

## 2015-17 BIENNIUM REVENUE - MONTHLY SUMMARY

This memorandum provides a summary of general fund revenue; oil production, oil prices, and rig counts; and oil tax revenue collections and allocations. The first section compares actual and forecasted general fund revenue. The second section compares actual and forecasted oil production, oil prices, rig counts, and oil tax revenue allocations.

### GENERAL FUND REVENUE General Fund Revenue Collections

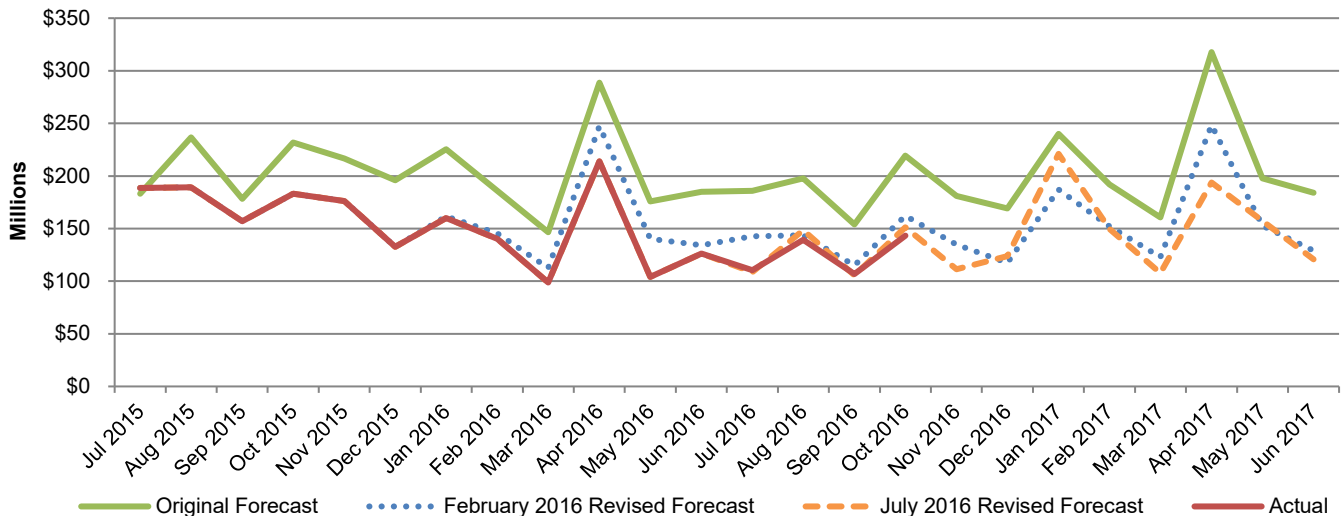
The schedule below provides a comparison of actual general fund revenue collections to the July 2016 revised forecast for the month of October 2016 and for the biennium-to-date.

| Category                     | October 2016         |                               |                      | Biennium-to-Date       |                               |                       |               |
|------------------------------|----------------------|-------------------------------|----------------------|------------------------|-------------------------------|-----------------------|---------------|
|                              | Actual               | Revised Forecast <sup>1</sup> | Variance             | Actual                 | Revised Forecast <sup>1</sup> | Variance              |               |
|                              |                      |                               |                      |                        |                               | Amount                | Percentage    |
| <b>Ongoing Revenue</b>       |                      |                               |                      |                        |                               |                       |               |
| Sales and use taxes          | \$75,873,595         | \$91,470,000                  | (\$15,596,405)       | \$1,227,813,698        | \$1,265,210,574               | (\$37,396,876)        | (3.0%)        |
| Motor vehicle excise tax     | 9,568,502            | 8,797,000                     | 771,502              | 146,000,290            | 139,930,785                   | 6,069,505             | 4.3%          |
| Individual income tax        | 43,361,088           | 38,239,000                    | 5,122,088            | 459,681,066            | 450,976,749                   | 8,704,317             | 1.9%          |
| Corporate income tax         | 3,708,512            | 3,621,000                     | 87,512               | 104,878,580            | 101,201,800                   | 3,676,780             | 3.6%          |
| Insurance premium tax        | 281,007              | 590,150                       | (309,143)            | 61,411,427             | 60,530,773                    | 880,654               | 1.5%          |
| Financial institutions tax   | 0                    | 0                             | 0                    | 1,294,077              | 324,145                       | 969,932               | 299.2%        |
| Oil gross production tax     | 0                    | 0                             | 0                    | 83,379,177             | 83,379,177                    | 0                     | 0.0%          |
| Oil extraction tax           | 0                    | 0                             | 0                    | 116,620,823            | 116,620,823                   | 0                     | 0.0%          |
| Gaming tax                   | 387,560              | 288,590                       | 98,970               | 4,565,275              | 4,616,245                     | (50,970)              | (1.1%)        |
| Cigarette and tobacco tax    | 2,437,464            | 2,381,000                     | 56,464               | 39,183,199             | 39,039,715                    | 143,484               | 0.4%          |
| Wholesale liquor tax         | 704,879              | 708,000                       | (3,121)              | 12,157,025             | 12,103,987                    | 53,038                | 0.4%          |
| Coal conversion tax          | 1,901,538            | 1,710,000                     | 191,538              | 27,534,188             | 27,382,976                    | 151,212               | 0.6%          |
| Mineral leasing fees         | 1,829,896            | 819,488                       | 1,010,408            | 19,059,196             | 17,079,528                    | 1,979,668             | 11.6%         |
| Departmental collections     | 2,983,160            | 1,933,858                     | 1,049,302            | 53,719,063             | 52,324,970                    | 1,394,093             | 2.7%          |
| Interest income              | 179,973              | 527,755                       | (347,782)            | 13,135,024             | 13,950,379                    | (815,355)             | (5.8%)        |
| <b>Total ongoing revenue</b> | <b>\$143,217,174</b> | <b>\$151,085,841</b>          | <b>(\$7,868,667)</b> | <b>\$2,370,432,108</b> | <b>\$2,384,672,626</b>        | <b>(\$14,240,518)</b> | <b>(0.6%)</b> |
| <b>Transfers</b>             |                      |                               |                      |                        |                               |                       |               |
| Lottery                      | \$0                  | \$0                           | \$0                  | \$9,580,000            | \$9,580,000                   | \$0                   | 0.0%          |
| State Mill profits           | 0                    | 0                             | 0                    | 4,434,894              | 4,434,894                     | 0                     | 0.0%          |
| Tax relief fund              | 375,000,000          | 375,000,000                   | 0                    | 1,032,000,000          | 1,032,000,000                 | 0                     | 0.0%          |
| Other transfers              | 255,590              | 253,812                       | 1,778                | 1,602,082              | 1,598,778                     | 3,304                 | 0.2%          |
| <b>Total transfers</b>       | <b>\$375,255,590</b> | <b>\$375,253,812</b>          | <b>\$1,778</b>       | <b>\$1,047,616,976</b> | <b>\$1,047,613,672</b>        | <b>\$3,304</b>        | <b>0.0%</b>   |
| <b>Total revenue</b>         | <b>\$518,472,764</b> | <b>\$526,339,653</b>          | <b>(\$7,866,889)</b> | <b>\$3,418,049,084</b> | <b>\$3,432,286,298</b>        | <b>(\$14,237,214)</b> | <b>(0.4%)</b> |

<sup>1</sup>The amounts shown for the forecast reflect estimates prepared by the Office of Management and Budget based on the July 2016 revised revenue forecast for general fund revenue. The amounts shown for the gross production tax and the oil extraction tax forecast have been revised to reflect the actual allocations, because the allocations are limited to \$300 million per biennium.

### Ongoing General Fund Revenue

The chart and schedule below provide a comparison of actual ongoing general fund revenue collections to the original May 2015 legislative forecast, to the February 2016 revised forecast, and to the July 2016 revised forecast.



|                  | Actual                 | Original Forecast      |                        | July 2016 Revised Forecast |                       |               |
|------------------|------------------------|------------------------|------------------------|----------------------------|-----------------------|---------------|
|                  |                        | Amount                 | Variance               | Amount                     | Variance              | Percentage    |
| July 2015        | \$188,734,824          | \$183,033,628          | \$5,701,196            | \$188,734,824              | \$0                   | 0.0%          |
| August 2015      | 189,384,797            | 236,832,276            | (47,447,479)           | 189,384,797                | 0                     | 0.0%          |
| September 2015   | 157,073,450            | 178,391,640            | (21,318,190)           | 157,073,450                | 0                     | 0.0%          |
| October 2015     | 183,024,353            | 231,971,867            | (48,947,514)           | 183,024,353                | 0                     | 0.0%          |
| November 2015    | 176,252,034            | 216,577,498            | (40,325,464)           | 176,252,034                | 0                     | 0.0%          |
| December 2015    | 132,744,702            | 195,939,463            | (63,194,761)           | 132,744,702                | 0                     | 0.0%          |
| January 2016     | 160,052,256            | 225,566,423            | (65,514,167)           | 160,052,256                | 0                     | 0.0%          |
| February 2016    | 140,320,653            | 185,977,626            | (45,656,973)           | 140,320,653                | 0                     | 0.0%          |
| March 2016       | 98,779,370             | 146,555,768            | (47,776,398)           | 98,779,370                 | 0                     | 0.0%          |
| April 2016       | 213,936,376            | 288,703,915            | (74,767,539)           | 213,936,376                | 0                     | 0.0%          |
| May 2016         | 103,964,968            | 175,987,915            | (72,022,947)           | 103,964,968                | 0                     | 0.0%          |
| June 2016        | 126,348,570            | 185,076,453            | (58,727,883)           | 126,348,570                | 0                     | 0.0%          |
| July 2016        | 110,414,124            | 185,851,999            | (75,437,875)           | 108,756,999                | 1,657,125             | 1.5%          |
| August 2016      | 139,331,118            | 197,633,356            | (58,302,238)           | 148,564,356                | (9,233,238)           | (6.2%)        |
| September 2016   | 106,853,339            | 154,055,077            | (47,201,738)           | 105,649,077                | 1,204,262             | 1.1%          |
| October 2016     | 143,217,174            | 219,320,841            | (76,103,667)           | 151,085,841                | (7,868,667)           | (5.2%)        |
| Biennium-to-date | <b>\$2,370,432,108</b> | <b>\$3,207,475,745</b> | <b>(\$837,043,637)</b> | <b>\$2,384,672,626</b>     | <b>(\$14,240,518)</b> | <b>(0.6%)</b> |

## OIL TAX REVENUE ALLOCATIONS

### Oil Production, Oil Prices, and Rig Counts

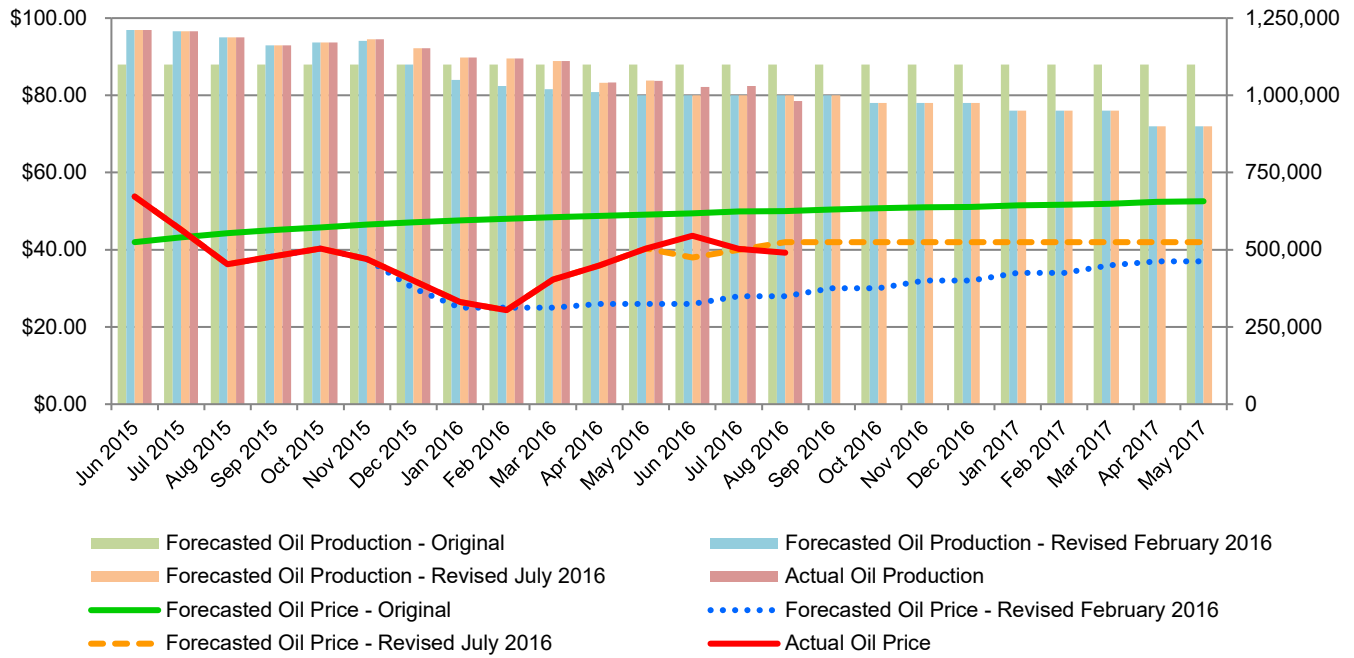
The schedule below provides a comparison of actual to forecasted amounts for oil production, oil prices, and rig counts for August 2016 and for the biennium-to-date. Oil tax revenue allocations relate to oil price and production from 2 months prior. As a result, oil price and production are reported from June 2015 to May 2017.

|   | August<br>2016 | Biennium-to-<br>Date Average |
|---|----------------|------------------------------|
| <b>Average daily production of oil in barrels</b>   |                |                              |
| Actual  | 982,011        | 1,116,970                    |
| Revised forecast <sup>1</sup>   | 1,000,000      | 1,114,337                    |
| <b>Average daily oil price</b>  |                |                              |
| Actual - Flint Hills Resources (FHR)  | \$33.73        | \$31.94                      |
| Actual - West Texas Intermediate (WTI)  | \$44.80        | \$43.49                      |
| Actual - Average of FHR and WTI   | \$39.27        | \$37.72                      |
| Revised forecast <sup>1</sup>   | \$42.00        | \$37.51                      |
| <b>Average daily rig counts</b>   |                |                              |
| Actual  | 32             | 51                           |
| Revised forecast (Unofficial - Reflects 30 drilling rigs per month for the second year of the biennium) | 30             | 52                           |

<sup>1</sup>The amounts shown for the forecast reflect estimates prepared by the Office of Management and Budget based on the July 2016 revised revenue forecast for oil tax revenue.

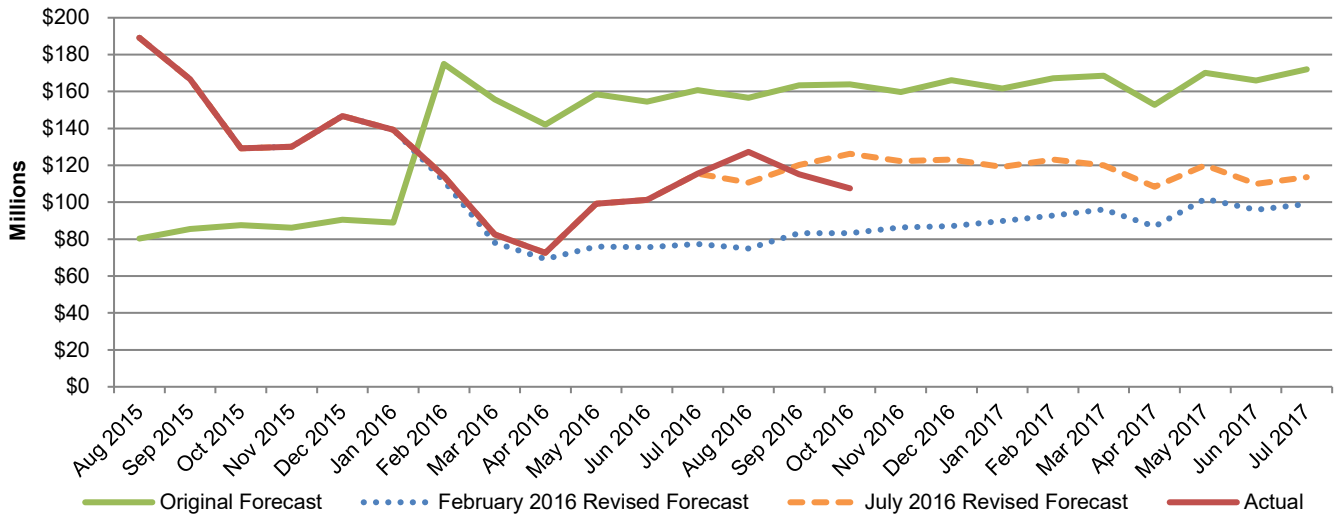
### Oil Production and Prices

The chart below provides information on oil production and oil prices for the biennium-to-date. Oil tax revenue allocations relate to oil price and production from 2 months prior. As a result, oil price and production are reported from June 2015 to May 2017. **The amounts shown for the actual oil price reflect the average of the FHR price and the WTI price.**



### Oil Tax Revenue Collections

The chart and schedule below provide a comparison of actual to forecasted oil tax revenue collections for the biennium-to-date.



|                  | Actual                 | Original Forecast      |                        | July 2016 Revised Forecast |                      |               |
|------------------|------------------------|------------------------|------------------------|----------------------------|----------------------|---------------|
|                  |                        | Amount                 | Variance               | Amount                     | Variance             | Percentage    |
| August 2015      | \$189,128,527          | \$80,330,580           | \$108,797,947          | \$189,128,527              | \$0                  | 0.0%          |
| September 2015   | 166,733,048            | 85,500,294             | 81,232,754             | 166,733,048                | 0                    | 0.0%          |
| October 2015     | 129,281,384            | 87,557,206             | 41,724,178             | 129,281,384                | 0                    | 0.0%          |
| November 2015    | 130,038,372            | 86,283,120             | 43,755,252             | 130,038,372                | 0                    | 0.0%          |
| December 2015    | 146,746,620            | 90,583,240             | 56,163,380             | 146,746,620                | 0                    | 0.0%          |
| January 2016     | 139,202,168            | 89,039,280             | 50,162,888             | 139,202,168                | 0                    | 0.0%          |
| February 2016    | 114,171,236            | 174,991,652            | (60,820,416)           | 114,171,236                | 0                    | 0.0%          |
| March 2016       | 82,627,992             | 155,757,888            | (73,129,896)           | 82,627,992                 | 0                    | 0.0%          |
| April 2016       | 72,580,606             | 141,985,536            | (69,404,930)           | 72,580,606                 | 0                    | 0.0%          |
| May 2016         | 99,139,519             | 158,442,240            | (59,302,721)           | 99,139,519                 | 0                    | 0.0%          |
| June 2016        | 101,344,321            | 154,503,360            | (53,159,039)           | 101,344,321                | 0                    | 0.0%          |
| July 2016        | 115,548,295            | 160,799,232            | (45,250,937)           | 115,548,295                | 0                    | 0.0%          |
| August 2016      | 127,238,464            | 156,625,920            | (29,387,456)           | 110,580,000                | 16,658,464           | 15.1%         |
| September 2016   | 115,176,649            | 163,319,904            | (48,143,255)           | 120,280,000                | (5,103,351)          | (4.2%)        |
| October 2016     | 107,590,480            | 163,810,944            | (56,220,464)           | 126,294,000                | (18,703,520)         | (14.8%)       |
| Biennium-to-date | <b>\$1,836,547,681</b> | <b>\$1,949,530,396</b> | <b>(\$112,982,715)</b> | <b>\$1,843,696,088</b>     | <b>(\$7,148,407)</b> | <b>(0.4%)</b> |

### Oil Tax Revenue Allocations

The schedule below provides a comparison of actual to forecasted oil tax revenue allocations for the period August 2015 through October 2016. Oil tax revenue allocations relate to oil price and production from 2 months prior. As a result, oil tax revenue allocations are reported from August 2015 to July 2017, and oil price and production are reported from June 2015 to May 2017. The amounts shown for the 2015-17 biennium forecast reflect the July 2016 revised revenue forecast.

|  | 2015-17 Biennium-to-Date |                        | Variance             |               |
|--|--------------------------|------------------------|----------------------|---------------|
|  | Actual                   | Forecast               | Amount               | Percentage    |
| Legacy fund                                      | \$510,574,746            | \$513,601,826          | (\$3,027,080)        | (0.6%)        |
| Three Affiliated Tribes                          | 134,631,321              | 131,689,460            | 2,941,861            | 2.2%          |
| Oil and gas research fund                        | 10,000,000               | 10,000,000             | 0                    | 0.0%          |
| Oil and gas impact grant fund                    | 41,523,984               | 41,273,322             | 250,662              | 0.6%          |
| Political subdivisions                           | 352,995,837              | 356,087,957            | (3,092,120)          | (0.9%)        |
| Abandoned well reclamation fund                  | 6,418,542                | 6,407,149              | 11,393               | 0.2%          |
| North Dakota outdoor heritage fund               | 12,186,871               | 12,164,084             | 22,787               | 0.2%          |
| Foundation aid stabilization fund                | 76,488,075               | 77,933,710             | (1,445,635)          | (1.9%)        |
| Common schools trust fund                        | 76,488,075               | 77,933,710             | (1,445,635)          | (1.9%)        |
| Resources trust fund                             | 152,976,151              | 155,867,420            | (2,891,269)          | (1.9%)        |
| General fund                                     | 200,000,000              | 200,000,000            | 0                    | 0.0%          |
| Tax relief fund                                  | 262,263,546              | 260,736,917            | 1,526,629            | 0.6%          |
| Strategic investment and improvements fund       | 533                      | 533                    | 0                    | 0.0%          |
| Political subdivision allocation fund            | 0                        | 0                      | 0                    | N/A           |
| State disaster relief fund                       | 0                        | 0                      | 0                    | N/A           |
| <b>Total oil and gas tax revenue allocations</b> | <b>\$1,836,547,681</b>   | <b>\$1,843,696,088</b> | <b>(\$7,148,407)</b> | <b>(0.4%)</b> |