

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 originally forecasted oil tax revenue collections for the months of April and May 2016.

	April 2016	May 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$40,754,583	\$53,231,298	\$12,476,715	30.6%
Oil extraction tax	31,826,023	45,908,221	14,082,198	44.2%
Total actual collections	\$72,580,606	\$99,139,519	\$26,558,913	36.6%
Forecasted collections				
Oil and gas gross production tax	\$70,992,768	\$79,221,120	\$8,228,352	11.6%
Oil extraction tax	70,992,768	79,221,120	8,228,352	11.6%
Total forecasted collections	\$141,985,536	\$158,442,240	\$16,456,704	11.6%
Increase (decrease) to forecast				
Amount	(\$69,404,930)	(\$59,302,721)		
Percentage	(48.9%)	(37.4%)		

Oil Production and Prices

The schedule below provides information on actual and originally forecasted average daily production and average daily price of oil per barrel for the months of February and March 2016. Monthly oil tax revenue collections reflect production from 2 months prior. For example, May 2016 oil tax revenue collections relate to March 2016 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	February 2016	March 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,119,092	1,109,246	(9,846)	(0.9%)
Average daily price - FHR	\$18.07	\$26.62	\$8.55	47.3%
Average daily price - WTI	\$30.62	\$37.96	\$7.34	24.0%
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	\$48.02	\$48.40	\$0.38	0.8%

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 April and May 2016.

	April 2016	May 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$20,466,184	\$27,754,538	\$7,288,354	35.6%
Three Affiliated Tribes	4,359,993	6,624,394	2,264,401	51.9%
Oil and gas research fund	587,378	783,671	196,293	33.4%
Oil and gas impact grant fund	135,598	1,947,901	1,812,303	1,336.5%
Political subdivisions	16,374,916	19,407,644	3,032,728	18.5%
Abandoned well reclamation fund	288,361	370,738	82,377	28.6%
North Dakota outdoor heritage fund	576,721	741,476	164,755	28.6%
Foundation aid stabilization fund	2,781,555	3,954,849	1,173,294	42.2%
Common schools trust fund	2,781,555	3,954,849	1,173,294	42.2%
Resources trust fund	5,563,111	7,909,698	2,346,587	42.2%
General fund	0	0	0	N/A
Tax relief fund	18,665,234	25,689,761	7,024,527	37.6%
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	\$72,580,606	\$99,139,519	\$26,558,913	36.6%

BIENNIUM-TO-DATE SUMMARY - COMPARISON

Oil Tax Revenue Collections

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections for the first 10 months of the 2015-17 and 2013-15 bienniums.

	August 2015 Through May 2016	August 2013 Through May 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$636,281,370	\$1,218,074,144	(\$581,792,774)	(47.8%)
Oil extraction tax	633,368,102	1,426,403,933	(793,035,831)	(55.6%)
Total actual collections	\$1,269,649,472	\$2,644,478,077	(\$1,374,828,605)	(52.0%)
Forecasted collections				
Oil and gas gross production tax	\$734,913,696	\$916,883,547	(\$181,969,851)	(19.8%)
Oil extraction tax	415,557,340	1,201,161,092	(785,603,752)	(65.4%)
Total forecasted collections	\$1,150,471,036	\$2,118,044,639	(\$967,573,603)	(45.7%)
Increase (decrease) to forecast				
Amount	\$119,178,436	\$526,433,438		
Percentage	10.4%	24.9%		

Oil Production and Prices

The schedule below provides information on actual and originally forecasted average daily production and average daily price of oil per barrel for the first 10 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, May 2016 oil tax revenue collections relate to March 2016 oil production.

	June 2015 Through March 2016	June 2013 Through March 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,162,452	925,417	237,035	25.6%
Average daily price - FHR	\$30.69	\$84.65	(\$53.96)	(63.7%)
Average daily price - WTI	\$42.60	\$100.16	(\$57.56)	(57.5%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	843,000	257,000	30.5%
Average daily price of oil per barrel	\$45.80	\$75.00	(\$29.20)	(38.9%)

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 9 months of the 2015-17 biennium to the 2013-15 biennium.

	August 2015 Through May 2016	August 2013 Through May 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$352,656,671	\$735,234,803	(\$382,578,132)	(52.0%)
Three Affiliated Tribes	94,126,697	192,724,116	(98,597,419)	(51.2%)
Oil and gas research fund	9,605,901	10,000,000	(394,099)	(3.9%)
Oil and gas impact grant fund	25,550,287	146,873,194	(121,322,907)	(82.6%)
Political subdivisions	233,115,382	287,138,848	(54,023,466)	(18.8%)
Abandoned well reclamation fund	4,351,556	5,000,000	(648,444)	(13.0%)
North Dakota outdoor heritage fund	8,052,899	8,107,115	(54,216)	(0.7%)
Foundation aid stabilization fund	53,736,507	124,098,370	(70,361,863)	(56.7%)
Common schools trust fund	53,736,507	124,098,370	(70,361,863)	(56.7%)
Resources trust fund	107,473,014	248,196,740	(140,723,726)	(56.7%)
General fund	200,000,000	300,000,000	(100,000,000)	(33.3%)
Tax relief fund	127,243,518	341,790,000	(214,546,482)	(62.8%)
Strategic investment and improvements fund	533	100,219,156	(100,218,623)	(100.0%)
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	20,997,365	(20,997,365)	(100.0%)
Total oil and gas tax revenue allocations	\$1,269,649,472	\$2,644,478,077	(\$1,374,828,605)	(52.0%)

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 May 2016.

	May 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$53,231,298	\$79,221,120	(\$25,989,822)	(32.8%)
Oil extraction tax	45,908,221	79,221,120	(33,312,899)	(42.1%)
Total actual collections	\$99,139,519	\$158,442,240	(\$59,302,721)	(37.4%)
Allocations				
Legacy fund	\$27,754,538	\$43,896,422	(\$16,141,884)	(36.8%)
Three Affiliated Tribes	6,624,394	12,120,833	(5,496,439)	(45.3%)
Oil and gas research fund	783,671	848,074	(64,403)	(7.6%)
Oil and gas impact grant fund	1,947,901	7,177,992	(5,230,091)	(72.9%)
Political subdivisions	19,407,644	24,171,717	(4,764,073)	(19.7%)
Abandoned well reclamation fund	370,738	195,085	175,653	90.0%
North Dakota outdoor heritage fund	741,476	1,161,065	(419,589)	(36.1%)
Foundation aid stabilization fund	3,954,849	6,828,860	(2,874,011)	(42.1%)
Common schools trust fund	3,954,849	6,828,860	(2,874,011)	(42.1%)
Resources trust fund	7,909,698	13,657,720	(5,748,022)	(42.1%)
General fund	0	0	0	N/A
Tax relief fund	25,689,761	41,555,612	(15,865,851)	(38.2%)
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	\$99,139,519	\$158,442,240	(\$59,302,721)	(37.4%)

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	\$636,281,370	\$734,913,696	(\$98,632,326)	(13.4%)
Oil extraction tax	633,368,102	415,557,340	217,810,762	52.4%
Total actual collections	\$1,269,649,472	\$1,150,471,036	\$119,178,436	10.4%
Allocations				
Legacy fund	\$352,656,671	\$318,019,446	\$34,637,225	10.9%
Three Affiliated Tribes	94,126,697	90,406,218	3,720,479	4.1%
Oil and gas research fund	9,605,901	5,488,762	4,117,139	75.0%
Oil and gas impact grant fund	25,550,287	54,335,073	(28,784,786)	(53.0%)
Political subdivisions	233,115,382	254,217,162	(21,101,780)	(8.3%)
Abandoned well reclamation fund	4,351,556	5,000,000	(648,444)	(13.0%)
North Dakota outdoor heritage fund	8,052,899	10,770,896	(2,717,997)	(25.2%)
Foundation aid stabilization fund	53,736,507	35,821,041	17,915,466	50.0%
Common schools trust fund	53,736,507	35,821,041	17,915,466	50.0%
Resources trust fund	107,473,014	71,642,082	35,830,932	50.0%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	127,243,518	68,949,315	58,294,203	84.5%
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	\$1,269,649,472	\$1,150,471,036	\$119,178,436	10.4%

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 2 months prior. For example, May 2016 distributions of oil and gas gross production tax collections relate to March 2016 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	December 2015	January 2016
Counties	\$22,132,918	\$10,750,097	\$10,583,996	\$10,987,564	\$10,233,528
Hub cities ¹	7,502,930	5,801,627	5,776,344	5,835,816	5,727,856
Other cities	7,396,411	3,597,603	3,542,509	3,677,819	3,422,663
Hub city school districts	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Other school districts	2,711,732	1,734,825	1,722,686	1,761,240	1,674,585
Townships	2,196,397	1,062,196	1,045,341	1,084,988	1,013,014
Total	\$43,190,388	\$24,196,348	\$23,920,876	\$24,597,427	\$23,321,646
¹ The distributions to the hub cities are as follows:					
Williston	\$4,039,258	\$3,018,476	\$3,003,307	\$3,038,989	\$2,974,213
Dickinson	2,238,379	1,727,988	1,720,404	1,738,245	1,705,857
Minot	766,959	596,829	594,301	600,248	589,452
Mandan	187,500	187,500	187,500	187,500	187,500
Bismarck	83,333	83,333	83,334	83,333	83,333
West Fargo	62,500	62,500	62,500	62,500	62,500
Jamestown	41,667	41,667	41,666	41,667	41,667
Fargo	41,667	41,667	41,666	41,667	41,667
Grand Forks	41,667	41,667	41,666	41,667	41,667
Total	\$7,502,930	\$5,801,627	\$5,776,344	\$5,835,816	\$5,727,856

	February 2016	March 2016	April 2016	May 2016	Biennium-to- Date Total
Counties	\$8,251,238	\$6,395,786	\$6,081,029	\$7,883,784	\$93,299,940
Hub cities ¹	5,430,470	5,156,029	5,111,974	5,374,790	51,717,836
Other cities	2,761,931	2,140,575	2,033,321	2,639,862	31,212,694
Hub city school districts	1,250,000	1,250,000	1,250,000	1,250,000	11,250,000
Other school districts	1,509,591	1,337,021	1,296,169	1,481,571	15,229,420
Townships	814,756	631,796	602,423	777,637	9,228,548
Total	\$20,017,986	\$16,911,207	\$16,374,916	\$19,407,644	\$211,938,438
¹ The distributions to the hub cities are as follows:					
Williston	\$2,795,783	\$2,631,117	\$2,604,684	\$2,762,375	\$26,868,202
Dickinson	1,616,641	1,534,308	1,521,092	1,599,937	15,402,851
Minot	559,714	532,270	527,864	554,146	5,321,783
Mandan	187,500	187,500	187,500	187,500	1,687,500
Bismarck	83,334	83,333	83,333	83,334	750,000
West Fargo	62,500	62,500	62,500	62,500	562,500
Jamestown	41,666	41,667	41,667	41,666	375,000
Fargo	41,666	41,667	41,667	41,666	375,000
Grand Forks	41,666	41,667	41,667	41,666	375,000
Total	\$5,430,470	\$5,156,029	\$5,111,974	\$5,374,790	\$51,717,836