

BUDGET STATUS - MOTION FOR BASE-LEVEL REVENUES**2017-19 BIENNIUM
Revised General Fund Revenue Forecasts**

The schedule below provides information on the 2017-19 biennium revised general fund revenue forecast based on the December 2018 executive revenue forecast, January 2019 estimates prepared by IHS Markit, and a proposed forecast.

2017-19 Biennium Revised Forecast			
	December 2018 Executive Forecast	January 2019 IHS Baseline Forecast¹	Proposed Forecast²
Tax and fee revenues			
Sales and use tax	\$1,766,360,206	\$1,730,148,020	\$1,748,254,113
Motor vehicle excise tax	235,472,237	244,488,538	239,980,388
Individual income tax	772,867,125	755,758,188	764,312,657
Corporate income tax	155,789,170	204,027,317	179,908,244
Oil and gas tax collections	400,000,000	400,000,000	400,000,000
Coal conversion tax	41,937,227	41,937,227	41,937,227
Cigarette and tobacco tax	52,054,549	52,054,549	52,054,549
Wholesale liquor tax	17,877,575	17,877,575	17,877,575
Gaming tax	6,528,322	6,528,322	6,528,322
Insurance premium tax	109,325,897	109,325,897	109,325,897
Departmental collections	83,429,676	83,429,676	83,429,676
Interest income	8,277,250	8,277,250	8,277,250
Mineral leasing fees	31,930,066	31,930,066	31,930,066
Total tax and fee revenues	\$3,681,849,300	\$3,685,782,625	\$3,683,815,964
Transfers and other sources			
Bank of North Dakota profits	\$140,000,000	\$140,000,000	\$140,000,000
Mill and Elevator profits	19,872,762	19,872,762	19,872,762
Lottery	14,600,000	14,600,000	14,600,000
Gas tax administration	2,016,120	2,016,120	2,016,120
Legacy fund	300,000,000	300,000,000	300,000,000
Strategic investment and improvements fund	248,000,000	248,000,000	248,000,000
Tax relief fund	183,000,000	183,000,000	183,000,000
Research North Dakota fund	4,000,000	4,000,000	4,000,000
Insurance tax distribution fund	475,000	475,000	475,000
Other miscellaneous transfers	183,690	183,690	183,690
Political subdivision oil tax distributions	2,875,000	2,875,000	2,875,000
Western Area Water Supply Authority loan refinance	25,000,000	25,000,000	25,000,000
Total transfers and other sources	\$940,022,572	\$940,022,572	\$940,022,572
Total general fund revenues	\$4,621,871,872	\$4,625,805,197	\$4,623,838,536
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 IHS Markit).			
¹ Excluding the shaded amounts, all other amounts shown under the January 2019 IHS baseline forecast reflect the amounts included in the December 2018 executive forecast.			
² The shaded amounts shown under the proposed forecast reflect the average of the December 2018 executive forecast and the January 2019 IHS baseline forecast. All other amounts shown under the proposed forecast reflect the amounts included in the December 2018 executive forecast.			

Oil Price and Production Forecasts

The schedule below provides information on the oil price and oil production forecasts for the remainder of the 2017-19 biennium based on the December 2018 executive revenue forecast, January 2019 estimates prepared by IHS Markit, and a proposed forecast. Estimated oil and gas tax allocations are attached as an appendix.

2017-19 Biennium			
	December 2018 Executive Forecast	January 2019 IHS Baseline Forecast	Proposed Forecast
Average oil price	Decreasing from \$55 to \$46 per barrel (North Dakota)	Increasing from \$55 to \$62 per barrel (West Texas Intermediate)	Remaining at \$42.50 per barrel (North Dakota)
Average daily oil production	Remaining at 1.3 million barrels	Increasing from 1.35 to 1.4 million barrels	Remaining at 1.35 million barrels
NOTE: The amounts shown for the average oil price and production reflect the forecasts for the remainder of the biennium.			

2019-21 BIENNIUM General Fund Revenue Forecasts

The schedule below provides information on the 2019-21 biennium general fund revenue forecast based on the December 2018 adjusted executive revenue forecast, January 2019 estimates prepared by IHS Markit, and a proposed forecast.

2019-21 Biennium Forecast					
	December 2018 Adjusted Executive Forecast ¹	January 2019 IHS Baseline Forecast ²	Proposed Forecast ³	Proposed Forecast Increase (Decrease) to 2017-19 Biennium Proposed Forecast	
				Amount	Percent
Tax and fee revenues					
Sales and use tax	\$1,928,091,000	\$1,671,513,400	\$1,799,802,200	\$51,548,087	2.9%
Motor vehicle excise tax	245,808,000	276,406,730	261,107,365	21,126,977	8.8%
Individual income tax	826,059,000	833,171,851	829,615,426	65,302,769	8.5%
Corporate income tax	93,997,000	171,918,370	132,957,685	(46,950,559)	(26.1%)
Oil and gas tax collections	300,000,000	300,000,000	300,000,000	(100,000,000)	(25.0%)
Coal conversion tax	38,032,000	38,032,000	38,032,000	(3,905,227)	(9.3%)
Cigarette and tobacco tax	48,281,000	48,281,000	48,281,000	(3,773,549)	(7.2%)
Wholesale liquor tax	18,757,000	18,757,000	18,757,000	879,425	4.9%
Gaming tax	6,850,000	6,850,000	6,850,000	321,678	4.9%
Insurance premium tax	108,400,000	108,400,000	108,400,000	(925,897)	(0.8%)
Departmental collections	90,882,286	90,882,286	90,882,286	7,452,610	8.9%
Interest income	38,000,000	38,000,000	38,000,000	29,722,750	359.1%
Mineral leasing fees	32,000,000	32,000,000	32,000,000	69,934	0.2%
Total tax and fee revenues	\$3,775,157,286	\$3,634,212,637	\$3,704,684,962	\$20,868,998	0.6%
Transfers and other sources					
Bank of North Dakota profits	\$140,000,000	\$140,000,000	\$140,000,000	\$0	0.0%
Mill and Elevator profits	13,400,000	13,400,000	13,400,000	(\$6,472,762)	(32.6%)
Lottery	13,000,000	13,000,000	13,000,000	(\$1,600,000)	(11.0%)
Gas tax administration	1,991,024	1,991,024	1,991,024	(\$25,096)	(1.2%)
Legacy fund	300,000,000	300,000,000	300,000,000	\$0	0.0%
Other 2017-19 biennium transfers	0	0	0	(\$463,533,690)	(100.0%)
Total transfers and other sources	\$468,391,024	\$468,391,024	\$468,391,024	(\$471,631,548)	(50.2%)
Total general fund revenues	\$4,243,548,310	\$4,102,603,661	\$4,173,075,986	(\$450,762,550)	(9.7%)

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 IHS Markit).

¹For comparison purposes, under the December 2018 adjusted executive forecast, the amount shown for the individual income tax does not include \$6.8 million for an automation credit and a military retiree pay exemption, and the amount shown for the corporate income tax does not include \$1.3 million for an automation credit, which were recommended in the executive budget. The amounts shown for the oil and gas tax collections under the December 2018 adjusted executive forecast do not include the Governor's recommendation to increase the oil and gas tax collections from \$300 million in current law to \$1 billion.

²Excluding the shaded amounts, all other amounts shown under the January 2019 IHS baseline forecast reflect the amounts included in the December 2018 adjusted executive forecast.

³The shaded amounts shown under the proposed forecast reflect the average of the December 2018 adjusted executive forecast and the IHS baseline January forecast. All other amounts shown under the proposed forecast reflect the amounts included in the December 2018 executive forecast.

Oil Price and Production Forecasts

The schedule below provides information on the oil price and oil production forecasts for the 2019-21 biennium based on the December 2018 executive forecast, January 2019 estimates prepared by IHS Markit, and a proposed forecast. Estimated oil and gas tax allocations are attached as an appendix.

2019-21 Biennium			
	December 2018 Executive Forecast	January 2019 IHS Baseline Forecast	Proposed Forecast
Average oil price	Increasing from \$46 to \$50 per barrel (North Dakota)	Increasing from \$61 to \$63 per barrel (West Texas Intermediate)	Remaining at \$42.50 per barrel (North Dakota)
Average daily oil production	Increasing from 1.34 to 1.35 million barrels	Decreasing from 1.4 to 1.3 million barrels	Remaining at 1.35 million barrels

General Fund Beginning Balance

The schedule below provides information on the estimated July 1, 2019, general fund balance.

	December 2018 Executive Forecast	Proposed Forecast
Estimated beginning balance before adjustments	\$376,609,231	\$376,609,231
2017-19 biennium proposed forecast adjustment		1,966,664
Estimated unspent 2017-19 biennium appropriation authority	34,857,810	34,857,810
Exemptions for unspent 2017-19 biennium appropriation authority	(16,099,733)	
Deficiency appropriations	(18,206,089)	
Estimated transfer to budget stabilization fund	(312,161,219)	(348,433,705) ¹
Budget status estimated beginning balance	\$65,000,000	\$65,000,000

¹Based on the proposed forecast, the estimated July 1, 2019, balance of the budget stabilization fund is \$461.7 million after the transfer of \$348.4 million from the general fund.

APPROPRIATIONS COMMITTEES MOTION

The following is a motion for consideration by the Appropriations Committees related to the 2019-21 biennium estimated base-level revenues:

It was moved by _____ and seconded by _____ that the House (Senate) Appropriations Committees of the 66th 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, 2019, general fund balance - \$65,000,000.**
- **2019-21 biennium estimated total general fund revenues - \$4,173,075,986.**
- **Estimated oil price and daily oil production for the remainder of the 2017-19 biennium - Remaining at \$42.50 per barrel and 1.35 million barrels per day.**
- **Estimated oil price and daily oil production for the 2019-21 biennium - Remaining at \$42.50 per barrel and 1.35 million barrels per day.**

ATTACH:1