

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 June and July 2017.

	June 2017	July 2017	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$71,490,166	\$66,616,162	(\$4,874,004)	(6.8%)
Oil extraction tax	64,146,284	62,224,195	(1,922,089)	(3.0%)
Total actual collections	\$135,636,450	\$128,840,357	(\$6,796,093)	(5.0%)
Forecasted collections				
Oil and gas gross production tax	\$82,954,080	\$86,030,208	\$3,076,128	3.7%
Oil extraction tax	82,954,080	86,030,208	3,076,128	3.7%
Total forecasted collections	\$165,908,160	\$172,060,416	\$6,152,256	3.7%
Increase (decrease) to forecast				
Amount	(\$30,271,710)	(\$43,220,059)		
Percentage	(18.2%)	(25.1%)		

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 April and May 2017. Monthly oil tax revenue collections reflect production from 2 months prior. For example, July 2017 oil tax revenue collections relate to May 2017 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	April 2017	May 2017	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,050,476	1,040,131	(10,345)	(1.0%)
Average daily price - FHR	\$39.86	\$39.29	(\$0.57)	(1.4%)
Average daily price - WTI	\$51.12	\$48.54	(\$2.58)	(5.0%)
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	\$52.37	\$52.56	\$0.19	0.4%

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 June and July 2017.

	June 2017	July 2017	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$37,052,862	\$35,319,357	(\$1,733,505)	(4.7%)
Three Affiliated Tribes	12,126,911	11,109,169	(1,017,742)	(8.4%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	4,985,370	4,317,786	(667,584)	(13.4%)
Political subdivisions	22,606,814	21,177,578	(1,429,236)	(6.3%)
Abandoned well reclamation fund	473,767	443,422	(30,345)	(6.4%)
North Dakota outdoor heritage fund	947,534	886,844	(60,690)	(6.4%)
Foundation aid stabilization fund	5,216,178	5,119,426	(96,752)	(1.9%)
Common schools trust fund	5,216,178	5,119,426	(96,752)	(1.9%)
Resources trust fund	10,432,355	10,238,852	(193,503)	(1.9%)
General fund	0	0	0	N/A
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	27,968,148	24,575,948	(3,392,200)	(12.1%)
Political subdivision allocation fund	5,127,969	10,532,549	5,404,580	105.4%
State disaster relief fund	3,482,364	0	(3,482,364)	(100.0%)
Total oil and gas tax revenue allocations	\$135,636,450	\$128,840,357	(\$6,796,093)	(5.0%)

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 2015-17 and 2013-15 bienniums.

	August 2015 Through July 2017	August 2013 Through July 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$1,517,963,563	\$2,778,556,383	(\$1,260,592,820)	(45.4%)
Oil extraction tax	1,429,726,986	3,265,069,245	(1,835,342,259)	(56.2%)
Total actual collections	\$2,947,690,549	\$6,043,625,628	(\$3,095,935,079)	(51.2%)
Forecasted collections				
Oil and gas gross production tax	\$1,876,544,736	\$2,286,460,303	(\$409,915,567)	(17.9%)
Oil extraction tax	1,557,188,380	2,995,371,841	(1,438,183,461)	(48.0%)
Total forecasted collections	\$3,433,733,116	\$5,281,832,144	(\$1,848,099,028)	(35.0%)
Increase (decrease) to forecast				
Amount	(\$486,042,567)	\$761,793,484		
Percentage	(14.2%)	14.4%		

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 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, July 2017 oil tax revenue collections relate to May 2017 oil production.

	June 2015 Through May 2017	June 2013 Through May 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,078,265	1,056,417	21,848	2.1%
Average daily price - FHR	\$34.43	\$70.83	(\$36.40)	(51.4%)
Average daily price - WTI	\$45.87	\$86.82	(\$40.95)	(47.2%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	847,083	252,917	29.9%
Average daily price of oil per barrel	\$48.69	\$77.50	(\$28.81)	(37.2%)

Oil Tax Revenue Allocations

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

	August 2015 Through July 2017	August 2013 Through July 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$815,796,247	\$1,860,003,972	(\$1,044,207,725)	(56.1%)
Three Affiliated Tribes	228,369,195	443,091,532	(214,722,337)	(48.5%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	78,073,753	240,000,000	(161,926,247)	(67.5%)
Political subdivisions	548,374,060	664,714,101	(116,340,041)	(17.5%)
Abandoned well reclamation fund	10,304,327	10,000,000	304,327	3.0%
North Dakota outdoor heritage fund	19,958,442	18,641,973	1,316,469	7.1%
Foundation aid stabilization fund	120,282,476	282,260,499	(161,978,023)	(57.4%)
Common schools trust fund	120,282,476	282,260,499	(161,978,023)	(57.4%)
Resources trust fund	240,564,951	564,521,004	(323,956,053)	(57.4%)
General fund	300,000,000	300,000,000	0	0.0%
Tax relief fund	300,000,000	341,790,000	(41,790,000)	(12.2%)
Strategic investment and improvements fund	136,541,740	1,004,342,048	(867,800,308)	(86.4%)
Political subdivision allocation fund	15,660,518	0	15,660,518	N/A
State disaster relief fund	3,482,364	22,000,000	(18,517,636)	(84.2%)
Total oil and gas tax revenue allocations	\$2,947,690,549	\$6,043,625,628	(\$3,095,935,079)	(51.2%)

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 July 2017.

	July 2017		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$66,616,162	\$86,030,208	(\$19,414,046)	(22.6%)
Oil extraction tax	62,224,195	86,030,208	(23,806,013)	(27.7%)
Total actual collections	\$128,840,357	\$172,060,416	(\$43,220,059)	(25.1%)
Allocations				
Legacy fund	\$35,319,357	\$47,669,338	(\$12,349,981)	(25.9%)
Three Affiliated Tribes	11,109,169	13,162,624	(2,053,455)	(15.6%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	4,317,786	0	4,317,786	N/A
Political subdivisions	21,177,578	25,364,680	(4,187,102)	(16.5%)
Abandoned well reclamation fund	443,422	0	443,422	N/A
North Dakota outdoor heritage fund	886,844	1,260,859	(374,015)	(29.7%)
Foundation aid stabilization fund	5,119,426	7,415,804	(2,296,378)	(31.0%)
Common schools trust fund	5,119,426	7,415,804	(2,296,378)	(31.0%)
Resources trust fund	10,238,852	14,831,608	(4,592,756)	(31.0%)
General fund	0	0	0	N/A
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	24,575,948	38,457,789	(13,881,841)	(36.1%)
Political subdivision allocation fund	10,532,549	16,481,910	(5,949,361)	(36.1%)
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$128,840,357	\$172,060,416	(\$43,220,059)	(25.1%)

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	\$1,517,963,563	\$1,876,544,736	(\$358,581,173)	(19.1%)
Oil extraction tax	1,429,726,986	1,557,188,380	(127,461,394)	(8.2%)
Total actual collections	\$2,947,690,549	\$3,433,733,116	(\$486,042,567)	(14.2%)
Allocations				
Legacy fund	\$815,796,247	\$950,597,200	(\$134,800,953)	(14.2%)
Three Affiliated Tribes	228,369,195	265,075,783	(36,706,588)	(13.8%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	78,073,753	140,000,000	(61,926,247)	(44.2%)
Political subdivisions	548,374,060	630,793,376	(82,419,316)	(13.1%)
Abandoned well reclamation fund	10,304,327	10,000,000	304,327	3.0%
North Dakota outdoor heritage fund	19,958,442	27,502,642	(7,544,200)	(27.4%)
Foundation aid stabilization fund	120,282,476	134,229,636	(13,947,160)	(10.4%)
Common schools trust fund	120,282,476	134,229,636	(13,947,160)	(10.4%)
Resources trust fund	240,564,951	268,459,271	(27,894,320)	(10.4%)
General fund	300,000,000	300,000,000	0	0.0%
Tax relief fund	300,000,000	300,000,000	0	0.0%
Strategic investment and improvements fund	136,541,740	202,497,900	(65,956,160)	(32.6%)
Political subdivision allocation fund	15,660,518	43,927,672	(28,267,154)	(64.3%)
State disaster relief fund	3,482,364	16,420,000	(12,937,636)	(78.8%)
Total oil and gas tax revenue allocations	\$2,947,690,549	\$3,433,733,116	(\$486,042,567)	(14.2%)

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, July 2017 distributions of oil and gas gross production tax collections relate to May 2017 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	October 2016	November 2016	December 2016	January 2017	February 2017
Counties	\$119,510,657	\$18,255,869	\$9,559,515	\$9,264,745	\$10,901,626	\$9,069,582	\$9,427,759
Hub cities ¹	68,221,050	6,345,499	5,039,222	4,994,242	5,238,894	4,968,511	5,019,745
Other cities	39,989,148	6,098,535	3,201,101	3,103,409	3,649,690	3,035,732	3,156,969
Hub city school districts	15,000,000	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500
Other school districts	19,910,824	2,354,107	1,637,854	1,616,815	1,757,311	1,584,163	1,625,540
Townships	11,814,030	1,813,667	942,815	912,833	1,075,929	895,673	929,834
Total	\$274,445,709	\$35,930,177	\$21,443,007	\$20,954,544	\$23,685,950	\$20,616,161	\$21,222,347
¹ The distributions to the hub cities are as follows:							
Williston	\$35,382,631	\$3,413,549	\$2,629,783	\$2,602,797	\$2,749,586	\$2,587,356	\$2,618,098
Dickinson	20,316,315	1,878,649	1,486,766	1,473,273	1,546,668	1,465,553	1,480,924
Minot	7,022,104	615,800	485,172	480,674	505,139	478,101	483,225
Mandan	2,250,000	166,667	166,667	166,666	166,667	166,667	166,666
Bismarck	1,000,000	83,333	83,333	83,334	83,333	83,333	83,334
West Fargo	750,000	104,167	104,167	104,166	104,167	104,167	104,166
Jamestown	500,000	41,667	41,667	41,666	41,667	41,667	41,666
Fargo	500,000	0	0	0	0	0	0
Grand Forks	500,000	41,667	41,667	41,666	41,667	41,667	41,666
Total	\$68,221,050	\$6,345,499	\$5,039,222	\$4,994,242	\$5,238,894	\$4,968,511	\$5,019,745

	March 2017	April 2017	May 2017	June 2017	July 2017	Biennium- to-Date Total
Counties	\$9,690,131	\$10,349,599	\$9,068,113	\$10,240,659	\$9,388,680	\$234,726,935
Hub cities ¹	5,049,888	5,151,063	4,962,125	5,133,681	5,008,388	125,132,308
Other cities	3,251,253	3,469,405	3,039,808	3,433,863	3,148,016	78,576,929
Hub city school districts	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	26,687,500
Other school districts	1,690,068	1,734,586	1,612,572	1,730,326	1,647,739	38,901,905
Townships	949,923	1,017,374	891,421	1,005,785	922,255	23,171,539
Total	\$21,693,763	\$22,784,527	\$20,636,539	\$22,606,814	\$21,177,578	\$527,197,116
¹ The distributions to the hub cities are as follows:						
Williston	\$2,636,182	\$2,696,887	\$2,583,526	\$2,686,458	\$2,611,282	\$65,198,135
Dickinson	1,489,966	1,520,319	1,463,638	1,515,104	1,477,516	37,114,691
Minot	486,239	496,356	477,463	494,618	482,089	12,506,980
Mandan	166,667	166,667	166,666	166,667	166,667	4,083,334
Bismarck	83,333	83,333	83,334	83,333	83,333	1,916,666
West Fargo	104,167	104,167	104,166	104,167	104,167	1,895,834
Jamestown	41,667	41,667	41,666	41,667	41,667	958,334
Fargo	0	0	0	0	0	500,000
Grand Forks	41,667	41,667	41,666	41,667	41,667	958,334
Total	\$5,049,888	\$5,151,063	\$4,962,125	\$5,133,681	\$5,008,388	\$125,132,308