

LEGACY FUND - "WHAT IF" SCENARIO

The schedule below compares the May 2015 legislative forecast to a "what if" scenario for the legacy fund. The "what if" scenario reflects lower oil prices and production than the May 2015 legislative forecast. The May 2015 legislative forecast reflects the following:

- Oil prices increasing from \$41.97 to \$52.56;
- Oil production remaining at 1.1 million barrels per day; and
- The "large trigger" being in effect for the first 6 months of the biennium and the lower oil extraction tax rate of 5 percent beginning with oil production in January 2016. The effect of the "large trigger" would have lowered the oil extraction tax rate to approximately 1 percent because of various exemptions and rate reductions.

The "what if" scenario is based on actual oil tax revenue collections and allocations for the biennium to date through November 2015. Based on the most recently available *Rev E-News* from the Office of Management and Budget, in September 2015, the actual average oil price for North Dakota light sweet crude was \$36.98 per barrel and actual average daily oil production was 1,162,253 barrels per day. The forecasted amounts in the "what if" scenario (December 2015 through the remainder of the biennium) reflect the following:

- Oil prices increasing from \$29.80 to \$36.56 (\$16 less than the May 2015 legislative forecast);
- Oil production decreasing from 1.16 million barrels per day to 1 million barrels per day by the end of the first fiscal year and remaining at 1 million barrels per day for the second year of the biennium; and
- No impact from the "large trigger" because the provisions of the "large trigger" did not become effective.

Legacy Fund - 2015-17 Biennium			
	May 2015 Legislative Forecast	"What If" Scenario ¹	Increase (Decrease)
Beginning balance	\$3,250,983,817	\$3,279,818,254	\$28,834,437
Add estimated revenues:			
30 percent of oil and gas tax revenue collections	\$950,600,000	\$738,680,000	(\$211,920,000)
Investment earnings	124,000,000	124,000,000	0
Total estimated revenues	\$1,074,600,000	\$862,680,000	(\$211,920,000)
Total available	\$4,325,583,817	\$4,142,498,254	(\$183,085,563)
Total estimated expenditures and transfers	0	0	0
Estimated ending balance	\$4,325,583,817	\$4,142,498,254	(\$183,085,563)

¹The amount shown for the beginning balance for the "what if" scenario reflects the actual beginning balance for the 2015-17 biennium.

NOTE: The actual oil and gas tax revenue allocations and the actual investment earnings for the 2015-17 biennium may differ significantly from these amounts based on actual oil price, oil production, and investment performance.