

## **ECONOMIC ASSUMPTIONS AND CONDITIONS USED IN THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION**

1. **General fund revenue growth** - General fund revenues for the 2001-03 biennium are anticipated to increase 7.2 percent, or \$115.6 million, from the original legislative revenue forecast for the 1999-2001 biennium. This is an increase of 5.2 percent, or \$81.95 million, from the revised revenue forecast for the 1999-2001 biennium.
2. **Taxable sales and purchases** - Taxable sales and purchases are estimated to increase by 2.45 percent annually during the 2001-03 biennium, resulting in additional general fund revenue of \$34.6 million from sales and use tax and motor vehicle excise tax collections.
3. **Adjusted gross income** - Adjusted gross income is projected to grow by 8.13 percent during the first year of the biennium and by 5.91 percent during the second year of the biennium, resulting in additional general fund revenue of \$47.8 million from individual income tax collections.
4. **Oil and gas tax collections** - Oil and gas tax collections are expected to decline slightly from \$71.7 million in 1999-2001 to \$69.2 million in 2001-03. However, the amount deposited in the general fund is anticipated to remain at \$62 million for both the 1999-2001 and 2001-03 bienniums, pursuant to North Dakota Century Code Section 57-51.1-07.2. This section provides that if, at the end of any biennium, oil and gas production and extraction tax collections during the biennium exceeded \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund.
5. **Oil prices** - Oil prices are anticipated to average \$21.50 per barrel during the first year of the 2001-03 biennium and are anticipated to decline to an average price of \$19.50 per barrel during the second year of the biennium. The average oil price in November 2000 for North Dakota crude oil was \$29.68 per barrel.
6. **Oil production** - Oil production is anticipated to reach 95,000 barrels per day by the end of the 2001-03 biennium. Oil production for September 2000 averaged 88,793 barrels per day.