



North Dakota Legislative Council

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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 December 2022 through February 2023. 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 2022 | January 2023 | February 2023 |
| Actual | 957,864 | 1,060,708 | 1,157,303 |
| Forecast | 1,000,000 | 1,000,000 | 1,000,000 |
| Variance to forecast | (42,136) | 60,708 | 157,303 |
| Percentage variance to forecast | (4.2%) | 6.1% | 15.7% |

| Average Oil Price - Price Per Barrel | | | |
|--------------------------------------|---------------|--------------|---------------|
| | December 2022 | January 2023 | February 2023 |
| Actual | \$75.21 | \$75.76 | \$74.09 |
| Forecast | 50.00 | 50.00 | 50.00 |
| Variance to forecast | \$25.21 | \$25.76 | \$24.09 |
| Percentage variance to forecast | 50.4% | 51.5% | 48.2% |

Oil and Gas Tax Revenue Collections

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

| | February 2023 | March 2023 | April 2023 |
|---------------------------------|---------------|---------------|---------------|
| Actual | \$199,023,070 | \$221,470,465 | \$214,598,492 |
| Forecast | 150,350,000 | 150,350,000 | 135,800,000 |
| Variance to forecast | \$48,673,070 | \$71,120,465 | \$78,798,492 |
| Percentage variance to forecast | 32.4% | 47.3% | 58.0% |

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 2023 through April 2023.

| | February 2023 | March 2023 | April 2023 |
|--|----------------------|----------------------|----------------------|
| Three Affiliated Tribes | \$18,765,192 | \$20,778,825 | \$17,895,323 |
| Legacy fund | 54,142,498 | 60,287,850 | 59,088,193 |
| North Dakota outdoor heritage fund | 0 | 0 | 0 |
| Abandoned well reclamation fund | 725,200 | 805,090 | 798,310 |
| Political subdivisions | 27,725,560 | 29,780,275 | 29,085,614 |
| Common schools trust fund | 8,067,468 | 9,050,252 | 8,835,261 |
| Foundation aid stabilization fund | 8,067,468 | 9,050,252 | 8,835,261 |
| Resources trust fund | 16,538,309 | 18,553,016 | 18,112,285 |
| Oil and gas research fund | 0 | 0 | 0 |
| State energy research center fund | 0 | 0 | 0 |
| General fund | 748 | 1,353 | 1,848 |
| 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 | 64,990,627 | 73,163,552 | 71,946,397 |
| Municipal infrastructure fund | 0 | 0 | 0 |
| County and township infrastructure fund | 0 | 0 | 0 |
| Airport infrastructure fund | 0 | 0 | 0 |
| Total | \$199,023,070 | \$221,470,465 | \$214,598,492 |

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 2023 through April 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.

| | February 2023 | March 2023 | April 2023 |
|--|---------------------|---------------------|---------------------|
| Hub cities | \$4,002,819 | \$4,182,201 | \$4,130,756 |
| Hub city school districts | 732,108 | 771,971 | 760,538 |
| Counties | 14,929,400 | 16,152,659 | 15,754,048 |
| Cities (excluding hub cities) | 5,028,595 | 5,439,659 | 5,300,826 |
| School districts (excluding hub city school districts) | 2,068,422 | 2,189,844 | 2,118,369 |
| Townships | 964,216 | 1,043,941 | 1,021,077 |
| Total | \$27,725,560 | \$29,780,275 | \$29,085,614 |

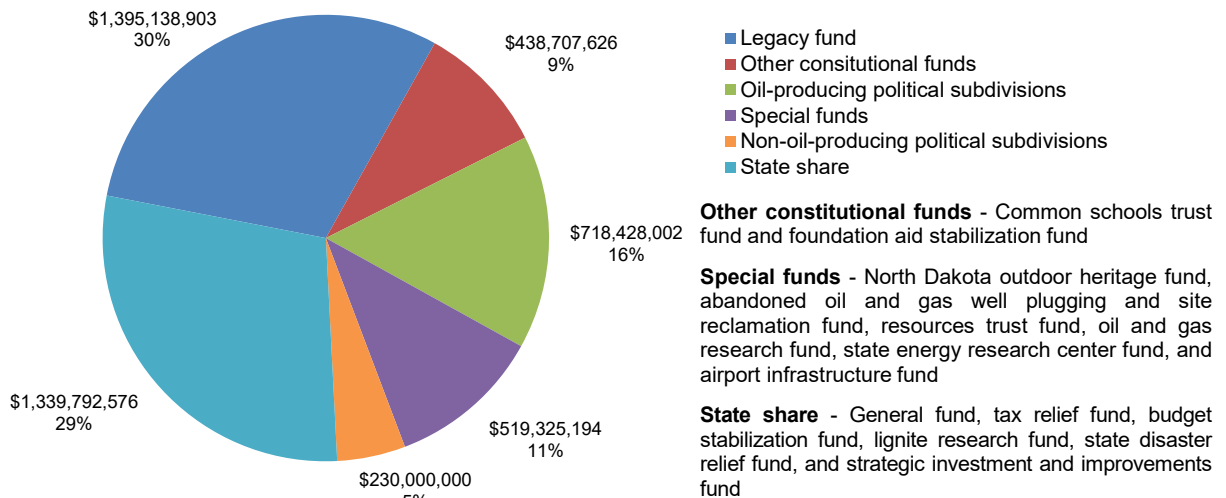
CURRENT BIENNIUM COMPARISON TO FORECAST

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

| | Biennium to Date | | Increase (Decrease) | |
|--|------------------------|------------------------|------------------------|--------------|
| | Actual | Forecast | Amount | Percentage |
| Three Affiliated Tribes | \$611,745,889 | \$428,373,798 | \$183,372,091 | 42.8% |
| Legacy fund | 1,395,138,903 | 854,750,581 | 540,388,322 | 63.2% |
| North Dakota outdoor heritage fund | 15,000,000 | 14,929,968 | 70,032 | 0.5% |
| Abandoned well reclamation fund | 15,149,877 | 10,311,757 | 4,838,120 | 46.9% |
| Political subdivisions | 718,428,002 | 460,137,162 | 258,290,840 | 56.1% |
| Common schools trust fund | 219,353,813 | 139,641,735 | 79,712,078 | 57.1% |
| Foundation aid stabilization fund | 219,353,813 | 139,641,735 | 79,712,078 | 57.1% |
| Resources trust fund | 449,675,317 | 286,265,560 | 163,409,757 | 57.1% |
| 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 | 400,006,059 | 400,000,000 | 6,059 | 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 | 704,628,365 | 289,584,798 | 415,043,567 | 143.3% |
| 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 | \$5,253,138,190 | \$3,271,325,000 | \$1,981,813,190 | 60.6% |

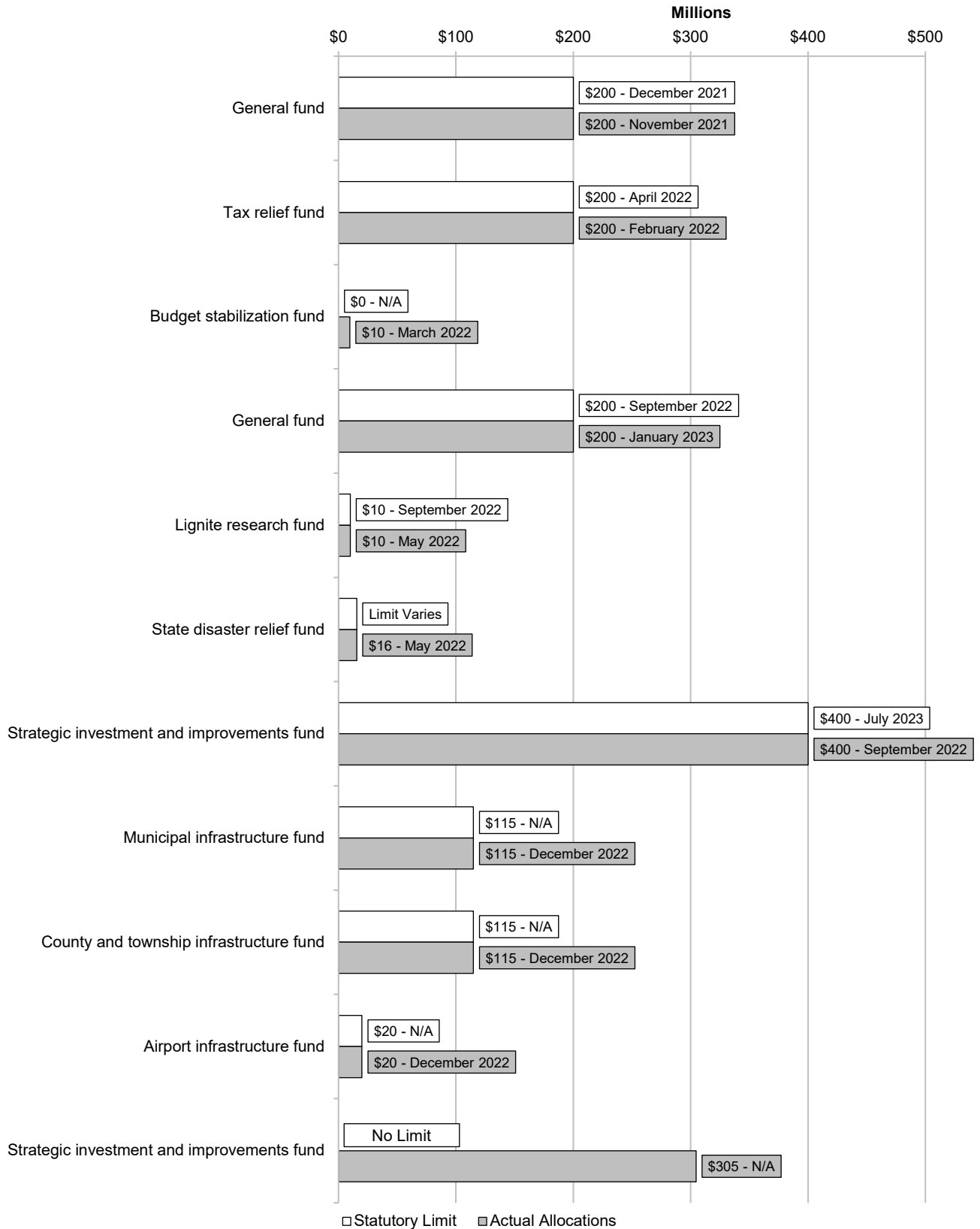
OIL AND GAS TAX REVENUE ALLOCATIONS

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 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 April 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 April 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 April 2023 | Remaining Forecast | Biennium Total | Original Forecast |
| | Three Affiliated Tribes | \$611,745,889 | \$58,513,608 | \$670,259,497 |
| Legacy fund | 1,395,138,903 | 116,585,697 | 1,511,724,600 | 971,336,278 |
| North Dakota outdoor heritage fund | 15,000,000 | 0 | 15,000,000 | 15,000,000 |
| Abandoned well reclamation fund | 15,149,877 | 491,174 | 15,641,051 | 11,718,253 |
| Political subdivisions | 718,428,002 | 58,085,950 | 776,513,952 | 518,223,112 |
| Common schools trust fund | 219,353,813 | 19,046,760 | 238,400,573 | 158,688,495 |
| Foundation aid stabilization fund | 219,353,813 | 19,046,760 | 238,400,573 | 158,688,495 |
| Resources trust fund | 449,675,317 | 39,045,859 | 488,721,176 | 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 | 400,006,059 | 0 | 400,006,059 | 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 | 704,628,365 | 135,384,192 | 840,012,557 | 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 | \$5,253,138,190 | \$446,200,000 | \$5,699,338,190 | \$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 21 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 Through February 2023 | 2019-21 Biennium Through February 2021 | Increase (Decrease) | |
| | | | Amount | Percentage |
| Actual | 1,089,170 | 1,281,248 | (192,078) | (15.0%) |
| Forecast | 1,057,143 | 1,417,143 | (360,000) | (25.4%) |
| Variance to forecast | 32,027 | (135,895) | 167,922 | 123.6% |
| Percentage variance to forecast | 3.0% | (9.6%) | | |

| Average Oil Price - Price Per Barrel | | | | |
|--------------------------------------|--|--|---------------------|------------|
| | 2021-23 Biennium Through February 2023 | 2019-21 Biennium Through February 2021 | Increase (Decrease) | |
| | | | Amount | Percentage |
| Actual | \$83.37 | \$41.40 | \$41.97 | 101.4% |
| Forecast | 50.00 | 48.00 | 2.00 | 4.2% |
| Variance to forecast | \$33.37 | (\$6.60) | \$39.97 | 605.6% |
| Percentage variance to forecast | 66.7% | (13.8%) | | |

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

| | 2021-23 Biennium Through April 2023 | 2019-21 Biennium Through April 2021 | Increase (Decrease) | |
|---------------------------------|---|---|---------------------|------------|
| | | | Amount | Percentage |
| Actual | \$5,253,138,190 | \$3,098,319,403 | \$2,154,818,787 | 69.5% |
| Forecast | 3,271,325,000 | 4,234,366,220 | (963,041,220) | (22.7%) |
| Variance to forecast | \$1,981,813,190 | (\$1,136,046,817) | \$3,117,860,007 | 274.4% |
| Percentage variance to forecast | 60.6% | (26.8%) | | |