S&P Global

March 16, 2026

Economic Forecasting and Industry Report

The State of North Dakota

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I. Project Overview

North Dakota Legislative Assembly goals:

- The North Dakota Legislative Assembly sought the support of a professional services firm with the capabilities to support the state's revenue estimating and economic forecasting efforts.
- The Legislative Assembly required that a consultant either have or develop the economic modeling framework that can address how the economy impacts its revenue streams.
- The end-product required of the Legislative Assembly's consultant will be used for updating the 2023-25 biennium revenue forecast and developing the 2025-27 biennium revenue forecast.
- The information must be provided in context of both short- and long-term economic behavior with forecast expectations of the national economy as well as detailed economic forecasts specific to North Dakota's economy.
- All forecasted values will be provided in terms of a baseline, optimistic, and pessimistic scenarios with probability assignments to each outcome. And finally, in addition to their quantitative requests, the North Dakota Legislative Assembly requires the qualitative assessment of both national and local economic conditions and demographic trends that are driving these projections.

About S&P Global:

- On February 28, 2022, S&P Global and IHS Markit completed their merger, creating a leading information services provider with a unique portfolio of highly complementary assets.
- S&P Global offers an enhanced value proposition for our global customer base across data & analytics, ratings, benchmarks, indices, commodities & energy, transportation, and engineering. These products allow us to better serve our customers with a broader and deeper portfolio of unique solutions and increased scale.
- By providing in-depth analysis and forecasts down to the local level, S&P Global's team of over 300 economists and analysts serve as valuable extensions to our client organizations' staff and provide the data and analysis they need to make high impact business and policy decisions.
- As much as possible, S&P Global has utilized our existing US Macroeconomic and Regional modeling infrastructure to meet the Legislative Management's economic forecasting requirements. This allowed S&P Global to immediately begin the more detailed work on behalf of the State tax revenue models and minimized the development cost associated with building new models.

II. Major Economic and Demographic Drivers

US Macroeconomy

Slower growth, higher unemployment, earlier peak in inflation

- S&P Global Market Intelligence forecasts US GDP growth to pick up from 2.2% in 2025 to 2.5% in 2026 before slowing to 2.2% in 2027 and 1.9% in 2028.[1] The forecast for growth in 2026 is 0.2 percentage point below last month's forecast, while the projections for both 2027 and 2028 are 0.2 percentage point above last month's forecast.
- Implicit in the forecast is a mild and short-lived macroeconomic shock associated with the war in the Middle East. Oil prices are assumed to temporarily rise above a no-conflict counterfactual baseline, while equity values are assumed to be temporarily below a no-conflict counterfactual baseline.
- At the time of this writing, oil prices were higher and equity values were lower than levels implicit in our forecast, as markets seem to be shifting toward expectations for a wider, more drawn-out conflict.
- At 4.3%, the unemployment rate for January was below our prior assumption. With the quarterly GDP growth outlook during 2026 little revised, the unemployment rate remains below our prior projection this year.
- Core PCE inflation for the fourth quarter of 2025 was above our prior estimate, as was the January consumer price index.[2] This leaves inflation on a higher track than in last month's forecast. On a four-quarter basis, core PCE inflation is forecast at 2.9% this year, 0.1 percentage point higher than in last month's forecast.
- Tighter labor markets and higher inflation led us to adjust our Fed call. We still expect two rate cuts this year, but we have pushed each back by one meeting. We now look for 25-basis-point cuts at the July and October meetings.

New risks to the outlook

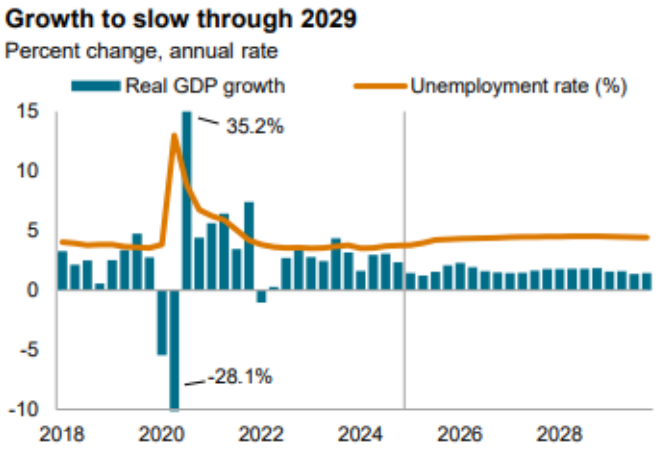
The war in the Middle East has introduced new risks to the outlook. Those risks include the possibility of a sustained spike in oil prices stemming from disruptions to oil supplies, a wave of risk aversion that would lead to slumping equity prices, and a hit to consumer confidence that would presage a weakening of consumer spending. While not a direct parallel, the First Gulf War is instructive. Over the two-month period following Iraq's invasion of Kuwait on Aug. 2, 1990, the price of Brent crude rose 98%, the S&P 500 fell 14%, and the index of consumer sentiment fell 17%. This was a large macroeconomic shock that, combined with an ongoing wave of bank failures, triggering the 1990-1991 recession.

While the current war in the Middle East has clouded the outlook for the US economy, economic developments to date do not yet warrant material adjustments to our projections for US GDP growth, inflation (especially core inflation), and interest rates. At the time of this writing, Brent crude was trading at $93 per barrel, up $20 (27%) from the Feb. 27 close (just prior to the beginning of the war). Compared with the 1990 experience, a 27% increase in oil prices, especially if it is not expected to persist, is probably not sufficient to materially weaken the US economy. Furthermore, at the time of this writing, the S&P 500 was about 2% below the Feb. 27 close. Energy and financial markets, so far, are not signaling the likelihood of a shock on the scale of the 1990 event.

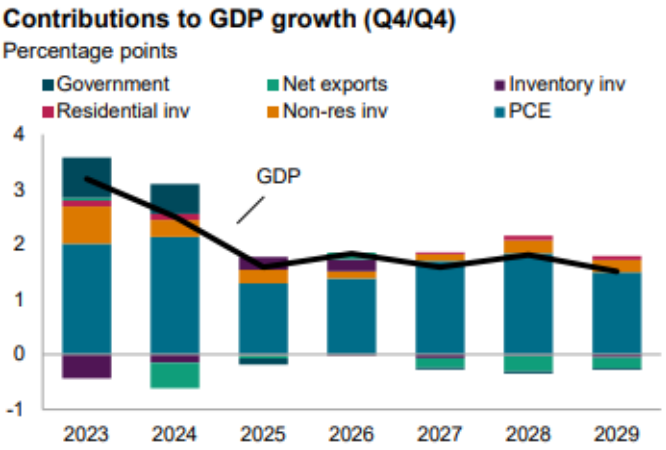
There is one more relevant point about oil prices. According to the Energy Information Administration, total primary energy consumption per real dollar of GDP was roughly 8,000 British thermal units (Btu) in 1990. Today it is about 4,000 Btu. That is, the US economy is twice as energy efficient now as it was in 1990. This means it would take twice the percentage increase in energy prices to yield the same increase in unit energy costs today as it took in 1990. Hence, the US economy is better shielded from spikes in energy prices than it was in 1990.

Preview of the April baseline forecast?

Our March baseline forecast assumes a mild and relatively short-lived macroeconomic shock stemming from the war in the Middle East. While financial and oil markets are clearly showing signs of stress, the duration of the war, so far, is still in the range of "short-lived." There is a growing risk, however, that conditions will deteriorate further over the coming weeks. To address this risk, this month, we have used our "Pessimistic Alternative" to illustrate what such a scenario would look like. Details from this scenario appear later in this report. Were conditions to deteriorate as outlined in the Pessimistic Alternative, one could consider it a preview of our April baseline forecast.



As of March 11, 2025.
Sources: S&P Global Market Intelligence; BEA; BLS.



As of March 11, 2025.
Sources: S&P Global Market Intelligence; BEA.

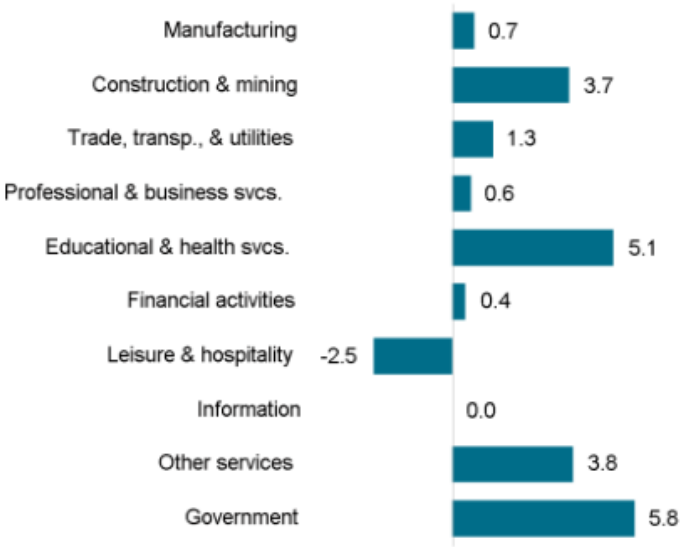
North Dakota Economy

At a glance

Employment in North Dakota advanced by 0.8% year over year during July 2025, slightly below the US average (1.0%). The education/health and state/local government sectors were the dominant job creators in July, accounting for essentially all of the overall job gains and more than offsetting declines in information, business services and federal government. The unemployment rate remains among the lowest in the country at just 2.5% in July, but it has been inching up over the latter half of 2024 and into 2025.

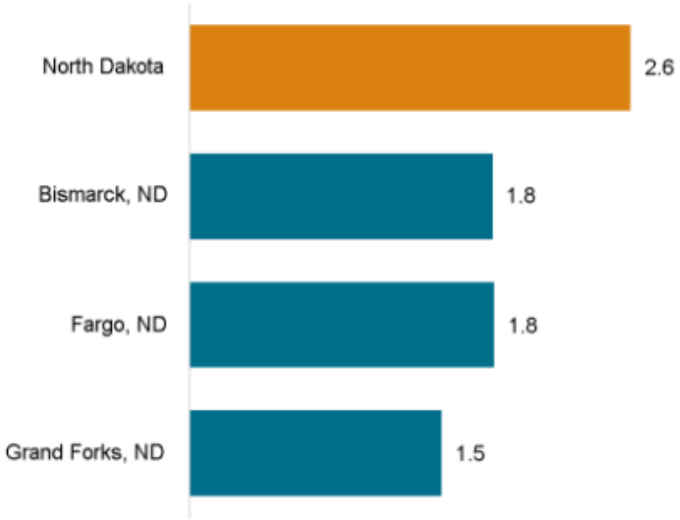
The US oil mining sector is in much better shape following the sharp COVID-19 pandemic correction. US field production surpassed pre-pandemic levels in 2023 and has since climbed higher. However, the recovery has been uneven across states. North Dakota field production of crude oil grew strongly over 2023 but has mostly been moving sideways over 2024 and 2025. In fact, April 2025 production (34,520 barrels) remained well below the April 2019 level (41,186 barrels) according to the US Energy Information Association. This sluggish recovery in the Bakken Formation, a key driver of the state's economy, contrasts with the robust growth seen in the Permian Basin, particularly in Texas and New Mexico, which have attracted a significant share of post-pandemic investment.

Employment growth by sector, December 2024



Data compiled January 2025.
Source: S&P Global Market Intelligence.

Employment growth by MSA, December 2024



Data compiled January 2025.
MSA = metropolitan statistical area.
Source: S&P Global Market Intelligence.

Issues to watch

- North Dakota is positioning itself to get a piece of the emerging hydrogen power economy as the US transitions to low-carbon energy sources. North Dakota is part of the Heartland Hydrogen Hub with Minnesota, Montana and Wisconsin. The US Department of Energy selected the hub to be awarded close to $1 billion in its efforts to advance low-carbon hydrogen production. North Dakota is also home to the National Center for Hydrogen Technology (NCHT) in Grand Forks. The NCHT was established by the Energy & Environmental Research Center at the University of North Dakota and focuses on research on a variety of hydrogen technologies as well as provides assistance to businesses developing hydrogen applications. Hydrogen would serve as a means to diversify its energy industry away from oil and natural gas and attract high-paying jobs to the state.
- The state of the US oil industry will be a prominent force behind the performance of North Dakota's economy over the next several years. Just when the oil industry started to see sustained growth following the 2015–16 correction, the pandemic threw oil markets into a tailspin. The impact was sudden, with North Dakota rig counts plunging to nine to 11 rigs over the latter part of 2020. This is half the amount as the worst week during the 2015–16 correction. Fortunately, rig counts trended higher over 2021–23, peaking at 41 in early 2023. Rigs have stabilized in the low 30s over 2024 and in the low 30s and high 20s so far in 2025.

Near-term developments

Employment growth in North Dakota will decelerate over 2025, weighed down by a maturing business cycle and further easing in oil prices. All told, job growth in North Dakota will register gains of 1.0% in 2025 (down from 1.7% in 2024) and

ease further to 0.6% in 2026. The education/health and government sectors will be the top job creators, but weakness in the trade/transportation and mining sectors will constrain overall growth.

North Dakota outlook over the next four quarters

		Baseline scenario (50% probability)			Pessimistic (25% probability)			Optimistic (25% probability)		
		Level	Percent	Rank	Level	Percent	Rank	Level	Percent	Rank
Year-over-year change (Q1 2026)										
	Employment	+2,954	+0.7	21	+1,957	+0.4	18	+3,713	+0.8	27
	Personal income (mil.$)	+4,319	+7.3	1	+4,125	+7.0	1	+4,521	+7.7	1
	Real gross state product (mil. 2017$)	+1,376	+2.3	16	+1,093	+1.8	8	+1,663	+2.7	21
Level (Q1 2026)										
	Unemployment rate (%)	2.8		49	2.9		49	2.7		48
	Housing starts	2,961		46	2,790		46	3,171		46

Data compiled February 2025.
Source: S&P Global Market Intelligence.

Longer-term Outlook

Employment growth in North Dakota will average 0.3% annually through 2030, a tick below the US average (0.4%). Top-line gains will be hampered by job losses in manufacturing and retail trade and slow growth in many services industries. Mining employment will also contract during this period due, in part, to weakening oil prices over the near term. The education and health and government sectors will be the top job creators over the next five years.

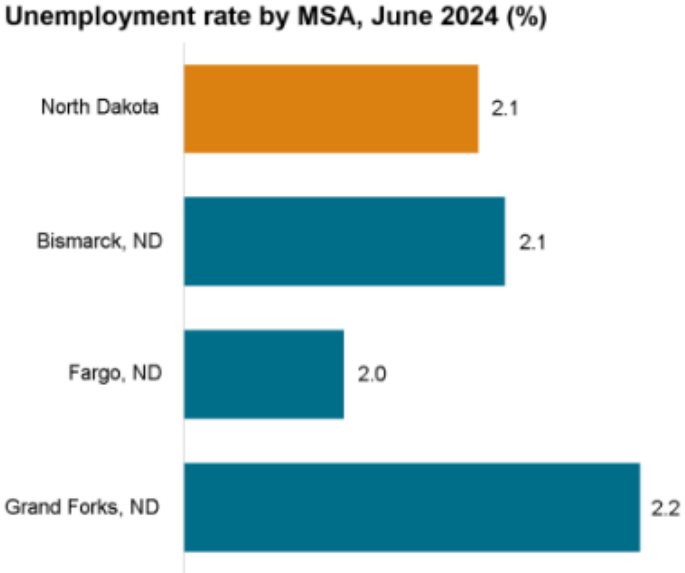
Strengths

- Despite the ups and downs, the Bakken region remains a viable play. Oil production is a key support for tax revenues and high-paying jobs.
- The eastern part of the state, especially Fargo, is the main driver of the state's knowledge economy and is helping it diversify from traditional industries such as agriculture.

Weaknesses

- Agriculture in North Dakota is susceptible to weather events such as droughts, floods, and extreme temperatures, which can significantly impact crop yields and farm incomes.
- The North Dakota economy is heavily reliant on the oil and gas industry, making it vulnerable to fluctuations in global energy prices and demand.
- The state faces challenges in attracting and retaining skilled workers, particularly in sectors including technology and healthcare.

Data compiled August 2024.
CAGR = compound annual growth rate.
Source: S&P Global Market Intelligence.



Data compiled August 2024.
MSA = metropolitan statistical area.
Source: S&P Global Market Intelligence.

Labor force and demographics

In 2024, North Dakota was the 48th-largest state by population, with 796,000 residents. That was up slightly from 784,000 in 2023 and 779,000 in 2020. The state saw enormous growth of 15.8% in the decade between 2010 and 2020, when North Dakota was one of the fastest-growing states in the country thanks to the oil boom migration. Energy development has since cooled in the Bakken and population gains have fallen dramatically as a result.

North Dakota boasts a well-educated workforce: Its educational system has one of the country's highest percentages (94.5%) of ninth graders who go on to graduate from high school; the national average is 89.8%. In addition, the state has a higher proportion of population possessing at least an associate degree, which stood at 45% in comparison with the national average of 44%. Still, low population density, its unfavorable climate, and lack of proximity to other major population centers limits its appeal for corporate expansion activity.

III. Special Industries

Oil

Price

Brent crude oil prices will average $75/barrel over the course of 2026 in our base case. Already, as the Strait of Hormuz continues to see minimal traffic, it seems likely that this number will be higher. The base case forecast has prices averaging $75/barrel in the first quarter, $78/barrel in the second quarter, and then declining until falling below $70/barrel again only in 2028. Dubai crude prices, normally at-or-below Brent, will sell at a premium to Brent so long as traffic doesn't pass the Strait. As the war continues and the Strait continues to be effectively closed, the forecast increases slightly, but the basic story remains the same. The impact will be felt most over the coming quarter during the acute loss of supply. Thereafter, production weaknesses – either due to damaged facilities or the need to restart production – will keep prices elevated.

Demand for the restocking of strategic reserves will also keep prices elevated over the remainder of 2026. The historic drawdown of 400 million barrels from strategic reserves will need to be replenished, and nations are likely to prioritize this replenishment – having so recently experienced the need to have these reserves. The Strait's near-closure is the key risk in the short-run. The attacks on infrastructure are the key risks in the long run.

Supply

The state of global oil supplies will be determined by the extent and duration of the effective closure of the Strait of Hormuz. Minimal traffic through the Strait means global supplies decline around 17MMb/d. Our initial assumption – that the Strait would be closed for around two weeks – already seems too optimistic and as the days of March march on the supply shortfall only worsens.

Further, the longer the conflict continues, the further upstream the effects come to bear. There is only so much storage and so production is already being shuttered in. The extent of the production decline could be between 6-7 MMb/d. Some of this could restart relatively quickly, but the full resumption of production will be a massive and complicated technical exercise. This, added to repairs that will need to be done on attacked facilities will keep supplies weaker long after the Strait of Hormuz reopens.

The International Energy Agency has coordinated the largest release of strategic oil reserves in history, at 400 million barrels. 172 million barrels of this will come from the US's strategic petroleum reserve (SPR) – bringing the SPR close to its minimum legal capacity. Despite this large release, markets remain unimpressed. 400 million barrels is only about 24 days of near-closure of the Strait. Without an end to hostilities, the oil market will remain critically tight.

Demand

Global oil demand will decline initially in the wake of high prices. Petrochemicals manufacturers will begin moving from naphtha towards LPG or condensate. At some point they will need to begin slowing production. Refineries will begin shifting towards survival mode – only producing the necessary and prioritizing domestic supplies. Governments may step in and limit exports to safeguard local stability. As the war continues and oil prices remain high, it will weigh on global growth, further decreasing global oil demand.

There will be some availability concerns in the coming weeks. Even if shipping returns after only three weeks there will be a three-week hole in the virtual pipeline of ships. This will cause a degree of volatility as prices bounce around in response to arrivals until the floating pipeline rebalances.

Thereafter demand will increase again. Governments will need to replenish the historic declines to strategic inventories, meaning demand will increase as prices come down again. Expect larger swings in demand than seasonal norms would suggest and plan for near-term shortages.

On a longer time horizon, oil demand is slowing. Global oil demand will peak by the end of the decade as penetration of electric vehicles continues – especially in Europe and mainland China. LNG powered trucks – notably in mainland China – are also beginning to eat at diesel demand. Global oil demand will continue to shift geographies, moving away from developed nations towards the developing world. The decline will be slow, and uneven over the coming decades.

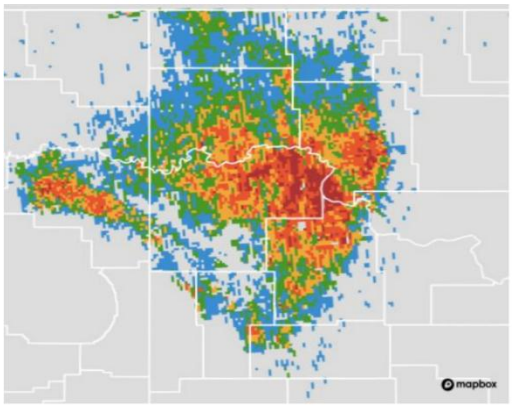
A. Outlook for North Dakota and the Bakken/Three Fork

A steady oil price environment with West Texas Intermediate (WTI) averaging near $80/b, rising rig efficiency and bigger well completions allowed US supply to grow about 1 million b/d in 2023, and reach 12.9 million b/d, the fastest pace since 2019. The elevated price environment is expected to remain for the duration of the war in the Middle East, although growth becomes more difficult as maturing plays offer worsening acreage quality with less productive wells.

S&P Global projects that US oil supply will be 14.4 million b/d by 2030, driven primarily by growth in Permian Basin. The Bakken is expected to contribute 1.3 million b/d, approximately 9%, of the total U.S. oil supply.

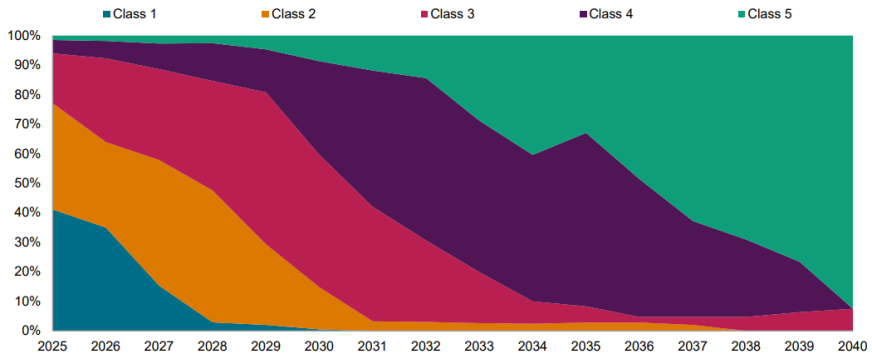
Remaining resource base and acreage quality: The Bakken/Three Forks play is already experiencing sweet spot exhaustion. Average well productivity peaked in 2020 and has declined since then despite operators improving lower quality acreage by increasing lateral lengths and completion intensity. S&P Global has designated five acreage classes for the play, with class 1 being the best (see Figure 3-7a). While the economics of class 1 acreage typically encourage activity, the scarcity of drilling opportunities has compelled operators to concentrate on class 2 and class 3 acreage. Nevertheless, the economic conditions in these areas have generally been favorable for activity.

Bakken quality



Screenshot as of Sept. 6, 2023.
Source: S&P Global Commodity Insights upstream E&P content (Energy Studio: Impact).
Underlying base map provided by © Mapbox and © OpenStreetMap.org contributors.

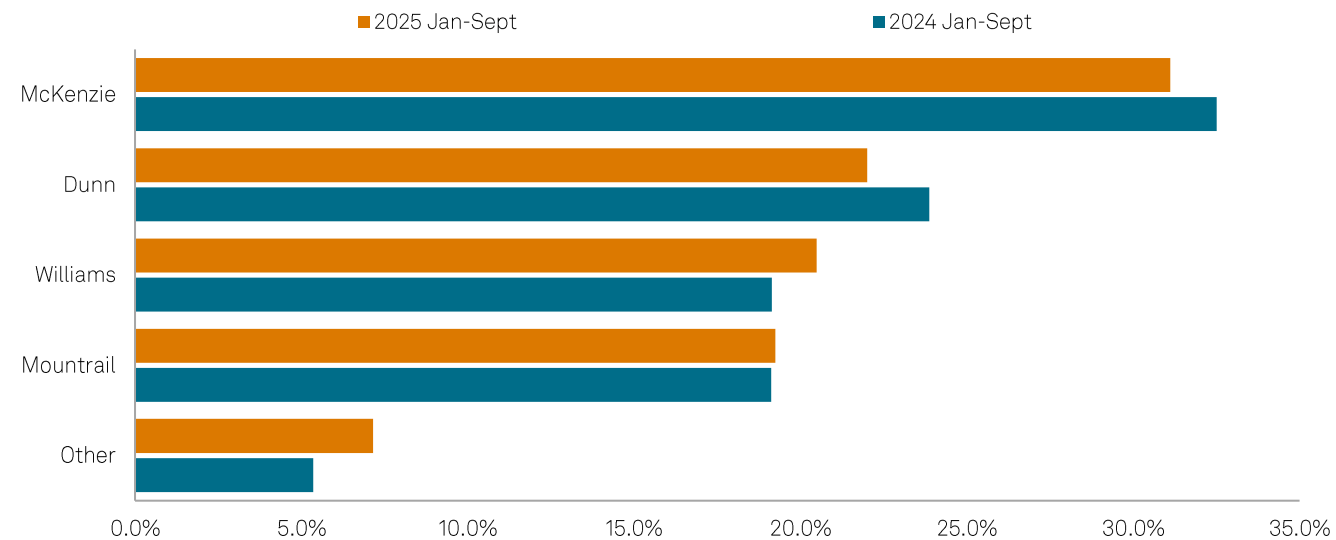
Class 1 and 2 wells account for just 20% of the mix by end of decade



Data compiled Jan. 27, 2025.
Source: S&P Global Commodity Insights.

Production by county: Historically, McKenzie, Dunn, Mountrail, and Williams contributed up to 94% of total Bakken/Three Forks production (see Figure 3- 8). As class 1 acreage wanes, production increases have shifted to Dunn and Williams, but McKenzie continues to play a significant role while Mountrail area production continues its decline. McKenzie's share slipped 1.4% and Dunn's fell nearly 2% from the first half of 2024 to the first half of 2025.

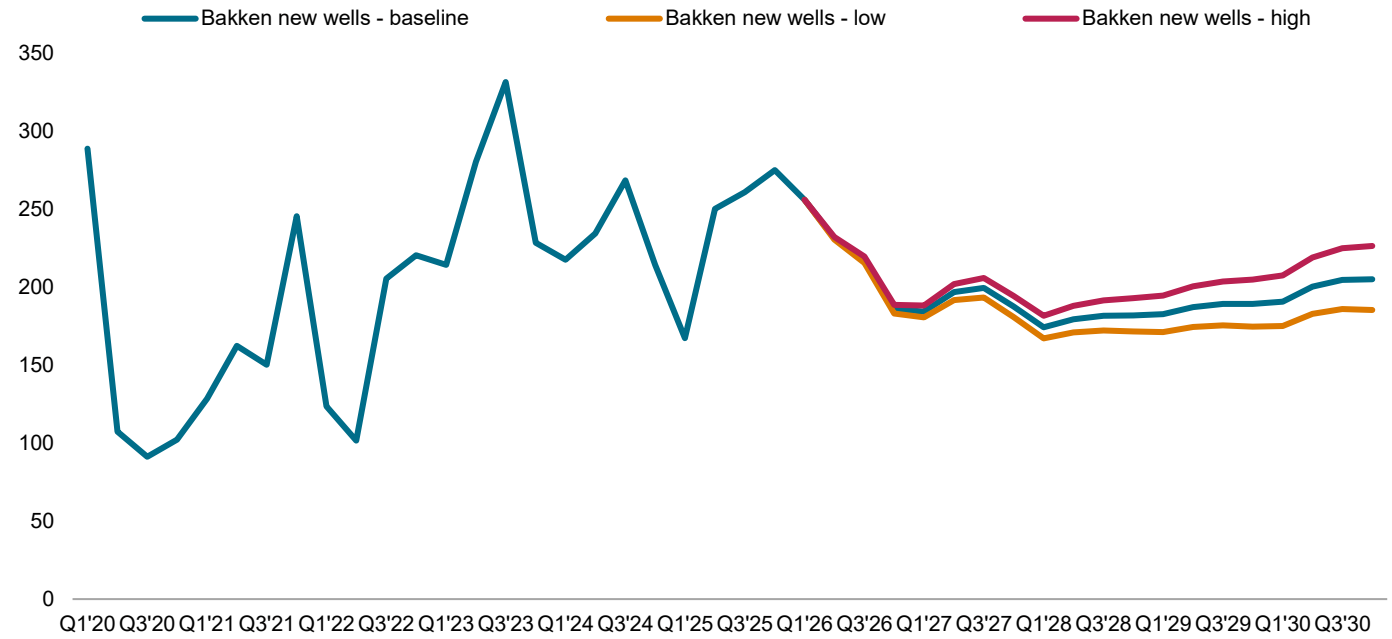
Historical oil production by county (% by county)



As of Dec. 17, 2025.
Source: S&P Global Market Intelligence.

Short-term Drilling Forecast: Recent acquisitions have consolidated acreage positions across a few global public companies that now operate a large portion of the play's production. These companies have a wide global portfolio which is expected to compete with investment in the Bakken. Producers were actively drilling in the play, with 2024 rig counts exceeding 30. Production increased through the latter half of 2025 and gas production was mostly stable. A small uptick in rig activity is expected early in the year, but this will wane through 2026 as new well additions drop in favor of DUC conversions. S&P Global projects that more roughly 47 wells (with some variability) will come on stream each month on average as new wells drop significantly throughout the year.

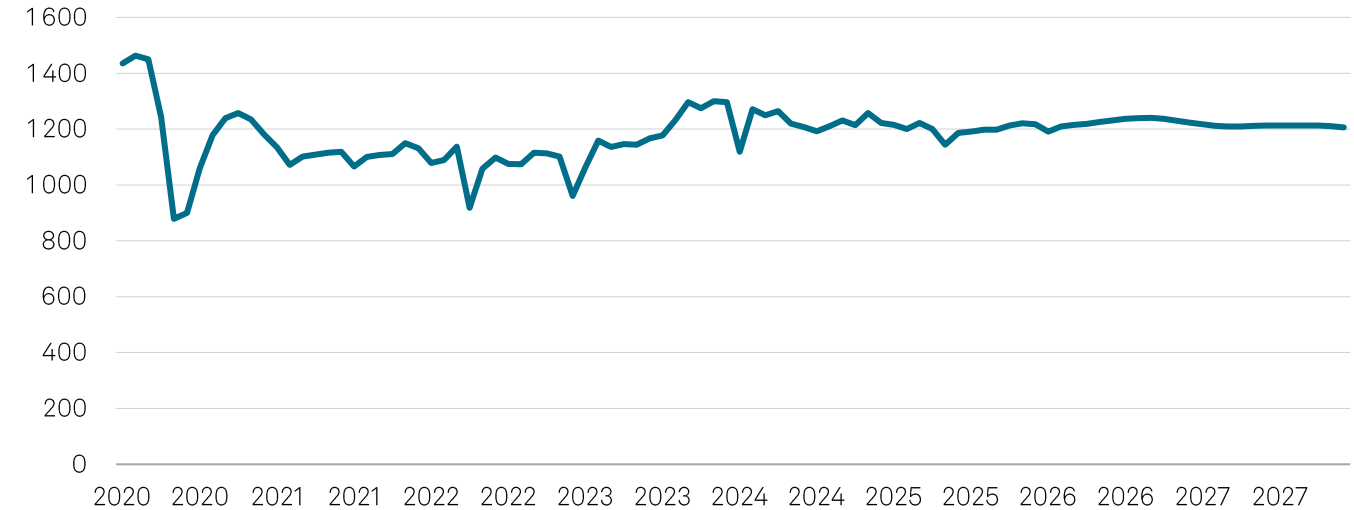
Bakken new wells in high and low scenarios



As of March 2026

Long-term low, base, and high cases: Three different Bakken scenarios were developed offering a range of drilling and oil production outlooks through 2030 (Figures 3-10 and 3-11). The base case new well count and the oil production considers that companies will continue to actively drill in the play reaching a maximum of about 60 wells per month through 2030 and an oil production of about 1.2 million b/d. The base case incorporates oil prices in the $70/b-$80/b range. The high case applies a 20% higher oil price outlook than the base case driving the new well spuds to the 100-150 wells per month range, and an oil production rate of about 1.35 million b/d. The low case assumes a 17% weaker oil price than the one for the base case that would lead to lower reinvestment rates. In the low case new wells range from 70-80 per month, and oil production would be around 1.0 million b/d.

Bakken Base Case Oil Production Forecast (thousand b/d)



As of March 2026
Source: S&P Global Market Intelligence.

Agriculture

Total principal crops are expected to decline by 1.3 million acres in 2026/27 to a total of 310.4 million acres before rising again to 311.2 million acres in 2027/28. US corn acreage for 2026/27 is projected to total 95.0 million, 3.8 million below 2025/26, soybean acreage for 2026 is projected to total 84.5 million, 3.3 million above 2025/26. US all wheat acreage for 2026/27 is projected at 44.0 million, and 1.3 million below 2025/26 levels. US all cotton acreage for 2026/27 is forecast at 9.9 million, and 603,000 above 2025/26 levels. Recent price movements have become relatively more favorable for additional soybean plantings, after final estimate for 2025/26 corn production, which exceeded market expectations. Survey results still indicate a relatively large area dedicated to corn, it also pointed to an increase in sorghum plantings but a decrease in rice plantings this month.

Corn and soybean acreage is expected to total 179.5 million acres, of which corn is expected to account for slightly over half of the total at 53%. Results from our fall surveys as well as insurance data support our lower number. The grand total (excluding hay but including preventive planting and CRP acreage) is projected at 242.4 million acres, 170,000 below last year.

Livestock and meat prices for 2026 are expected to show more modest shifts relative to the greater volatility observed in recent years across the markets, as industry metrics are pointing to overall normalization following the adaptability to notable swings prior. The beef sector remains effectively unchanged, as conflicting developments in a very difficult supply picture are still resulting in high prices maintained this year and into next year. Pork markets are facing greater production following more promising inventory updates lately, a surprising increase for both domestic consumption and export volumes are expected to keep prices on a light upward trend. Poultry markets are in different degrees of recovery efforts depending on producer responses, ultimately contending with a resurgence in demand occurring across the board, resulting in more balanced and calmer price movements.

Farm income for 2025 has been revised higher but is still expected to fall in 2026 to $140 billion. Farm income will bottom in 2027 before slowly moving higher. Higher agriculture risk coverage (ARC) and price loss coverage (PLC) payments, coupled with greater subsidies for higher levels of crop insurance will provide a revenue backstop in the years ahead.

Crop receipts in 2025 were $236.9 billion and farm cash expenses for all farms was $440 billion. Net farm income is forecast at $177.3 billion in 2025, drops to $140.9 billion in 2026, and to $121.4 billion in 2027. Net farm income is expected to remain tight for the remainder of the decade.

US Farm Income

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(Billion Dollars)															
Cash income statement:															
Cash receipts from farm marketings															
Crops	195.8	194.9	196.0	193.8	202.5	246.0	282.8	266.9	242.7	236.7	235.9	232.1	234.2	240.8	245.3
Livestock	162.7	175.6	176.1	175.6	165.0	196.4	259.8	250.1	268.6	297.4	280.8	259.6	262.7	268.2	274.5
Total farm marketings	358.5	370.4	372.1	369.3	367.5	442.4	542.6	517.0	511.3	534.1	516.8	491.7	496.9	509.0	519.8
Direct government payments	13.0	11.5	13.7	22.4	45.6	26.0	15.6	12.3	10.1	40.5	22.9	16.3	18.7	19.0	18.7
Farm-related income	27.9	31.2	29.1	34.7	34.3	32.2	51.8	53.7	48.4	44.0	44.8	43.5	42.6	43.0	43.3
Gross cash income	399.4	413.2	414.8	426.5	447.4	500.6	610.0	582.9	569.7	618.6	584.4	551.5	558.3	571.0	581.7
Cash expenses	303.8	311.9	311.4	317.3	326.5	345.4	399.9	426.2	429.2	441.1	440.0	429.3	431.4	440.8	450.3
Net cash income	95.6	101.3	103.5	109.2	120.9	155.2	210.1	156.7	140.6	177.5	144.5	122.1	126.8	130.1	131.5
Farm income statement:															
Gross cash income	399.4	413.2	414.8	426.5	447.4	500.6	610.0	582.9	569.7	618.6	584.4	551.5	558.3	571.0	581.7
Nonmoney Income	17.1	18.3	19.1	18.4	18.5	20.8	22.6	22.5	23.7	25.1	25.7	24.2	23.7	23.5	23.8
Inventory adjustment	-4.2	-6.1	-8.5	-15.0	-9.8	-3.2	-14.8	3.8	-10.1	-1.5	-6.9	-3.1	-5.1	-3.7	-6.2
Gross farm income	412.3	425.4	425.5	429.8	456.1	518.2	617.7	609.2	583.3	642.2	603.2	572.6	576.8	590.7	599.2
Total Expenses	349.9	349.7	343.1	347.8	357.3	372.0	435.7	461.9	455.5	464.9	462.3	451.2	453.4	463.4	473.6
Realized Net Farm Income	66.6	81.8	90.9	97.0	108.6	149.4	196.9	143.5	138.0	178.8	147.8	124.4	128.5	131.1	131.9
Net Farm Income	62.3	75.7	82.4	82.0	98.8	146.3	182.0	147.3	127.8	177.3	140.9	121.4	123.4	127.4	125.6
Deflated Net Farm Income \1	46.0	54.8	58.3	57.1	67.9	96.1	111.7	87.2	73.8	99.6	76.9	64.7	64.2	64.9	62.6

\1 Deflated by the GDP Implicit Price Deflator, 2000=100
Note: Shaded years are forecasts
Source: Cera Consulting/S&P Global Energy.

US farm balance sheet

Farm assets are expected to decline slightly in 2026, driven by declines in real estate, purchased inputs, and other financial assets. Farm liabilities, both real estate and nonreal estate, are projected to decline in 2026 as well. The debt-to-equity ratio and the debt-to-asset ratio is expected to remain steady through the forecast period.

Balance Sheet of the US Farming Sector

(Billion Dollars)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Farm assets															
Real estate	2,401.4	2,472.8	2,502.6	2,519.9	2,596.8	2,822.5	3,156.4	3,338.8	3,488.7	3,636.3	3,574.8	3,578.9	3,583.0	3,640.4	3,722.4
Livestock and poultry	109.0	107.1	97.1	99.2	98.3	104.1	108.7	127.5	147.0	153.7	126.1	128.7	127.9	128.2	128.6
Machinery and motor vehicles	255.4	272.3	271.0	279.0	278.8	308.3	312.1	339.3	350.7	368.0	366.7	371.4	377.6	382.6	387.7
Crops stored	55.7	56.8	59.7	49.6	50.6	58.1	72.2	66.5	66.7	67.7	68.6	72.4	73.0	76.4	76.9
Purchased inputs	14.9	15.8	16.1	13.9	14.0	18.3	21.2	20.2	20.6	21.9	21.5	19.6	19.3	20.0	20.7
Financial assets	78.1	81.1	72.6	87.5	92.0	112.7	117.9	121.9	144.5	163.0	152.2	142.3	144.7	148.6	151.8
Total farm assets	2,914.4	3,005.9	3,019.1	3,049.1	3,130.5	3,424.1	3,788.4	4,014.3	4,218.2	4,410.6	4,309.8	4,313.3	4,325.5	4,396.1	4,488.0
Farm Liabilities															
Real estate	226.0	236.2	245.8	267.9	288.6	324.4	334.4	344.9	367.3	385.3	379.1	380.1	380.5	386.9	395.8
Nonreal estate	148.2	154.2	156.8	152.6	152.6	149.9	161.7	174.4	196.2	203.5	194.3	194.7	197.1	201.2	204.0
Total farm liabilities	374.2	390.4	402.6	420.5	441.3	474.3	496.1	519.3	563.5	588.8	573.4	574.9	577.7	588.1	599.8
Farm Equity	2,540.3	2,615.5	2,616.5	2,628.6	2,689.3	2,949.8	3,292.3	3,495.0	3,654.7	3,821.9	3,736.4	3,738.5	3,747.8	3,808.1	3,888.2
Debt/Equity Ratio	0.15	0.15	0.15	0.16	0.16	0.16	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Debt/Asset Ratio	0.13	0.13	0.13	0.14	0.14	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13

\1 Deflated by the GDP Implicit Price Deflator, 2000=100
Note: Shaded years are forecasts
Source: Cera Consulting/S&P Global Energy.

US Crop Outlooks

Soybeans

> Supply:

It is expected that US soybean plantings will rise from 81.2 million acres in 2025/26 to 84.5 million acres in 2026/27 and climb to 85.2 million in 2027/28. The 2026/27 US soybean crop size will reach 4.5 billion bushels and remain near that level for the rest of the decade. Limited export growth potential limits the need for increased plantings in the US with trend line yields

> Demand:

Crush use in 2025/26 will near 2.6 billion bushels, rise to 2.65 billion bushels in 2026/27 and break through 2.8 billion bushels by 2030/31. US soybean exports will fall to 1.55 billion bushels in 2025/26 but rise to 1.8 billion bushels in 2026/27. However, exports will fall to 1.4 billion bushels in 2027/28 as a result of South American competition. Exports will regain upward momentum through the middle of the next decade before slowly trending lower.

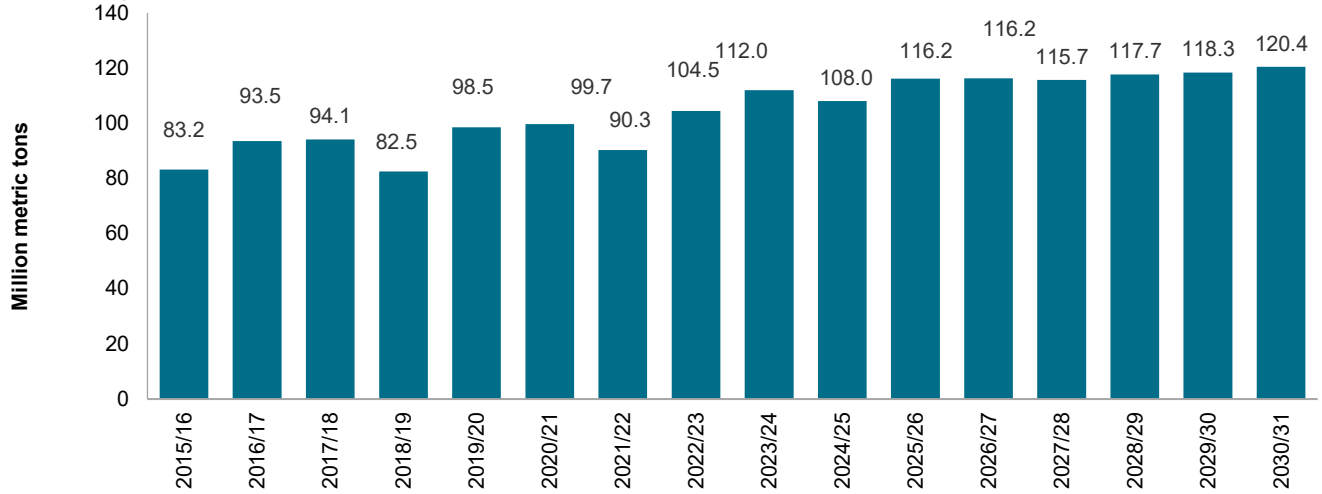
U.S. SOYBEAN COMPLEX FUNDAMENTALS									
	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Prices (Dollars Per Bushel)	$14.20	$12.40	$10.20	$10.46	$10.19	$9.09	$8.73	$8.97	$8.83
Soybean to Corn Price Ratio	2.2	2.7	2.4	2.6	2.6	2.5	2.3	2.2	2.2
Acreage (Million Acres)									
Planted Area	87.5	83.6	81.2	81.2	84.5	85.2	84.3	83.3	82.9
Harvested Area	86.2	82.3	80.4	80.4	83.6	84.3	83.4	82.5	82.0
Harvested Area % of Planted	99%	98%	99%	99%	99%	99%	99%	99%	99%
Yield (Bushels Per Acre)	49.6	50.6	53.0	53.0	54.0	53.3	53.8	54.3	54.8
Supply (Million Bushels)									
Beginning Stocks	274	264	342	406	492	591	907	913	949
Production	4,270	4,162	4,262	4,262	4,512	4,490	4,486	4,478	4,497
Imports	25	21	20	25	15	15	15	15	15
Total Supply	4,569	4,447	4,624	4,693	5,020	5,095	5,408	5,406	5,461
Domestic Disappearance (Million Bushels)									
Crush	2,212	2,285	2,570	2,575	2,680	2,695	2,779	2,795	2,810
Seed & Residual	114	119	73	76	74	77	79	80	79
Total Domestic Disappearance	2,326	2,405	2,643	2,651	2,754	2,772	2,858	2,875	2,889
Exports	1,980	1,700	1,575	1,550	1,675	1,417	1,637	1,583	1,600
Total Disappearance	4,305	4,105	4,218	4,201	4,429	4,188	4,495	4,458	4,489
Ending Stocks	264	342	406	492	591	907	913	949	971

Note: Shaded years are forecasts
Source: Cera Consulting/S&P Global Energy.

> Price risk: Low biofuel demand growth plus increased exports from LATAM is placing downward price pressure on soybean for the forecasted period. The price forecast for the 25/26 crop is $10.46 and the price for the 26/27 crop is at $10.19. However, if the US and China do formalize a deal around buying a total of 20 MMt of soybeans during the 2025/26 marketing year, we will likely raise our marketing year average crop prices by around 20 cents.

China's soybean crush numbers are expected to increase in 2025/26 and continue rising through 2031/31. However, crush demand growth is expected to be slower than in the 2010s due to slowing economic growth. Chinese import demand for soybeans are expected to remain steady through the forecasted period. This is due to China's push for increasing domestic production of agricultural commodities.

China soybean import outlook



Source: Cera Consulting/S&P Global Energy.

Corn

Corn plantings for 2026/27 are forecast to decline by 4.8 million compared to the previous year, to 95 million acres, yet this area will still reach the top 5 largest corn planted areas in the US, providing ample supplies after the record production seen in the 2025/26 season.

> Supply:

> Demand: Total domestic demand for corn is expected to increase by 100 million bushels due to increased demand for food and industrial uses with total domestic use settling at 13,150 for 26/27. Production out of Argentina will compete with US corn going forward—as reflected by forward FOB basis. Further, the Middle East war is leading to higher shipping costs as vessels are rerouted to avoid conflict zones, which could raise the risk for sales cancellations.

U.S. CORN FUNDAMENTALS	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Prices (Dollars Per Bushel)	$6.54	$4.55	$4.24	$4.10	$3.90	$3.62	$3.85	$4.07	$3.97
Acreage (Million Acres)									
Planted Acres	88.2	94.6	90.9	98.8	95.0	92.1	91.5	92.3	91.5
Harvested Acres	78.7	86.5	83.0	91.3	86.7	83.9	83.4	84.2	83.5
Harvested Area % of Planted	89%	91%	91%	92%	91%	91%	91%	91%	91%
Yield (Bushels Per Acre)	173	177	179	187	186	188	190	192	194
Supply (Million Bushels)									
Beginning Stocks	1,377	1,360	1,763	1,551	2,411	2,505	3,005	3,297	3,635
Production	13,651	15,341	14,892	17021	16119	15,771	15,852	16,176	16,217
Imports	39	28	22	25	25	25	25	25	25
Total Supply	15,066	16,729	16,677	18,597	18,555	18,301	18,882	19,498	19,877
Domestic Disappearance (Million Bushels)									
Total Domestic Disappearance	12,044	12,711	12,267	13,050	13,150	12,841	13,073	13,213	13,304
Exports (Million Bushels)	1,662	2,255	2,858	3,200	2,900	2,455	2,512	2,649	2,667
Total Disappearance (Million Bushels)	13,706	14,966	15,126	16,250	16,050	15,296	15,585	15,862	15,971
Ending Stocks (Million Bushels)	1,360	1,763	1,551	2,347	2,505	3,005	3,297	3,635	3,906

Note: Shaded years are forecasts
Source: Cera Consulting/S&P Global Energy.

> Supply:

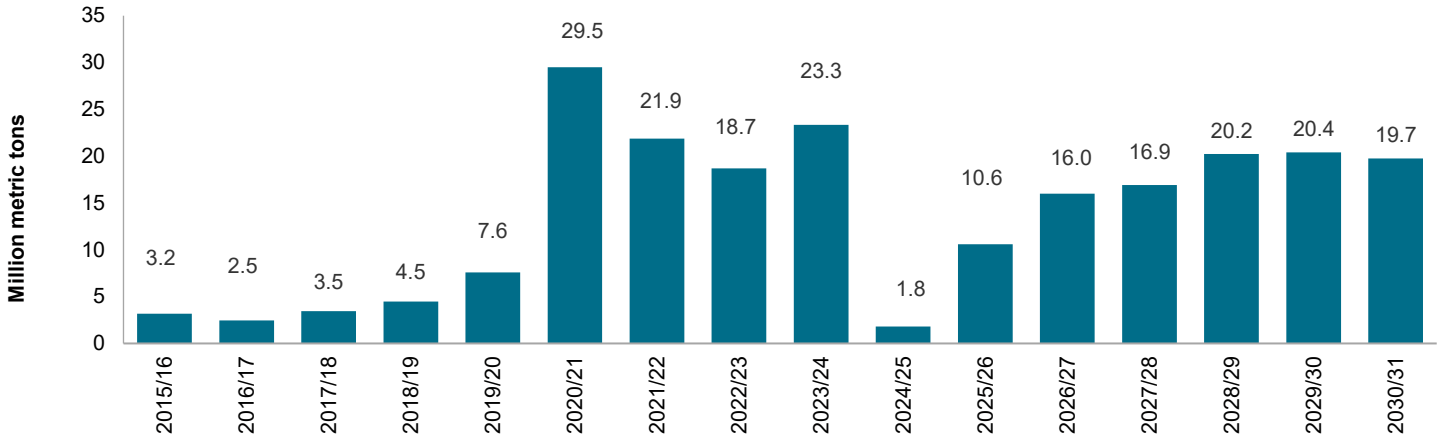
> Demand:

> Price risk:

Prices are projected to decline as corn ethanol demand growth remains muted and global crop acreage of corn continues to increase. Record production out of Argentina will compete with US corn going forward—as reflected by forward FOB basis. Further, the Middle East war is leading to higher shipping costs as vessels are rerouted to avoid conflict zones, which could raise the risk for sales cancellations. There is an upside risk to our export forecast but have left it unchanged as we monitor Argentine corn competitiveness and the scope and duration of the Middle East war.

China corn imports in 2024/25 declined to period low 1.8 MMt after China implemented policies to support domestic corn prices as demand weakened. It is the policy intervention which is the driver of declining imports. Imports are expected to rebound through the decades but will remain below the COVID-era higher due to a renewed emphasis on agricultural self-sufficiency by Beijing.

China corn import outlook



Source: Cera Consulting/S&P Global Energy.

Wheat

> Supply:

US all wheat plantings will fall from 45.3 million acres to 44.0 million acres, which is historically small. As other grain and oilseed prices weaken US wheat producers will increase plantings to 45.8 million acres in 2027. Even with supported plantings and trend line yields, production will find it difficult to increase significantly in the short term. Limited domestic demand and weakening exports leave yields as the sole bullish price shock to the system.

> Demand:

Wheat food use in 2025/26 rises to 973 million bushels this season and is flat in 2026/27. Food use is fairly stable on a per-capita demand level and with a growing population leads to increases in total wheat for food. Exports are up year over year in 2025/26 at 935 million bushels but drop to 850 million bushels in 2026/27.

> Price risk:

The 2025/26 average farm level wheat price has been revised lower to $4.95/bushel but rises to $5.10/bu in 2026/27. Price will trade mostly sideways in 2027/28, rise in 2028/29 but fall again in 2029/30. With continued global competition, wheat prices have limited bullish price response without a yield shock.

U.S. WHEAT FUNDAMENTALS	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Prices (Dollars Per Bushel)	$8.83	$6.96	$5.60	$5.90	$5.55	$5.21	$5.52	$5.64	$5.49
Wheat to Corn Price Ratio	1.35	1.53	1.30	1.55	1.44	1.24	1.31	1.30	1.26
Acreage (Million Acres)									
Planted Acres	45.8	49.6	46.1	47.1	46.9	47.3	46.3	47.4	47.6
Harvested Acres	35.5	37.1	38.5	38.4	38.2	38.4	37.6	38.5	38.7
Harvested Area % of Planted	78%	75%	83%	81%	81%	81%	81%	81%	81%
Yield (Bushels Per Acre)	46.5	48.7	51.2	50.5	51.3	51.7	52.3	52.7	53.1
Supply (Million Bushels)									
Beginning Stocks	674	570	696	806	835	890	972	1,052	1,161
Production	1,650	1,804	1,971	1,936	1,958	1,989	1,964	2,029	2,055
Imports	122	138	135	125	111	108	110	111	110
Total Supply	2,446	2,512	2,803	2,867	2,903	2,986	3,047	3,192	3,325
Domestic Disappearance									
Food Use	972	961	968	974	971	975	973	974	979
Seed	68	62	64	63	64	62	64	65	62
Feed & Residual	74	85	120	110	95	90	88	104	84
Total Domestic Disappearance	1,114	1,108	1,152	1,147	1,130	1,128	1,125	1,143	1,125
Exports	762	707	845	885	883	887	870	889	897
Total Disappearance	1,876	1,815	1,997	2,032	2,013	2,014	1,995	2,032	2,022
Ending Stocks	570	696	806	835	890	972	1,052	1,161	1,303

Note: Shaded years are forecasts
Source: Cera Consulting/S&P Global Energy.

Cattle and Beef Sector

> Supply:

Total cattle and calf inventories in the US held flat year over year at 86.8 million head at the beginning of 2026, with some light increase projected for 2027 at a 1.1% gain year over year to 87.8 million head. Previous hurdles in the industry that had caused the largest drops in cattle numbers up until now had included strong drought impacts, which have overall improved in more recent times, as well as elevated feed costs, which have pulled back notably since. However, other issues remain impacting the cattle herd, spanning some remaining drought effects and struggling margins, as well as increased labor costs and reduced availability. For 2026, beef production is forecast to drop by 2.0% year over year to 25.49 billion pounds. Larger gains in cattle processing are not expected to materialize to a greater degree until 2028 effectively as rebuilding efforts pick up to a stronger degree. In recognition of suppressed cattle slaughter, 2026 beef production is forecast to drop by 2.0% year over year to 25.49 billion pounds.

> Demand:

US beef consumption in 2026 is forecast to retreat by 1.4% year over year to 28.40 billion pounds, following the light growth in 2025. Beef exports in 2026 are projected to decrease by 5.1% year over year to 2.44 billion pounds, as supplies to export will be limited, regardless of international trade prospects. Even though other more widely available and more affordable protein options have existed in pork and chicken meat particularly, consumer demand has remained relatively strong. Furthermore, another factor regarding beef consumption has been that despite rising costs in recent years, consumers have been voluntarily increasing expenses to purchase higher quality premium beef products. In 2027, exports are projected to rebound partially through a 2.7% year-over-year increase to 2.50 billion pounds, before picking up more strongly in 2028 and afterward, in line with recovering beef production.

Beef prices for 2026 are anticipated to increase by 1.5% year over year to $365.11 per hundredweight, pushing values to new record highs for another year, after rising by significant degrees throughout most of the past decade. For 2027, beef values are set to retreat by 2.1% year over year to $357.43/cwt, allowing for some pullback to occur amid the beginning of partial supply recovery next year, although these prices are still historically high, as total demand will notably be elevated. Beyond 2027, beef prices are set to ease

US Cattle Sector Fundamentals

Item	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cattle															
Beef Cow Inventories (Jan 1, million head)	30.2	31.2	31.5	31.8	31.3	30.8	30.0	28.9	28.0	27.9	28.3	28.4	29.1	28.5	28.2
Boxed beef cutout (dollars per cow)	206.8	209.9	214.0	222.6	238.9	279.3	263.9	298.0	308.2	359.5	365.1	357.4	355.1	354.0	353.7
Beef															
Beef retial price (Dollars per pound)	$5.96	$5.91	$5.92	$6.04	$6.38	$7.25	$7.59	$7.98	$8.24	$9.38	$9.42	$9.84	$9.73	$9.67	$9.63
Production (mil lbs)	25,221	26,228	26,867	27,148	27,153	27,938	28,291	26,964	26,983	26,001	25,491	25,923	27,292	28,184	29,014
Imports (mil lbs)	3,015	2,993	2,999	3,057	3,342	3,311	3,391	3,727	3,864	5,347	5,339	4,519	4,387	4,376	4,378
Exports (mil lbs)	2,556	2,860	3,155	3,022	2,956	3,446	3,536	3,038	3,003	2,566	2,435	2,501	3,108	3,473	3,764
Domestic use (mil lbs)	25,673	26,371	26,665	27,167	27,484	27,828	28,109	27,717	28,642	28,797	28,403	27,936	28,534	29,062	29,603

\1 Deflated by the GDP Implicit Price Deflator, 2000=100
Note: Shaded years are forecasts
Source: Cera Consulting/S&P Global Energy.

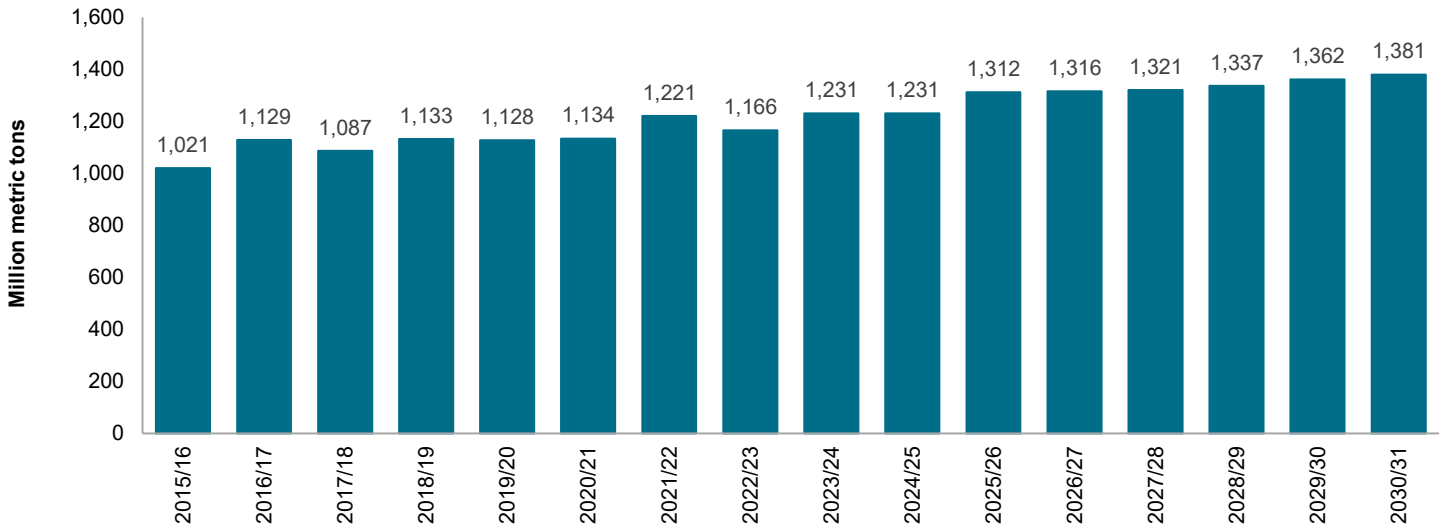
Global Outlook and Assumptions

Corn

Global corn production will increase from 1,312 MMt to 1,316 MMt in 2026/27, and to climb to over 1,321 MMt in 2027/28. Globally supplies are projected to increase steadily through the decade to a total of 1,381 MMt by 2030/31.

> Supply

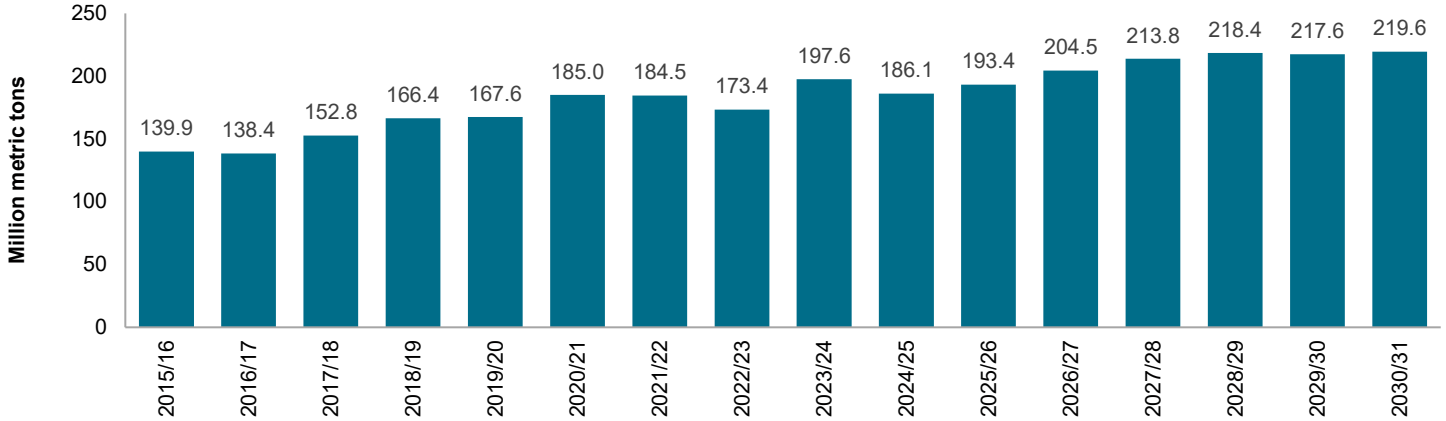
Global corn production



Source: Cera Consulting/S&P Global Energy.

Global corn imports are set to rebound in 2025/26, reaching 193.4 MMt after dropping in 2024/25, although still below the 2023/24 record of 197.6 MMt Imports will continue to rise almost 10 million mt per season through 2027/28 before cooling and sliding lower in 2029/30.

Global corn imports



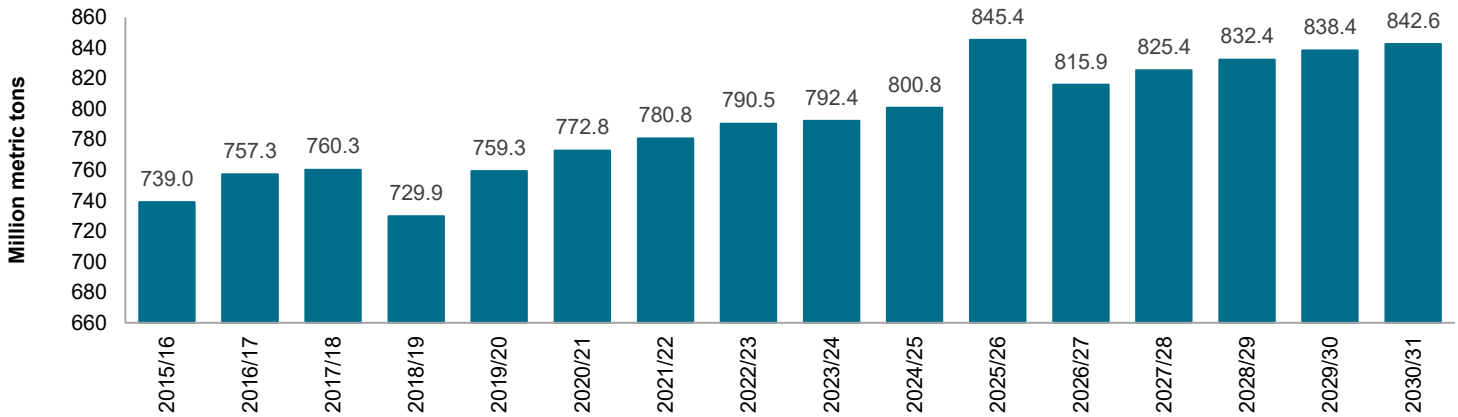
Source: Cera Consulting/S&P Global Energy.

World Wheat

Global wheat production surged in 2025/26, increasing 45.4 MMt to a total of 845.4 MMt, but projected to fall to 815.9 MMt in 2026/27 which is expected to rebound through 2030/31 to 842.6 MMt. That short-term drop is driven by the US and EU.

> Supply:

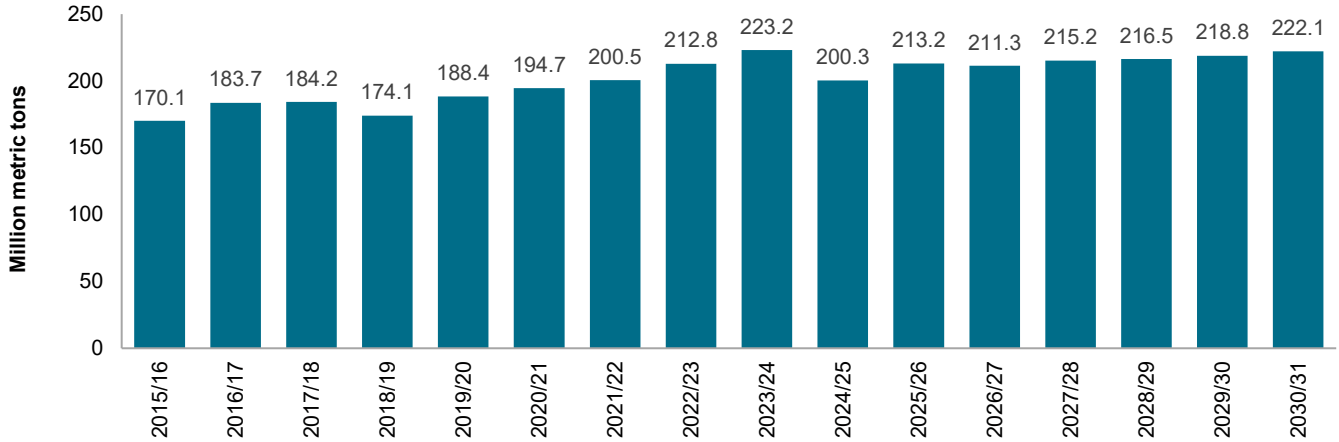
Global wheat production



Source: Cera Consulting/S&P Global Energy.

The 2025/26 global imports is projected to be 213.2 MMt for the 2025/26 season and drops to 211.3 MMt in 2026/27 before rising again to 215.2 MMt in 2027/28. For the next two seasons, exports will be flat before rising again in 2030/31.

Global wheat imports



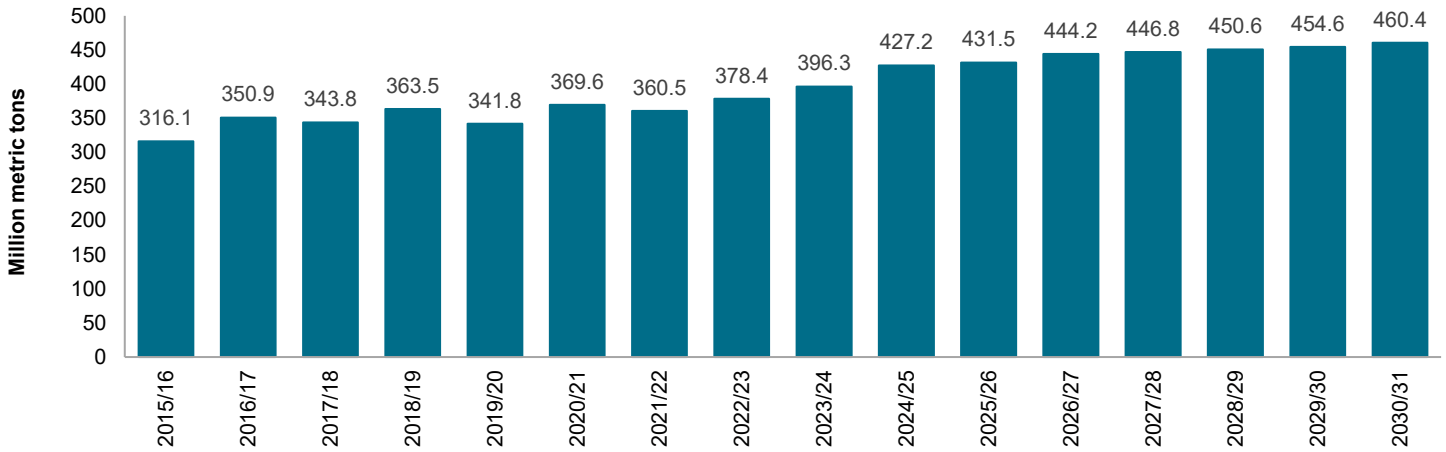
Source: Cera Consulting/S&P Global Energy.

Soybeans

Supply:

> The long-term forecast for soybean area harvested is expected to stall though 2030 from peak extension obtained in 2024/25. With linear trend increases in yield, we expect production to continue growing despite the halt in area expansion. In this scenario, global production will reach almost 460 MMt by 2030/31. The three major producer countries, Brazil, the US and Argentina, will continue dominating the export market, with Brazilian beans gaining even more export share as they become more competitive.

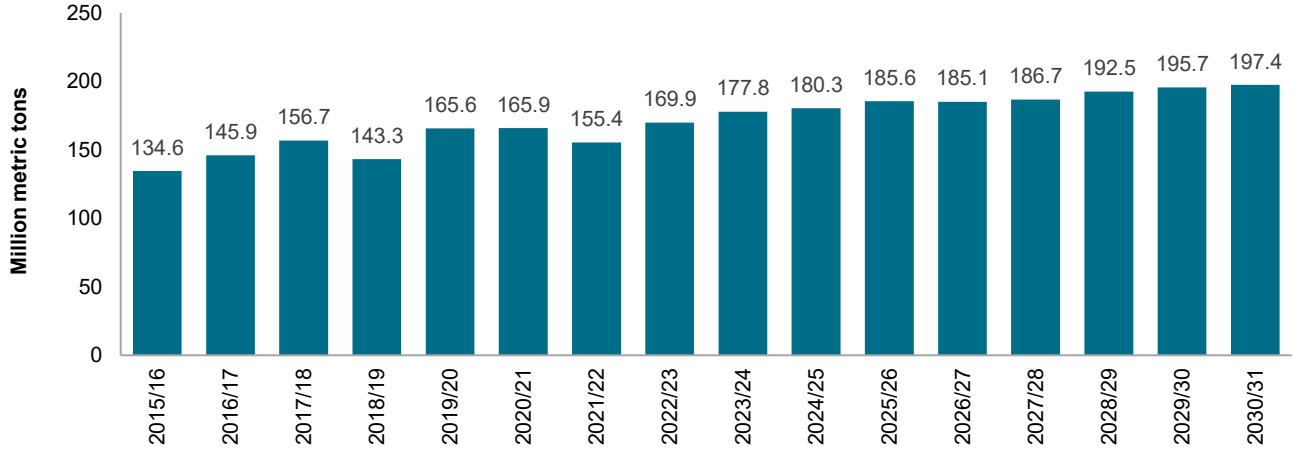
Global soybean production



Source: Cera Consulting/S&P Global Energy.

> Despite a sound deceleration in growth rates compared with the past 10–15 years, Chinese imports will be the main driver behind bean demand, taking in 120 MMt of beans by 2030. Domestic crush in the US and Brazil will also be a major driver for bean demand, partially offsetting the effect of strong buildup in stocks on prices.

Global soybean imports



Source: Cera Consulting/S&P Global Energy.

Farm Policy Considerations

Other US policy concerns

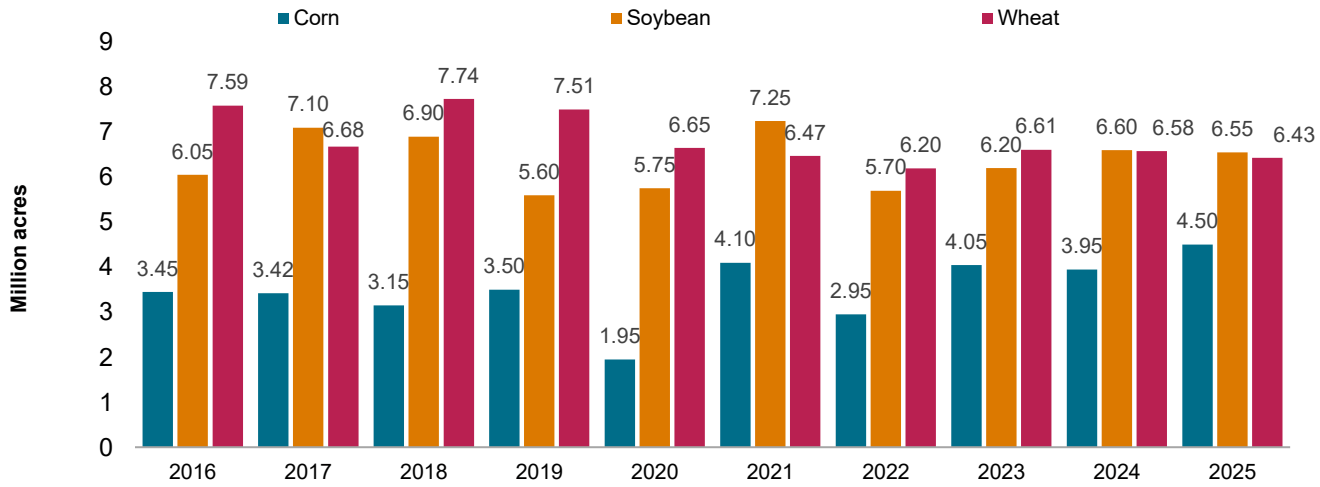
- **Tariff refunds in focus.** The US Court of International Trade (CIT) has called on the Trump administration to issue refunds to companies who paid tariffs that were imposed via the International Emergency Economic Powers Act (IEEPA) in the wake of the US Supreme Court saying the law did not allow for tariffs to be imposed.
- **States file suit on Section 122 tariffs.** A group of two dozen mostly Democratic-led states have filed suit with the Court for International Trade (CIT) challenging the Trump administration's imposition of tariffs via Section 122 of US trade law. The suit contends the new tariffs are a violation of law and that the administration is not properly applying the 1974 trade law, maintaining that Section 122 is aimed at allowing tariffs to address a balance-of-payment deficit that would take place via a fixed exchange rate system like the gold standard that the US abandoned.
- **US, Mexico to open USMCA review talks March 16**. The US and Mexico meet March 16 for the first round of bilateral discussions ahead of the formal review of the US-Mexico-Canada Agreement (USMCA), the Office of the US Trade Representative (USTR). Negotiators will open discussions on aimed at ensuring the benefits of the agreement accrue primarily to North American partners, focusing on reducing reliance on imports from outside the region, strengthening rules of origin, and improving the security of regional supply chains
- **House Agriculture Committee clears farm bill 2.0 with some Democratic support**. The House Agriculture Committee early this morning (March 5) cleared a five-year farm bill on a 34-17 vote. The farm bill process has now made it as far as it did in 2024 and has a potentially contentious road ahead before the finish line is reached.
- **USTR lays out 2026 trade strategy, issues 2025 report**. The Office of the United States Trade Representative (USTR) 2026 Trade Policy Agenda and 2025 Annual Report outline a continued shift toward an "America First" trade strategy focused on domestic production, strong enforcement, and reciprocal market access rather than broad multilateral liberalization.
- **High fertilizer costs:** US farmers are relatively insulated for the 2026 planting season, as most have already secured a large share of required inputs. In South America, if fertilizer prices increase and do not return to baseline levels by August, this would likely accelerate the slowdown in soybean area expansion and could even lead to a decline in plantings.
- **US-China trade:** US agricultural exports to China are expected to remain largely unaffected by the recent geopolitical escalation. The main uncertainty centers on whether a Trump-Xi meeting in Beijing will proceed, given China's public condemnation of US actions against Iran. Should no progress be made in Paris, we see the additional 8 MMt purchase of soybeans as unlikely

- **USITC launches review of CVD order on phosphate fertilizer** from Russia, Morocco. The US International Trade Commission (USITC) has filed a notice (link) it is conducting reviews under the Tariff Act of 1930 to determine whether revocation of the countervailing duty (CVD) orders on phosphate fertilizers from Morocco and Russia would be likely to lead to continuation or recurrence of material injury.

North Dakota Crop Outlook

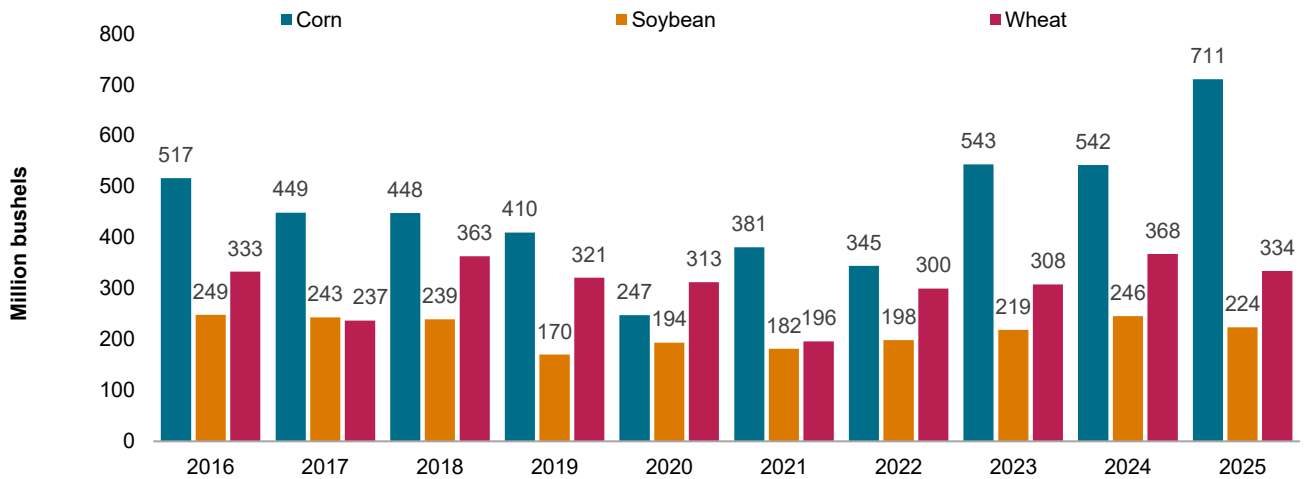
In 2025, North Dakota soybeans slightly surpassed wheat in terms of acres planted by 12,000 acres. Corn acres planted increased markedly by 55,000 acres. Due to the higher number of acres planted, corn production in North Dakota increased by 168.6 million bushels compared to 2024. Meanwhile, soybean production decreased by 21.7 million bushels and wheat production declined by 33.6 million bushels.

North Dakota acres planted by crop



Source: Cera Consulting/S&P Global Energy.

North Dakota production by crop



Source: Cera Consulting/S&P Global Energy.

IV. Deep Dive into the Tax Streams

To forecast the tax revenues for North Dakota, S&P Global Market Intelligence has developed custom econometric models for major sources of state tax revenue.

- The forecasted amounts are based on quarterly data with quarterly economic drivers associated with the underlying economic activity. The economic drivers were carefully selected after reviewing historical data and comparing economic data to the tax collections.
- Quarterly forecasts are aggregated into fiscal year totals and biennial totals.

March 2026 Forecasts

Revenue Source	2023-25 Biennium Forecast	2025-27 Biennium Forecast	2027-29 Biennium Forecast	2029-31 Biennium Forecast
Sales and use tax	***2,453,920,572***	***2,657,082,327***	***2,922,407,565***	***3,218,789,971***
	15%	***8%***	***10%***	***10%***
Motor vehicle excise tax	***342,228,406***	***340,281,422***	***385,769,692***	***434,300,255***
	10.9%	***-0.6%***	***13.4%***	***12.6%***
Individual income tax				
Total individual income tax collections	1,153,504,076	1,228,883,826	1,348,451,914	1,451,584,344
	-14.4%	*6.5%*	*9.7%*	*7.6%*
Transfer to refund reserve accounts	(345,297,204)	(308,000,000)	(337,000,000)	(350,000,000
	-15.7%	*-10.8%*	*9.4%*	*3.9%*
Net individual income tax collections	**808,206,872**	**920,883,826**	**1,011,451,914**	**1,101,584,344**
	-14%	***14%***	***10%***	***9%***
Corporate income tax				
Total corporate income tax collections	663,917,564	564,372,139	617,300,548	670,679,957
	9.2%	*-15.0%*	*9.4%*	*8.6%*
Transfer to refund reserve accounts	(56,661,865)	(95,000,000)	(104,000,000)	(108,000,000
Net corporate income tax collections	**607,255,699**	**469,372,139**	**513,300,548**	**562,679,957**
	16%	***-23%***	***9%***	***10%***

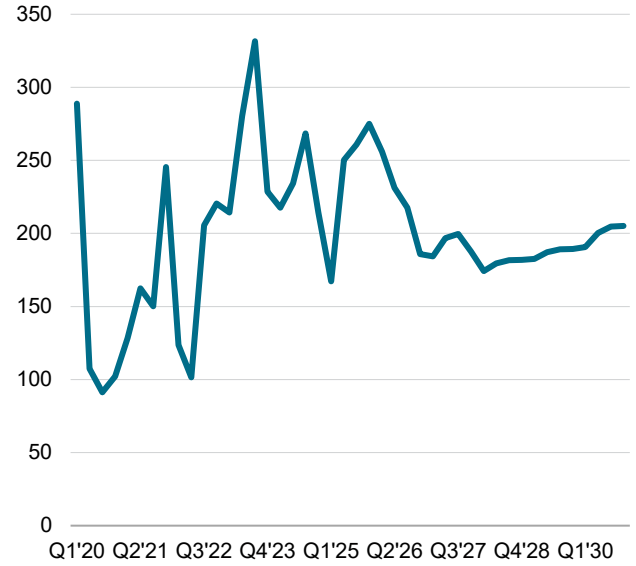
Note: The percentages in the table reflect the change from the prior biennium

The specific market drivers and concept behind each of the forecasted tax steams are provided in detail below.

Sales and use tax

- First, the fifteen taxable sales sectors are modeled at the quarterly level and a forecast is produced for each sector. The sector forecasts are summed to a total taxable sales forecast. The tax rate is then applied to the total taxable sales forecast to calculate sales and use tax revenue.
- Most of the taxable sales sectors are driven by the energy sector. Of the fifteen taxable sales sectors, nine sectors have a strong correlation with (1) new producing wells in the Bakken play. These nine sectors are accommodation and food services, construction, financial services, manufacturing, mining and oil, miscellaneous, other services, transportation and warehousing, and wholesale trade. Since hitting lows in 2021 from the COVID-19 pandemic and global price wars, the well count in the Bakken has been recovering slowly. The number of new producing wells grew through 2024 and declined in 2025. Production is expected to remain stable in the outer years of the forecast.

Bakken new wells - baseline



As of March 2026.
Source: S&P Global Energy.

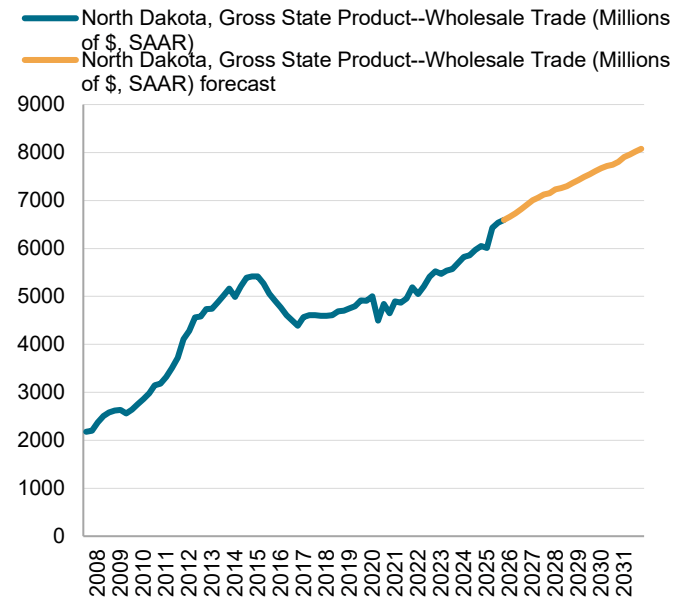
Bakken Base Case Oil Production Forecast (thousand b/d)

As of March 2026
Source: S&P Global Market Intelligence.

> Another driver used in some of the sector-level equations is (2) gross state product in North Dakota by sector and can be found in the models for accommodations and food services, construction, education, health care, and social services, financial services, other services, professional services, arts and recreation, transportation and warehousing, wholesale trade, information industries and utilities.

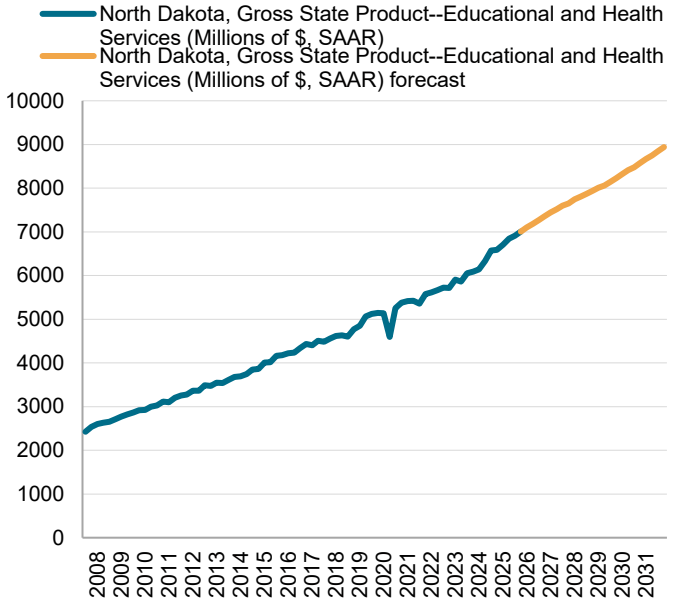
> In 2025, gross state product grew relative to the previous year in all sectors except for utilities (0.7% decline). The gross state product in the education and healthcare sector experienced the largest growth of 7% year-over-year.

North Dakota, Gross State Product--Wholesale Trade (Millions of $, SAAR)



As of Mar. 2026.
Source: S&P Global Market Intelligence.

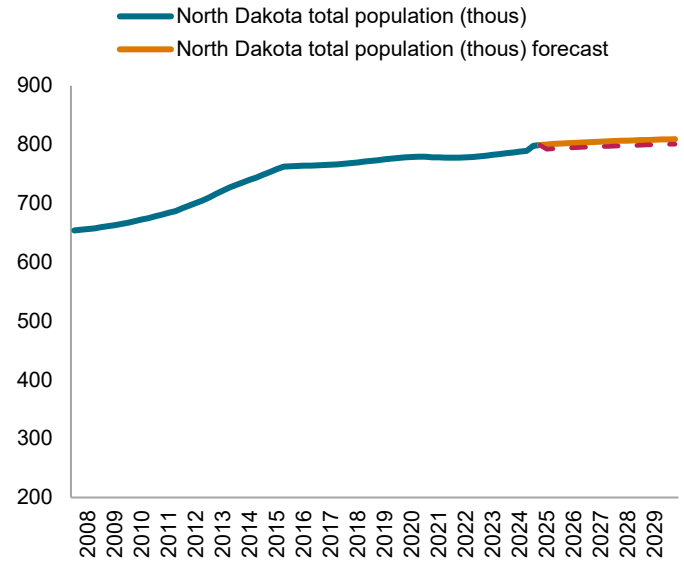
North Dakota, Gross State Product-Educational and Health Services (Millions of $, SAAR)



As of Mar. 2026.
Source: S&P Global Market Intelligence.

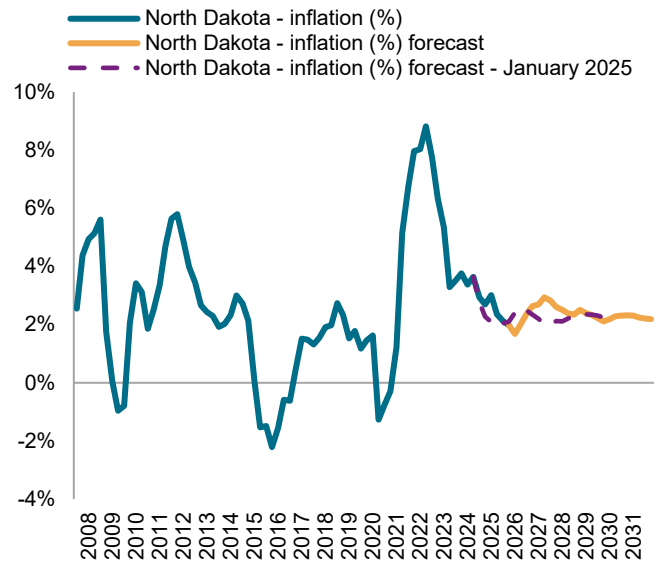
Population and inflation in North Dakota are the main drivers for the retail trade taxable sales sector. S&P Global assumes per-capita purchases are stable and align with population growth. Inflation is assumed to have peaked in the second quarter of 2022 and will normalize to 2% in 2026.

North Dakota - total population



As of Mar. 2026
Source: S&P Global Market Intelligence.

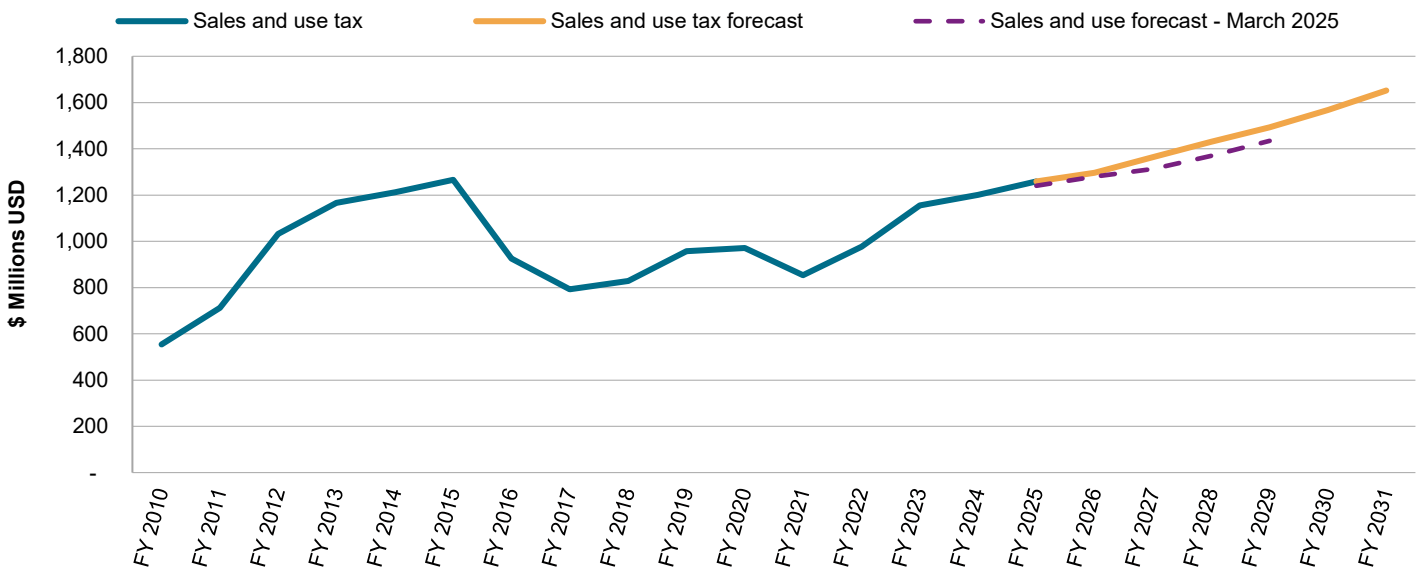
North Dakota - inflation



As of Mar. 2026.
Source: S&P Global Market Intelligence.

> After summing the sector-level taxable sales to a total and applying the 5% tax rate and 91.3% for transfer to the general fund, S&P Global forecasts 3.1% increase in sales and use tax in FY 2026, followed by 5.6% growth in FY 2027.

Sales and tax use forecast

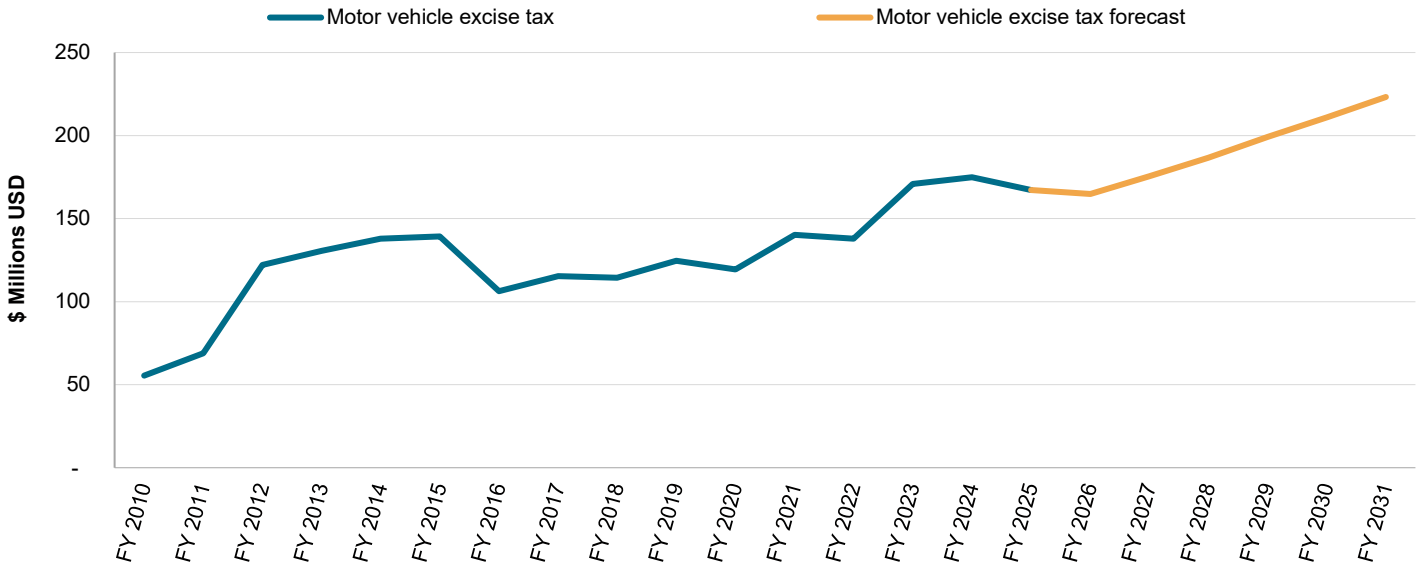


As of Mar. 2026
Source: S&P Global Market Intelligence.

Motor vehicle excise tax

> For motor vehicle excise tax, the main driver of the model is personal consumption of motor vehicles. After the initial shock of the COVID-19 pandemic, motor vehicle purchases recovered quickly and reached a high of $2.2 billion in late 2023.

Motor vehicle excise tax forecast



Note: Beginning in FY2024, approximately 50% of MV excise taxes were redirected from the general fund
Source: S&P Global Market Intelligence.

> The outlook for the motor vehicle excise tax in the upcoming years is mixed. A 4.4% decline occurred in FY2025; a further 1.5% decline is expected in FY 2026 followed by growth of 6.4% in FY 2027. Beginning in FY2024, 50% of funds from the motor vehicle excise collections were directed to funds other than the general fund. For consistency with previous forecasts, the full amount of collections are included in the FY2024 history and forecast.

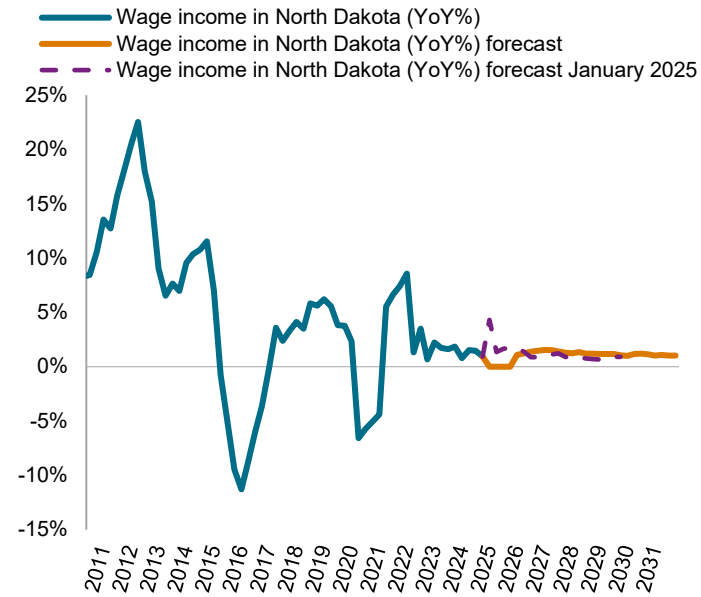
Individual income tax

> S&P Global built separate models for individual income tax submitted as withholdings versus as estimated payments to model and forecast individual income tax revenues.

> Our model for individual income tax submitted as withholdings has a single driver: (1) total wage income in North Dakota. As income withholding is relatively stable and largely driven by total wage income in the state, the elasticity of income withholding with respect to total income is approximately one. This means that one percent growth of wage income will translate to one percent of withholding. Wage income grew from a dip at the end of 2020 from the pandemic and peaked in 2022. Growth gradually fell from the high in 2022 and is expected to continue to grow at a slower post-pandemic pace.

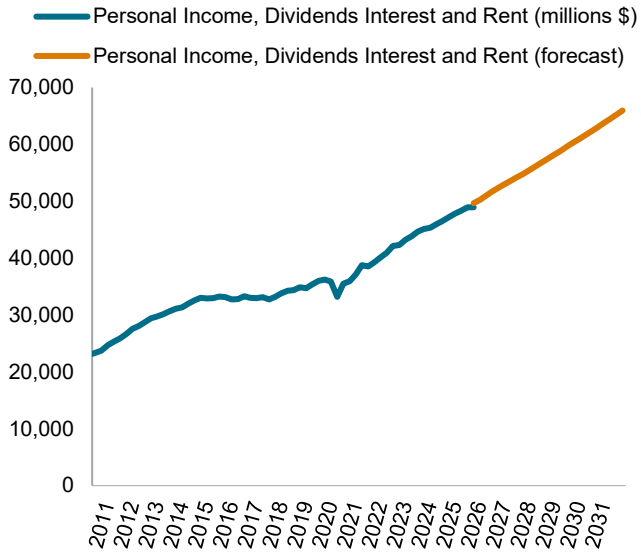
> The tax base of individual income tax submitted as estimated payments, on the other hand, is more volatile due to the nature of capital gains realization. That being said, a reasonable amount of variations in the tax base of individual income estimated payments is captured by changes in the (1) state's property income, i.e., personal rental income, personal dividend income, and personal interest income. State property income is the single driver for individual income tax submitted as estimated payments.

Wage income in North Dakota (YoY growth)



As of Mar. 2026..
Source: S&P Global

Personal Income, Dividends Interest and Rent (millions $)



As of Mar. 2026.
Source: S&P Global

- Insight about the estimated transfer to reserve fund accounts was provided by NDLM. About 21.2% rounded to the nearest million of the gross individual income tax revenue at the annual level is transferred to the reserve fund account. The percentage is based on historical averages. Differences between forecasted and actual net income tax revenue values can be partly attributed to variation in the **actual** reserve transfers.
- In total, S&P Global projects the net individual income revenue to grow in FY 2026 by 2.0% followed by growth in FY 2027 of 5.2% and growth in FY 2028 of 4.9%.
- Declines in gross and net individual income tax collections in FY 2024 reflect the updated tax structure resulting from the enactment of HB1158. Reforms included the elimination of the lowest tax bracket, combining and reducing rates in the middle-income brackets, and reducing rates for the top income brackets. Following the declines in FY2024, S&P Global expects a return to steady, modest growth in years 2025 and beyond.

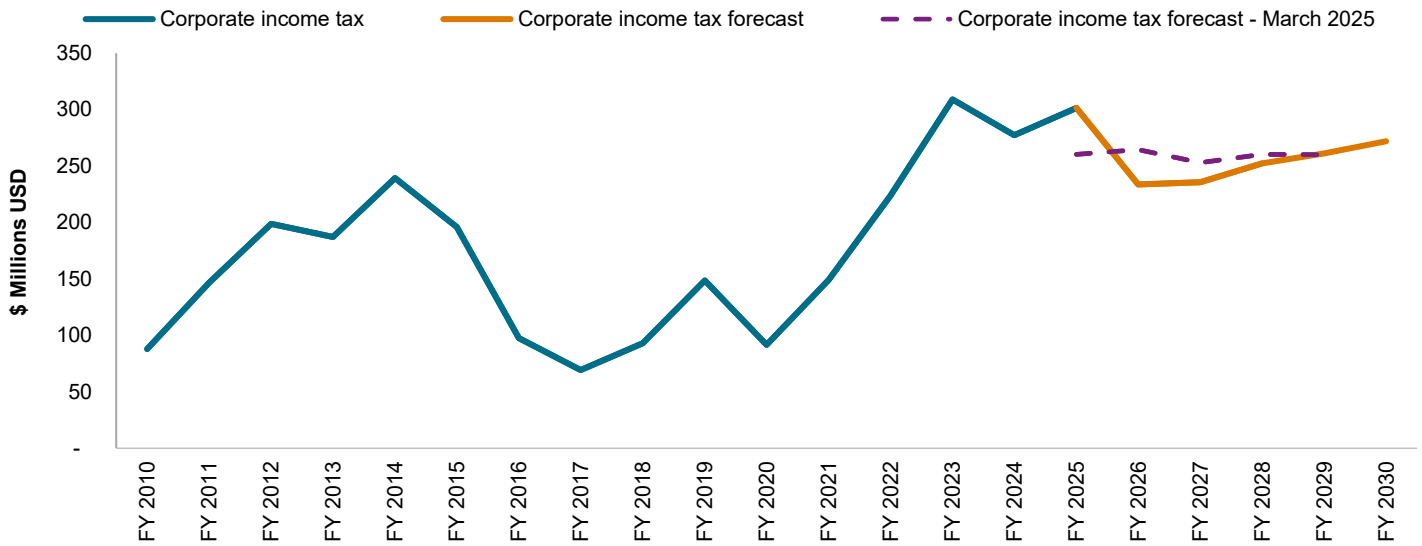
Gross individual income tax forecast

As of Mar. 2026
Source: S&P Global Market Intelligence.

Corporate income tax

- The main driver of gross corporate income tax collections is new producing wells in the Bakken play. The well counts are used as an indicator of the well-being of oil companies. The new producing well count in the Bakken recovered from pandemic-era declines but continued future growth is uncertain. In the forecast, Bakken new wells are expected to decline modestly through the forecast horizon.
- Insight about the estimated transfer to reserve fund accounts was provided by NDLM. About 16.9% rounded to the nearest million of the gross corporate income tax revenue at the annual level is transferred to the reserve fund account. The percentage is based on the historical average.
- A decline of 22.5% in FY 2026 followed by growth of 0.9% in FY 2027 are estimated for net corporate income tax collections in the forecast update.

Net Corporate Income Tax forecast



As of Mar. 2026
Source: S&P Global Market Intelligence.

V. Scenarios

Given the significant fiscal impacts of oil price variations in North Dakota, S&P Global customizes high/low scenarios. The Base Forecast is the S&P Global Market Intelligence short-term forecast, originally published on March 9, 2025. The pessimistic scenario (35% probability) is characterized by a tighter energy market due to the conflict in Iran and the disruption in global supply of oil and other commodities. Underlying this narrative is the assumption that the tighter energy market leads to elevated energy prices causing higher inflation. The uncertainty surrounding the conflict leads to a slight worsening in financial conditions and weaker economic activity, which lead to a moderation in consumer and business confidence. As a result, compared to our base case, this scenario shows higher unemployment rate, an initially higher inflation path, lower equity valuations, and lower growth. GDP growth remains consistently below baseline through mid-2027 due to the weakening in consumer demand caused by higher energy prices and a disruption to global trade. On an annual basis, GDP growth averages trend-like growth of 2.1% over 2026-2027, versus trend-like growth of 2.3% in the base.

The optimistic scenario (15% probability) is characterized by a modest boost to financial markets and economic output stemming from AI gains. Underlying this narrative is the assumption that AI leads to a permanent increase in productivity as output per hour climbs above baseline. In addition, AI gains lead businesses to increase their investment related to

intellectual property, which acts as an additional source of strength for economic output. Finally, the rise in productivity does not have an adverse effect on labor markets, which continue to remain fairly tight. The joint effect of higher corporate profitability, more private investment, higher productivity, and higher employment lead to a decline in risk premia and a modest increase in equity valuations.

Revenue Source	2025-27 Biennium Baseline	2025-27 Biennium Optimistic	2025-27 Biennium Pessimistic
Sales and use tax	2,657,082,327 *8.3%*	2,766,167,209 *12.7%*	2,450,587,753 *-0.1%*
Motor vehicle excise tax	340,281,422 *-0.6%*	366,435,315 *7.1%*	301,050,583 *-12.0%*
Net individual income tax	920,883,826 *13.9%*	1,060,189,101 *29.6%*	774,109,484 *-4.2%*
Net corporate income tax	469,372,139 *-22.7%*	509,494,178 *-12.0%*	434,523,160 *-24.9%*

Revenue Source	2027-29 Biennium Baseline	2027-29 Biennium Optimistic	2027-29 Biennium Pessimistic
Sales and use tax	2,922,407,565 *10.0%*	3,105,806,046 *12.7%*	2,594,673,624 *5.9%*
Motor vehicle excise tax	385,769,692 *13.4%*	424,346,661 *15.8%*	327,904,238 *8.9%*
Net individual income tax	1,011,451,914 *9.8%*	1,201,012,764 *13.3%*	801,138,505 *3.5%*
Net corporate income tax	513,300,548 *9.4%*	586,868,577 *15.2%*	452,049,728 *4.0%*

Note: The percentages in the table reflect the change from the prior biennium

VI. Disclosures

The forecasts included in this report, including, but not limited to, those regarding tax revenues, are estimates, which have been prepared on the basis of certain assumptions and hypotheses. No representation or warranty of any kind is or can be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, these forecasts. The tax revenue forecast contained in this report is based upon assumptions as to future events and, accordingly, is subject to varying degrees of uncertainty. Some assumptions inevitably will not materialize and, additionally, unanticipated events and circumstances may occur. Therefore, for example, actual tax revenues inevitably will vary from the forecasts included in this report and the variations may be material and adverse.

CONTACTS

The Americas

+1 877 863 1306

Europe, Middle East & Africa

+44 20 7176 1234

Asia-Pacific

+852 2533 3565

CustomerCare@ihsmarkit.com

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