

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 September and October 2014.

	September 2014	October 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$151,471,984	\$143,355,214	(\$8,116,770)	(5.4%)
Oil extraction tax	181,851,708	171,415,002	(10,436,706)	(5.7%)
Total actual collections	\$333,323,692	\$314,770,216	(\$18,553,476)	(5.6%)
Forecasted collections				
Oil and gas gross production tax	\$100,564,037	\$100,564,037	\$0	0.0%
Oil extraction tax	131,743,676	131,743,676	0	0.0%
Total forecasted collections	\$232,307,713	\$232,307,713	\$0	0.0%
Increase (decrease) to forecast				
Amount	\$101,015,979	\$82,462,503		
Percentage	43.5%	35.5%		

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 months of July and August 2014. Monthly oil tax revenue collections reflect production from two months prior. For example, October 2014 oil tax revenue collections relate to August 2014 oil production.

	July 2014	August 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,114,421	1,132,331	17,910	1.6%
Average daily price of oil per barrel	\$86.20	\$78.46	(\$7.74)	(9.0%)
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 September and October 2014.

	September 2014	October 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$111,467,779	\$109,890,502	(\$1,577,277)	(1.4%)
Three Affiliated Tribes	23,331,193	25,326,376	1,995,183	8.6%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	20,853,120	13,682,605	(7,170,515)	(34.4%)
Political subdivisions	56,975,900	36,630,445	(20,345,455)	(35.7%)
Abandoned well reclamation fund	1,010,542	950,274	(60,268)	(6.0%)
North Dakota heritage fund	1,029,041	949,578	(79,463)	(7.7%)
Foundation aid stabilization fund	15,811,573	14,537,247	(1,274,326)	(8.1%)
Common schools trust fund	15,811,573	14,537,247	(1,274,326)	(8.1%)
Resources trust fund	31,623,147	29,074,495	(2,548,652)	(8.1%)
General fund	0	0	0	N/A
Property tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	55,409,824	69,191,447	13,781,623	24.9%
State disaster fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$333,323,692	\$314,770,216	(\$18,553,476)	(5.6%)

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 first 15 months of the 2011-13 and 2013-15 bienniums.

	August 2013 Through October 2014	August 2011 Through October 2012	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$1,934,771,637	\$1,031,257,550	\$903,514,087	87.6%
Oil extraction tax	2,283,477,003	1,127,391,543	1,156,085,460	102.5%
Total actual collections	\$4,218,248,640	\$2,158,649,093	\$2,059,599,547	95.4%
Forecasted collections				
Oil and gas gross production tax	\$1,400,847,976	\$632,999,232	\$767,848,744	121.3%
Oil extraction tax	1,835,177,533	606,624,264	1,228,553,269	202.5%
Total forecasted collections	\$3,236,025,509	\$1,239,623,496	\$1,996,402,013	161.0%
Increase (decrease) to forecast				
Amount	\$982,223,131	\$919,025,597		
Percentage	30.4%	74.1%		

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 first 15 months of 2011-13 and 2013-15 bienniums. Monthly oil tax revenue collections reflect production from two months prior. For example, October 2014 oil tax revenue collections relate to August 2014 oil production.

	June 2013 Through August 2014	June 2011 Through August 2012	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	975,811	548,484	427,327	77.9%
Average daily price of oil per barrel	\$85.01	\$82.03	\$2.98	3.6%
Forecasted average daily production and price				
Average daily production of oil in barrels	845,333	420,222	425,111	101.2%
Average daily price of oil per barrel	\$76.00	\$69.44	\$6.56	9.4%

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 15 months of the 2013-15 biennium to the 2011-13 biennium.

	August 2013 Through October 2014	August 2011 Through October 2012	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$1,261,715,095	\$589,094,030	\$672,621,065	114.2%
Three Affiliated Tribes	307,882,456	93,707,273	214,175,183	228.6%
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	99,999,999	140,000,001	140.0%
Political subdivisions	470,943,395	175,217,338	295,726,057	168.8%
Abandoned well reclamation fund	7,954,664	N/A	7,954,664	N/A
North Dakota heritage fund	12,933,023	N/A	12,933,023	N/A
Foundation aid stabilization fund	198,129,419	103,994,463	94,134,956	90.5%
Common schools trust fund	198,129,419	103,994,463	94,134,956	90.5%
Resources trust fund	396,258,840	207,988,929	188,269,911	90.5%
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	450,512,329	116,862,598	333,649,731	285.5%
State disaster fund	22,000,000	22,000,000	0	0.0%
Total oil and gas tax revenue allocations	\$4,218,248,640	\$2,158,649,093	\$2,059,599,547	95.4%

COMPARISON OF ACTUAL TO FORECAST - COLLECTIONS AND ALLOCATIONS

Monthly Comparison

The schedule below provides a comparison of actual to forecasted oil tax revenue collections and allocations for the month of October 2014.

	October 2014		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$143,355,214	\$100,564,037	\$42,791,177	42.6%
Oil extraction tax	171,415,002	131,743,676	39,671,326	30.1%
Total actual collections	\$314,770,216	\$232,307,713	\$82,462,503	35.5%
Allocations				
Legacy fund	\$109,890,502	\$80,766,460	\$29,124,042	36.1%
Three Affiliated Tribes	25,326,376	11,700,000	13,626,376	116.5%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	13,682,605	14,814,316	(1,131,711)	(7.6%)
Political subdivisions	36,630,445	30,035,206	6,595,239	22.0%
Abandoned well reclamation fund	950,274	770,912	179,362	23.3%
North Dakota heritage fund	949,578	770,912	178,666	23.2%
Foundation aid stabilization fund	14,537,247	12,424,368	2,112,879	17.0%
Common schools trust fund	14,537,247	12,424,368	2,112,879	17.0%
Resources trust fund	29,074,495	24,848,735	4,225,760	17.0%
General fund	0	0	0	N/A
Property tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	69,191,447	43,752,436	25,439,011	58.1%
State disaster fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$314,770,216	\$232,307,713	\$82,462,503	35.5%

Biennium-to-Date Comparison

The schedule below provides a comparison of actual to 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	\$1,934,771,637	\$1,400,847,976	\$533,923,661	38.1%
Oil extraction tax	2,283,477,003	1,835,177,533	448,299,470	24.4%
Total actual collections	\$4,218,248,640	\$3,236,025,509	\$982,223,131	30.4%
Allocations				
Legacy fund	\$1,261,715,095	\$968,391,680	\$293,323,415	30.3%
Three Affiliated Tribes	307,882,456	167,100,000	140,782,456	84.3%
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	240,000,000	193,550,790	46,449,210	24.0%
Political subdivisions	470,943,395	380,571,186	90,372,209	23.7%
Abandoned well reclamation fund	7,954,664	7,286,784	667,880	9.2%
North Dakota heritage fund	12,933,023	10,721,981	2,211,042	20.6%
Foundation aid stabilization fund	198,129,419	172,867,756	25,261,663	14.6%
Common schools trust fund	198,129,419	172,867,756	25,261,663	14.6%
Resources trust fund	396,258,840	345,735,506	50,523,334	14.6%
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	450,512,329	143,142,070	307,370,259	214.7%
State disaster fund	22,000,000	22,000,000	0	0.0%
Total oil and gas tax revenue allocations	\$4,218,248,640	\$3,236,025,509	\$982,223,131	30.4%

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, October 2014 distributions of oil and gas gross production tax collections relate to August 2014 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	Biennium-to- Date Total
Counties	\$197,538,275	\$32,339,212	\$20,175,767	\$250,053,254
Hub cities ¹	54,724,166	6,912,200	5,103,636	66,740,002
Other cities	66,635,265	10,829,819	6,758,411	84,223,495
Hub city school districts	8,750,000	708,334	708,334	10,166,668
Other school districts	21,661,622	2,994,868	1,898,537	26,555,027
Townships	18,982,777	3,191,467	1,985,760	24,160,004
Total	\$368,292,105	\$56,975,900	\$36,630,445	\$461,898,450
¹ The distributions to the hub cities are as follows:				
Williston	\$33,209,498	\$4,122,320	\$3,037,182	\$40,369,000
Dickinson	16,417,231	2,123,660	1,581,091	20,121,982
Minot	5,097,437	666,220	485,363	6,249,020
Total	\$54,724,166	\$6,912,200	\$5,103,636	\$66,740,002