOCATIONS

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 January 2022.



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 2022. The dates in the white boxes reflect when the funds are estimated to reach the statutory limit based on the 2021 legislative revenue forecast, prepared at the close of the 2021 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 2022 and forecasted amounts for the remainder of the biennium. The amount shown for the original forecast reflects the 2021 legislative revenue forecast, prepared at the close of the 2021 legislative session.

2021-23 Biennium Actual Allocations and Remaining Forecast				
	Actual Through January 2022	Remaining Forecast	Biennium Total	Original Forecast
Three Affiliated Tribes	\$174,155,797	\$359,343,313	\$533,499,110	\$486,887,406
Legacy fund	320,294,767	716,241,700	1,036,536,467	971,336,278
North Dakota outdoor heritage fund	6,691,588	8,308,412	15,000,000	15,000,000
Abandoned well reclamation fund	3,986,845	8,928,806	12,915,651	11,718,253
Political subdivisions	184,871,241	374,957,378	559,828,619	518,223,112
Common schools trust fund	49,053,104	117,013,356	166,066,460	158,688,495
Foundation aid stabilization fund	49,053,104	117,013,356	166,066,460	158,688,495
Resources trust fund	100,558,864	239,877,383	340,436,247	325,311,419
Oil and gas research fund	7,062,793	7,437,207	14,500,000	14,500,000
State energy research center fund	3,531,397	1,468,603	5,000,000	5,000,000
General fund	200,000,000	200,000,000	400,000,000	400,000,000
Tax relief fund	141,118,690	58,881,310	200,000,000	200,000,000
Budget stabilization fund	0	0	0	0
Lignite research fund	0	10,000,000	10,000,000	10,000,000
State disaster relief fund	0	18,187,906	18,187,906	18,187,906
Strategic investment and improvements fund	0	400,000,000	400,000,000	400,000,000
Municipal infrastructure fund	0	51,780,636	51,780,636	11,991,818
County and township infrastructure fund	0	51,780,634	51,780,634	11,991,818
Airport infrastructure fund	0	0	0	0
Total	\$1,240,378,190	\$2,741,220,000	\$3,981,598,190	\$3,717,525,000

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 6 months of the 2021-23 biennium and 2019-21 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				
	2021-23 Biennium Through November 2021	2019-21 Biennium Through November 2019	Increase (Decrease)	
			Amount	Percentage
Actual	1,117,017	1,471,493	(354,476)	(24.1%)
Forecast	1,100,000	1,400,000	(300,000)	(21.4%)
Variance to forecast	17,017	71,493	(54,476)	(76.2%)
Percentage variance to forecast	1.5%	5.1%		

Average Oil Price - Price Per Barrel				
	2021-23 Biennium Through November 2021	2019-21 Biennium Through November 2019	Increase (Decrease)	
			Amount	Percentage
Actual	\$70.30	\$50.36	\$19.94	39.6%
Forecast	50.00	49.00	1.00	2.0%
Variance to forecast	\$20.30	\$1.36	\$18.94	1,392.6%
Percentage variance to forecast	40.6%	2.8%		

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 6 months of the 2021-23 biennium and 2019-21 biennium.

	2021-23 Biennium Through January 2022	2019-21 Biennium Through January 2020	Increase (Decrease)	
			Amount	Percentage
Actual	\$1,240,378,190	\$1,255,538,131	(\$15,159,941)	(1.2%)
Forecast	976,305,000	1,205,292,900	(228,987,900)	(19.0%)
Variance to forecast	\$264,073,190	\$50,245,231	\$213,827,959	425.6%
Percentage variance to forecast	27.0%	4.2%		