

PROPOSED MARCH 2017 LEGISLATIVE REVENUE FORECAST - 2015-17 AND 2017-19 BIENNIUMS

BUDGET STATUS ADJUSTMENT SUMMARY

The schedule below provides information on the preliminary 2017-19 biennium budget status report for the general fund reflecting legislative action through crossover and adjustments for a proposed March 2017 legislative revenue forecast.

	Amount
Estimated June 30, 2019, balance - Budget status (as of crossover)	(\$512,407,743)
Increase (decrease) to 2015-17 biennium general fund revenues - July 1, 2017, balance adjustment	(56,360,382)
Increase (decrease) to 2017-19 biennium general fund revenues - 2017-19 biennium revenue adjustment	(103,230,459)
Estimated June 30, 2019, balance	(\$671,998,584)

2015-17 BIENNIUM REVISED REVENUE FORECAST

The schedule below provides information on the December 2016 executive budget revenue forecast, the January 2017 legislative forecast, and a proposed March 2017 legislative forecast for the general fund for the 2015-17 biennium.

2015-17 Biennium Revised General Fund Revenue Forecast					
	December 2016 Executive Forecast	Adjustments	January 2017 Legislative Forecast	Proposed Adjustments ¹	Proposed March 2017 Legislative Forecast
Beginning balance	\$729,529,389	\$0	\$729,529,389	\$0	\$729,529,389
Ongoing revenues					
Sales and use tax	\$1,809,642,574	(\$67,000,000) ²	\$1,742,642,574	(\$53,612,000)	\$1,689,030,574
Motor vehicle excise tax	207,215,785	0	207,215,785	6,497,000	213,712,785
Individual income tax	692,124,749	0	692,124,749	(4,568,000)	687,556,749
Corporate income tax	165,963,800	0	165,963,800	(6,096,000)	159,867,800
Insurance premium tax	106,816,251	0	106,816,251	1,536,404	108,352,655
Financial institutions tax	1,294,077	0	1,294,077	5,177	1,299,254
Cigarette and tobacco tax	57,082,715	0	57,082,715	0	57,082,715
Oil and gas gross production tax	102,881,583	0	102,881,583	10,118,417	113,000,000
Oil extraction tax	197,118,417	0	197,118,417	(10,118,417)	187,000,000
Coal conversion tax	42,725,976	0	42,725,976	0	42,725,976
Gaming tax	6,924,614	0	6,924,614	(167,381)	6,757,233
Wholesale liquor tax	18,441,988	0	18,441,988	(246,000)	18,195,988
Mineral leasing fees	25,615,092	0	25,615,092	752,126	26,367,218
Interest income	18,017,492	0	18,017,492	(1,500,000)	16,517,492
Departmental collections	80,642,925	0	80,642,925	688,292	81,331,217
Total ongoing revenues	\$3,532,508,038	(\$67,000,000)	\$3,465,508,038	(\$56,710,382)	\$3,408,797,656
Transfers					
Bank of North Dakota	\$100,000,000	\$0	\$100,000,000	\$0	\$100,000,000
Mill and Elevator Association	8,834,894	0	8,834,894	350,000	9,184,894
Lottery	17,210,000	0	17,210,000	0	17,210,000
Gas tax administration	2,033,800	0	2,033,800	0	2,033,800
Tax relief fund	657,000,000	0	657,000,000	0	657,000,000
Strategic investment and improvements fund	30,000,000	(30,000,000) ³	0	0	0
Budget stabilization fund	572,485,453	0	572,485,453	0	572,485,453
Other transfers	75,906	0	75,906	0	75,906
Total transfers	\$1,387,640,053	(\$30,000,000)	\$1,357,640,053	\$350,000	\$1,357,990,053
Total general fund revenues	\$5,649,677,480	(\$97,000,000)	\$5,552,677,480	(\$56,360,382)	\$5,496,317,098

¹The amounts shown in this column reflect the budget status adjustments to the estimated July 1, 2017, general fund balance.

²The actual sales tax collections for the period July 2016 through November 2016 were \$56.2 million, or 13 percent, less than the August 2016 legislative forecast. The \$67 million adjustment continues the decline for the remainder of the biennium.

³This adjustment reflects a change to match current law.

2017-19 BIENNIUM REVISED REVENUE FORECAST

The schedule below provides information on the December 2016 executive budget revenue forecast, the January 2017 legislative forecast, and a proposed March 2017 legislative forecast for the general fund for the 2017-19 biennium.

2017-19 Biennium Revised General Fund Revenue Forecast					
	December 2016 Executive Forecast	Adjustments	January 2017 Legislative Forecast	Proposed Adjustments ¹	Proposed March 2017 Legislative Forecast
Ongoing revenues					
Sales and use tax	\$1,941,225,000	(\$146,225,000) ²	\$1,795,000,000	(\$94,290,000)	\$1,700,710,000
Motor vehicle excise tax	215,752,000	0	215,752,000	4,251,000	220,003,000
Individual income tax	712,631,000	(19,631,000) ³	693,000,000	4,836,000	697,836,000
Corporate income tax	121,756,000	0	121,756,000	(19,639,000)	102,117,000
Insurance premium tax	128,000,000	(5,000,000) ⁴	123,000,000	5,000,000	128,000,000
Financial institutions tax	0	0	0	0	0
Cigarette and tobacco tax	54,086,000	0	54,086,000	(839,000)	53,247,000
Oil and gas gross production tax	513,014,882	(365,314,882) ⁵	147,700,000	(34,700,000)	113,000,000
Oil extraction tax	486,985,118	(334,685,118) ⁵	152,300,000	34,700,000	187,000,000
Coal conversion tax	39,709,000	1,200,000 ⁵	40,909,000	(1,200,000)	39,709,000
Gaming tax	7,301,480	0	7,301,480	0	7,301,480
Wholesale liquor tax	19,438,000	0	19,438,000	(1,355,000)	18,083,000
Mineral leasing fees	30,500,000	0	30,500,000	0	30,500,000
Interest income	16,000,000	(8,000,000) ⁵	8,000,000	0	8,000,000
Departmental collections	79,731,684	2,294,459 ⁵	82,026,143	5,541	82,031,684
Total ongoing revenues	\$4,366,130,164	(\$875,361,541)	\$3,490,768,623	(\$103,230,459)	\$3,387,538,164
Transfers					
Bank of North Dakota	\$200,000,000	(\$200,000,000) ⁵	\$0	\$0	\$0
Mill and Elevator Association	22,279,924	(9,902,188) ⁵	12,377,736	0	12,377,736
Lottery	15,000,000	0	15,000,000	0	15,000,000
Gas tax administration	2,016,120	0	2,016,120	0	2,016,120
Legacy fund	160,000,000	0	160,000,000	0	160,000,000
Tobacco settlement trust fund	18,000,000	(18,000,000) ⁵	0	0	0
Tax relief fund	0	0	0	0	0
Strategic investment and improvements fund	30,000,000	(30,000,000) ⁵	0	0	0
Budget stabilization fund	0	0	0	0	0
Other transfers	0	0	0	0	0
Total transfers	\$447,296,044	(\$257,902,188)	\$189,393,856	\$0	\$189,393,856
Total general fund revenues	\$4,813,426,208	(\$1,133,263,729)	\$3,680,162,479	(\$103,230,459)	\$3,576,932,020
¹ The amounts shown in this column reflect the budget status adjustments for the 2017-19 biennium estimated general fund revenues.					
² The \$146.2 million adjustment reflects an increase of 3 percent from the 2015-17 biennium based on the January 2017 legislative forecast.					
³ The \$19.6 million adjustment reflects the 2017-19 biennium collections remaining at the same level as the 2015-17 biennium based on the January 2017 legislative forecast.					
⁴ The \$5 million adjustment reflects an increase of 15 percent from the 2015-17 biennium based on the January 2017 legislative forecast compared to a 20 percent increase in the December 2016 executive budget forecast.					
⁵ These adjustments reflect changes to match current law.					

OIL AND GAS TAX REVENUE 2015-17 Biennium

Based on a proposed March 2017 legislative forecast, the 2015-17 biennium estimated oil and gas tax collections total \$2.932 billion reflecting average daily oil production and average oil prices for the remainder of the biennium as follows:

- Average daily oil production decreasing from 937,455 to 925,000 barrels per day.
- Average oil price increasing from \$45.64 to \$47 for the remainder of the 2015-17 biennium. The average oil prices reflect the projected price of a barrel of North Dakota light sweet crude oil.

2017-19 Biennium

Based on a proposed March 2017 legislative forecast, the 2017-19 biennium estimated oil and gas tax collections total \$3.120 billion reflecting average daily oil production and average oil prices as follows:

- Average daily oil production of 925,000 barrels per day for the 1st year and 950,000 barrels per day for the 2nd year of the 2017-19 biennium.
- Average oil price of \$47 for the entire 2017-19 biennium. The average oil prices reflect the projected price of a barrel of North Dakota light sweet crude oil.

APPROPRIATIONS COMMITTEES MOTION - BUDGET STATUS ADJUSTMENTS

The following is a motion for consideration by the Appropriations Committees related to the 2017-19 biennium estimated revenues reflecting a proposed March 2017 legislative forecast:

It was moved by _____ and seconded by _____ that the House (Senate) Appropriations Committee of the 65th Legislative Assembly adopt, for Legislative Council budget status reporting purposes, the following estimated revenues (as detailed in the schedules shown above):

- **(\$56,360,382) - Adjustment to estimated July 1, 2017, general fund balance.**
- **(\$103,230,459) - Adjustment to estimated 2017-19 biennium total general fund revenues.**
- **Estimated 2015-17 biennium average oil price and average daily oil production for the remainder of the biennium - Increasing from \$45.64 to \$47 per barrel and decreasing from 937,455 to 925,000 barrels per day.**
- **Estimated 2017-19 biennium average oil price and average daily oil production - Remaining at \$47 per barrel and increasing from 925,000 barrels per day for the 1st year to 950,000 barrels per day for the 2nd year of the biennium.**

NOTE: These amounts will be reflected in the budget status reports when adopted by both Appropriations Committees.