



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 2021 legislative revenue forecast**, prepared at the close of the 2021 legislative session. The oil revenue forecast was not changed during the November 2021 special session.

QUARTERLY SUMMARY

Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for September 2022 through November 2022. 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			
	September 2022	October 2022	November 2022
Actual	1,121,063	1,121,754	1,097,716
Forecast	1,000,000	1,000,000	1,000,000
Variance to forecast	121,063	121,754	97,716
Percentage variance to forecast	12.1%	12.2%	9.8%

Average Oil Price - Price Per Barrel			
	September 2022	October 2022	November 2022
Actual	\$82.41	\$85.48	\$83.29
Forecast	50.00	50.00	50.00
Variance to forecast	\$32.41	\$35.48	\$33.29
Percentage variance to forecast	64.8%	71.0%	66.6%

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for November 2022 through January 2023.

	November 2022	December 2022	January 2023
Actual	\$275,569,779	\$286,436,002	\$252,088,234
Forecast	145,500,000	150,350,000	145,500,000
Variance to forecast	\$130,069,779	\$136,086,002	\$106,588,234
Percentage variance to forecast	89.4%	90.5%	73.3%

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 November 2022 through January 2023.

	November 2022	December 2022	January 2023
Three Affiliated Tribes	\$28,597,086	\$35,368,160	\$26,217,679
Legacy fund	74,227,327	75,439,543	67,859,736
North Dakota outdoor heritage fund	1,778,676	1,750,362	0
Abandoned well reclamation fund	889,338	917,674	887,733
Political subdivisions	36,042,844	35,834,734	34,890,333
Common schools trust fund	12,296,640	12,500,768	10,291,848
Foundation aid stabilization fund	12,296,640	12,500,768	10,291,848
Resources trust fund	25,208,112	25,626,575	21,098,288
Oil and gas research fund	0	0	0
State energy research center fund	0	0	0
General fund	0	0	2,110
Tax relief fund	0	0	0
Budget stabilization fund	0	0	0
Lignite research fund	0	0	0
State disaster relief fund	0	0	0
Strategic investment and improvements fund	0	13,979,130	80,548,659
Municipal infrastructure fund	42,116,558	26,259,144	0
County and township infrastructure fund	42,116,558	26,259,144	0
Airport infrastructure fund	0	20,000,000	0
Total	\$275,569,779	\$286,436,002	\$252,088,234

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for November 2022 through January 2023. The formula for the distributions to political subdivisions became effective with July 2021 oil production and September 2021 distributions. However, this memorandum reports the distributions to political subdivisions for the period August 2021 to July 2023 to align with the reporting for the allocations to state funds.

	November 2022	December 2022	January 2023
Hub cities	\$4,722,924	\$4,710,649	\$4,629,036
Hub city school districts	892,131	889,403	871,267
Counties	19,872,763	19,758,658	19,196,495
Cities (excluding hub cities)	6,691,902	6,650,281	6,461,822
School districts (excluding hub city school districts)	2,578,861	2,546,938	2,489,179
Townships	1,284,263	1,278,805	1,242,534
Total	\$36,042,844	\$35,834,734	\$34,890,333

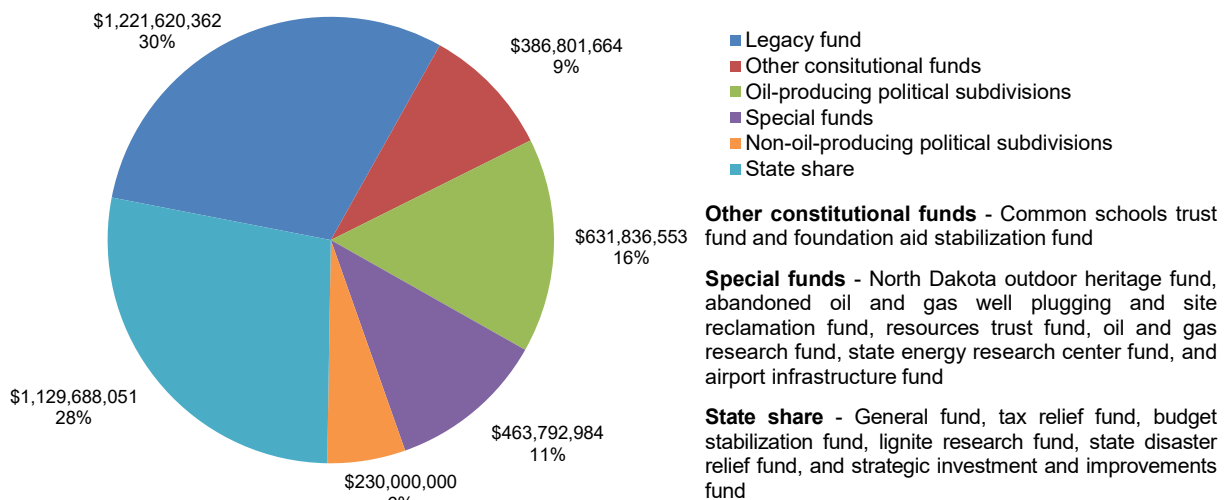
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through January 2023.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$554,306,549	\$371,111,942	\$183,194,607	49.4%
Legacy fund	1,221,620,362	740,699,355	480,921,007	64.9%
North Dakota outdoor heritage fund	15,000,000	12,178,128	2,821,872	23.2%
Abandoned well reclamation fund	12,821,277	8,935,837	3,885,440	43.5%
Political subdivisions	631,836,553	401,759,084	230,077,469	57.3%
Common schools trust fund	193,400,832	121,009,035	72,391,797	59.8%
Foundation aid stabilization fund	193,400,832	121,009,035	72,391,797	59.8%
Resources trust fund	396,471,707	248,068,524	148,403,183	59.8%
Oil and gas research fund	14,500,000	14,500,000	0	0.0%
State energy research center fund	5,000,000	5,000,000	0	0.0%
General fund	400,002,110	400,000,000	2,110	0.0%
Tax relief fund	200,000,000	200,000,000	0	0.0%
Budget stabilization fund	9,646,249	0	9,646,249	N/A
Lignite research fund	10,000,000	10,000,000	0	0.0%
State disaster relief fund	15,511,903	18,187,906	(2,676,003)	(14.7%)
Strategic investment and improvements fund	494,527,789	162,366,154	332,161,635	204.6%
Municipal infrastructure fund	115,000,000	0	115,000,000	N/A
County and township infrastructure fund	115,000,000	0	115,000,000	N/A
Airport infrastructure fund	20,000,000	0	20,000,000	N/A
Total	\$4,618,046,163	\$2,834,825,000	\$1,783,221,163	62.9%

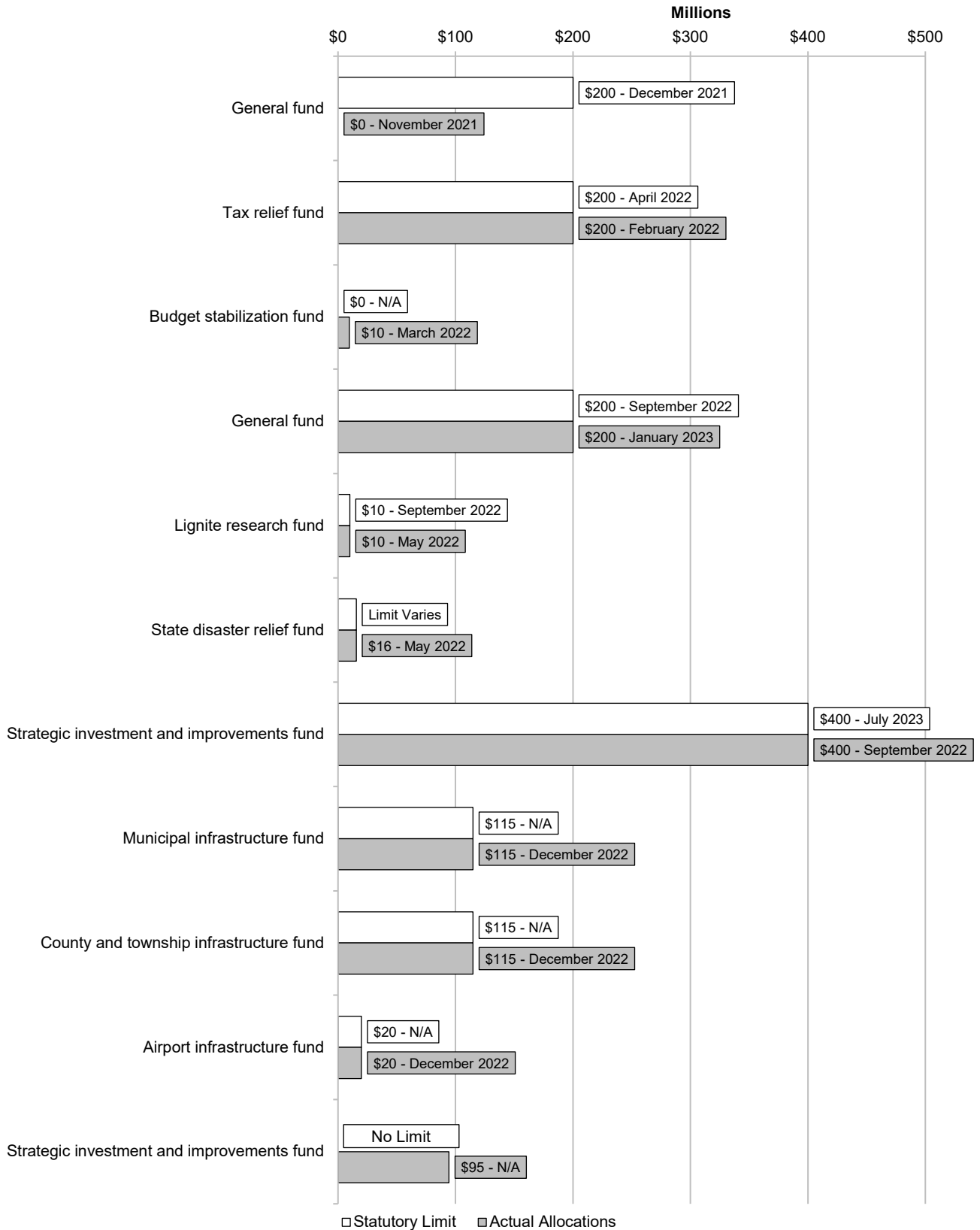
OIL AND GAS TAX REVENUE ALLOCATIONS

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 January 2023.



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 January 2023. The dates in the white boxes reflect when the funds are estimated to reach the statutory limit based on the 2021 legislative revenue forecast, prepared at the close of the 2021 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 January 2023 and forecasted amounts for the remainder of the biennium. The amount shown for the original forecast reflects the 2021 legislative revenue forecast, prepared at the close of the 2021 legislative session.

2021-23 Biennium Actual Allocations and Remaining Forecast				
	Actual Through	Remaining	Biennium	Original
	January 2023	Forecast	Total	Forecast
Three Affiliated Tribes	\$554,306,549	\$115,775,464	\$670,082,013	\$486,887,406
Legacy fund	1,221,620,362	230,636,923	1,452,257,285	971,336,278
North Dakota outdoor heritage fund	15,000,000	0	15,000,000	15,000,000
Abandoned well reclamation fund	12,821,277	2,819,774	15,641,051	11,718,253
Political subdivisions	631,836,553	116,464,028	748,300,581	518,223,112
Common schools trust fund	193,400,832	37,679,460	231,080,292	158,688,495
Foundation aid stabilization fund	193,400,832	37,679,460	231,080,292	158,688,495
Resources trust fund	396,471,707	77,242,895	473,714,602	325,311,419
Oil and gas research fund	14,500,000	0	14,500,000	14,500,000
State energy research center fund	5,000,000	0	5,000,000	5,000,000
General fund	400,002,110	0	400,002,110	400,000,000
Tax relief fund	200,000,000	0	200,000,000	200,000,000
Budget stabilization fund	9,646,249	0	9,646,249	0
Lignite research fund	10,000,000	0	10,000,000	10,000,000
State disaster relief fund	15,511,903	0	15,511,903	18,187,906
Strategic investment and improvements fund	494,527,789	264,401,996	758,929,785	400,000,000
Municipal infrastructure fund	115,000,000	0	115,000,000	11,991,818
County and township infrastructure fund	115,000,000	0	115,000,000	11,991,818
Airport infrastructure fund	20,000,000	0	20,000,000	0
Total	\$4,618,046,163	\$882,700,000	\$5,500,746,163	\$3,717,525,000

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 18 months of the 2021-23 biennium and 2019-21 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				
	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through November 2022	Through November 2020	Amount	Percentage
Actual	1,094,223	1,304,544	(210,321)	(16.1%)
Forecast	1,066,667	1,413,333	(346,666)	(24.5%)
Variance to forecast	27,556	(108,789)	136,345	(125.3%)
Percentage variance to forecast	2.6%	(7.7%)		

Average Oil Price - Price Per Barrel				
	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through November 2022	Through November 2020	Amount	Percentage
Actual	\$84.76	\$40.33	\$44.43	110.2%
Forecast	50.00	48.00	2.00	4.2%
Variance to forecast	\$34.76	(\$7.67)	\$42.43	553.2%
Percentage variance to forecast	69.5%	(16.0%)		

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 18 months of the 2021-23 biennium and 2019-21 biennium.

	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through January 2023	Through January 2021	Amount	Percentage
Actual	\$4,618,046,163	\$2,672,110,439	\$1,945,935,724	72.8%
Forecast	2,834,825,000	3,630,948,620	(796,123,620)	(21.9%)
Variance to forecast	\$1,783,221,163	(\$958,838,181)	\$2,742,059,344	286.0%
Percentage variance to forecast	62.9%	(26.4%)		