

OIL TAX REVENUE COLLECTIONS AND ALLOCATIONS SUMMARY

This memorandum provides a summary of oil tax revenue collections, oil production and prices, and oil tax revenue allocations. The first page compares the current month to the previous month. The second page compares the biennium to date for the 2015-17 biennium to the same number of months for the 2013-15 biennium. The third page provides a comparison of actual and forecasted collections and allocations. The fourth page provides information on the distribution of oil and gas gross production tax collections to political subdivisions for the current month and for the biennium to date.

MONTHLY SUMMARY Oil Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil tax revenue collections for the months of October and November 2015.

	October 2015	November 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$64,881,394	\$63,796,649	(\$1,084,745)	(1.7%)
Oil extraction tax	64,399,990	66,241,723	1,841,733	2.9%
Total actual collections	\$129,281,384	\$130,038,372	\$756,988	0.6%
Forecasted collections				
Oil and gas gross production tax	\$72,461,136	\$71,406,720	(\$1,054,416)	(1.5%)
Oil extraction tax	15,096,070	14,876,400	(219,670)	(1.5%)
Total forecasted collections	\$87,557,206	\$86,283,120	(\$1,274,086)	(1.5%)
Increase (decrease) to forecast				
Amount	\$41,724,178	\$43,755,252		
Percentage	47.7%	50.7%		

Oil Production and Prices

The schedule below provides information on actual and forecasted average daily production and average daily price of oil per barrel for the months of August and September 2015. Monthly oil tax revenue collections reflect production from two months prior. For example, November 2015 oil tax revenue collections relate to September 2015 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	August 2015	September 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,187,631	1,162,253	(25,378)	(2.1%)
Average daily price - FHR	\$29.52	\$31.17	\$1.65	5.6%
Average daily price - WTI	\$42.89	\$45.47	\$2.58	6.0%
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	1,100,000	0	0.0%
Average daily price of oil per barrel	\$44.27	\$45.08	\$0.81	1.8%

Oil Tax Revenue Allocations

The schedule below provides information on the total oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the months of October and November 2015.

	October 2015	November 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$35,621,356	\$36,388,263	\$766,907	2.2%
Three Affiliated Tribes	10,543,530	8,744,161	(1,799,369)	(17.1%)
Oil and gas research fund	938,220	959,016	20,796	2.2%
Oil and gas impact grant fund	3,424,407	3,519,660	95,253	2.8%
Political subdivisions	24,196,348	23,920,876	(275,472)	(1.1%)
Abandoned well reclamation fund	437,852	442,182	4,330	1.0%
North Dakota outdoor heritage fund	875,704	884,363	8,659	1.0%
Foundation aid stabilization fund	5,346,284	5,727,736	381,452	7.1%
Common schools trust fund	5,346,284	5,727,736	381,452	7.1%
Resources trust fund	10,692,569	11,455,472	762,903	7.1%
General fund	31,858,830	32,268,907	410,077	1.3%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$129,281,384	\$130,038,372	\$756,988	0.6%

BIENNIUM-TO-DATE SUMMARY - COMPARISON

Oil Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil tax revenue collections for the first four months of the 2015-17 and 2013-15 bienniums.

	August 2015 Through November 2015	August 2013 Through November 2013	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$306,385,041	\$496,259,281	(\$189,874,240)	(38.3%)
Oil extraction tax	308,796,290	571,526,381	(262,730,091)	(46.0%)
Total actual collections	\$615,181,331	\$1,067,785,662	(\$452,604,331)	(42.4%)
Forecasted collections				
Oil and gas gross production tax	\$281,107,200	\$364,485,003	(\$83,377,803)	(22.9%)
Oil extraction tax	58,564,000	477,492,705	(418,928,705)	(87.7%)
Total forecasted collections	\$339,671,200	\$841,977,708	(\$502,306,508)	(59.7%)
Increase (decrease) to forecast				
Amount	\$275,510,131	\$225,807,954		
Percentage	81.1%	26.8%		

Oil Production and Prices

The schedule below provides information on actual and forecasted average daily production and average daily price of oil per barrel for the first four months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from two months prior. For example, November 2015 oil tax revenue collections relate to September 2015 oil production.

	June 2015 Through September 2015	June 2013 Through September 2013	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,192,052	885,372	306,680	34.6%
Average daily price - FHR	\$36.96	\$92.16	(\$55.20)	(59.9%)
Average daily price - WTI	\$49.78	\$103.33	(\$53.55)	(51.8%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	835,000	265,000	31.7%
Average daily price of oil per barrel	\$43.64	\$75.00	(\$31.36)	(41.8%)

Oil Tax Revenue Allocations

The schedule below compares oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the first four months of the 2015-17 biennium to the 2013-15 biennium.

	August 2015 Through November 2015	August 2013 Through November 2013	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$170,538,466	\$297,650,952	(\$127,112,486)	(42.7%)
Three Affiliated Tribes	46,719,240	74,796,625	(28,077,385)	(37.5%)
Oil and gas research fund	4,616,635	8,436,697	(3,820,062)	(45.3%)
Oil and gas impact grant fund	12,991,249	50,403,394	(37,412,145)	(74.2%)
Political subdivisions	112,484,556	128,115,204	(15,630,648)	(12.2%)
Abandoned well reclamation fund	2,087,509	3,286,998	(1,199,489)	(36.5%)
North Dakota outdoor heritage fund	3,524,804	3,286,998	237,806	7.2%
Foundation aid stabilization fund	26,071,773	50,173,024	(24,101,251)	(48.0%)
Common schools trust fund	26,071,773	50,173,024	(24,101,251)	(48.0%)
Resources trust fund	52,143,547	100,346,050	(48,202,503)	(48.0%)
General fund	157,931,246	200,000,000	(42,068,754)	(21.0%)
Tax relief fund	0	100,897,540	(100,897,540)	(100.0%)
Strategic investment and improvements fund	533	219,156	(218,623)	(99.8%)
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$615,181,331	\$1,067,785,662	(\$452,604,331)	(42.4%)

COMPARISON OF ACTUAL TO FORECAST - COLLECTIONS AND ALLOCATIONS

Monthly Comparison

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections and allocations for the month of November 2015.

	November 2015		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$63,796,649	\$71,406,720	(\$7,610,071)	(10.7%)
Oil extraction tax	66,241,723	14,876,400	51,365,323	345.3%
Total actual collections	\$130,038,372	\$86,283,120	\$43,755,252	50.7%
Allocations				
Legacy fund	\$36,388,263	\$23,777,545	\$12,610,718	53.0%
Three Affiliated Tribes	8,744,161	7,024,637	1,719,524	24.5%
Oil and gas research fund	959,016	348,789	610,227	175.0%
Oil and gas impact grant fund	3,519,660	5,532,739	(2,013,079)	(36.4%)
Political subdivisions	23,920,876	25,809,579	(1,888,703)	(7.3%)
Abandoned well reclamation fund	442,182	523,268	(81,086)	(15.5%)
North Dakota outdoor heritage fund	884,363	1,046,537	(162,174)	(15.5%)
Foundation aid stabilization fund	5,727,736	1,282,346	4,445,390	346.7%
Common schools trust fund	5,727,736	1,282,346	4,445,390	346.7%
Resources trust fund	11,455,472	2,564,691	8,890,781	346.7%
General fund	32,268,907	17,090,643	15,178,264	88.8%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$130,038,372	\$86,283,120	\$43,755,252	50.7%

Biennium-to-Date Comparison

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections and allocations for the biennium to date for the 2015-17 biennium.

	2015-17 Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$306,385,041	\$281,107,200	\$25,277,841	9.0%
Oil extraction tax	308,796,290	58,564,000	250,232,290	427.3%
Total actual collections	\$615,181,331	\$339,671,200	\$275,510,131	81.1%
Allocations				
Legacy fund	\$170,538,466	\$93,605,183	\$76,933,283	82.2%
Three Affiliated Tribes	46,719,240	27,653,925	19,065,315	68.9%
Oil and gas research fund	4,616,635	1,318,215	3,298,420	250.2%
Oil and gas impact grant fund	12,991,249	16,663,761	(3,672,512)	(22.0%)
Political subdivisions	112,484,556	109,464,878	3,019,678	2.8%
Abandoned well reclamation fund	2,087,509	2,059,953	27,556	1.3%
North Dakota outdoor heritage fund	3,524,804	4,119,907	(595,103)	(14.4%)
Foundation aid stabilization fund	26,071,773	5,048,217	21,023,556	416.5%
Common schools trust fund	26,071,773	5,048,217	21,023,556	416.5%
Resources trust fund	52,143,547	10,096,432	42,047,115	416.5%
General fund	157,931,246	64,592,512	93,338,734	144.5%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	533	0	533	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$615,181,331	\$339,671,200	\$275,510,131	81.1%

2015-17 BIENNIUM DISTRIBUTIONS TO POLITICAL SUBDIVISIONS - OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for the biennium to date. Distributions of the oil and gas gross production tax to political subdivisions reflect production from two months prior. For example, November 2015 distributions of oil and gas tax gross production tax collections relate to September 2015 oil production. Distributions to political subdivisions pursuant to the new formula in 2015 House Bill No. 1176 became effective with July 2015 oil production and September 2015 distributions. As a result, this memorandum reports the distributions to political subdivisions for the period September 2015 to August 2017 to reflect 24 months of distributions based on the new formula.

	September 2015	October 2015	November 2015	Biennium-to- Date Total
Counties	\$22,132,918	\$10,750,097	\$10,583,996	\$43,467,011
Hub cities ¹	7,502,930	5,801,627	5,776,344	19,080,901
Other cities	7,396,411	3,597,603	3,542,509	14,536,523
Hub city school districts	1,250,000	1,250,000	1,250,000	3,750,000
Other school districts	2,711,732	1,734,825	1,722,686	6,169,243
Townships	2,196,397	1,062,196	1,045,341	4,303,934
Total	\$43,190,388	\$24,196,348	\$23,920,876	\$91,307,612
¹ The distributions to the hub cities are as follows:				
Williston	\$4,039,258	\$3,018,476	\$3,003,307	\$10,061,041
Dickinson	2,238,379	1,727,988	1,720,404	5,686,771
Minot	766,959	596,829	594,301	1,958,089
Mandan	187,500	187,500	187,500	562,500
Bismarck	83,333	83,333	83,334	250,000
West Fargo	62,500	62,500	62,500	187,500
Jamestown	41,667	41,667	41,666	125,000
Fargo	41,667	41,667	41,666	125,000
Grand Forks	41,667	41,667	41,666	125,000
Total	\$7,502,930	\$5,801,627	\$5,776,344	\$19,080,901