



North Dakota Legislative Council

Prepared by the Legislative Council staff
 LC# 21.9593.02000
 March 2021

BUDGET STATUS - MOTION FOR PROPOSED MARCH 2021 FORECAST

GENERAL FUND REVENUE FORECASTS

The schedules below provide information on the 2019-21 biennium revised general fund revenue forecast and the 2021-23 biennium general fund revenue forecast based on the January 2021 revenue forecast adopted by the Appropriations Committees and a proposed March 2021 revenue forecast.

| 2019-21 Biennium Revised Forecast | | | |
|--|----------------------------------|--|-------------------------|
| | January 2021 Revenue Forecast | March 2021 Proposed Forecast ¹ | Proposed Adjustments |
| Tax and fee revenues | | | |
| Sales and use tax | \$1,797,420,205 | \$1,785,000,000 | (\$12,420,205) |
| Motor vehicle excise tax | 238,120,460 | 246,000,000 | 7,879,540 |
| Individual income tax | 764,128,922 | 758,000,000 | (6,128,922) |
| Corporate income tax | 188,201,051 | 196,000,000 | 7,798,949 |
| Oil and gas tax collections | 400,000,000 | 400,000,000 | 0 |
| Coal conversion tax | 42,398,724 | 42,398,724 | 0 |
| Cigarette and tobacco tax | 49,032,505 | 49,032,505 | 0 |
| Wholesale liquor tax | 17,972,734 | 17,972,734 | 0 |
| Gaming tax | 31,304,238 | 26,804,238 | (4,500,000) |
| Insurance premium tax | 94,520,219 | 94,520,219 | 0 |
| Departmental collections | 79,914,882 | 79,914,882 | 0 |
| Interest income | 22,903,179 | 17,744,338 | (5,158,841) |
| Mineral leasing fees | 30,168,017 | 36,410,368 | 6,242,351 |
| Total tax and fee revenues | \$3,756,085,136 | \$3,749,798,008 | (\$6,287,128) |
| Transfers and other sources | | | |
| Bank of North Dakota profits | \$140,000,000 | \$140,000,000 | \$0 |
| Mill and Elevator Association profits | 10,923,841 | 10,923,841 | 0 |
| Lottery | 10,222,500 | 10,222,500 | 0 |
| Gas tax administration | 1,991,418 | 1,991,418 | 0 |
| Budget stabilization fund (interest) | 7,369,136 | 26,500,000 | 19,130,864 |
| Legacy fund earnings | 500,000,000 | 636,000,000 | 136,000,000 |
| Strategic investment and improvements fund | 764,400,000 | 764,400,000 | 0 |
| Tax relief fund | 8,600,000 | 8,600,000 | 0 |
| Research North Dakota fund | 581,000 | 581,000 | 0 |
| Other miscellaneous transfers | 3,351,923 | 3,351,923 | 0 |
| Total transfers and other sources | \$1,447,439,818 | \$1,602,570,682 | \$155,130,864 |
| Total general fund revenues | \$5,203,524,954 | \$5,352,368,690 | \$148,843,736 |

NOTE: The shaded rows reflect the four major tax types for general fund revenue, which are based on economic forecasting data provided by consultants (Moody's Analytics and IHS Markit).

¹The amounts shown for the sales and use tax, motor vehicle excise tax, individual income tax, and corporate income tax under the March 2021 proposed forecast reflect the average of the March 2021 revised executive forecast and the March 2021 IHS baseline forecast. The amount shown for interest income does not include the interest transferred from the budget stabilization fund, which is shown separately under transfers. The amount shown for the legacy fund reflects the estimated earnings before any transfers or appropriations. All other amounts shown under the proposed forecast reflect the amounts included in the March 2021 revised executive forecast.

| 2021-23 Biennium Forecast | | | |
|--|--|---|----------------------|
| | January 2021 Revenue Forecast ¹ | March 2021 Proposed Forecast ² | Proposed Adjustments |
| Tax and fee revenues | | | |
| Sales and use tax | \$1,736,000,000 | \$1,791,000,000 | \$55,000,000 |
| Motor vehicle excise tax | 249,000,000 | 261,000,000 | 12,000,000 |
| Individual income tax | 802,000,000 | 797,000,000 | (5,000,000) |
| Corporate income tax | 188,000,000 | 207,000,000 | 19,000,000 |
| Oil and gas tax collections | 400,000,000 | 400,000,000 | 0 |
| Coal conversion tax | 42,600,000 | 42,600,000 | 0 |
| Cigarette and tobacco tax | 43,846,000 | 43,846,000 | 0 |
| Wholesale liquor tax | 16,932,000 | 16,932,000 | 0 |
| Gaming tax | 41,000,000 | 29,500,000 | (11,500,000) |
| Insurance premium tax | 121,024,481 | 121,024,481 | 0 |
| Departmental collections | 76,423,632 | 76,423,632 | 0 |
| Interest income | 20,000,000 | 20,000,000 | 0 |
| Mineral leasing fees | 25,000,000 | 35,000,000 | 10,000,000 |
| Total tax and fee revenues | \$3,761,826,113 | \$3,841,326,113 | \$79,500,000 |
| Transfers and other sources | | | |
| Bank of North Dakota profits | \$140,000,000 | \$140,000,000 | \$0 |
| Mill and Elevator Association profits | 15,500,000 | 15,500,000 | 0 |
| Lottery | 14,600,000 | 14,600,000 | 0 |
| Gas tax administration | 1,873,744 | 1,873,744 | 0 |
| Budget stabilization fund (interest) | 14,000,000 | 30,000,000 | 16,000,000 |
| Total transfers and other sources | \$185,973,744 | \$201,973,744 | \$16,000,000 |
| Total general fund revenues | \$3,947,799,857 | \$4,043,299,857 | \$95,500,000 |

NOTE: The shaded rows reflect the four major tax types for general fund revenue, which are based on economic forecasting data provided by consultants (Moody's Analytics and IHS Markit).

¹The shaded amounts shown under the March 2021 proposed forecast reflect the average of the March 2021 revised executive forecast and the March 2021 IHS baseline forecast, except for sales and use tax which reflects the March 2021 revised executive forecast. The amount shown for interest income does not include interest transferred from the budget stabilization fund, which is shown separately under transfers. Excluding the shaded amounts and the adjustment for interest income, all other amounts shown under the March 2021 proposed forecast reflect the amounts included in the March 2021 revised executive forecast.

OIL PRICE AND PRODUCTION FORECASTS

The schedules below provide information on the oil price and oil production forecasts for the remainder of the 2019-21 biennium and for the 2021-23 biennium based on the January 2021 revenue forecast adopted by the Appropriations Committees and a proposed March 2021 revenue forecast. Estimated oil and gas tax revenue allocations based on current law are attached as [Appendix A](#). Estimated oil and gas tax revenue allocations based on proposed changes compared to the January forecast for the 2021-23 biennium are attached as [Appendix B](#).

| 2019-21 Biennium | | |
|------------------------------|---|---|
| | January 2021 Revenue Forecast | March 2021 Proposed Forecast |
| Average oil price | Remaining at \$40 per barrel (North Dakota price) | Remaining at \$50 per barrel (North Dakota price) |
| Average daily oil production | Decreasing from 1.2 to 1.1 million barrels | Decreasing from 1.2 to 1.1 million barrels |

NOTE: The amounts shown for the average oil price and production reflect the forecasts for the remainder of the biennium.

| 2021-23 Biennium | | |
|------------------------------|---|---|
| | January 2021 Revenue Forecast | March 2021 Proposed Forecast |
| Average oil price | Remaining at \$40 per barrel (North Dakota price) | Remaining at \$50 per barrel (North Dakota price) |
| Average daily oil production | Decreasing from 1.1 to 1 million barrels | Decreasing from 1.1 to 1 million barrels |

ESTIMATED UNSPENT GENERAL FUND APPROPRIATIONS

The schedule below provides information on the estimated unspent 2019-21 biennium general fund appropriation authority ("turnback") and currently authorized exemptions for unspent 2019-21 biennium general fund appropriation authority ("carryover").

| | January 2021 Revenue Forecast | March 2021 Agency Survey | Increase (Decrease) |
|---|--|-------------------------------------|--------------------------------|
| Unspent 2019-21 general fund appropriations | \$199,795,297 ¹ | \$239,455,779 | \$39,660,482 |
| Exemptions for unspent 2019-21 appropriations | (33,289,496) | (41,649,099) | (8,359,603) |
| Remaining unspent general fund appropriations | \$166,505,801 | \$197,806,680 | \$31,300,879 |

¹This amount includes \$9,156,432 related to exemptions for unspent 2019-21 biennium general fund appropriation authority included in the December 2020 executive budget.

APPROPRIATIONS COMMITTEES MOTION - BUDGET STATUS ADJUSTMENTS

The following is a motion for consideration by the Appropriations Committees related to the 2021-23 biennium estimated revenues reflecting a March 2021 revenue forecast:

It was moved by _____ and seconded by _____ that the House (Senate) Appropriations Committees of the 67th Legislative Assembly adopt, for Legislative Council budget status reporting purposes, the following estimated revenue adjustments (as shown for the proposed adjustments in the schedules above):

- Adjustment to estimated unspent 2019-21 biennium general fund appropriations - \$39,660,482.
- Adjustment to exemptions for unspent 2019-21 biennium general fund appropriations - (\$8,359,603).
- Adjustment to 2019-21 biennium estimated total general fund revenues - \$148,843,736.
- Adjustment to 2021-23 biennium estimated total general fund revenues - \$95,500,000.
- Estimated oil price and daily oil production for the remainder of the 2019-21 biennium - Oil prices remaining at \$50 per barrel and oil production decreasing from 1.2 to 1.1 million barrels per day.
- Estimated oil price and daily oil production for the 2021-23 biennium - Oil prices remaining at \$50 per barrel and oil production decreasing from 1.1 to 1 million barrels per day.

ATTACH:2