

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 forecasted oil tax revenue collections for the months of August and September 2015.

	August 2015	September 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$95,364,418	\$82,342,580	(\$13,021,838)	(13.7%)
Oil extraction tax	93,764,109	84,390,468	(9,373,641)	(10.0%)
Total actual collections	\$189,128,527	\$166,733,048	(\$22,395,479)	(11.8%)
Forecasted collections				
Oil and gas gross production tax	\$66,480,480	\$70,758,864	\$4,278,384	6.4%
Oil extraction tax	13,850,100	14,741,430	891,330	6.4%
Total forecasted collections	\$80,330,580	\$85,500,294	\$5,169,714	6.4%
Increase (decrease) to forecast				
Amount	\$108,797,947	\$81,232,754		
Percentage	135.4%	95.0%		

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

	June 2015	July 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,211,328	1,201,920	(9,408)	(0.8%)
Average daily price - FHR	\$47.73	\$39.41	(\$8.32)	(17.4%)
Average daily price - WTI	\$59.83	\$50.93	(\$8.90)	(14.9%)
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	\$41.97	\$43.23	\$1.26	3.0%

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 August and September 2015.

	August 2015	September 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$52,445,900	\$46,082,947	(\$6,362,953)	(12.1%)
Three Affiliated Tribes	14,308,325	13,123,224	(1,185,101)	(8.3%)
Oil and gas research fund	1,792,695	926,704	(865,991)	(48.3%)
Oil and gas impact grant fund	0	6,047,182	6,047,182	N/A
Political subdivisions	21,176,944	43,190,388	22,013,444	104.0%
Abandoned well reclamation fund	650,406	557,069	(93,337)	(14.4%)
North Dakota outdoor heritage fund	650,599	1,114,138	463,539	71.2%
Foundation aid stabilization fund	7,912,454	7,085,299	(827,155)	(10.5%)
Common schools trust fund	7,912,454	7,085,299	(827,155)	(10.5%)
Resources trust fund	15,824,908	14,170,598	(1,654,310)	(10.5%)
General fund	66,453,309	27,350,200	(39,103,109)	(58.8%)
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	533	0	(533)	(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	\$189,128,527	\$166,733,048	(\$22,395,479)	(11.8%)

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

	August 2015 Through September 2015	August 2013 Through September 2013	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$177,706,998	\$234,696,119	(\$56,989,121)	(24.3%)
Oil extraction tax	178,154,577	267,194,826	(89,040,249)	(33.3%)
Total actual collections	\$355,861,575	\$501,890,945	(\$146,029,370)	(29.1%)
Forecasted collections				
Oil and gas gross production tax	\$137,239,344	\$181,151,229	(\$43,911,885)	(24.2%)
Oil extraction tax	28,591,530	237,316,734	(208,725,204)	(88.0%)
Total forecasted collections	\$165,830,874	\$418,467,963	(\$252,637,089)	(60.4%)
Increase (decrease) to forecast				
Amount	\$190,030,701	\$83,422,982		
Percentage	114.6%	19.9%		

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 two months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from two months prior. For example, September 2015 oil tax revenue collections relate to July 2015 oil production.

	June 2015 Through July 2015	June 2013 Through July 2013	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,206,624	848,667	357,957	42.2%
Average daily price - FHR	\$43.57	\$90.79	(\$47.22)	(52.0%)
Average daily price - WTI	\$55.38	\$100.22	(\$44.84)	(44.7%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	830,000	270,000	32.5%
Average daily price of oil per barrel	\$42.60	\$75.00	(\$32.40)	(43.2%)

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

	August 2013 Through July 2015	August 2011 Through July 2013	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$98,528,847	\$140,555,234	(\$42,026,387)	(29.9%)
Three Affiliated Tribes	27,431,549	32,579,492	(5,147,943)	(15.8%)
Oil and gas research fund	2,719,399	4,143,459	(1,424,060)	(34.4%)
Oil and gas impact grant fund	6,047,182	16,395,965	(10,348,783)	(63.1%)
Political subdivisions	64,367,332	61,662,261	2,705,071	4.4%
Abandoned well reclamation fund	1,207,475	1,554,791	(347,316)	(22.3%)
North Dakota outdoor heritage fund	1,764,737	1,554,791	209,946	13.5%
Foundation aid stabilization fund	14,997,753	23,651,021	(8,653,268)	(36.6%)
Common schools trust fund	14,997,753	23,651,021	(8,653,268)	(36.6%)
Resources trust fund	29,995,506	47,302,042	(17,306,536)	(36.6%)
General fund	93,803,509	148,621,712	(54,818,203)	(36.9%)
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	533	219,156	(218,623)	(99.8%)
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	\$355,861,575	\$501,890,945	(\$146,029,370)	(29.1%)

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 September 2015.

	September 2015		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$82,342,580	\$70,758,864	\$11,583,716	16.4%
Oil extraction tax	84,390,468	14,741,430	69,649,038	472.5%
Total actual collections	\$166,733,048	\$85,500,294	\$81,232,754	95.0%
Allocations				
Legacy fund	\$46,082,947	\$23,561,817	\$22,521,130	95.6%
Three Affiliated Tribes	13,123,224	6,960,904	6,162,320	88.5%
Oil and gas research fund	926,704	40,730	885,974	2,175.2%
Oil and gas impact grant fund	6,047,182	5,428,294	618,888	11.4%
Political subdivisions	43,190,388	40,874,368	2,316,020	5.7%
Abandoned well reclamation fund	557,069	518,521	38,548	7.4%
North Dakota outdoor heritage fund	1,114,138	1,037,042	77,096	7.4%
Foundation aid stabilization fund	7,085,299	1,270,711	5,814,588	457.6%
Common schools trust fund	7,085,299	1,270,711	5,814,588	457.6%
Resources trust fund	14,170,598	2,541,422	11,629,176	457.6%
General fund	27,350,200	1,995,774	25,354,426	1,270.4%
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	\$166,733,048	\$85,500,294	\$81,232,754	95.0%

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 2015-17 biennium.

	2015-17 Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$177,706,998	\$137,239,344	\$40,467,654	29.5%
Oil extraction tax	178,154,577	28,591,530	149,563,047	523.1%
Total actual collections	\$355,861,575	\$165,830,874	\$190,030,701	114.6%
Allocations				
Legacy fund	\$98,528,847	\$45,698,986	\$52,829,861	115.6%
Three Affiliated Tribes	27,431,549	13,500,922	13,930,627	103.2%
Oil and gas research fund	2,719,399	640,980	2,078,419	324.3%
Oil and gas impact grant fund	6,047,182	5,428,294	618,888	11.4%
Political subdivisions	64,367,332	56,278,245	8,089,087	14.4%
Abandoned well reclamation fund	1,207,475	1,005,690	201,785	20.1%
North Dakota outdoor heritage fund	1,764,737	2,011,380	(246,643)	(12.3%)
Foundation aid stabilization fund	14,997,753	2,464,590	12,533,163	508.5%
Common schools trust fund	14,997,753	2,464,590	12,533,163	508.5%
Resources trust fund	29,995,506	4,929,179	25,066,327	508.5%
General fund	93,803,509	31,408,018	62,395,491	198.7%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	533	0	533	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	\$355,861,575	\$165,830,874	\$190,030,701	114.6%

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 two months prior. For example, September 2015 distributions of oil and gas tax gross production tax collections relate to July 2015 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.

	September 2015	Biennium-to- Date Total
Counties	\$22,132,918	\$22,132,918
Hub cities ¹	7,502,930	7,502,930
Other cities	7,396,411	7,396,411
Hub city school districts	1,250,000	1,250,000
Other school districts	2,711,732	2,711,732
Townships	2,196,397	2,196,397
Total	\$43,190,388	\$43,190,388
¹ The distributions to the hub cities are as follows:		
Williston	\$4,039,258	\$4,039,258
Dickinson	2,238,379	2,238,379
Minot	766,959	766,959
Mandan	187,500	187,500
Bismarck	83,333	83,333
West Fargo	62,500	62,500
Jamestown	41,667	41,667
Fargo	41,667	41,667
Grand Forks	41,667	41,667
Total	\$7,502,930	\$7,502,930