

January 2013

FISCAL INFORMATION SUMMARY

This memorandum provides fiscal information regarding major tax types and key cost areas:

1. **Sales and use tax revenue (including motor vehicle excise tax).** The estimated impact on general fund revenues of a one percentage point change in the state's 5 percent sales and use tax, including the motor vehicle excise tax, is approximately **\$617 million per biennium**, or \$308.5 million per year for the 2013-15 biennium based on the December 2012 executive budget revenue forecast. The following schedule shows general fund revenue collections from sales and use taxes, including motor vehicle excise taxes, for the 1999-2001 through 2013-15 bienniums. The amounts shown for 2007-09 and 2009-11 are net of a portion of motor vehicle excise taxes, after distribution to the state aid distribution fund, being deposited in the highway fund (10 percent in 2007-09 and 25 percent in 2009-11).

Biennium	General Fund Actual or Estimated Revenue (Amounts Shown in Millions)	Percentage Change From Previous Biennium
1999-2001	\$722.2	8.7%
2001-03	\$760.2	5.3%
2003-05	\$845.8	11.3%
2005-07	\$967.7	14.4%
2007-09 (net of 10 percent of motor vehicle excise tax to highway fund)	\$1,176.6	21.6%
2009-11 (net of 25 percent of motor vehicle excise tax to highway fund)	\$1,391.6	18.3%
2011-13 (executive forecast)	\$2,387.3	71.6%
2013-15 (executive forecast)	\$2,834.7	18.7%

2. **Individual income tax revenue.** House Bill No. 1399 (2001) decoupled the state income tax from the federal income tax to a rate based on federal taxable income. The equivalent tax rates range from approximately 1.51 percent to 3.99 percent of taxable income. The estimated impact on general fund revenues of a 10 percent change in the state income tax rates (e.g., the 3.99 percent rate would increase by .399 percent to 4.39 percent, or decrease by a like amount to 3.59 percent) is approximately **\$98.9 million per biennium**, or \$49.45 million per year for the 2013-15 biennium based on forecasted revenues net of the \$100 million reduction in collections resulting from the executive budget recommendation relating to 2013-15 biennium income tax relief. The following schedule shows general fund revenue collections from individual income taxes for the 1999-2001 through 2013-15 bienniums:

Biennium	General Fund Actual or Estimated Revenue (Amounts Shown in Millions)	Percentage Change From Previous Biennium
1999-2001	\$409.3	14.2%
2001-03	\$396.2	(3.2%)
2003-05	\$452.5	14.2%
2005-07	\$587.7	29.9%
2007-09	\$681.7	16.0%
2009-11	\$729.3	7.0%
2011-13 (executive forecast) (net of recommended \$120 million of income tax relief)	\$883.1	21.1%
2013-15 (executive forecast) (net of recommended \$100 million of income tax relief)	\$926.1	4.9%

3. **Gas tax revenues.** A one-cent gas tax increase over the current 23 cents per gallon raises an estimated \$3.8 million per year or **\$7.6 million per biennium**. A one-cent special fuels (diesel) tax increase over the current 23 cents per gallon raises an estimated \$2.6 million per year or **\$5.2 million per biennium**. Under the current highway tax distribution fund formula, the **\$12.8 million total** would be allocated as follows: \$7.9 million, or 61.3 percent, would be deposited in the state highway fund; \$4.4 million, or 34.5 percent, would be distributed to counties and cities; \$300,000, or 2.7 percent, would be deposited in the township highway aid fund; and \$200,000, or 1.5 percent, would be deposited in the public transportation fund.

4. **Oil tax revenue.** The estimated impact on state revenues of a \$1 increase or decrease in the price of a barrel of oil is approximately **\$66.7 million per biennium** based on the December 2012 executive budget forecast for oil and gas production and oil extraction tax collections. The following schedule presents total revenue collections from oil and gas taxes for the 2001-03 through 2013-15 bienniums:

Biennium	Total Oil Tax Revenues		
	Actual or Estimated Revenue (Amounts Shown in Millions)	Increase (Decrease From Previous Biennium)	Percentage Change From Previous Biennium
2001-03	\$119,685,082		
2003-05	\$192,770,836	\$73,085,754	61.1%
2005-07	\$352,605,050	\$159,834,214	82.9%
2007-09	\$799,049,347	\$446,444,297	126.6%
2009-11	\$1,568,189,282	\$769,139,935	96.3%
2011-13 (executive budget estimate)	\$3,829,624,231	\$2,261,434,949	144.2%
2013-15 (executive budget estimate)	\$5,128,322,750	\$1,298,698,519	33.9%

5. **Oil prices.** The following schedule compares estimates from the 2011 Legislative Assembly revenue forecast to actual oil prices and estimated prices anticipated in the 2013-15 executive budget:

Quarter/Month	Estimated Average Price Per Barrel	Actual Average Price Per Barrel ¹	Amount Over (Under) Estimate
January-March 2012	\$72.00	\$82.55	\$10.55
April-June 2012	\$73.00	\$76.73	\$3.73
July-September 2012	\$75.00	\$78.92	\$3.92
October-November 2012	\$75.00	\$83.83	\$8.83
	September 2013	June 2014	May 2015
Estimated oil prices - 2013-15 executive budget	\$75.00	\$80.00	\$80.00

¹The actual market price per barrel of oil are the Flint Hills posted field prices for North Dakota sweet crude.

6. **Oil production.** The following schedule compares estimates from the 2011 Legislative Assembly revenue forecast to actual oil production and estimated production levels anticipated in the 2013-15 executive budget:

Quarter/Month	Estimated Average Production (Barrels)		Actual Average Production (Barrels)		Amount Over (Under) Estimate	
	Per Day	Monthly	Per Day	Monthly	Per Day	Monthly
January-March 2012	398,333	11,948,333	560,785	16,825,767	162,452	4,877,434
April-June 2012	405,000	12,285,000	637,799	19,347,072	232,799	7,062,072
July-September 2012	405,000	12,420,000	702,210	21,525,438	297,210	9,105,438
	September 2013		March 2014		May 2015	
Estimated oil production - 2013-15 executive budget	Per Day	Monthly	Per Day	Monthly	Per Day	Monthly
	840,000	25,200,000	850,000	26,350,000	850,000	26,350,000

7. **State school aid program.** The 2013-15 executive budget recommendation provides funding of \$1.874 billion, of which \$1.02 billion is from the general fund, \$714.2 million from the property tax relief sustainability fund, and \$140.3 million from the state tuition fund, for the state school aid program. The following schedule summarizes state school aid program funding:

	2011-13 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2013-15 Executive Budget (Amounts Shown in Millions)
State school aid	\$918.4 ¹	\$869.0	\$1,787.4 ²
Education jobs fund program	21.2	(21.2)	
Transportation aid payments	48.5	5.0	53.5
Rapid enrollment grants	5.0	12.0	17.0
Special education - Contracts	16.0	.5	16.5
Mill levy reduction grants	341.8	(341.8)	²
Total	\$1,350.9	\$523.5	\$1,874.4

	2011-13 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2013-15 Executive Budget (Amounts Shown in Millions)
General fund	\$1,223.1	(\$203.2)	\$1,019.9
Federal funds	21.2	(21.2)	
State tuition fund	101.6	38.7	140.3
Oil and gas impact grant fund	5.0	(5.0)	
Property tax relief sustainability fund		714.2	714.2
Total	\$1,350.9	\$523.5	\$1,874.4

¹In addition, the Legislative Assembly in 2011 authorized the Department of Public Instruction to continue up to \$9.5 million of estimated excess funding for state school aid and transportation aid payments from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments (\$9 million) and adult education learning center grants (\$500,000).

²The 2013-15 executive budget recommends the implementation of integrated formula payments totaling \$1.79 billion to provide school funding and property tax relief.

8. **State employee salary increase, excluding higher education.** The estimated cost of a 1 percent state employee salary increase per year, including fringe benefits, is \$5.6 million, of which \$2.9 million is from the general fund. This estimate excludes higher education employees.
9. **Inflationary increases.** The historic and projected consumer price indexes as recorded or projected by Moody's Analytics (November 2012) based on the **consumer price index for all urban consumers** are:

1993	3.0%	2004	2.7%
1994	2.6%	2005	3.4%
1995	2.8%	2006	3.2%
1996	2.9%	2007	2.9%
1997	2.3%	2008	3.8%
1998	1.5%	2009	(0.3%)
1999	2.2%	2010	1.6%
2000	3.4%	2011	3.1%
2001	2.8%	2012	2.1% (projected)
2002	1.6%	2013	2.2% (projected)
2003	2.3%	2014	2.7% (projected)