



North Dakota Legislative Council

Prepared for Representative Vigessaa and Senator Bekkedahl
 LC# 23.9512.02000
 March 2023

BUDGET STATUS - MOTION FOR PROPOSED MARCH 2023 FORECAST

GENERAL FUND REVENUE FORECASTS

The schedules below provide information on the 2021-23 biennium revised general fund revenue forecast and the 2023-25 biennium general fund revenue forecast based on the January 2023 revenue forecast adopted by the Appropriations Committees and a proposed March 2023 revenue forecast.

2021-23 Biennium Revised Forecast			
	January 2023 Revenue Forecast	March 2023 Proposed Forecast ¹	Proposed Adjustments
Tax and fee revenues			
Sales and use tax	\$2,074,400,000	\$2,080,000,000	\$5,600,000
Motor vehicle excise tax	297,300,000	301,000,000	3,700,000
Individual income tax	911,900,000	926,000,000	14,100,000
Corporate income tax	436,600,000	440,000,000	3,400,000
Oil and gas tax collections	400,000,000	400,000,000	0
Cigarette and tobacco tax	46,241,044	45,681,635	(559,409)
Wholesale liquor tax	19,812,374	19,891,278	78,904
Gaming tax	36,801,316	36,801,316	0
Insurance premium tax	126,799,744	130,725,520	3,925,776
Departmental collections	76,750,124	76,676,665	(73,459)
Interest income	13,992,750	15,292,750	1,300,000
Mineral leasing fees	84,432,749	85,621,149	1,188,400
Total tax and fee revenues	\$4,525,030,101	\$4,557,690,313	\$32,660,212
Transfers and other sources			
Bank of North Dakota profits	\$140,000,000	\$140,000,000	\$0
Mill and Elevator Association profits	14,721,950	14,721,950	0
Lottery	12,400,000	12,400,000	0
Gas tax administration	1,873,744	1,873,744	0
Budget stabilization fund (interest)	0	0	0
Strategic investment and improvements fund	410,000,000	410,000,000	0
Other miscellaneous transfers	13,143,419	13,884,266	740,847
Total transfers and other sources	\$592,139,113	\$592,879,960	\$740,847
Total general fund revenues	\$5,117,169,214	\$5,150,570,273	\$33,401,059

NOTE: The shaded rows reflect the four major tax types for general fund revenue, which are based on economic forecasting data provided by consultants (Moody's Analytics and S&P Global).

¹The amounts shown for the sales and use tax, motor vehicle excise tax, individual income tax, and corporate income tax under the March 2023 proposed forecast reflect the average of the March 2023 revised executive forecast and the March 2023 S&P Global baseline forecast. All other amounts shown under the proposed forecast reflect the amounts included in the March 2023 revised executive forecast.

2023-25 Biennium Forecast			
	January 2023 Revenue Forecast ¹	March 2023 Proposed Forecast ²	Proposed Adjustments
Tax and fee revenues			
Sales and use tax	\$2,203,500,000	\$2,210,000,000	\$6,500,000
Motor vehicle excise tax	338,500,000	343,000,000	4,500,000
Individual income tax	1,189,500,000	1,236,000,000	46,500,000
Corporate income tax	392,900,000	389,000,000	(3,900,000)
Oil and gas tax collections	400,000,000	400,000,000	0
Cigarette and tobacco tax	44,846,545	42,575,517	(2,271,028)
Wholesale liquor tax	20,268,633	19,919,584	(349,049)
Gaming tax	37,300,000	37,300,000	0
Insurance premium tax	132,499,378	139,052,009	6,552,631
Departmental collections	75,447,690	75,447,690	0
Interest income	1,639,872	1,639,872	0
Mineral leasing fees	60,000,000	60,000,000	0
Total tax and fee revenues	\$4,896,402,118	\$4,953,934,672	\$57,532,554
Transfers and other sources			
Bank of North Dakota profits	\$140,000,000	\$140,000,000	\$0
Mill and Elevator Association profits	14,700,000	14,700,000	0
Lottery	12,600,000	12,600,000	0
Gas tax administration	1,844,424	1,844,424	0
Budget stabilization fund (interest)	28,360,128	28,360,128	0
Total transfers and other sources	\$197,504,552	\$197,504,552	\$0
Total general fund revenues	\$5,093,906,670	\$5,151,439,224	\$57,532,554

NOTE: The shaded rows reflect the four major tax types for general fund revenue, which are based on economic forecasting data provided by consultants (Moody's Analytics and S&P Global).

¹The amount shown for interest income does not include interest transferred from the budget stabilization fund, which is shown separately under transfers.

²The shaded amounts shown under the March 2023 proposed forecast reflect the average of the March 2023 revised executive forecast and the March 2023 S&P Global baseline forecast. Excluding the shaded amounts, all other amounts shown under the March 2023 proposed forecast reflect the amounts included in the March 2023 revised executive forecast.

OIL PRICE AND PRODUCTION FORECASTS

The schedules below provide information on the oil price and oil production forecasts for the remainder of the 2021-23 biennium and for the 2023-25 biennium based on the January 2023 revenue forecast adopted by the Appropriations Committees and a proposed March 2023 revenue forecast. Estimated oil and gas tax revenue allocations for the 2021-23 and 2023-25 bienniums based on current law are attached as [Appendix A](#). Estimated oil and gas tax revenue allocations for the 2023-25 biennium based on proposed changes reflecting legislative action through crossover are attached as [Appendix B](#).

2021-23 Biennium		
	January 2023 Revenue Forecast	March 2023 Proposed Forecast
Average oil price	Decreasing from \$80 to \$75 per barrel (North Dakota price)	Remaining at \$75 per barrel (North Dakota price)
Average daily oil production	Remaining at 1.1 million barrels	Remaining at 1.1 million barrels

NOTE: The amounts shown for the average oil price and production reflect the forecasts for the remainder of the biennium.

2023-25 Biennium		
	January 2023 Revenue Forecast	March 2023 Proposed Forecast
Average oil price	Decreasing from \$70 to \$65 per barrel (North Dakota price)	Decreasing from \$70 to \$62 per barrel (North Dakota price)
Average daily oil production	Remaining at 1.1 million barrels	Remaining at 1.1 million barrels

ESTIMATED UNSPENT GENERAL FUND APPROPRIATIONS

The schedule below provides information on the estimated unspent 2021-23 biennium general fund appropriation authority ("turnback") and currently authorized exemptions for unspent 2021-23 biennium general fund appropriation authority ("carryover").

	January 2023 Revenue Forecast	March 2023 Agency Survey	Increase (Decrease)
Unspent 2021-23 general fund appropriations	\$169,654,150	\$214,068,515	\$44,414,365
Exemptions for unspent 2021-23 appropriations	0	(27,308,164)	(27,308,164)
Remaining unspent general fund appropriations	\$169,654,150	\$186,760,351	\$17,106,201

APPROPRIATIONS COMMITTEES MOTION - BUDGET STATUS ADJUSTMENTS

The following is a motion for consideration by the Appropriations Committees related to the 2023-25 biennium estimated revenues reflecting a March 2023 revenue forecast:

It was moved by _____ and seconded by _____ that the House (Senate) Appropriations Committees of the 68th Legislative Assembly adopt, for Legislative Council budget status reporting purposes, the following estimated revenue adjustments (as shown for the proposed adjustments in the schedules above):

- Adjustment to estimated unspent 2021-23 biennium general fund appropriations - \$17,106,201.
- Adjustment to 2021-23 biennium estimated total general fund revenues - \$33,401,059.
- Adjustment to 2023-25 biennium estimated total general fund revenues - \$57,532,554.
- Estimated oil price and daily oil production for the remainder of the 2021-23 biennium - Oil prices remaining at \$75 per barrel and oil production remaining at 1.1 million barrels per day.
- Estimated oil price and daily oil production for the 2023-25 biennium - Oil prices decreasing from \$70 per barrel in the 1st year of the biennium to \$62 per barrel in the 2nd year of the biennium and oil production remaining at 1.1 million barrels per day.

ATTACH:2

ESTIMATED OIL AND GAS TAX REVENUE ALLOCATIONS - BASED ON CURRENT LAW

The schedule below provides information on the estimated oil and gas tax revenue collections and allocations for the 2021-23 and 2023-25 bienniums based on the proposed forecast for oil price and production. The allocations reflect the formulas in current law.

Estimated Oil and Gas Tax Revenue Collections and Allocations			
	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)
Collections			
Gross production tax	\$3,128,130,000	\$2,596,910,000	(\$531,220,000)
Oil extraction tax	2,897,320,000	2,543,900,000	(353,420,000)
Total oil tax collections	\$6,025,450,000	\$5,140,810,000	(\$884,640,000)
Allocations			
Three Affiliated Tribes	\$760,440,000	\$670,450,000	(\$89,990,000)
Legacy fund	1,582,530,000	1,343,220,000	(239,310,000)
North Dakota outdoor heritage fund	17,090,000	31,000,000	13,910,000
Abandoned well reclamation fund	15,640,000	14,490,000	(1,150,000)
Political subdivisions	801,160,000	682,390,000	(118,770,000)
Common schools trust fund	251,570,000	219,440,000	(32,130,000)
Foundation aid stabilization fund	251,570,000	219,440,000	(32,130,000)
Resources trust fund	515,720,000	449,860,000	(65,860,000)
Oil and gas research fund	14,500,000	10,000,000	(4,500,000)
State energy research center fund	5,000,000	5,000,000	0
State share ("buckets") ¹	1,810,230,000	1,495,520,000	(314,710,000)
Total oil and gas tax allocations	\$6,025,450,000	\$5,140,810,000	(\$884,640,000)
¹ The allocations under the state share ("buckets") include:			
	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)
General fund (\$200 million limit)	\$200,000,000	\$200,000,000	\$0
Tax relief fund (\$200 million limit)	200,000,000	200,000,000	0
Budget stabilization fund (limit varies - up to \$75 million)	9,650,000	0	(9,650,000)
General fund (\$200 million limit)	200,000,000	200,000,000	0
Lignite research fund (\$10 million limit)	10,000,000	10,000,000	0
State disaster relief fund (limit varies - up to \$20 million)	15,510,000	0	(15,510,000)
Strategic investment and improvements fund (\$400 million limit)	400,000,000	400,000,000	0
Municipal infrastructure fund (\$115 million limit)	115,000,000	115,000,000	0
County and township infrastructure fund (\$115 million limit)	115,000,000	115,000,000	0
Airport infrastructure fund (\$20 million limit)	20,000,000	20,000,000	0
Strategic investment and improvements fund (no limit)	525,070,000	235,520,000	(289,550,000)
Total state share	\$1,810,230,000	\$1,495,520,000	(\$314,710,000)

ESTIMATED OIL AND GAS TAX REVENUE ALLOCATIONS - BASED ON PROPOSED CHANGES

The schedule below compares the estimated oil and gas tax revenue collections and allocations for the 2023-25 biennium based on the January 2023 revenue forecast and the March 2023 proposed revenue forecast with legislative action through crossover.

Estimated Oil and Gas Tax Revenue Collections and Allocations - 2023-25 Biennium			
	January 2023 Revenue Forecast	March 2023 Proposed Forecast	Increase (Decrease)
Collections			
Gross production tax	\$2,655,920,000	\$2,596,910,000	(\$59,010,000)
Oil extraction tax	2,601,720,000	2,543,900,000	(57,820,000)
Total oil tax collections	\$5,257,640,000	\$5,140,810,000	(\$116,830,000)
Allocations			
Three Affiliated Tribes	\$685,530,000	\$670,450,000	(\$15,080,000)
Legacy fund	1,373,750,000	1,343,220,000	(30,530,000)
North Dakota outdoor heritage fund	31,730,000	15,000,000	(16,730,000)
Abandoned well reclamation fund	14,820,000	14,490,000	(330,000)
Political subdivisions	695,590,000	682,390,000	(13,200,000)
Common schools trust fund	224,430,000	219,440,000	(4,990,000)
Foundation aid stabilization fund	224,430,000	219,440,000	(4,990,000)
Resources trust fund	460,080,000	449,860,000	(10,220,000)
Oil and gas research fund	10,000,000	14,500,000	4,500,000
State energy research center fund	5,000,000	10,000,000	5,000,000
State share ("buckets") ¹	1,532,280,000	1,502,020,000	(30,260,000)
Total oil and gas tax allocations	\$5,257,640,000	\$5,140,810,000	(\$116,830,000)
¹ The allocations under the state share ("buckets") include:			
	January 2023 Revenue Forecast	March 2023 Proposed Forecast	Increase (Decrease)
General fund (\$230 million limit)	\$200,000,000	\$230,000,000	\$30,000,000
Tax relief fund (\$250 million limit)	200,000,000	250,000,000	50,000,000
Budget stabilization fund (limit varies - up to \$75 million)	0	0	0
General fund (\$230 million limit)	200,000,000	230,000,000	30,000,000
Lignite research fund (\$10 million limit)	10,000,000	10,000,000	0
State disaster relief fund (limit varies - up to \$20 million)	0	10,250,000	10,250,000
Strategic investment and improvements fund (\$460 million limit)	400,000,000	460,000,000	60,000,000
Municipal infrastructure fund (\$115 million limit)	115,000,000	115,000,000	0
County and township infrastructure fund (\$115 million limit)	115,000,000	115,000,000	0
Airport infrastructure fund (\$20 million limit)	20,000,000	20,000,000	0
Strategic investment and improvements fund (no limit)	272,280,000	61,770,000	(210,510,000)
Total state share	\$1,532,280,000	\$1,502,020,000	(\$30,260,000)

