

## 2017-19 BIENNIUM ESTIMATED OIL AND GAS TAX ALLOCATIONS - VARIOUS PRICE, PRODUCTION, AND ALLOCATION SCENARIOS

### PRELIMINARY 2017-19 BIENNIUM ESTIMATED OIL AND GAS TAX COLLECTIONS

The preliminary 2017-19 biennium oil and gas tax collection estimates released by the Office of Management and Budget in August 2016 anticipate:

- Average daily oil production of 900,000 barrels per day for the entire 2017-19 biennium.
- Average monthly oil prices to be \$52 per barrel in the first fiscal year and \$58 in the second fiscal year.

### SCENARIOS BASED ON OIL PRODUCTION OF 900,000 BARRELS PER DAY

The schedule below provides information on various scenarios of 2017-19 biennium estimated oil and gas tax allocations to political subdivisions and selected state funds based on oil production of 900,000 barrels per day, various price scenarios, and various formula changes related to the percentage of oil and gas gross production taxes from the 4 percent of the 5 percent tax allocated to the counties. Political subdivisions also receive grants from the oil and gas impact grant fund; however, the allocations to the oil and gas impact grant fund are not included in the schedule below. The amounts are shown in millions, and the gray shading reflects current statute.

900,000 Barrels Per Day					
	Amounts Shown in Millions				
	County Allocation - 30 percent	Increase (Decrease)	County Allocation - 35 percent	Increase (Decrease)	County Allocation - 40 percent
<b>\$36 price scenario<sup>1</sup></b>					
Political subdivisions	\$410.70	\$37.15	\$447.85	\$37.15	\$485.00
General fund - First \$200 million	\$200.00	\$0.00	\$200.00	\$0.00	\$200.00
Tax relief fund - Next \$300 million	\$300.00	\$0.00	\$300.00	\$0.00	\$300.00
General fund - Next \$100 million	\$89.86	(\$37.15)	\$52.71	(\$37.15)	\$15.56
Strategic investment and improvements fund - Next \$100 million	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
State disaster relief fund - Up to the next \$22 million	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Strategic investment and improvements fund - Remaining amount	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>\$41 price scenario</b>					
Political subdivisions	\$449.25	\$42.82	\$492.07	\$42.83	\$534.90
General fund - First \$200 million	\$200.00	\$0.00	\$200.00	\$0.00	\$200.00
Tax relief fund - Next \$300 million	\$300.00	\$0.00	\$300.00	\$0.00	\$300.00
General fund - Next \$100 million	\$100.00	\$0.00	\$100.00	\$0.00	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$94.57	(\$42.82)	\$51.75	(\$42.83)	\$8.92
State disaster relief fund - Up to the next \$22 million	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Strategic investment and improvements fund - Remaining amount	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>\$46 price scenario</b>					
Political subdivisions	\$487.06	\$48.55	\$535.61	\$48.55	\$584.16
General fund - First \$200 million	\$200.00	\$0.00	\$200.00	\$0.00	\$200.00
Tax relief fund - Next \$300 million	\$300.00	\$0.00	\$300.00	\$0.00	\$300.00
General fund - Next \$100 million	\$100.00	\$0.00	\$100.00	\$0.00	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$100.00	\$0.00	\$100.00	\$0.00	\$100.00
State disaster relief fund - Up to the next \$22 million	\$22.00	\$0.00	\$22.00	(\$9.46)	\$12.54
Strategic investment and improvements fund - Remaining amount	\$87.64	(\$48.55)	\$39.09	(\$39.09)	\$0.00
<b>\$51 price scenario</b>					
Political subdivisions	\$524.33	\$54.32	\$578.65	\$54.32	\$632.97
General fund - First \$200 million	\$200.00	\$0.00	\$200.00	\$0.00	\$200.00
Tax relief fund - Next \$300 million	\$300.00	\$0.00	\$300.00	\$0.00	\$300.00
General fund - Next \$100 million	\$100.00	\$0.00	\$100.00	\$0.00	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$100.00	\$0.00	\$100.00	\$0.00	\$100.00
State disaster relief fund - Up to the next \$22 million	\$22.00	\$0.00	\$22.00	\$0.00	\$22.00
Strategic investment and improvements fund - Remaining amount	\$203.29	(\$54.32)	\$148.97	(\$54.32)	\$94.65

<sup>1</sup>Under the \$36 price scenario, the estimated allocations to the oil and gas impact grant fund are approximately \$90 million, or approximately \$10 million less than the statutory limit of \$100 million.

### SCENARIOS BASED ON OIL PRODUCTION OF 950,000 BARRELS PER DAY

The schedule below provides information on various scenarios of 2017-19 biennium estimated oil and gas tax allocations to political subdivisions and selected state funds based on oil production of 950,000 barrels per day, various price scenarios, and various formula changes related to the percentage of oil and gas gross production taxes from the 4 percent of the 5 percent tax allocated to the counties. Political subdivisions also receive grants from the oil and gas impact grant fund; however, the allocations to the oil and gas impact grant fund are not included in the schedule below. The amounts are shown in millions, and the gray shading reflects current statute.

950,000 Barrels Per Day					
	Amounts shown in millions				
	County Allocation - 30 percent	Increase (Decrease)	County Allocation - 35 percent	Increase (Decrease)	County Allocation - 40 percent
<b>\$36 price scenario<sup>1</sup></b>					
Political subdivisions	\$426.29	<b>\$39.40</b>	\$465.69	<b>\$39.41</b>	\$505.10
General fund - First \$200 million	\$200.00	<b>\$0.00</b>	\$200.00	<b>\$0.00</b>	\$200.00
Tax relief fund - Next \$300 million	\$300.00	<b>\$0.00</b>	\$300.00	<b>\$0.00</b>	\$300.00
General fund - Next \$100 million	\$100.00	<b>(\$13.21)</b>	\$86.79	<b>(\$39.41)</b>	\$47.38
Strategic investment and improvements fund - Next \$100 million	\$26.19	<b>(\$26.19)</b>	\$0.00	<b>\$0.00</b>	\$0.00
State disaster relief fund - Up to the next \$22 million	\$0.00	<b>\$0.00</b>	\$0.00	<b>\$0.00</b>	\$0.00
Strategic investment and improvements fund - Remaining amount	\$0.00	<b>\$0.00</b>	\$0.00	<b>\$0.00</b>	\$0.00
<b>\$41 price scenario</b>					
Political subdivisions	\$466.73	<b>\$45.42</b>	\$512.15	<b>\$45.41</b>	\$557.56
General fund - First \$200 million	\$200.00	<b>\$0.00</b>	\$200.00	<b>\$0.00</b>	\$200.00
Tax relief fund - Next \$300 million	\$300.00	<b>\$0.00</b>	\$300.00	<b>\$0.00</b>	\$300.00
General fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>(\$44.10)</b>	\$55.90
State disaster relief fund - Up to the next \$22 million	\$22.00	<b>(\$20.69)</b>	\$1.31	<b>(\$1.31)</b>	\$0.00
Strategic investment and improvements fund - Remaining amount	\$24.73	<b>(\$24.73)</b>	\$0.00	<b>\$0.00</b>	\$0.00
<b>\$46 price scenario</b>					
Political subdivisions	\$506.11	<b>\$51.50</b>	\$557.61	<b>\$51.50</b>	\$609.11
General fund - First \$200 million	\$200.00	<b>\$0.00</b>	\$200.00	<b>\$0.00</b>	\$200.00
Tax relief fund - Next \$300 million	\$300.00	<b>\$0.00</b>	\$300.00	<b>\$0.00</b>	\$300.00
General fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
State disaster relief fund - Up to the next \$22 million	\$22.00	<b>\$0.00</b>	\$22.00	<b>\$0.00</b>	\$22.00
Strategic investment and improvements fund - Remaining amount	\$146.75	<b>(\$51.50)</b>	\$95.25	<b>(\$51.50)</b>	\$43.75
<b>\$51 price scenario</b>					
Political subdivisions	\$545.45	<b>\$57.59</b>	\$603.04	<b>\$57.59</b>	\$660.63
General fund - First \$200 million	\$200.00	<b>\$0.00</b>	\$200.00	<b>\$0.00</b>	\$200.00
Tax relief fund - Next \$300 million	\$300.00	<b>\$0.00</b>	\$300.00	<b>\$0.00</b>	\$300.00
General fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
State disaster relief fund - Up to the next \$22 million	\$22.00	<b>\$0.00</b>	\$22.00	<b>\$0.00</b>	\$22.00
Strategic investment and improvements fund - Remaining amount	\$268.80	<b>(\$57.59)</b>	\$211.21	<b>(\$57.59)</b>	\$153.62

<sup>1</sup>Under the \$36 price scenario, the estimated allocations to the oil and gas impact grant fund are approximately \$99 million, or approximately \$1 million less than the statutory limit of \$100 million.

### SCENARIOS BASED ON OIL PRODUCTION OF 1,000,000 BARRELS PER DAY

The schedule below provides information on various scenarios of 2017-19 biennium estimated oil and gas tax allocations to political subdivisions and selected state funds based on oil production of 1,000,000 barrels per day, various price scenarios, and various formula changes related to the percentage of oil and gas gross production taxes from the 4 percent of the 5 percent tax allocated to the counties. Political subdivisions also receive grants from the oil and gas impact grant fund; however, the allocations to the oil and gas impact grant fund are not included in the schedule below. The amounts are shown in millions, and the gray shading reflects current statute.

1,000,000 Barrels Per Day					
	Amounts Shown in Millions				
	County Allocation - 30 percent	Increase (Decrease)	County Allocation - 35 percent	Increase (Decrease)	County Allocation - 40 percent
<b>\$36 price scenario</b>					
Political subdivisions	\$441.64	<b>\$41.68</b>	\$483.32	<b>\$41.68</b>	\$525.00
General fund - First \$200 million	\$200.00	<b>\$0.00</b>	\$200.00	<b>\$0.00</b>	\$200.00
Tax relief fund - Next \$300 million	\$300.00	<b>\$0.00</b>	\$300.00	<b>\$0.00</b>	\$300.00
General fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>(\$11.78)</b>	\$88.22
Strategic investment and improvements fund - Next \$100 million	\$71.59	<b>(\$41.68)</b>	\$29.91	<b>(\$29.90)</b>	\$0.01
State disaster relief fund - Up to the next \$22 million	\$0.00	<b>\$0.00</b>	\$0.00	<b>\$0.00</b>	\$0.00
Strategic investment and improvements fund - Remaining amount	\$0.00	<b>\$0.00</b>	\$0.00	<b>\$0.00</b>	\$0.00
<b>\$41 price scenario</b>					
Political subdivisions	\$483.75	<b>\$48.04</b>	\$531.79	<b>\$48.04</b>	\$579.83
General fund - First \$200 million	\$200.00	<b>\$0.00</b>	\$200.00	<b>\$0.00</b>	\$200.00
Tax relief fund - Next \$300 million	\$300.00	<b>\$0.00</b>	\$300.00	<b>\$0.00</b>	\$300.00
General fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>(\$0.01)</b>	\$99.99
State disaster relief fund - Up to the next \$22 million	\$22.00	<b>\$0.00</b>	\$22.00	<b>(\$18.71)</b>	\$3.29
Strategic investment and improvements fund - Remaining amount	\$77.36	<b>(\$48.04)</b>	\$29.32	<b>(\$29.32)</b>	\$0.00
<b>\$46 price scenario</b>					
Political subdivisions	\$525.16	<b>\$54.45</b>	\$579.61	<b>\$54.44</b>	\$634.05
General fund - First \$200 million	\$200.00	<b>\$0.00</b>	\$200.00	<b>\$0.00</b>	\$200.00
Tax relief fund - Next \$300 million	\$300.00	<b>\$0.00</b>	\$300.00	<b>\$0.00</b>	\$300.00
General fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
State disaster relief fund - Up to the next \$22 million	\$22.00	<b>\$0.00</b>	\$22.00	<b>\$0.00</b>	\$22.00
Strategic investment and improvements fund - Remaining amount	\$205.85	<b>(\$54.45)</b>	\$151.40	<b>(\$54.44)</b>	\$96.96
<b>\$51 price scenario</b>					
Political subdivisions	\$566.57	<b>\$60.86</b>	\$627.43	<b>\$60.85</b>	\$688.28
General fund - First \$200 million	\$200.00	<b>\$0.00</b>	\$200.00	<b>\$0.00</b>	\$200.00
Tax relief fund - Next \$300 million	\$300.00	<b>\$0.00</b>	\$300.00	<b>\$0.00</b>	\$300.00
General fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
Strategic investment and improvements fund - Next \$100 million	\$100.00	<b>\$0.00</b>	\$100.00	<b>\$0.00</b>	\$100.00
State disaster relief fund - Up to the next \$22 million	\$22.00	<b>\$0.00</b>	\$22.00	<b>\$0.00</b>	\$22.00
Strategic investment and improvements fund - Remaining amount	\$334.32	<b>(\$60.86)</b>	\$273.46	<b>(\$60.85)</b>	\$212.61