

2015-17 BIENNIUM OIL TAX REVENUE - "WHAT IF" SCENARIO

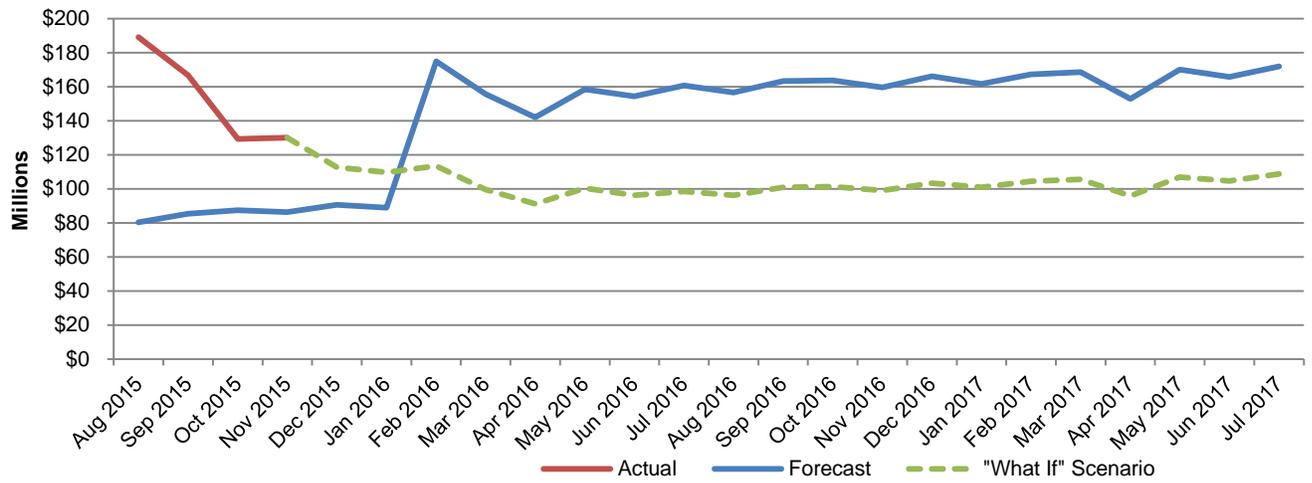
The schedule and chart below compare the May 2015 legislative forecast to a "what if" scenario for 2015-17 biennium oil tax revenue. The "what if" scenario reflects lower oil prices and production than the May 2015 legislative forecast. The May 2015 legislative forecast reflects the following:

- Oil prices increasing from \$41.97 to \$52.56;
- Oil production remaining at 1.1 million barrels per day; and
- The "large trigger" being in effect for the first 6 months of the biennium and the lower oil extraction tax rate of 5 percent beginning with oil production in January 2016. The effect of the "large trigger" would have lowered the oil extraction tax rate to approximately 1 percent because of various exemptions and rate reductions.

The "what if" scenario is based on actual oil tax revenue collections and allocations for the biennium to date through November 2015. Based on the most recently available *Rev E-News* from the Office of Management and Budget, in September 2015, the actual average oil price for North Dakota light sweet crude was \$36.98 per barrel and actual average daily oil production was 1,162,253 barrels per day. The forecasted amounts in the "what if" scenario (December 2015 through the remainder of the biennium) reflect the following:

- Oil prices increasing from \$29.80 to \$36.56 (\$16 less than the May 2015 legislative forecast);
- Oil production decreasing from 1.16 million barrels per day to 1 million barrels per day by the end of the first fiscal year and remaining at 1 million barrels per day for the second year of the biennium; and
- No impact from the "large trigger" because the provisions of the "large trigger" did not become effective.

2015-17 Biennium Oil Tax Revenue Collections and Allocations			
	May 2015 Legislative Forecast	"What If" Scenario	Increase (Decrease)
Collections			
Gross production tax	\$1,876,540,000	\$1,311,530,000	(\$565,010,000)
Oil extraction tax	1,557,190,000	1,354,010,000	(203,180,000)
Total collections	\$3,433,730,000	\$2,665,540,000	(\$768,190,000)
Allocations			
Legacy fund	\$950,600,000	\$738,680,000	(\$211,920,000)
Three Affiliated Tribes	265,080,000	203,270,000	(61,810,000)
Oil and gas research fund	10,000,000	10,000,000	0
Oil and gas impact grant fund	140,000,000	36,010,000	(103,990,000)
Political subdivisions	630,790,000	508,800,000	(121,990,000)
Abandoned well reclamation fund	10,000,000	8,780,000	(1,220,000)
North Dakota heritage fund	27,500,000	16,910,000	(10,590,000)
Foundation aid stabilization fund	134,230,000	116,170,000	(18,060,000)
Common schools trust fund	134,230,000	116,170,000	(18,060,000)
Resources trust fund	268,460,000	232,340,000	(36,120,000)
General fund	300,000,000	300,000,000	0
Tax relief fund	300,000,000	300,000,000	0
Strategic investment and improvements fund	202,490,000	78,410,000	(124,080,000)
Political subdivision allocation fund	43,930,000	0	(43,930,000)
State disaster relief fund	16,420,000	0	(16,420,000)
Total oil tax allocations	\$3,433,730,000	\$2,665,540,000	(\$768,190,000)
Percentage increase (decrease) in total			(22.4%)



NOTE: The actual oil and gas tax revenue allocations for the 2015-17 biennium may differ significantly from these amounts based on actual oil price and production.