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 May and June 2016.

	May 2016	June 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	$53,231,298	$54,135,352	$904,054	1.7%
Oil extraction tax	45,908,221	47,208,969	1,300,748	2.8%
Total actual collections	$99,139,519	$101,344,321	$2,204,802	2.2%
Forecasted collections				
Oil and gas gross production tax	$79,221,120	$77,251,680	($1,969,440)	(2.5%)
Oil extraction tax	79,221,120	77,251,680	(1,969,440)	(2.5%)
Total forecasted collections	$158,442,240	$154,503,360	($3,938,880)	(2.5%)
Increase (decrease) to forecast				
Amount	($59,302,721)	($53,159,039)		
Percentage	(37.4%)	(34.4%)		

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 March and April 2016. Monthly oil tax revenue collections reflect production from 2 months prior. For example, June 2016 oil tax revenue collections relate to April 2016 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	March 2016	April 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,111,421	1,041,007	(70,414)	(6.3%)
Average daily price - FHR	$26.62	$30.75	$4.13	15.5%
Average daily price - WTI	$37.96	$41.13	$3.17	8.4%
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	$48.40	$48.77	$0.37	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 May and June 2016.

	May 2016	June 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	$27,754,538	$28,319,084	$564,546	2.0%
Three Affiliated Tribes	6,624,394	6,947,373	322,979	4.9%
Oil and gas research fund	783,671	394,099	(389,572)	(49.7%)
Oil and gas impact grant fund	1,947,901	2,032,888	84,987	4.4%
Political subdivisions	19,407,644	19,387,592	(20,052)	(0.1%)
Abandoned well reclamation fund	370,738	374,601	3,863	1.0%
North Dakota outdoor heritage fund	741,476	749,202	7,726	1.0%
Foundation aid stabilization fund	3,954,849	4,062,445	107,596	2.7%
Common schools trust fund	3,954,849	4,062,445	107,596	2.7%
Resources trust fund	7,909,698	8,124,891	215,193	2.7%
General fund	0	0	0	N/A
Tax relief fund	25,689,761	26,889,701	1,199,940	4.7%
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	$101,344,321	$2,204,802	2.2%

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 11 months of the 2015-17 and 2013-15 bienniums.

	August 2015 Through June 2016	August 2013 Through June 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	$690,416,722	$1,349,071,056	($658,654,334)	(48.8%)
Oil extraction tax	680,577,071	1,581,198,084	(900,621,013)	(57.0%)
Total actual collections	$1,370,993,793	$2,930,269,140	($1,559,275,347)	(53.2%)
Forecasted collections				
Oil and gas gross production tax	$812,165,376	$1,008,121,081	($195,955,705)	(19.4%)
Oil extraction tax	492,809,020	1,320,686,605	(827,877,585)	(62.7%)
Total forecasted collections	$1,304,974,396	$2,328,807,686	($1,023,833,290)	(44.0%)
Increase (decrease) to forecast				
Amount	$66,019,397	$601,461,454		
Percentage	5.1%	25.8%		

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 11 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, June 2016 oil tax revenue collections relate to April 2016 oil production.

	June 2015 Through April 2016	June 2013 Through April 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,151,609	932,493	219,116	23.5%
Average daily price - FHR	$30.70	$84.74	($54.04)	(63.8%)
Average daily price - WTI	$42.46	$100.33	($57.87)	(57.7%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	843,636	256,364	30.4%
Average daily price of oil per barrel	$46.07	$75.00	($28.93)	(38.6%)

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

	August 2015 Through June 2016	August 2013 Through June 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	$380,975,755	$814,824,134	($433,848,379)	(53.2%)
Three Affiliated Tribes	101,074,070	213,178,669	(112,104,599)	(52.6%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	27,583,175	165,162,153	(137,578,978)	(83.3%)
Political subdivisions	252,502,974	315,353,894	(62,850,920)	(19.9%)
Abandoned well reclamation fund	4,726,157	5,000,000	(273,843)	(5.5%)
North Dakota outdoor heritage fund	8,802,101	8,990,683	(188,582)	(2.1%)
Foundation aid stabilization fund	57,798,952	137,544,588	(79,745,636)	(58.0%)
Common schools trust fund	57,798,952	137,544,588	(79,745,636)	(58.0%)
Resources trust fund	115,597,905	275,089,176	(159,491,271)	(58.0%)
General fund	200,000,000	300,000,000	(100,000,000)	(33.3%)
Tax relief fund	154,133,219	341,790,000	(187,656,781)	(54.9%)
Strategic investment and improvements fund	533	183,791,255	(183,790,722)	(100.0%)
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	22,000,000	(22,000,000)	(100.0%)
Total oil and gas tax revenue allocations	$1,370,993,793	$2,930,269,140	($1,559,275,347)	(53.2%)

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 June 2016.

	June 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	$54,135,352	$77,251,680	($23,116,328)	(29.9%)
Oil extraction tax	47,208,969	77,251,680	(30,042,711)	(38.9%)
Total actual collections	$101,344,321	$154,503,360	($53,159,039)	(34.4%)
Allocations				
Legacy fund	$28,319,084	$42,805,155	($14,486,071)	(33.8%)
Three Affiliated Tribes	6,947,373	11,819,508	(4,872,135)	(41.2%)
Oil and gas research fund	394,099	826,991	(432,892)	(52.3%)
Oil and gas impact grant fund	2,032,888	7,041,140	(5,008,252)	(71.1%)
Political subdivisions	19,387,592	23,719,448	(4,331,856)	(18.3%)
Abandoned well reclamation fund	374,601	0	374,601	N/A
North Dakota outdoor heritage fund	749,202	1,132,201	(382,999)	(33.8%)
Foundation aid stabilization fund	4,062,445	6,659,095	(2,596,650)	(39.0%)
Common schools trust fund	4,062,445	6,659,095	(2,596,650)	(39.0%)
Resources trust fund	8,124,891	13,318,190	(5,193,299)	(39.0%)
General fund	0	0	0	N/A
Tax relief fund	26,889,701	40,522,537	(13,632,836)	(33.6%)
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	$101,344,321	$154,503,360	($53,159,039)	(34.4%)

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	$690,416,722	$812,165,376	($121,748,654)	(15.0%)
Oil extraction tax	680,577,071	492,809,020	187,768,051	38.1%
Total actual collections	$1,370,993,793	$1,304,974,396	$66,019,397	5.1%
Allocations				
Legacy fund	$380,975,755	$360,824,601	$20,151,154	5.6%
Three Affiliated Tribes	101,074,070	102,225,726	(1,151,656)	(1.1%)
Oil and gas research fund	10,000,000	6,315,753	3,684,247	58.3%
Oil and gas impact grant fund	27,583,175	61,376,213	(33,793,038)	(55.1%)
Political subdivisions	252,502,974	277,936,610	(25,433,636)	(9.2%)
Abandoned well reclamation fund	4,726,157	5,000,000	(273,843)	(5.5%)
North Dakota outdoor heritage fund	8,802,101	11,903,097	(3,100,996)	(26.1%)
Foundation aid stabilization fund	57,798,952	42,480,136	15,318,816	36.1%
Common schools trust fund	57,798,952	42,480,136	15,318,816	36.1%
Resources trust fund	115,597,905	84,960,272	30,637,633	36.1%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	154,133,219	109,471,852	44,661,367	40.8%
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	$1,370,993,793	$1,304,974,396	$66,019,397	5.1%

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 2 months prior. For example, June 2016 distributions of oil and gas gross production tax collections relate to April 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	February 2016
Counties	$22,132,918	$10,750,097	$10,583,996	$10,987,564	$10,233,528	$8,251,238
Hub cities[1]	7,502,930	5,801,627	5,776,344	5,835,816	5,727,856	5,430,470
Other cities	7,396,411	3,597,603	3,542,509	3,677,819	3,422,663	2,761,931
Hub city school districts	1,250,000	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	1,509,591
Townships	2,196,397	1,062,196	1,045,341	1,084,988	1,013,014	814,756
Total	$43,190,388	$24,196,348	$23,920,876	$24,597,427	$23,321,646	$20,017,986
[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	$2,795,783
Dickinson	2,238,379	1,727,988	1,720,404	1,738,245	1,705,857	1,616,641
Minot	766,959	596,829	594,301	600,248	589,452	559,714
Mandan	187,500	187,500	187,500	187,500	187,500	187,500
Bismarck	83,333	83,333	83,334	83,333	83,333	83,334
West Fargo	62,500	62,500	62,500	62,500	62,500	62,500
Jamestown	41,667	41,667	41,666	41,667	41,667	41,666
Fargo	41,667	41,667	41,666	41,667	41,667	41,666
Grand Forks	41,667	41,667	41,666	41,667	41,667	41,666
Total	$7,502,930	$5,801,627	$5,776,344	$5,835,816	$5,727,856	$5,430,470

	March 2016	April 2016	May 2016	June 2016	Biennium-to-Date Total
Counties	$6,395,786	$6,081,029	$7,883,784	$7,875,415	$101,175,355
Hub cities[1]	5,156,029	5,111,974	5,374,790	5,375,182	57,093,018
Other cities	2,140,575	2,033,321	2,639,862	2,635,852	33,848,546
Hub city school districts	1,250,000	1,250,000	1,250,000	1,250,000	12,500,000
Other school districts	1,337,021	1,296,169	1,481,571	1,473,243	16,702,663
Townships	631,796	602,423	777,637	777,900	10,006,448
Total	$16,911,207	$16,374,916	$19,407,644	$19,387,592	$231,326,030
[1]The distributions to the hub cities are as follows:					
Williston	$2,631,117	$2,604,684	$2,762,375	$2,762,609	$29,630,811
Dickinson	1,534,308	1,521,092	1,599,937	1,600,054	17,002,905
Minot	532,270	527,864	554,146	554,185	5,875,968
Mandan	187,500	187,500	187,500	187,500	1,875,000
Bismarck	83,333	83,333	83,334	83,333	833,333
West Fargo	62,500	62,500	62,500	62,500	625,000
Jamestown	41,667	41,667	41,666	41,667	416,667
Fargo	41,667	41,667	41,666	41,667	416,667
Grand Forks	41,667	41,667	41,666	41,667	416,667
Total	$5,156,029	$5,111,974	$5,374,790	$5,375,182	$57,093,018