



North Dakota Legislative Council

Prepared for Representative Vigasaa and Senator Bekkedahl

LC# 23.9512.01000

January 2023

BUDGET STATUS - MOTION FOR BASE-LEVEL REVENUES

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 December 2022 executive revenue forecast, January 2023 estimates prepared by S&P Global, and a proposed forecast.

2021-23 Biennium Revised Forecast				
	December 2022 Adjusted Executive Forecast ¹	January 2023 S&P Global Baseline Forecast ²	Proposed Forecast ³	Increase (Decrease) to December 2022 Adjusted Executive Forecast
Tax and fee revenues				
Sales and use tax	\$2,070,186,286	\$2,078,519,988	\$2,074,400,000	\$4,213,714
Motor vehicle excise tax	300,759,073	293,777,345	297,300,000	(3,459,073)
Individual income tax	908,456,440	915,349,441	911,900,000	3,443,560
Corporate income tax	483,718,299	389,580,143	436,600,000	(47,118,299)
Oil and gas tax collections	400,000,000	400,000,000	400,000,000	0
Cigarette and tobacco tax	46,241,044	46,241,044	46,241,044	0
Wholesale liquor tax	19,812,374	19,812,374	19,812,374	0
Gaming tax	36,801,316	36,801,316	36,801,316	0
Insurance premium tax	126,799,744	126,799,744	126,799,744	0
Departmental collections	76,750,124	76,750,124	76,750,124	0
Interest income	13,992,750	13,992,750	13,992,750	0
Mineral leasing fees	84,432,749	84,432,749	84,432,749	0
Total tax and fee revenues	\$4,567,950,199	\$4,482,057,018	\$4,525,030,101	(\$42,920,098)
Transfers and other sources				
Bank of North Dakota profits	\$140,000,000	\$140,000,000	\$140,000,000	
Mill and Elevator Association profits	14,721,950	14,721,950	14,721,950	
Lottery	12,400,000	12,400,000	12,400,000	
Gas tax administration	1,873,744	1,873,744	1,873,744	
Budget stabilization fund (interest)	0	0	0	
Strategic investment and improvements fund	410,000,000	410,000,000	410,000,000	
Budget stabilization fund	0	0	0	
Other miscellaneous transfers	13,143,419	13,143,419	13,143,419	
Total transfers and other sources	\$592,139,113	\$592,139,113	\$592,139,113	\$0
Total general fund revenues	\$5,160,089,312	\$5,074,196,131	\$5,117,169,214	(\$42,920,098)

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 under the December 2022 adjusted executive forecast were adjusted to exclude a recommendation in the executive budget for a transfer of \$117.7 million from the budget stabilization fund.

²Excluding the shaded amounts and an adjustment for interest income, all other amounts shown under the January 2023 S&P Global baseline forecast reflect the amounts included in the December 2022 adjusted executive forecast.

³The shaded amounts shown under the proposed forecast reflect the average of the December 2022 adjusted executive forecast and the January 2023 S&P Global baseline forecast. All other amounts shown under the proposed forecast reflect the amounts included in the December 2022 adjusted executive forecast.

2023-25 Biennium Forecast				
	December 2022 Adjusted Executive Forecast ¹	January 2023 S&P Global Baseline Forecast ²	Proposed Forecast ³	Increase (Decrease) to December 2022 Adjusted Executive Forecast
Tax and fee revenues				
Sales and use tax	\$2,240,739,965	\$2,166,292,748	\$2,203,500,000	(\$37,239,965)
Motor vehicle excise tax	334,406,006	342,575,275	338,500,000	4,093,994
Individual income tax	1,151,746,477	1,227,263,178	1,189,500,000	37,753,523
Corporate income tax	495,657,518	290,138,429	392,900,000	(102,757,518)
Oil and gas tax collections	400,000,000	400,000,000	400,000,000	0
Cigarette and tobacco tax	44,846,545	44,846,545	44,846,545	0
Wholesale liquor tax	20,268,633	20,268,633	20,268,633	0
Gaming tax	37,300,000	37,300,000	37,300,000	0
Insurance premium tax	132,499,378	132,499,378	132,499,378	0
Departmental collections	75,447,690	75,447,690	75,447,690	0
Interest income	1,639,872	1,639,872	1,639,872	0
Mineral leasing fees	60,000,000	60,000,000	60,000,000	0
Total tax and fee revenues	\$4,994,552,084	\$4,798,271,748	\$4,896,402,118	(\$98,149,966)
Transfers and other sources				
Bank of North Dakota profits	\$140,000,000	\$140,000,000	\$140,000,000	
Mill and Elevator Association profits	14,700,000	14,700,000	14,700,000	
Lottery	12,600,000	12,600,000	12,600,000	
Gas tax administration	1,844,424	1,844,424	1,844,424	
Budget stabilization fund (interest)	28,360,128	28,360,128	28,360,128	
Total transfers and other sources	\$197,504,552	\$197,504,552	\$197,504,552	\$0
Total general fund revenues	\$5,192,056,636	\$4,995,776,300	\$5,093,906,670	(\$98,149,966)

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 under the December 2022 adjusted executive forecast were adjusted for the following:

- Excludes a recommended allocation of \$125.8 million of motor vehicle excise tax collections to the highway fund;
- Excludes an individual income tax relief proposal of \$500 million;
- Excludes an automation-related income tax credit of \$5 million;
- Excludes an allocation increase of \$200 million from oil and gas tax revenues to the general fund;
- Excludes a transfer of \$400 million from the strategic investment and improvements fund;
- Includes a transfer of \$140 million from Bank of North Dakota profits;
- Includes a transfer of \$14.7 million from Mill and Elevator profits; and
- Separately identifies \$28.4 million of interest transferred from the budget stabilization fund.

²Excluding the shaded amounts, all other amounts shown under the January 2023 S&P Global baseline forecast reflect the amounts included in the December 2022 adjusted executive forecast.

³The shaded amounts shown under the proposed forecast reflect the average of the December 2022 adjusted executive forecast and the S&P Global baseline January 2023 forecast. All other amounts shown under the proposed forecast reflect the amounts included in the December 2022 adjusted executive forecast.

GENERAL FUND BEGINNING BALANCE

The schedule below provides information on the estimated July 1, 2023, general fund balance based on the December 2022 executive forecast and a proposed forecast.

	December 2022 Executive Forecast	Proposed Forecast
Estimated beginning balance before adjustments	\$1,271,985,327	\$1,271,985,327
2021-23 biennium proposed forecast adjustment	0	(42,920,098)
Estimated unspent 2021-23 biennium appropriation authority	169,654,150	169,654,150
Transfer from the budget stabilization fund ¹	117,776,384	0
Transfer to the Public Employees Retirement System	(250,000,000)	0
Exemptions for unspent 2021-23 biennium appropriation authority	0	0
Deficiency appropriations	(41,959,158)	0
Estimated transfer to budget stabilization fund	0	N/A
Budget status estimated beginning balance	\$1,267,456,703	\$1,398,719,379

¹The estimated July 1, 2023, balance of the budget stabilization fund is \$602.2 million after the transfer.

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 December 2022 executive revenue forecast, January 2023 estimates prepared by S&P Global, and a proposed forecast. Estimated oil and gas tax revenue allocations are attached as an appendix.

2021-23 Biennium			
	December 2022 Executive Forecast	January 2023 S&P Global Baseline Forecast	Proposed Forecast
Average oil price	Decreasing from \$80 to \$75 per barrel (North Dakota price)	Increasing from \$80 to \$85 per barrel (West Texas Intermediate)	Decreasing from \$80 to \$75 per barrel (North Dakota price)
Average daily oil production	Remaining at 1.1 million barrels	Increasing from 1.1 to 1.2 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			
	December 2022 Executive Forecast	January 2023 S&P Global Baseline Forecast	Proposed Forecast
Average oil price	Decreasing from \$70 to \$65 per barrel (North Dakota price)	Decreasing from \$85 to \$75 per barrel (West Texas Intermediate)	Decreasing from \$70 to \$65 per barrel (North Dakota price)
Average daily oil production	Remaining at 1.1 million barrels	Increasing from 1.2 to 1.35 million barrels	Remaining at 1.1 million barrels

APPROPRIATIONS COMMITTEES MOTION

The following is a motion for consideration by the Appropriations Committees related to the 2023-25 biennium estimated base-level revenues:

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 base-level revenues (as shown for the proposed forecasts in the schedules above):

- Estimated July 1, 2023, general fund balance - \$1,398,719,379.
- 2023-25 biennium estimated total general fund revenues - \$5,093,906,670.
- Estimated oil price and daily oil production for the remainder of the 2021-23 biennium - Oil prices decreasing from \$80 to \$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 to \$65 per barrel and oil production remaining at 1.1 million barrels per day.

ATTACH:1

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	\$3,143,740,000	\$2,655,920,000	(\$487,820,000)
Oil extraction tax	2,948,200,000	2,601,720,000	(346,480,000)
Total oil tax collections	\$6,091,940,000	\$5,257,640,000	(\$834,300,000)
Allocations			
Three Affiliated Tribes	\$795,680,000	\$685,530,000	(\$110,150,000)
Legacy fund	1,591,930,000	1,373,750,000	(218,180,000)
North Dakota outdoor heritage fund	18,710,000	31,730,000	13,020,000
Abandoned well reclamation fund	15,640,000	14,820,000	(820,000)
Political subdivisions	801,720,000	695,590,000	(106,130,000)
Common schools trust fund	254,670,000	224,430,000	(30,240,000)
Foundation aid stabilization fund	254,670,000	224,430,000	(30,240,000)
Resources trust fund	522,080,000	460,080,000	(62,000,000)
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	1,817,340,000	1,532,280,000	(285,060,000)
Total oil and gas tax allocations	\$6,091,940,000	\$5,257,640,000	(\$834,300,000)
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)	532,180,000	272,280,000	(259,900,000)
Total state share	\$1,817,340,000	\$1,532,280,000	(\$285,060,000)

