

OIL TAX REVENUE COLLECTIONS AND ALLOCATIONS SUMMARY

This memorandum provides a summary of oil tax revenue collections, oil production and prices, and oil tax revenue allocations. The first page compares the current month to the previous month. The second page compares the biennium-to-date for the 2015-17 biennium to the same number of months for the 2013-15 biennium. The third page provides a comparison of actual and forecasted collections and allocations. The fourth page provides information on the distribution of oil and gas gross production tax collections to political subdivisions for the current month and for the biennium-to-date.

MONTHLY SUMMARY Oil Tax Revenue Collections

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections for the months of August and September 2016.

	August 2016	September 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$68,527,681	\$60,109,964	(\$8,417,717)	(12.3%)
Oil extraction tax	58,710,783	55,066,685	(3,644,098)	(6.2%)
Total actual collections	\$127,238,464	\$115,176,649	(\$12,061,815)	(9.5%)
Forecasted collections				
Oil and gas gross production tax	\$78,312,960	\$81,659,952	\$3,346,992	4.3%
Oil extraction tax	78,312,960	81,659,952	3,346,992	4.3%
Total forecasted collections	\$156,625,920	\$163,319,904	\$6,693,984	4.3%
Increase (decrease) to forecast				
Amount	(\$29,387,456)	(\$48,143,255)		
Percentage	(18.8%)	(29.5%)		

Oil Production and Prices

The schedule below provides information on actual and originally forecasted average daily production and average daily price of oil per barrel for the months of June and July 2016. Monthly oil tax revenue collections reflect production from 2 months prior. For example, September 2016 oil tax revenue collections relate to July 2016 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	June 2016	July 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,027,131	1,029,507	2,376	0.2%
Average daily price - FHR	\$38.40	\$35.57	(\$2.83)	(7.4%)
Average daily price - WTI	\$48.84	\$44.80	(\$4.04)	(8.3%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	1,100,000	0	0.0%
Average daily price of oil per barrel	\$49.44	\$49.89	\$0.45	0.9%

Oil Tax Revenue Allocations

The schedule below provides information on the total oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the months of August and September 2016.

	August 2016	September 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$35,333,461	\$31,922,522	(\$3,410,939)	(9.7%)
Three Affiliated Tribes	9,460,261	8,768,241	(692,020)	(7.3%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	4,130,217	3,558,007	(572,210)	(13.9%)
Political subdivisions	22,137,155	35,930,177	13,793,022	62.3%
Abandoned well reclamation fund	469,934	408,887	(61,047)	(13.0%)
North Dakota outdoor heritage fund	939,868	817,773	(122,095)	(13.0%)
Foundation aid stabilization fund	4,957,618	4,652,933	(304,685)	(6.1%)
Common schools trust fund	4,957,618	4,652,933	(304,685)	(6.1%)
Resources trust fund	9,915,236	9,305,866	(609,370)	(6.1%)
General fund	0	0	0	N/A
Tax relief fund	34,937,096	15,159,310	(19,777,786)	(56.6%)
Strategic investment and improvements fund	0	0	0	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$127,238,464	\$115,176,649	(\$12,061,815)	(9.5%)

BIENNIUM-TO-DATE SUMMARY - COMPARISON

Oil Tax Revenue Collections

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections for the first 14 months of the 2015-17 and 2013-15 bienniums.

	August 2015 Through September 2016	August 2013 Through September 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$880,189,157	\$1,791,416,423	(\$911,227,266)	(50.9%)
Oil extraction tax	848,768,044	2,112,062,001	(1,263,293,957)	(59.8%)
Total actual collections	\$1,728,957,201	\$3,903,478,424	(\$2,174,521,223)	(55.7%)
Forecasted collections				
Oil and gas gross production tax	\$1,052,537,904	\$1,300,283,939	(\$247,746,035)	(19.1%)
Oil extraction tax	733,181,548	1,703,433,857	(970,252,309)	(57.0%)
Total forecasted collections	\$1,785,719,452	\$3,003,717,796	(\$1,217,998,344)	(40.5%)
Increase (decrease) to forecast				
Amount	(\$56,762,251)	\$899,760,628		
Percentage	(3.2%)	30.0%		

Oil Production and Prices

The schedule below provides information on actual and originally forecasted average daily production and average daily price of oil per barrel for the first 14 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, September 2016 oil tax revenue collections relate to July 2016 oil production.

	June 2015 Through July 2016	June 2013 Through July 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,126,594	964,631	161,963	16.8%
Average daily price - FHR	\$31.81	\$85.48	(\$53.67)	(62.8%)
Average daily price - WTI	\$43.40	\$101.09	(\$57.69)	(57.1%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	845,000	255,000	30.2%
Average daily price of oil per barrel	\$46.80	\$75.71	(\$28.91)	(38.2%)

Oil Tax Revenue Allocations

The schedule below compares oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the first 14 months of the 2015-17 biennium to the 2013-15 biennium.

	August 2015 Through September 2016	August 2013 Through September 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$480,729,133	\$1,151,824,593	(\$671,095,460)	(58.3%)
Three Affiliated Tribes	126,526,216	282,556,080	(156,029,864)	(55.2%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	38,419,275	226,317,395	(187,898,120)	(83.0%)
Political subdivisions	331,552,830	434,312,950	(102,760,120)	(23.7%)
Abandoned well reclamation fund	6,030,260	7,004,390	(974,130)	(13.9%)
North Dakota outdoor heritage fund	11,410,307	11,983,445	(573,138)	(4.8%)
Foundation aid stabilization fund	72,203,576	183,592,172	(111,388,596)	(60.7%)
Common schools trust fund	72,203,576	183,592,172	(111,388,596)	(60.7%)
Resources trust fund	144,407,152	367,184,345	(222,777,193)	(60.7%)
General fund	200,000,000	300,000,000	(100,000,000)	(33.3%)
Tax relief fund	235,474,343	341,790,000	(106,315,657)	(31.1%)
Strategic investment and improvements fund	533	381,320,882	(381,320,349)	(100.0%)
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	22,000,000	(22,000,000)	(100.0%)
Total oil and gas tax revenue allocations	\$1,728,957,201	\$3,903,478,424	(\$2,174,521,223)	(55.7%)

COMPARISON OF ACTUAL TO FORECAST - COLLECTIONS AND ALLOCATIONS

Monthly Comparison

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections and allocations for the month of September 2016.

	September 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$60,109,964	\$81,659,952	(\$21,549,988)	(26.4%)
Oil extraction tax	55,066,685	81,659,952	(26,593,267)	(32.6%)
Total actual collections	\$115,176,649	\$163,319,904	(\$48,143,255)	(29.5%)
Allocations				
Legacy fund	\$31,922,522	\$45,247,780	(\$13,325,258)	(29.4%)
Three Affiliated Tribes	8,768,241	12,493,973	(3,725,732)	(29.8%)
Oil and gas research fund	0	486,948	(486,948)	(100.0%)
Oil and gas impact grant fund	3,558,007	7,185,724	(3,627,717)	(50.5%)
Political subdivisions	35,930,177	44,093,478	(8,163,301)	(18.5%)
Abandoned well reclamation fund	408,887	598,404	(189,517)	(31.7%)
North Dakota outdoor heritage fund	817,773	1,196,808	(379,035)	(31.7%)
Foundation aid stabilization fund	4,652,933	7,039,088	(2,386,155)	(33.9%)
Common schools trust fund	4,652,933	7,039,088	(2,386,155)	(33.9%)
Resources trust fund	9,305,866	14,078,176	(4,772,310)	(33.9%)
General fund	0	0	0	N/A
Tax relief fund	15,159,310	23,860,437	(8,701,127)	(36.5%)
Strategic investment and improvements fund	0	0	0	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$115,176,649	\$163,319,904	(\$48,143,255)	(29.5%)

Biennium-to-Date Comparison

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections and allocations for the biennium-to-date for the 2015-17 biennium.

	2015-17 Biennium-to-Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$880,189,157	\$1,052,537,904	(\$172,348,747)	(16.4%)
Oil extraction tax	848,768,044	733,181,548	115,586,496	15.8%
Total actual collections	\$1,728,957,201	\$1,785,719,452	(\$56,762,251)	(3.2%)
Allocations				
Legacy fund	\$480,729,133	\$494,015,019	(\$13,285,886)	(2.7%)
Three Affiliated Tribes	126,526,216	139,002,725	(12,476,509)	(9.0%)
Oil and gas research fund	10,000,000	8,509,681	1,490,319	17.5%
Oil and gas impact grant fund	38,419,275	82,779,777	(44,360,502)	(53.6%)
Political subdivisions	331,552,830	370,038,676	(38,485,846)	(10.4%)
Abandoned well reclamation fund	6,030,260	6,172,281	(142,021)	(2.3%)
North Dakota outdoor heritage fund	11,410,307	15,425,997	(4,015,690)	(26.0%)
Foundation aid stabilization fund	72,203,576	63,200,248	9,003,328	14.2%
Common schools trust fund	72,203,576	63,200,248	9,003,328	14.2%
Resources trust fund	144,407,152	126,400,496	18,006,656	14.2%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	235,474,343	216,974,304	18,500,039	8.5%
Strategic investment and improvements fund	533	0	533	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$1,728,957,201	\$1,785,719,452	(\$56,762,251)	(3.2%)

2015-17 BIENNIUM DISTRIBUTIONS TO POLITICAL SUBDIVISIONS - OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for the biennium-to-date. Distributions of the oil and gas gross production tax to political subdivisions reflect production from 2 months prior. For example, September 2016 distributions of oil and gas gross production tax collections relate to July 2016 oil production. Distributions to political subdivisions pursuant to the new formula in 2015 House Bill No. 1176 became effective with July 2015 oil production and September 2015 distributions. As a result, this memorandum reports the distributions to political subdivisions for the period September 2015 to August 2017 to reflect 24 months of distributions based on the new formula.

	Fiscal Year 2016	September 2016	Biennium-to- Date Total
Counties	\$119,510,657	\$18,255,869	\$137,766,526
Hub cities ¹	68,221,050	6,345,499	74,566,549
Other cities	39,989,148	6,098,535	46,087,683
Hub city school districts	15,000,000	1,062,500	16,062,500
Other school districts	19,910,824	2,354,107	22,264,931
Townships	11,814,030	1,813,667	13,627,697
Total	\$274,445,709	\$35,930,177	\$310,375,886
¹ The distributions to the hub cities are as follows:			
Williston	\$35,382,631	\$3,413,549	\$38,796,180
Dickinson	20,316,315	1,878,649	22,194,964
Minot	7,022,104	615,800	7,637,904
Mandan	2,250,000	166,667	2,416,667
Bismarck	1,000,000	83,333	1,083,333
West Fargo	750,000	104,167	854,167
Jamestown	500,000	41,667	541,667
Fargo	500,000	0	500,000
Grand Forks	500,000	41,667	541,667
Total	\$68,221,050	\$6,345,499	\$74,566,549