

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 January and February 2017.

	January 2016	February 2017	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$58,230,491	\$61,972,478	\$3,741,987	6.4%
Oil extraction tax	52,943,900	56,409,341	3,465,441	6.5%
Total actual collections	\$111,174,391	\$118,381,819	\$7,207,428	6.5%
Forecasted collections				
Oil and gas gross production tax	\$80,815,680	\$83,624,112	\$2,808,432	3.5%
Oil extraction tax	80,815,680	83,624,112	2,808,432	3.5%
Total forecasted collections	\$161,631,360	\$167,248,224	\$5,616,864	3.5%
Increase (decrease) to forecast				
Amount	(\$50,456,969)	(\$48,866,405)		
Percentage	(31.2%)	(29.2%)		

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 November and December 2016. Monthly oil tax revenue collections reflect production from 2 months prior. For example, February 2017 oil tax revenue collections relate to December 2016 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	November 2016	December 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,034,484	942,455	(92,029)	(8.9%)
Average daily price - FHR	\$34.58	\$39.93	\$5.35	15.5%
Average daily price - WTI	\$45.87	\$52.17	\$6.30	13.7%
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	\$51.02	\$51.09	\$0.07	0.1%

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 January 2016 and February 2017.

	January 2016	February 2017	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$30,835,936	\$32,364,538	\$1,528,602	5.0%
Three Affiliated Tribes	8,387,939	10,500,027	2,112,088	25.2%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	3,302,877	3,591,903	289,026	8.8%
Political subdivisions	20,616,161	21,222,347	606,186	2.9%
Abandoned well reclamation fund	397,290	410,427	13,137	3.3%
North Dakota outdoor heritage fund	794,580	820,855	26,275	3.3%
Foundation aid stabilization fund	4,473,728	4,607,834	134,106	3.0%
Common schools trust fund	4,473,728	4,607,834	134,106	3.0%
Resources trust fund	8,947,456	9,215,667	268,211	3.0%
General fund	28,944,696	31,040,387	2,095,691	7.2%
Tax relief fund	0	0	0	N/A
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	\$111,174,391	\$118,381,819	\$7,207,428	6.5%

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

	August 2015 Through February 2017	August 2013 Through February 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$1,180,683,377	\$2,407,147,510	(\$1,226,464,133)	(51.0%)
Oil extraction tax	1,121,480,931	2,848,981,063	(1,727,500,132)	(60.6%)
Total actual collections	\$2,302,164,308	\$5,256,128,573	(\$2,953,964,265)	(56.2%)
Forecasted collections				
Oil and gas gross production tax	\$1,461,816,576	\$1,796,616,122	(\$334,799,546)	(18.6%)
Oil extraction tax	1,142,460,220	2,353,652,645	(1,211,192,425)	(51.5%)
Total forecasted collections	\$2,604,276,796	\$4,150,268,767	(\$1,545,991,971)	(37.3%)
Increase (decrease) to forecast				
Amount	(\$302,112,488)	\$1,105,859,806		
Percentage	(11.6%)	26.6%		

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 19 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, February 2017 oil tax revenue collections relate to December 2016 oil production.

	June 2015 Through December 2016	June 2013 Through December 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,091,925	1,022,240	69,685	6.8%
Average daily price - FHR	\$32.94	\$79.99	(\$47.05)	(58.8%)
Average daily price - WTI	\$44.50	\$96.02	(\$51.52)	(53.7%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	846,316	253,684	30.0%
Average daily price of oil per barrel	\$47.82	\$76.84	(\$29.02)	(37.8%)

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

	August 2015 Through February 2017	August 2013 Through February 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$639,203,194	\$1,639,704,466	(\$1,000,501,272)	(61.0%)
Three Affiliated Tribes	171,486,458	389,938,479	(218,452,021)	(56.0%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	56,026,992	240,000,000	(183,973,008)	(76.7%)
Political subdivisions	439,474,839	577,853,352	(138,378,513)	(23.9%)
Abandoned well reclamation fund	8,066,406	10,000,000	(1,933,594)	(19.3%)
North Dakota outdoor heritage fund	15,482,600	16,083,200	(600,600)	(3.7%)
Foundation aid stabilization fund	95,080,410	246,130,037	(151,049,627)	(61.4%)
Common schools trust fund	95,080,410	246,130,037	(151,049,627)	(61.4%)
Resources trust fund	190,160,821	492,260,077	(302,099,256)	(61.4%)
General fund	282,101,645	300,000,000	(17,898,355)	(6.0%)
Tax relief fund	300,000,000	341,790,000	(41,790,000)	(12.2%)
Strategic investment and improvements fund	533	724,238,925	(724,238,392)	(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	\$2,302,164,308	\$5,256,128,573	(\$2,953,964,265)	(56.2%)

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 February 2017.

	February 2017		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$61,972,478	\$83,624,112	(\$21,651,634)	(25.9%)
Oil extraction tax	56,409,341	83,624,112	(27,214,771)	(32.5%)
Total actual collections	\$118,381,819	\$167,248,224	(\$48,866,405)	(29.2%)
Allocations				
Legacy fund	\$32,364,538	\$46,336,120	(\$13,971,582)	(30.2%)
Three Affiliated Tribes	10,500,027	12,794,490	(2,294,463)	(17.9%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	3,591,903	7,502,378	(3,910,475)	(52.1%)
Political subdivisions	21,222,347	25,507,005	(4,284,658)	(16.8%)
Abandoned well reclamation fund	410,427	612,797	(202,370)	(33.0%)
North Dakota outdoor heritage fund	820,855	1,225,595	(404,740)	(33.0%)
Foundation aid stabilization fund	4,607,834	7,208,398	(2,600,564)	(36.1%)
Common schools trust fund	4,607,834	7,208,398	(2,600,564)	(36.1%)
Resources trust fund	9,215,667	14,416,797	(5,201,130)	(36.1%)
General fund	31,040,387	22,021,147	9,019,240	41.0%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	22,415,099	(22,415,099)	(100.0%)
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	\$118,381,819	\$167,248,224	(\$48,866,405)	(29.2%)

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	\$1,180,683,377	\$1,461,816,576	(\$281,133,199)	(19.2%)
Oil extraction tax	1,121,480,931	1,142,460,220	(20,979,289)	(1.8%)
Total actual collections	\$2,302,164,308	\$2,604,276,796	(\$302,112,488)	(11.6%)
Allocations				
Legacy fund	\$639,203,194	\$720,796,329	(\$81,593,135)	(11.3%)
Three Affiliated Tribes	171,486,458	201,622,367	(30,135,909)	(14.9%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	56,026,992	118,866,212	(62,839,220)	(52.9%)
Political subdivisions	439,474,839	506,060,655	(66,585,816)	(13.2%)
Abandoned well reclamation fund	8,066,406	9,171,474	(1,105,068)	(12.0%)
North Dakota outdoor heritage fund	15,482,600	21,424,386	(5,941,786)	(27.7%)
Foundation aid stabilization fund	95,080,410	98,480,068	(3,399,658)	(3.5%)
Common schools trust fund	95,080,410	98,480,068	(3,399,658)	(3.5%)
Resources trust fund	190,160,821	196,960,138	(6,799,317)	(3.5%)
General fund	282,101,645	300,000,000	(17,898,355)	(6.0%)
Tax relief fund	300,000,000	300,000,000	0	0.0%
Strategic investment and improvements fund	533	22,415,099	(22,414,566)	(100.0%)
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	\$2,302,164,308	\$2,604,276,796	(\$302,112,488)	(11.6%)

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, February 2017 distributions of oil and gas gross production tax collections relate to December 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.

	Fiscal Year 2016	September 2016	October 2016	November 2016	December 2016
Counties	\$119,510,657	\$18,255,869	\$9,559,515	\$9,264,745	\$10,901,626
Hub cities ¹	68,221,050	6,345,499	5,039,222	4,994,242	5,238,894
Other cities	39,989,148	6,098,535	3,201,101	3,103,409	3,649,690
Hub city school districts	15,000,000	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
Townships	11,814,030	1,813,667	942,815	912,833	1,075,929
Total	\$274,445,709	\$35,930,177	\$21,443,007	\$20,954,544	\$23,685,950
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
Dickinson	20,316,315	1,878,649	1,486,766	1,473,273	1,546,668
Minot	7,022,104	615,800	485,172	480,674	505,139
Mandan	2,250,000	166,667	166,667	166,666	166,667
Bismarck	1,000,000	83,333	83,333	83,334	83,333
West Fargo	750,000	104,167	104,167	104,166	104,167
Jamestown	500,000	41,667	41,667	41,666	41,667
Fargo	500,000	0	0	0	0
Grand Forks	500,000	41,667	41,667	41,666	41,667
Total	\$68,221,050	\$6,345,499	\$5,039,222	\$4,994,242	\$5,238,894

	January 2017	February 2017	Biennium-to- Date Total
Counties	\$9,069,582	\$9,427,759	\$185,989,753
Hub cities ¹	4,968,511	5,019,745	99,827,163
Other cities	3,035,732	3,156,969	62,234,584
Hub city school districts	1,062,500	1,062,500	21,375,000
Other school districts	1,584,163	1,625,540	30,486,614
Townships	895,673	929,834	18,384,781
Total	\$20,616,161	\$21,222,347	\$418,297,895
¹ The distributions to the hub cities are as follows:			
Williston	\$2,587,356	\$2,618,098	\$51,983,800
Dickinson	1,465,553	1,480,924	29,648,148
Minot	478,101	483,225	10,070,215
Mandan	166,667	166,666	3,250,000
Bismarck	83,333	83,334	1,500,000
West Fargo	104,167	104,166	1,375,000
Jamestown	41,667	41,666	750,000
Fargo	0	0	500,000
Grand Forks	41,667	41,666	750,000
Total	\$4,968,511	\$5,019,745	\$99,827,163