

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 2017.

	April 2017	May 2017	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$70,553,010	\$63,508,203	(\$7,044,807)	(10.0%)
Oil extraction tax	63,081,831	59,273,603	(3,808,228)	(6.0%)
Total actual collections	\$133,634,841	\$122,781,806	(\$10,853,035)	(8.1%)
Forecasted collections				
Oil and gas gross production tax	\$76,433,280	\$85,031,760	\$8,598,480	11.2%
Oil extraction tax	76,433,280	85,031,760	8,598,480	11.2%
Total forecasted collections	\$152,866,560	\$170,063,520	\$17,196,960	11.2%
Increase (decrease) to forecast				
Amount	(\$19,231,719)	(\$47,281,714)		
Percentage	(12.6%)	(27.8%)		

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 months of February and March 2017. Monthly oil tax revenue collections reflect production from 2 months prior. For example, May 2017 oil tax revenue collections relate to March 2017 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	February 2017	March 2017	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,034,248	1,025,638	(8,610)	(0.8%)
Average daily price - FHR	\$42.74	\$38.13	(\$4.61)	(10.8%)
Average daily price - WTI	\$53.46	\$49.67	(\$3.79)	(7.1%)
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	\$51.70	\$51.95	\$0.25	0.5%

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 2017.

	April 2017	May 2017	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$36,492,205	\$33,545,488	(\$2,946,717)	(8.1%)
Three Affiliated Tribes	11,994,157	10,963,513	(1,030,644)	(8.6%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	4,837,586	3,791,984	(1,045,602)	(21.6%)
Political subdivisions	22,784,527	20,636,539	(2,147,988)	(9.4%)
Abandoned well reclamation fund	467,049	419,522	(47,527)	(10.2%)
North Dakota outdoor heritage fund	934,099	839,044	(95,055)	(10.2%)
Foundation aid stabilization fund	5,126,536	4,841,453	(285,083)	(5.6%)
Common schools trust fund	5,126,536	4,841,453	(285,083)	(5.6%)
Resources trust fund	10,253,071	9,682,906	(570,165)	(5.6%)
General fund	0	0	0	N/A
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	35,619,075	33,219,904	(2,399,171)	(6.7%)
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	\$133,634,841	\$122,781,806	(\$10,853,035)	(8.1%)

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

	August 2015 Through May 2017	August 2013 Through May 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$1,379,857,235	\$2,605,860,809	(\$1,226,003,574)	(47.0%)
Oil extraction tax	1,303,356,507	3,078,006,913	(1,774,650,406)	(57.7%)
Total actual collections	\$2,683,213,742	\$5,683,867,722	(\$3,000,653,980)	(52.8%)
Forecasted collections				
Oil and gas gross production tax	\$1,707,560,448	\$2,088,576,230	(\$381,015,782)	(18.2%)
Oil extraction tax	1,388,204,092	2,736,134,285	(1,347,930,193)	(49.3%)
Total forecasted collections	\$3,095,764,540	\$4,824,710,515	(\$1,728,945,975)	(35.8%)
Increase (decrease) to forecast				
Amount	(\$412,550,798)	\$859,157,207		
Percentage	(13.3%)	17.8%		

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 22 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, May 2017 oil tax revenue collections relate to March 2017 oil production.

	June 2015 Through March 2017	June 2013 Through March 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,081,259	1,044,652	36,607	3.5%
Average daily price - FHR	\$33.97	\$73.49	(\$39.52)	(53.8%)
Average daily price - WTI	\$45.51	\$89.55	(\$44.04)	(49.2%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	846,818	253,182	29.9%
Average daily price of oil per barrel	\$48.35	\$77.27	(\$28.92)	(37.4%)

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

	August 2015 Through May 2017	August 2013 Through May 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$743,424,028	\$1,759,285,905	(\$1,015,861,877)	(57.7%)
Three Affiliated Tribes	205,133,115	419,060,517	(213,927,402)	(51.0%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	68,770,597	240,000,000	(171,229,403)	(71.3%)
Political subdivisions	504,589,668	625,305,463	(120,715,795)	(19.3%)
Abandoned well reclamation fund	9,387,138	10,000,000	(612,862)	(6.1%)
North Dakota outdoor heritage fund	18,124,064	17,446,716	677,348	3.9%
Foundation aid stabilization fund	109,946,872	266,028,100	(156,081,228)	(58.7%)
Common schools trust fund	109,946,872	266,028,100	(156,081,228)	(58.7%)
Resources trust fund	219,893,744	532,056,205	(312,162,461)	(58.7%)
General fund	300,000,000	300,000,000	0	0.0%
Tax relief fund	300,000,000	341,790,000	(41,790,000)	(12.2%)
Strategic investment and improvements fund	83,997,644	874,866,716	(790,869,072)	(90.4%)
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	\$2,683,213,742	\$5,683,867,722	(\$3,000,653,980)	(52.8%)

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 2017.

	May 2017		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$63,508,203	\$85,031,760	(\$21,523,557)	(25.3%)
Oil extraction tax	59,273,603	85,031,760	(25,758,157)	(30.3%)
Total actual collections	\$122,781,806	\$170,063,520	(\$47,281,714)	(27.8%)
Allocations				
Legacy fund	\$33,545,488	\$47,116,097	(\$13,570,609)	(28.8%)
Three Affiliated Tribes	10,963,513	13,009,861	(2,046,348)	(15.7%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	3,791,984	6,833,586	(3,041,602)	(44.5%)
Political subdivisions	20,636,539	25,506,087	(4,869,548)	(19.1%)
Abandoned well reclamation fund	419,522	0	419,522	N/A
North Dakota outdoor heritage fund	839,044	1,246,225	(407,181)	(32.7%)
Foundation aid stabilization fund	4,841,453	7,329,738	(2,488,285)	(33.9%)
Common schools trust fund	4,841,453	7,329,738	(2,488,285)	(33.9%)
Resources trust fund	9,682,906	14,659,475	(4,976,569)	(33.9%)
General fund	0	0	0	N/A
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	33,219,904	21,428,899	11,791,005	55.0%
Political subdivision allocation fund	0	9,183,814	(9,183,814)	(100.0%)
State disaster relief fund	0	16,420,000	(16,420,000)	(100.0%)
Total oil and gas tax revenue allocations	\$122,781,806	\$170,063,520	(\$47,281,714)	(27.8%)

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	\$1,379,857,235	\$1,707,560,448	(\$327,703,213)	(19.2%)
Oil extraction tax	1,303,356,507	1,388,204,092	(84,847,585)	(6.1%)
Total actual collections	\$2,683,213,742	\$3,095,764,540	(\$412,550,798)	(13.3%)
Allocations				
Legacy fund	\$743,424,028	\$856,963,007	(\$113,538,979)	(13.2%)
Three Affiliated Tribes	205,133,115	239,221,184	(34,088,069)	(14.2%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	68,770,597	140,000,000	(71,229,403)	(50.9%)
Political subdivisions	504,589,668	580,431,437	(75,841,769)	(13.1%)
Abandoned well reclamation fund	9,387,138	10,000,000	(612,862)	(6.1%)
North Dakota outdoor heritage fund	18,124,064	25,026,008	(6,901,944)	(27.6%)
Foundation aid stabilization fund	109,946,872	119,663,190	(9,716,318)	(8.1%)
Common schools trust fund	109,946,872	119,663,190	(9,716,318)	(8.1%)
Resources trust fund	219,893,744	239,326,380	(19,432,636)	(8.1%)
General fund	300,000,000	300,000,000	0	0.0%
Tax relief fund	300,000,000	300,000,000	0	0.0%
Strategic investment and improvements fund	83,997,644	127,335,101	(43,337,457)	(34.0%)
Political subdivision allocation fund	0	11,715,043	(11,715,043)	(100.0%)
State disaster relief fund	0	16,420,000	(16,420,000)	(100.0%)
Total oil and gas tax revenue allocations	\$2,683,213,742	\$3,095,764,540	(\$412,550,798)	(13.3%)

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 2017 distributions of oil and gas gross production tax collections relate to March 2017 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.

	Fiscal Year 2016	September 2016	October 2016	November 2016	December 2016	January 2017
Counties	\$119,510,657	\$18,255,869	\$9,559,515	\$9,264,745	\$10,901,626	\$9,069,582
Hub cities ¹	68,221,050	6,345,499	5,039,222	4,994,242	5,238,894	4,968,511
Other cities	39,989,148	6,098,535	3,201,101	3,103,409	3,649,690	3,035,732
Hub city school districts	15,000,000	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500
Other school districts	19,910,824	2,354,107	1,637,854	1,616,815	1,757,311	1,584,163
Townships	11,814,030	1,813,667	942,815	912,833	1,075,929	895,673
Total	\$274,445,709	\$35,930,177	\$21,443,007	\$20,954,544	\$23,685,950	\$20,616,161
¹ The distributions to the hub cities are as follows:						
Williston	\$35,382,631	\$3,413,549	\$2,629,783	\$2,602,797	\$2,749,586	\$2,587,356
Dickinson	20,316,315	1,878,649	1,486,766	1,473,273	1,546,668	1,465,553
Minot	7,022,104	615,800	485,172	480,674	505,139	478,101
Mandan	2,250,000	166,667	166,667	166,666	166,667	166,667
Bismarck	1,000,000	83,333	83,333	83,334	83,333	83,333
West Fargo	750,000	104,167	104,167	104,166	104,167	104,167
Jamestown	500,000	41,667	41,667	41,666	41,667	41,667
Fargo	500,000	0	0	0	0	0
Grand Forks	500,000	41,667	41,667	41,666	41,667	41,667
Total	\$68,221,050	\$6,345,499	\$5,039,222	\$4,994,242	\$5,238,894	\$4,968,511

	February 2017	March 2017	April 2017	May 2017	Biennium-to- Date Total
Counties	\$9,427,759	\$9,690,131	\$10,349,599	\$9,068,113	\$215,097,596
Hub cities ¹	5,019,745	5,049,888	5,151,063	4,962,125	114,990,239
Other cities	3,156,969	3,251,253	3,469,405	3,039,808	71,995,050
Hub city school districts	1,062,500	1,062,500	1,062,500	1,062,500	24,562,500
Other school districts	1,625,540	1,690,068	1,734,586	1,612,572	35,523,840
Townships	929,834	949,923	1,017,374	891,421	21,243,499
Total	\$21,222,347	\$21,693,763	\$22,784,527	\$20,636,539	\$483,412,724
¹ The distributions to the hub cities are as follows:					
Williston	\$2,618,098	\$2,636,182	\$2,696,887	\$2,583,526	\$59,900,395
Dickinson	1,480,924	1,489,966	1,520,319	1,463,638	34,122,071
Minot	483,225	486,239	496,356	477,463	11,530,273
Mandan	166,666	166,667	166,667	166,666	3,750,000
Bismarck	83,334	83,333	83,333	83,334	1,750,000
West Fargo	104,166	104,167	104,167	104,166	1,687,500
Jamestown	41,666	41,667	41,667	41,666	875,000
Fargo	0	0	0	0	500,000
Grand Forks	41,666	41,667	41,667	41,666	875,000
Total	\$5,019,745	\$5,049,888	\$5,151,063	\$4,962,125	\$114,990,239