

## 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 <sup>1</sup>	Proposed March 2017 Legislative Forecast
<b>Beginning balance</b>	<b>\$729,529,389</b>	<b>\$0</b>	<b>\$729,529,389</b>	<b>\$0</b>	<b>\$729,529,389</b>
<b>Ongoing revenues</b>					
Sales and use tax	\$1,809,642,574	(\$67,000,000) <sup>2</sup>	\$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
<b>Total ongoing revenues</b>	<b>\$3,532,508,038</b>	<b>(\$67,000,000)</b>	<b>\$3,465,508,038</b>	<b>(\$56,710,382)</b>	<b>\$3,408,797,656</b>
<b>Transfers</b>					
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) <sup>3</sup>	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
<b>Total transfers</b>	<b>\$1,387,640,053</b>	<b>(\$30,000,000)</b>	<b>\$1,357,640,053</b>	<b>\$350,000</b>	<b>\$1,357,990,053</b>
<b>Total general fund revenues</b>	<b>\$5,649,677,480</b>	<b>(\$97,000,000)</b>	<b>\$5,552,677,480</b>	<b>(\$56,360,382)</b>	<b>\$5,496,317,098</b>

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

<sup>2</sup>The 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.

<sup>3</sup>This 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 <sup>1</sup>	Proposed March 2017 Legislative Forecast
<b>Ongoing revenues</b>					
Sales and use tax	\$1,941,225,000	(\$146,225,000) <sup>2</sup>	\$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) <sup>3</sup>	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) <sup>4</sup>	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) <sup>5</sup>	147,700,000	(34,700,000)	113,000,000
Oil extraction tax	486,985,118	(334,685,118) <sup>5</sup>	152,300,000	34,700,000	187,000,000
Coal conversion tax	39,709,000	1,200,000 <sup>5</sup>	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) <sup>5</sup>	8,000,000	0	8,000,000
Departmental collections	79,731,684	2,294,459 <sup>5</sup>	82,026,143	5,541	82,031,684
<b>Total ongoing revenues</b>	<b>\$4,366,130,164</b>	<b>(\$875,361,541)</b>	<b>\$3,490,768,623</b>	<b>(\$103,230,459)</b>	<b>\$3,387,538,164</b>
<b>Transfers</b>					
Bank of North Dakota	\$200,000,000	(\$200,000,000) <sup>5</sup>	\$0	\$0	\$0
Mill and Elevator Association	22,279,924	(9,902,188) <sup>5</sup>	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) <sup>5</sup>	0	0	0
Tax relief fund	0	0	0	0	0
Strategic investment and improvements fund	30,000,000	(30,000,000) <sup>5</sup>	0	0	0
Budget stabilization fund	0	0	0	0	0
Other transfers	0	0	0	0	0
<b>Total transfers</b>	<b>\$447,296,044</b>	<b>(\$257,902,188)</b>	<b>\$189,393,856</b>	<b>\$0</b>	<b>\$189,393,856</b>
<b>Total general fund revenues</b>	<b>\$4,813,426,208</b>	<b>(\$1,133,263,729)</b>	<b>\$3,680,162,479</b>	<b>(\$103,230,459)</b>	<b>\$3,576,932,020</b>
<sup>1</sup> The amounts shown in this column reflect the budget status adjustments for the 2017-19 biennium estimated general fund revenues.					
<sup>2</sup> The \$146.2 million adjustment reflects an increase of 3 percent from the 2015-17 biennium based on the January 2017 legislative forecast.					
<sup>3</sup> 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.					
<sup>4</sup> 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.					
<sup>5</sup> 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 1<sup>st</sup> year and 950,000 barrels per day for the 2<sup>nd</sup> 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 65<sup>th</sup> 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 1<sup>st</sup> year to 950,000 barrels per day for the 2<sup>nd</sup> year of the biennium.**

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