

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 December 2015 and January 2016.

	December 2015	January 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$70,276,500	\$66,816,350	(\$3,460,150)	(4.9%)
Oil extraction tax	76,470,120	72,385,818	(4,084,302)	(5.3%)
Total actual collections	\$146,746,620	\$139,202,168	(\$7,544,452)	(5.1%)
Forecasted collections				
Oil and gas gross production tax	\$74,965,440	\$73,687,680	(\$1,277,760)	(1.7%)
Oil extraction tax	15,617,800	15,351,600	(266,200)	(1.7%)
Total forecasted collections	\$90,583,240	\$89,039,280	(\$1,543,960)	(1.7%)
Increase (decrease) to forecast				
Amount	\$56,163,380	\$50,162,888		
Percentage	62.0%	56.3%		

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 October and November 2015. Monthly oil tax revenue collections reflect production from 2 months prior. For example, January 2016 oil tax revenue collections relate to November 2015 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	October 2015	November 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,171,119	1,176,314	5,195	0.4%
Average daily price - FHR	\$34.37	\$32.16	(\$2.21)	(6.4%)
Average daily price - WTI	\$46.25	\$42.92	(\$3.33)	(7.2%)
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	\$45.80	\$46.52	\$0.72	1.6%

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 December 2015 and January 2016.

	December 2015	January 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$40,656,758	\$38,535,656	(\$2,121,102)	(5.2%)
Three Affiliated Tribes	11,224,092	10,749,980	(474,112)	(4.2%)
Oil and gas research fund	1,080,774	1,032,110	(48,664)	(4.5%)
Oil and gas impact grant fund	4,284,045	3,751,703	(532,342)	(12.4%)
Political subdivisions	24,597,427	23,321,646	(1,275,781)	(5.2%)
Abandoned well reclamation fund	476,926	452,729	(24,197)	(5.1%)
North Dakota outdoor heritage fund	953,853	905,458	(48,395)	(5.1%)
Foundation aid stabilization fund	6,468,265	6,111,110	(357,155)	(5.5%)
Common schools trust fund	6,468,265	6,111,110	(357,155)	(5.5%)
Resources trust fund	12,936,530	12,222,219	(714,311)	(5.5%)
General fund	37,599,685	4,469,069	(33,130,616)	(88.1%)
Tax relief fund	0	31,539,378	31,539,378	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	\$146,746,620	\$139,202,168	(\$7,544,452)	(5.1%)

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

	August 2015 Through January 2016	August 2013 Through January 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$443,477,891	\$735,474,212	(\$291,996,321)	(39.7%)
Oil extraction tax	457,652,228	854,255,813	(396,603,585)	(46.4%)
Total actual collections	\$901,130,119	\$1,589,730,025	(\$688,599,906)	(43.3%)
Forecasted collections				
Oil and gas gross production tax	\$429,760,320	\$548,892,160	(\$119,131,840)	(21.7%)
Oil extraction tax	89,533,400	719,074,859	(629,541,459)	(87.5%)
Total forecasted collections	\$519,293,720	\$1,267,967,019	(\$748,673,299)	(59.0%)
Increase (decrease) to forecast				
Amount	\$381,836,399	\$321,763,006		
Percentage	73.5%	25.4%		

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 6 months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from 2 months prior. For example, January 2016 oil tax revenue collections relate to November 2015 oil production.

	June 2015 Through November 2015	June 2013 Through November 2013	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,185,925	910,520	275,405	30.2%
Average daily price - FHR	\$35.73	\$87.54	(\$51.81)	(59.2%)
Average daily price - WTI	\$48.05	\$101.28	(\$53.23)	(52.6%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	838,333	261,667	31.2%
Average daily price of oil per barrel	\$44.48	\$75.00	(\$30.52)	(40.7%)

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

	August 2015 Through January 2016	August 2013 Through January 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$249,730,880	\$442,158,930	(\$192,428,050)	(43.5%)
Three Affiliated Tribes	68,693,312	115,048,374	(46,355,062)	(40.3%)
Oil and gas research fund	6,729,519	10,000,000	(3,270,481)	(32.7%)
Oil and gas impact grant fund	21,026,997	81,059,778	(60,032,781)	(74.1%)
Political subdivisions	160,403,629	181,164,266	(20,760,637)	(11.5%)
Abandoned well reclamation fund	3,017,164	4,873,508	(1,856,344)	(38.1%)
North Dakota outdoor heritage fund	5,384,115	4,873,508	510,607	10.5%
Foundation aid stabilization fund	38,651,148	74,480,667	(35,829,519)	(48.1%)
Common schools trust fund	38,651,148	74,480,667	(35,829,519)	(48.1%)
Resources trust fund	77,302,296	148,961,335	(71,659,039)	(48.1%)
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	31,539,378	252,409,836	(220,870,458)	(87.5%)
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	\$901,130,119	\$1,589,730,025	(\$688,599,906)	(43.3%)

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 January 2016.

	January 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$66,816,350	\$73,687,680	(\$6,871,330)	(9.3%)
Oil extraction tax	72,385,818	15,351,600	57,034,218	371.5%
Total actual collections	\$139,202,168	\$89,039,280	\$50,162,888	56.3%
Allocations				
Legacy fund	\$38,535,656	\$24,537,076	\$13,998,580	57.1%
Three Affiliated Tribes	10,749,980	7,249,027	3,500,953	48.3%
Oil and gas research fund	1,032,110	408,815	623,295	152.5%
Oil and gas impact grant fund	3,751,703	5,900,466	(2,148,763)	(36.4%)
Political subdivisions	23,321,646	23,998,797	(677,151)	(2.8%)
Abandoned well reclamation fund	452,729	539,983	(87,254)	(16.2%)
North Dakota outdoor heritage fund	905,458	1,079,967	(174,509)	(16.2%)
Foundation aid stabilization fund	6,111,110	1,323,308	4,787,802	361.8%
Common schools trust fund	6,111,110	1,323,308	4,787,802	361.8%
Resources trust fund	12,222,219	2,646,616	9,575,603	361.8%
General fund	4,469,069	20,031,917	(15,562,848)	(77.7%)
Tax relief fund	31,539,378	0	31,539,378	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	\$139,202,168	\$89,039,280	\$50,162,888	56.3%

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	\$443,477,891	\$429,760,320	\$13,717,571	3.2%
Oil extraction tax	457,652,228	89,533,400	368,118,828	411.2%
Total actual collections	\$901,130,119	\$519,293,720	\$381,836,399	73.5%
Allocations				
Legacy fund	\$249,730,880	\$143,104,813	\$106,626,067	74.5%
Three Affiliated Tribes	68,693,312	42,277,678	26,415,634	62.5%
Oil and gas research fund	6,729,519	2,107,297	4,622,222	219.3%
Oil and gas impact grant fund	21,026,997	28,670,688	(7,643,691)	(26.7%)
Political subdivisions	160,403,629	159,556,749	846,880	0.5%
Abandoned well reclamation fund	3,017,164	3,149,283	(132,119)	(4.2%)
North Dakota outdoor heritage fund	5,384,115	6,298,568	(914,453)	(14.5%)
Foundation aid stabilization fund	38,651,148	7,717,779	30,933,369	400.8%
Common schools trust fund	38,651,148	7,717,779	30,933,369	400.8%
Resources trust fund	77,302,296	15,435,556	61,866,740	400.8%
General fund	200,000,000	103,257,530	96,742,470	93.7%
Tax relief fund	31,539,378	0	31,539,378	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	\$901,130,119	\$519,293,720	\$381,836,399	73.5%

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, January 2016 distributions of oil and gas gross production tax collections relate to November 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	October 2015	November 2015	December 2015	January 2016	Biennium-to- Date Total
Counties	\$22,132,918	\$10,750,097	\$10,583,996	\$10,987,564	\$10,233,528	\$64,688,103
Hub cities ¹	7,502,930	5,801,627	5,776,344	5,835,816	5,727,856	30,644,573
Other cities	7,396,411	3,597,603	3,542,509	3,677,819	3,422,663	21,637,005
Hub city school districts	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	6,250,000
Other school districts	2,711,732	1,734,825	1,722,686	1,761,240	1,674,585	9,605,068
Townships	2,196,397	1,062,196	1,045,341	1,084,988	1,013,014	6,401,936
Total	\$43,190,388	\$24,196,348	\$23,920,876	\$24,597,427	\$23,321,646	\$139,226,685
¹ The distributions to the hub cities are as follows:						
Williston	\$4,039,258	\$3,018,476	\$3,003,307	\$3,038,989	\$2,974,213	\$16,074,243
Dickinson	2,238,379	1,727,988	1,720,404	1,738,245	1,705,857	9,130,873
Minot	766,959	596,829	594,301	600,248	589,452	3,147,789
Mandan	187,500	187,500	187,500	187,500	187,500	937,500
Bismarck	83,333	83,333	83,334	83,333	83,333	416,666
West Fargo	62,500	62,500	62,500	62,500	62,500	312,500
Jamestown	41,667	41,667	41,666	41,667	41,667	208,334
Fargo	41,667	41,667	41,666	41,667	41,667	208,334
Grand Forks	41,667	41,667	41,666	41,667	41,667	208,334
Total	\$7,502,930	\$5,801,627	\$5,776,344	\$5,835,816	\$5,727,856	\$30,644,573