

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 2013-15 biennium to the same number of months for the 2011-13 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 June and July 2015.

	June 2015	July 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$78,843,507	\$93,852,067	\$15,008,560	19.0%
Oil extraction tax	88,070,856	98,991,476	10,920,620	12.4%
Total actual collections	\$166,914,363	\$192,843,543	\$25,929,180	15.5%
Forecasted collections				
Oil and gas gross production tax	\$97,320,036	\$100,564,037	\$3,244,001	3.3%
Oil extraction tax	127,493,880	131,743,676	4,249,796	3.3%
Total forecasted collections	\$224,813,916	\$232,307,713	\$7,493,797	3.3%
Increase (decrease) to forecast				
Amount	(\$57,899,553)	(\$39,464,170)		
Percentage	(25.8%)	(17.0%)		

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 April and May 2015. Monthly oil tax revenue collections reflect production from two months prior. For example, July 2015 oil tax revenue collections relate to May 2015 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	April 2015	May 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,169,045	1,202,615	33,570	2.9%
Average daily price - FHR	\$38.33	\$44.70	\$6.37	16.6%
Average daily price - WTI	\$54.45	\$59.27	\$4.82	8.9%
Forecasted average daily production and price				
Average daily production of oil in barrels	850,000	850,000	0	0.0%
Average daily price of oil per barrel	\$80.00	\$80.00	\$0.00	0.0%

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 June and July 2015.

	June 2015	July 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$46,839,874	\$53,878,193	\$7,038,319	15.0%
Three Affiliated Tribes	10,781,449	13,249,566	2,468,117	22.9%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	0	0	0	N/A
Political subdivisions	18,353,554	21,055,084	2,701,530	14.7%
Abandoned well reclamation fund	0	0	0	N/A
North Dakota outdoor heritage fund	547,153	648,104	100,951	18.5%
Foundation aid stabilization fund	7,698,444	8,533,955	835,511	10.9%
Common schools trust fund	7,698,444	8,533,955	835,511	10.9%
Resources trust fund	15,396,889	17,067,910	1,671,021	10.9%
General fund	0	0	0	N/A
Property tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	59,598,556	69,876,776	10,278,220	17.2%
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$166,914,363	\$192,843,543	\$25,929,180	15.5%

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 2011-13 and 2013-15 bienniums.

	August 2013 Through July 2015	August 2011 Through July 2013	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$2,778,556,383	\$1,926,078,884	\$852,477,499	44.3%
Oil extraction tax	3,265,069,245	2,142,515,117	1,122,554,128	52.4%
Total actual collections	\$6,043,625,628	\$4,068,594,001	\$1,975,031,627	48.5%
Forecasted collections				
Oil and gas gross production tax	\$2,286,460,303	\$1,042,499,232	\$1,243,961,071	119.3%
Oil extraction tax	2,995,371,841	999,061,764	1,996,310,077	199.8%
Total forecasted collections	\$5,281,832,144	\$2,041,560,996	\$3,240,271,148	158.7%
Increase (decrease) to forecast				
Amount	\$761,793,484	\$2,027,033,005		
Percentage	14.4%	99.3%		

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 2011-13 and 2013-15 bienniums. Monthly oil tax revenue collections reflect production from two months prior. For example, July 2015 oil tax revenue collections relate to May 2015 oil production.

	June 2013 Through May 2015	June 2011 Through May 2013	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,056,417	629,827	426,590	67.7%
Average daily price - FHR	\$70.83	\$83.25	(\$12.42)	(14.9%)
Average daily price - WTI	\$86.82	\$93.60	(\$6.78)	(7.2%)
Forecasted average daily production and price				
Average daily production of oil in barrels	847,083	518,500	328,583	63.4%
Average daily price of oil per barrel	\$77.50	\$69.58	\$7.92	11.4%

Oil Tax Revenue Allocations

The schedule below compares oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the 2011-13 to the 2013-15 bienniums.

	August 2013 Through July 2015	August 2011 Through July 2013	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$1,860,003,972	\$1,271,057,346	\$588,946,626	46.3%
Three Affiliated Tribes	443,091,532	196,434,606	246,656,926	125.6%
Oil and gas research fund	10,000,000	4,000,000	6,000,000	150.0%
Oil and gas impact grant fund	240,000,000	100,000,000	140,000,000	140.0%
Political subdivisions	664,714,101	265,629,303	399,084,798	150.2%
Abandoned well reclamation fund	10,000,000	N/A	10,000,000	N/A
North Dakota outdoor heritage fund	18,641,973	N/A	18,641,973	N/A
Foundation aid stabilization fund	282,260,499	195,171,179	87,089,320	44.6%
Common schools trust fund	282,260,499	195,171,179	87,089,320	44.6%
Resources trust fund	564,521,004	390,342,356	174,178,648	44.6%
General fund	300,000,000	300,000,000	0	0.0%
Property tax relief fund	341,790,000	341,790,000	0	0.0%
Strategic investment and improvements fund	1,004,342,048	786,998,032	217,344,016	27.6%
State disaster relief fund	22,000,000	22,000,000	0	0.0%
Total oil and gas tax revenue allocations	\$6,043,625,628	\$4,068,594,001	\$1,975,031,627	48.5%

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 July 2015.

	July 2015		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$93,852,067	\$100,564,037	(\$6,711,970)	(6.7%)
Oil extraction tax	98,991,476	131,743,676	(32,752,200)	(24.9%)
Total actual collections	\$192,843,543	\$232,307,713	(\$39,464,170)	(17.0%)
Allocations				
Legacy fund	\$53,878,193	\$86,385,412	(\$32,507,219)	(37.6%)
Three Affiliated Tribes	13,249,566	11,700,000	1,549,566	13.2%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	0	0	0	N/A
Political subdivisions	21,055,084	23,144,624	(2,089,540)	(9.0%)
Abandoned well reclamation fund	0	0	0	N/A
North Dakota outdoor heritage fund	648,104	770,912	(122,808)	(15.9%)
Foundation aid stabilization fund	8,533,955	12,424,368	(3,890,413)	(31.3%)
Common schools trust fund	8,533,955	12,424,368	(3,890,413)	(31.3%)
Resources trust fund	17,067,910	24,848,735	(7,780,825)	(31.3%)
General fund	0	0	0	N/A
Property tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	69,876,776	60,609,294	9,267,482	15.3%
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$192,843,543	\$232,307,713	(\$39,464,170)	(17.0%)

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 2013-15 biennium.

	2013-15 Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$2,778,556,383	\$2,286,460,303	\$492,096,080	21.5%
Oil extraction tax	3,265,069,245	2,995,371,841	269,697,404	9.0%
Total actual collections	\$6,043,625,628	\$5,281,832,144	\$761,793,484	14.4%
Allocations				
Legacy fund	\$1,860,003,972	\$1,714,156,068	\$145,847,904	8.5%
Three Affiliated Tribes	443,091,532	272,400,000	170,691,532	62.7%
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	240,000,000	240,000,000	0	0.0%
Political subdivisions	664,714,101	591,453,596	73,260,505	12.4%
Abandoned well reclamation fund	10,000,000	10,000,000	0	0.0%
North Dakota outdoor heritage fund	18,641,973	17,504,477	1,137,496	6.5%
Foundation aid stabilization fund	282,260,499	282,137,189	123,310	0.0%
Common schools trust fund	282,260,499	282,137,189	123,310	0.0%
Resources trust fund	564,521,004	564,274,367	246,637	0.0%
General fund	300,000,000	300,000,000	0	0.0%
Property tax relief fund	341,790,000	341,790,000	0	0.0%
Strategic investment and improvements fund	1,004,342,048	633,979,258	370,362,790	58.4%
State disaster relief fund	22,000,000	22,000,000	0	0.0%
Total oil and gas tax revenue allocations	\$6,043,625,628	\$5,281,832,144	\$761,793,484	14.4%

2013-15 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, August 2015 distributions of oil and gas gross production tax collections relate to June 2015 oil production. Distributions to political subdivisions pursuant to the new formula in 2013 House Bill No. 1358 became effective with July 2013 oil production and September 2013 distributions. As a result, this memorandum reports the distributions to political subdivisions for the period September 2013 to August 2015 to reflect 24 months of distributions based on the new formula.

	Fiscal Year 2014	September 2014	October 2014	November 2014	December 2014
Counties	\$197,538,275	\$32,339,212	\$20,175,767	\$17,940,453	\$15,272,934
Hub cities ¹	54,724,166	6,912,200	5,103,636	4,773,306	4,366,706
Other cities	66,635,265	10,829,819	6,758,411	6,015,978	5,128,125
Hub city school districts	8,750,000	708,334	708,334	708,332	708,334
Other school districts	21,661,622	2,994,868	1,898,537	1,700,335	1,501,831
Townships	18,982,777	3,191,467	1,985,760	1,765,540	1,494,472
Total	\$368,292,105	\$56,975,900	\$36,630,445	\$32,903,944	\$28,472,402
¹ The distributions to the hub cities are as follows:					
Williston	\$33,209,498	\$4,122,320	\$3,037,182	\$2,838,984	\$2,595,024
Dickinson	16,417,231	2,123,660	1,581,091	1,481,992	1,360,012
Minot	5,097,437	666,220	485,363	452,330	411,670
Total	\$54,724,166	\$6,912,200	\$5,103,636	\$4,773,306	\$4,366,706

	January 2015	February 2015	March 2015	April 2015	May 2015
Counties	\$13,425,682	\$10,357,158	\$7,579,877	\$7,519,290	\$8,137,090
Hub cities ¹	4,103,125	3,651,854	3,240,735	3,231,617	3,322,955
Other cities	4,501,199	3,471,785	2,537,933	2,521,486	2,728,281
Hub city school districts	708,334	708,332	708,334	708,334	708,332
Other school districts	1,283,369	986,115	722,249	724,153	781,242
Townships	1,318,752	1,017,906	743,822	737,745	798,636
Total	\$25,340,461	\$20,193,150	\$15,532,950	\$15,442,625	\$16,476,536
¹ The distributions to the hub cities are as follows:					
Williston	\$2,436,875	\$2,166,113	\$1,919,441	\$1,913,970	\$1,968,773
Dickinson	1,280,938	1,145,556	1,022,221	1,019,485	1,046,887
Minot	385,312	340,185	299,073	298,162	307,295
Total	\$4,103,125	\$3,651,854	\$3,240,735	\$3,231,617	\$3,322,955

	June 2015	July 2015	August 2015	Biennium-to- Date Total
Counties	\$9,252,118	\$10,864,338	\$10,942,835	\$361,345,029
Hub cities ¹	3,487,061	3,724,164	3,736,293	104,377,818
Other cities	3,104,796	3,644,614	3,667,725	121,545,417
Hub city school districts	708,334	708,334	708,332	17,250,000
Other school districts	893,203	1,047,524	1,047,560	37,242,608
Townships	908,042	1,066,110	1,074,199	35,085,228
Total	\$18,353,554	\$21,055,084	\$21,176,944	\$676,846,100
¹ The distributions to the hub cities are as follows:				
Williston	\$2,067,237	\$2,209,499	\$2,216,776	\$62,701,692
Dickinson	1,096,118	1,167,249	1,170,888	31,913,328
Minot	323,706	347,416	348,629	9,762,798
Total	\$3,487,061	\$3,724,164	\$3,736,293	\$104,377,818