



North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 23.9003.08000
July 2023

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 March 2023 through May 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			
	March 2023	April 2023	May 2023
Actual	1,124,289	1,135,763	1,133,530
Forecast	1,000,000	1,000,000	1,000,000
Variance to forecast	124,289	135,763	133,530
Percentage variance to forecast	12.4%	13.6%	13.4%

Average Oil Price - Price Per Barrel			
	March 2023	April 2023	May 2023
Actual	\$71.59	\$77.34	\$68.72
Forecast	50.00	50.00	50.00
Variance to forecast	\$21.59	\$27.34	\$18.72
Percentage variance to forecast	43.2%	54.7%	37.4%

Oil and Gas Tax Revenue Collections

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

	May 2023	June 2023	July 2023
Actual	\$225,074,340	\$233,419,265	\$221,243,624
Forecast	150,350,000	145,500,000	150,350,000
Variance to forecast	\$74,724,340	\$87,919,265	\$70,893,624
Percentage variance to forecast	49.7%	60.4%	47.2%

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 May 2023 through July 2023.

	May 2023	June 2023	July 2023
Three Affiliated Tribes	\$20,007,916	\$36,731,949	\$19,982,345
Legacy fund	61,587,526	59,078,101	60,448,746
North Dakota outdoor heritage fund	0	0	0
Abandoned well reclamation fund	491,174	0	0
Political subdivisions	30,046,872	28,895,960	29,405,660
Common schools trust fund	9,304,156	8,736,744	9,055,414
Foundation aid stabilization fund	9,304,156	8,736,744	9,055,414
Resources trust fund	19,073,520	17,910,326	18,563,599
Oil and gas research fund	0	0	0
State energy research center fund	0	0	0
General fund	1,083	811	1,769
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	75,257,937	73,328,630	74,730,677
Municipal infrastructure fund	0	0	0
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$225,074,340	\$233,419,265	\$221,243,624

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for May 2023 through July 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.

	May 2023	June 2023	July 2023
Hub cities	\$4,209,533	\$4,104,386	\$4,176,322
Hub city school districts	778,044	754,678	770,664
Counties	16,318,329	15,625,325	15,974,055
Cities (excluding hub cities)	5,492,924	5,262,687	5,364,819
School districts (excluding hub city school districts)	2,191,952	2,139,526	2,078,470
Townships	1,056,090	1,009,358	1,041,330
Total	\$30,046,872	\$28,895,960	\$29,405,660

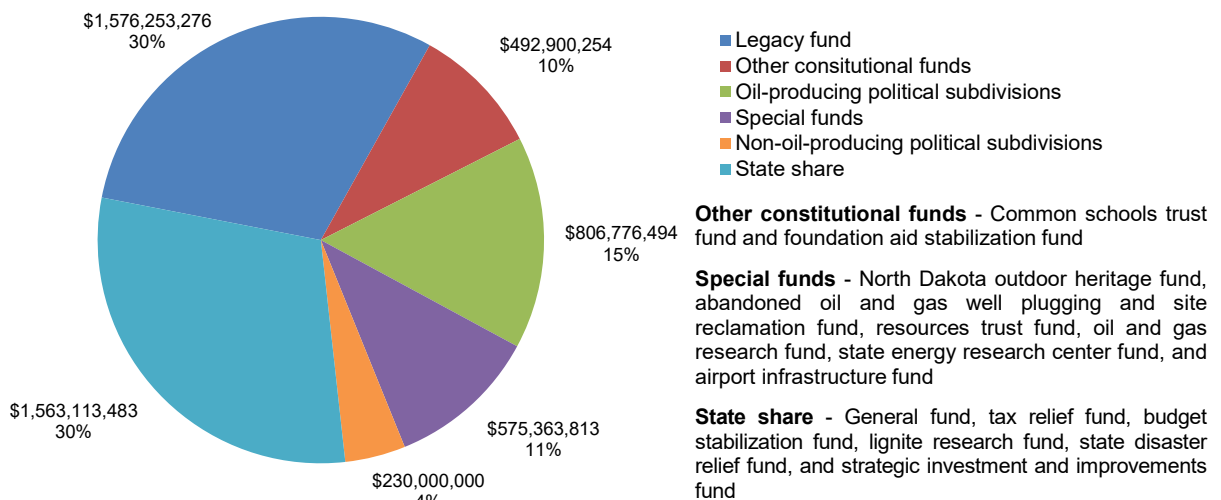
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$688,468,099	\$486,887,406	\$201,580,693	41.4%
Legacy fund	1,576,253,276	971,336,278	604,916,998	62.3%
North Dakota outdoor heritage fund	15,000,000	15,000,000	0	0.0%
Abandoned well reclamation fund	15,641,051	11,718,253	3,922,798	33.5%
Political subdivisions	806,776,494	518,223,112	288,553,382	55.7%
Common schools trust fund	246,450,127	158,688,495	87,761,632	55.3%
Foundation aid stabilization fund	246,450,127	158,688,495	87,761,632	55.3%
Resources trust fund	505,222,762	325,311,419	179,911,343	55.3%
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	400,009,722	400,000,000	9,722	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	927,945,609	400,000,000	527,945,609	132.0%
Municipal infrastructure fund	115,000,000	11,991,818	103,008,182	859.0%
County and township infrastructure fund	115,000,000	11,991,818	103,008,182	859.0%
Airport infrastructure fund	20,000,000	0	20,000,000	N/A
Total	\$5,932,875,419	\$3,717,525,000	\$2,215,350,419	59.6%

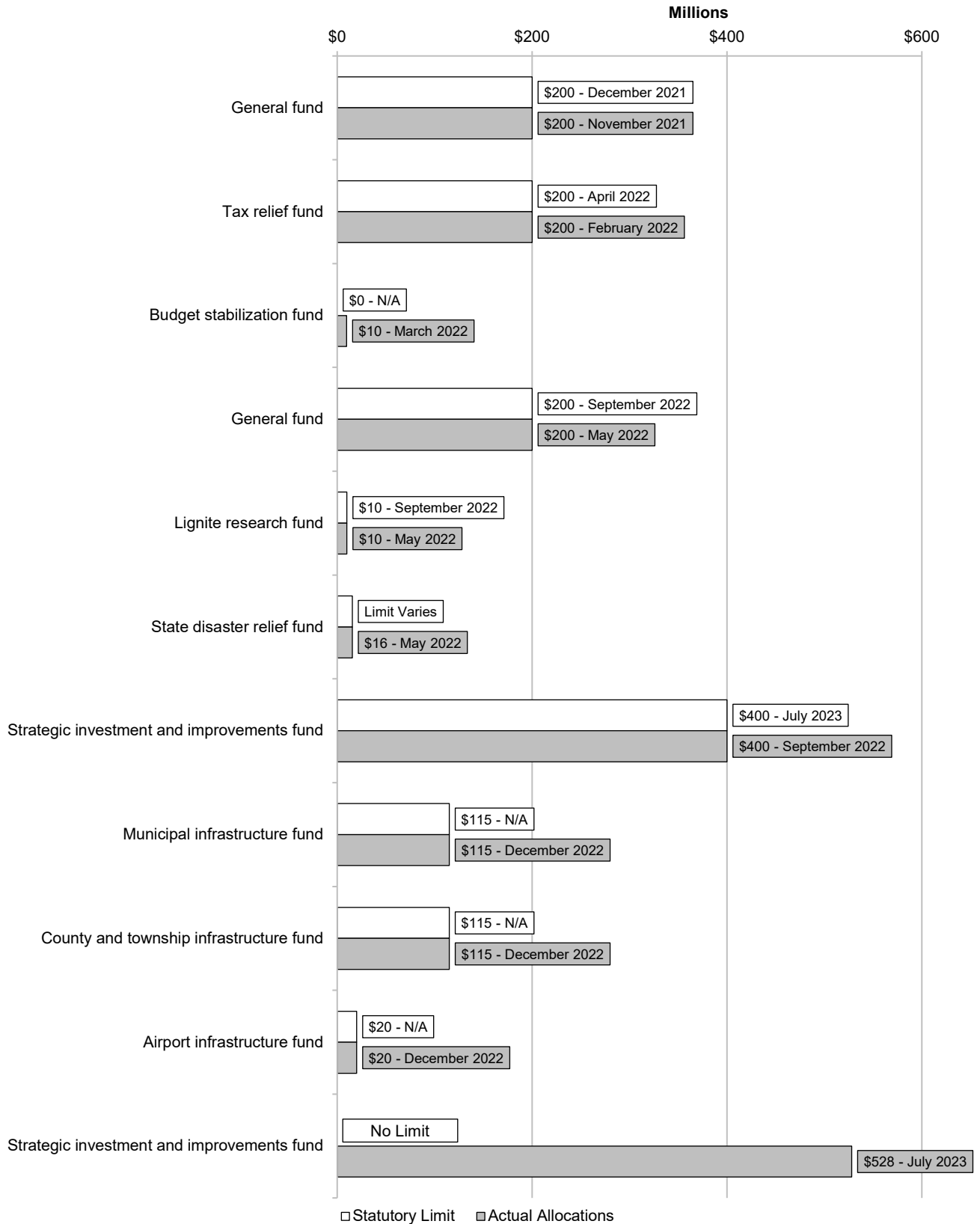
OIL AND GAS TAX REVENUE ALLOCATIONS

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 July 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 July 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 July 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
	July 2023	Forecast	Total	Forecast
Three Affiliated Tribes	\$688,468,099	\$0	\$688,468,099	\$486,887,406
Legacy fund	1,576,253,276	0	1,576,253,276	971,336,278
North Dakota outdoor heritage fund	15,000,000	0	15,000,000	15,000,000
Abandoned well reclamation fund	15,641,051	0	15,641,051	11,718,253
Political subdivisions	806,776,494	0	806,776,494	518,223,112
Common schools trust fund	246,450,127	0	246,450,127	158,688,495
Foundation aid stabilization fund	246,450,127	0	246,450,127	158,688,495
Resources trust fund	505,222,762	0	505,222,762	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	400,009,722	0	400,009,722	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	927,945,609	0	927,945,609	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	\$5,932,875,419	\$0	\$5,932,875,419	\$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 24 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 May 2023	Through May 2021	Amount	Percentage
Actual	1,094,487	1,261,097	(166,610)	(13.2%)
Forecast	1,050,000	1,420,000	(370,000)	(26.1%)
Variance to forecast	44,487	(158,903)	203,390	(128.0%)
Percentage variance to forecast	4.2%	(11.2%)		

Average Oil Price - Price Per Barrel				
	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through May 2023	Through May 2021	Amount	Percentage
Actual	\$82.01	\$43.66	\$38.35	87.8%
Forecast	50.00	48.00	2.00	4.2%
Variance to forecast	\$32.01	(\$4.34)	\$36.35	(837.6%)
Percentage variance to forecast	64.0%	(9.0%)		

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

	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through July 2023	Through July 2021	Amount	Percentage
Actual	\$5,932,875,419	\$3,639,184,905	\$2,293,690,514	63.0%
Forecast	3,717,525,000	4,851,193,100	(1,133,668,100)	(23.4%)
Variance to forecast	\$2,215,350,419	(\$1,212,008,195)	\$3,427,358,614	(282.8%)
Percentage variance to forecast	59.6%	(25.0%)		