



North Dakota Legislative Council

Prepared by the Legislative Council staff
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OIL AND GAS TAX REVENUES QUARTERLY UPDATE SUMMARY

This memorandum provides a summary of oil production and prices, oil and gas tax revenue collections, and oil and gas tax revenue allocations, including comparisons to forecasted amounts, projections for the biennium, and comparisons to the prior biennium. **The forecasted amounts reflect the 2019 legislative revenue forecast**, prepared at the close of the 2019 legislative session.

QUARTERLY SUMMARY Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for December 2019 through February 2020. Oil and gas tax revenue collections and allocations reflect production and prices from 2 months prior. The amounts shown for the actual oil prices reflect the average of Flint Hills Resources posted prices and West Texas Intermediate posted prices.

Average Daily Oil Production - Barrels Per Day			
	December 2019	January 2020	February 2020
Actual	1,476,777	1,430,511	1,451,029
Forecast	1,400,000	1,400,000	1,400,000
Variance to forecast	76,777	30,511	51,029
Percentage variance to forecast	5.5%	2.2%	3.6%

Average Oil Price - Price Per Barrel			
	December 2019	January 2020	February 2020
Actual	\$54.11	\$52.46	\$43.92
Forecast	48.50	48.50	48.50
Variance to forecast	\$5.61	\$3.96	(\$4.58)
Percentage variance to forecast	11.6%	8.2%	(9.4%)

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for February 2020 through April 2020.

	February 2020	March 2020	April 2020
Actual	\$231,128,202	\$209,003,264	\$171,473,160
Forecast	204,175,300	204,175,300	184,416,400
Variance to forecast	\$26,952,902	\$4,827,964	(\$12,943,240)
Percentage variance to forecast	13.2%	2.4%	(7.0%)

Oil and Gas Tax Revenue Allocations

The schedule below provides information on the oil and gas tax revenue allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, state funds, and political subdivisions for February 2020 through April 2020.

	February 2020	March 2020	April 2020
Three Affiliated Tribes	\$26,067,385	\$23,645,505	\$19,565,148
Legacy fund	61,518,245	55,607,328	45,572,403
North Dakota outdoor heritage fund	484,734	0	0
Abandoned well reclamation fund	758,827	684,612	563,862
Political subdivisions	31,065,394	27,913,343	22,853,643
Common schools trust fund	9,691,634	8,734,885	7,101,808
Foundation aid stabilization fund	9,691,634	8,734,885	7,101,808
Resources trust fund	19,867,849	17,906,515	14,558,705
Oil and gas research fund	1,439,650	1,315,524	1,083,116
State energy research center fund	719,825	548,809	0
General fund	0	47,246,214	53,072,667
Tax relief fund	38,057,411	0	0
Budget stabilization fund	31,765,614	16,665,644	0
Lignite research fund	0	0	0
State disaster relief fund	0	0	0
Municipal infrastructure fund	0	0	0
Strategic investment and improvements fund	0	0	0
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$231,128,202	\$209,003,264	\$171,473,160

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for February 2020 through April 2020. Distributions to political subdivisions pursuant to the new formula in House Bill No. 1066 (2019) became effective with July 2019 oil production and September 2019 distributions. However, this memorandum reports the distributions to political subdivisions for the period August 2019 to July 2021 to align with the reporting for the allocations to state funds.

	February 2020	March 2020	April 2020
Hub cities in oil-producing counties	\$4,329,908	\$4,056,197	\$3,605,123
Hub city school districts	804,794	743,970	643,731
Counties	16,921,635	15,047,027	12,018,373
Cities (excluding hub cities)	5,671,412	5,041,002	4,029,062
School districts (excluding hub city school districts)	2,228,056	2,037,209	1,769,892
Townships	1,109,589	987,938	787,462
Total	\$31,065,394	\$27,913,343	\$22,853,643

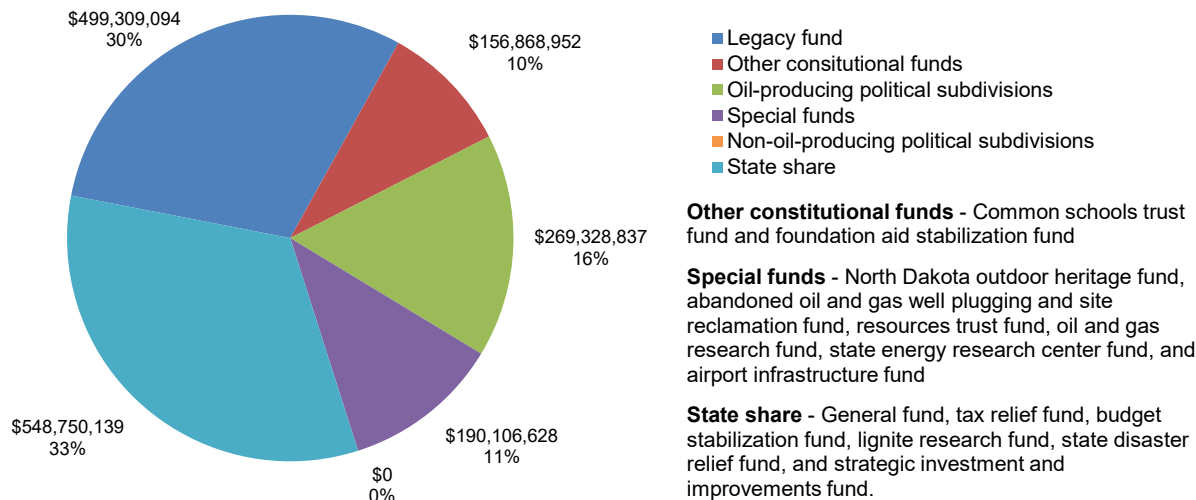
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through April 2020.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$202,779,107	\$194,628,537	\$8,150,570	4.2%
Legacy fund	499,309,094	481,029,415	18,279,679	3.8%
North Dakota outdoor heritage fund	7,500,000	7,500,000	0	0.0%
Abandoned well reclamation fund	5,514,934	5,213,111	301,823	5.8%
Political subdivisions	269,328,837	253,935,805	15,393,032	6.1%
Common schools trust fund	78,434,476	79,053,058	(618,582)	(0.8%)
Foundation aid stabilization fund	78,434,476	79,053,058	(618,582)	(0.8%)
Resources trust fund	160,790,671	162,058,761	(1,268,090)	(0.8%)
Oil and gas research fund	11,301,023	10,711,764	589,259	5.5%
State energy research center fund	5,000,000	5,000,000	0	0.0%
General fund	300,318,881	244,876,391	55,442,490	22.6%
Tax relief fund	200,000,000	200,000,000	0	0.0%
Budget stabilization fund	48,431,258	75,000,000	(26,568,742)	(35.4%)
Lignite research fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Municipal infrastructure fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
County and township infrastructure fund	0	0	0	N/A
Airport infrastructure fund	0	0	0	N/A
Total	\$1,867,142,757	\$1,798,059,900	\$69,082,857	3.8%

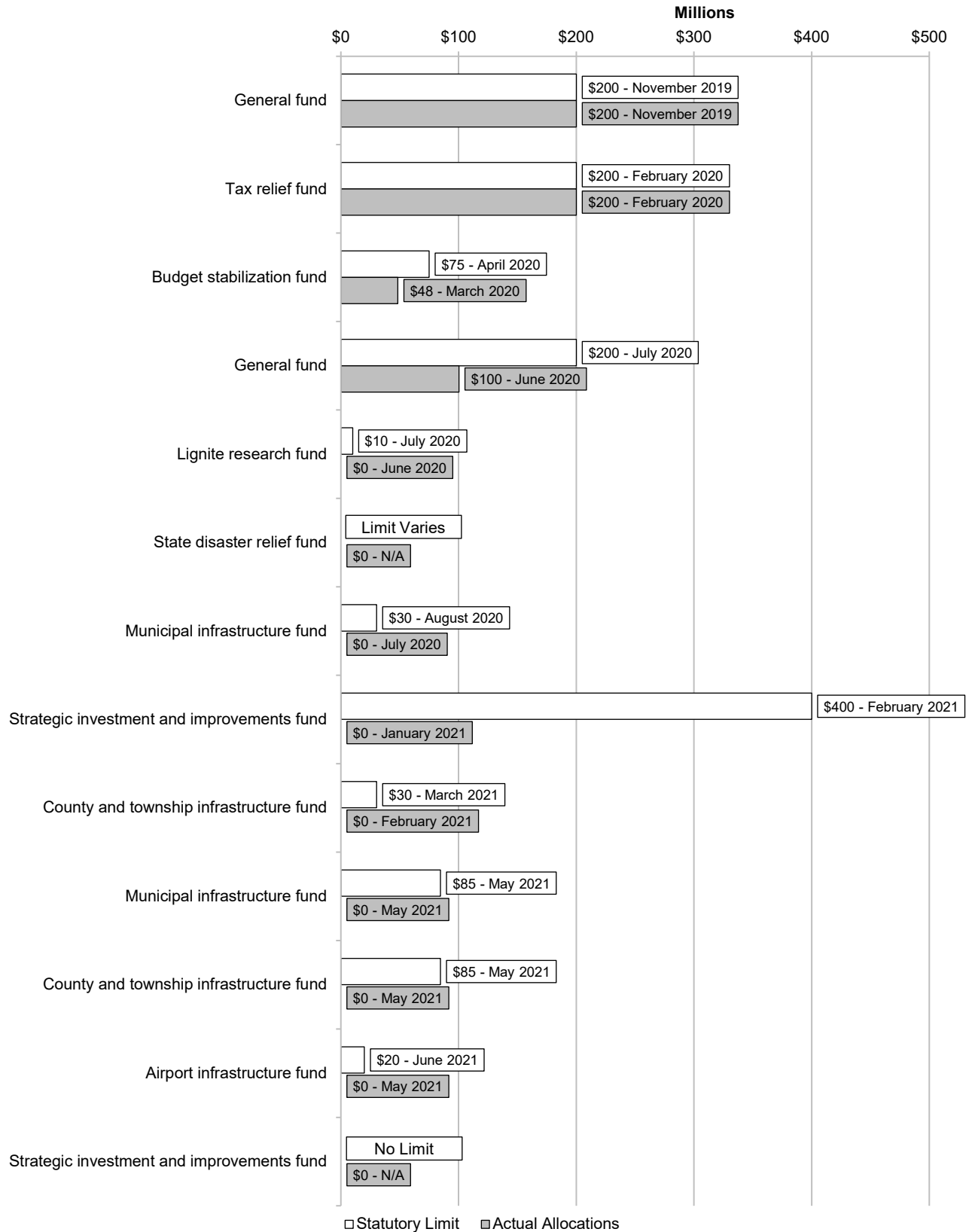
OIL AND GAS TAX REVENUE ALLOCATIONS

The chart below provides information on the oil and gas tax revenue allocations, excluding the allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, for the biennium to date through April 2020.



STATE'S SHARE - FUND STATUS

The chart below provides information on the status of the state's share of allocations ("buckets") for the biennium to date through April 2020. The dates in the white boxes reflect when the funds are estimated to reach the statutory limit based on the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session. The dates shown in the gray boxes reflect when the funds reached the statutory limit or when the funds are anticipated to reach the statutory limit as adjusted for the actual allocations for the biennium to date.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through April 2020 and forecasted amounts for the remainder of the biennium. The amount shown for the original forecast reflects the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session.

2019-21 Biennium Actual Allocations and Remaining Forecast				
	Actual Through	Remaining	Biennium	Original
	April 2020	Forecast	Total	Forecast
Three Affiliated Tribes	\$202,779,107	\$330,482,218	\$533,261,325	\$525,110,755
Legacy fund	499,309,094	816,795,299	1,316,104,393	1,297,824,714
North Dakota outdoor heritage fund	7,500,000	7,500,000	15,000,000	15,000,000
Abandoned well reclamation fund	5,514,934	9,301,000	14,815,934	14,815,934
Political subdivisions	269,328,837	407,214,135	676,542,972	661,149,940
Common schools trust fund	78,434,476	134,233,299	212,667,775	213,286,357
Foundation aid stabilization fund	78,434,476	134,233,299	212,667,775	213,286,357
Resources trust fund	160,790,671	275,178,257	435,968,928	437,237,018
Oil and gas research fund	11,301,023	4,698,977	16,000,000	16,000,000
State energy research center fund	5,000,000	0	5,000,000	5,000,000
General fund	300,318,881	99,681,119	400,000,000	400,000,000
Tax relief fund	200,000,000	0	200,000,000	200,000,000
Budget stabilization fund	48,431,258	0	48,431,258	75,000,000
Lignite research fund	0	10,000,000	10,000,000	10,000,000
State disaster relief fund	0	0	0	0
Municipal infrastructure fund	0	115,000,000	115,000,000	115,000,000
Strategic investment and improvements fund	0	573,815,597	573,815,597	517,482,025
County and township infrastructure fund	0	115,000,000	115,000,000	115,000,000
Airport infrastructure fund	0	20,000,000	20,000,000	20,000,000
Total	\$1,867,142,757	\$3,053,133,200	\$4,920,275,957	\$4,851,193,100

CURRENT BIENNIUM TO PRIOR BIENNIUM COMPARISON

Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for the first 9 months of the 2019-21 biennium and 2017-19 biennium. Oil and gas tax revenue collections and allocations reflect oil production and prices from 2 months prior.

Average Daily Oil Production - Barrels Per Day				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through February 2020	Through February 2018	Amount	Percentage
Actual	1,465,657	1,131,011	334,646	29.6%
Forecast	1,400,000	925,000	475,000	51.4%
Variance to forecast	65,657	206,011	(140,354)	(68.1%)
Percentage variance to forecast	4.7%	22.3%		

Average Oil Price - Price Per Barrel				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through February 2020	Through February 2018	Amount	Percentage
Actual	\$50.29	\$48.80	\$1.49	3.1%
Forecast	49.00	47.00	2.00	4.3%
Variance to forecast	\$1.29	\$1.80	(\$0.51)	(28.3%)
Percentage variance to forecast	2.6%	3.8%		

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for the first 9 months of the 2019-21 biennium and 2017-19 biennium.

	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through April 2020	Through April 2018	Amount	Percentage
Actual	\$1,867,142,757	\$1,414,119,740	\$453,023,017	32.0%
Forecast	1,798,059,900	1,151,261,475	646,798,425	56.2%
Variance to forecast	\$69,082,857	\$262,858,265	(\$193,775,408)	(73.7%)
Percentage variance to forecast	3.8%	22.8%		