

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 2016.

	January 2015	February 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$66,816,350	\$55,026,047	(\$11,790,303)	(17.6%)
Oil extraction tax	72,385,818	59,145,189	(13,240,629)	(18.3%)
Total actual collections	\$139,202,168	\$114,171,236	(\$25,030,932)	(18.0%)
Forecasted collections				
Oil and gas gross production tax	\$73,687,680	\$77,060,544	\$3,372,864	4.6%
Oil extraction tax	15,351,600	97,931,108	82,579,508	537.9%
Total forecasted collections	\$89,039,280	\$174,991,652	\$85,952,372	96.5%
Increase (decrease) to forecast				
Amount	\$50,162,888	(\$60,820,416)		
Percentage	56.3%	(34.8%)		

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

	November 2015	December 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,181,787	1,152,280	(29,507)	(2.5%)
Average daily price - FHR	\$32.16	\$26.75	(\$5.41)	(16.8%)
Average daily price - WTI	\$42.92	\$37.33	(\$5.59)	(13.0%)
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	\$46.52	\$47.08	\$0.56	1.2%

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 and February 2016.

	January 2016	February 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$38,535,656	\$31,728,506	(\$6,807,150)	(17.7%)
Three Affiliated Tribes	10,749,980	8,409,550	(2,340,430)	(21.8%)
Oil and gas research fund	1,032,110	858,180	(173,930)	(16.9%)
Oil and gas impact grant fund	3,751,703	2,041,320	(1,710,383)	(45.6%)
Political subdivisions	23,321,646	20,017,986	(3,303,660)	(14.2%)
Abandoned well reclamation fund	452,729	374,984	(77,745)	(17.2%)
North Dakota outdoor heritage fund	905,458	749,968	(155,490)	(17.2%)
Foundation aid stabilization fund	6,111,110	5,047,911	(1,063,199)	(17.4%)
Common schools trust fund	6,111,110	5,047,911	(1,063,199)	(17.4%)
Resources trust fund	12,222,219	10,095,822	(2,126,397)	(17.4%)
General fund	4,469,069	0	(4,469,069)	(100.0%)
Tax relief fund	31,539,378	29,799,098	(1,740,280)	(5.5%)
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	\$114,171,236	(\$25,030,932)	(18.0%)

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

	August 2015 Through February 2016	August 2013 Through February 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$498,503,938	\$850,453,960	(\$351,950,022)	(41.4%)
Oil extraction tax	516,797,417	989,648,572	(472,851,155)	(47.8%)
Total actual collections	\$1,015,301,355	\$1,840,102,532	(\$824,801,177)	(44.8%)
Forecasted collections				
Oil and gas gross production tax	\$506,820,864	\$643,170,945	(\$136,350,081)	(21.2%)
Oil extraction tax	187,464,508	842,584,555	(655,120,047)	(77.8%)
Total forecasted collections	\$694,285,372	\$1,485,755,500	(\$791,470,128)	(53.3%)
Increase (decrease) to forecast				
Amount	\$321,015,983	\$354,347,032		
Percentage	46.2%	23.8%		

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

	June 2015 Through December 2015	June 2013 Through December 2013	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,181,900	912,830	269,070	29.5%
Average daily price - FHR	\$34.44	\$85.53	(\$51.09)	(59.7%)
Average daily price - WTI	\$46.52	\$100.76	(\$54.24)	(53.8%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	840,000	260,000	31.0%
Average daily price of oil per barrel	\$44.85	\$75.00	(\$30.15)	(40.2%)

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

	August 2015 Through February 2016	August 2013 Through February 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$281,459,386	\$511,740,786	(\$230,281,400)	(45.0%)
Three Affiliated Tribes	77,102,862	133,494,875	(56,392,013)	(42.2%)
Oil and gas research fund	7,587,699	10,000,000	(2,412,301)	(24.1%)
Oil and gas impact grant fund	23,068,317	96,461,289	(73,392,972)	(76.1%)
Political subdivisions	180,421,615	206,649,680	(26,228,065)	(12.7%)
Abandoned well reclamation fund	3,392,148	5,000,000	(1,607,852)	(32.2%)
North Dakota outdoor heritage fund	6,134,083	5,642,036	492,047	8.7%
Foundation aid stabilization fund	43,699,059	86,279,462	(42,580,403)	(49.4%)
Common schools trust fund	43,699,059	86,279,462	(42,580,403)	(49.4%)
Resources trust fund	87,398,118	172,558,926	(85,160,808)	(49.4%)
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	61,338,476	325,776,860	(264,438,384)	(81.2%)
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	\$1,015,301,355	\$1,840,102,532	(\$824,801,177)	(44.8%)

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 2016.

	February 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$55,026,047	\$77,060,544	(\$22,034,497)	(28.6%)
Oil extraction tax	59,145,189	97,931,108	(38,785,919)	(39.6%)
Total actual collections	\$114,171,236	\$174,991,652	(\$60,820,416)	(34.8%)
Allocations				
Legacy fund	\$31,728,506	\$48,528,395	(\$16,799,889)	(34.6%)
Three Affiliated Tribes	8,409,550	13,230,333	(4,820,783)	(36.4%)
Oil and gas research fund	858,180	941,031	(82,851)	(8.8%)
Oil and gas impact grant fund	2,041,320	6,444,226	(4,402,906)	(68.3%)
Political subdivisions	20,017,986	24,276,397	(4,258,411)	(17.5%)
Abandoned well reclamation fund	374,984	564,700	(189,716)	(33.6%)
North Dakota outdoor heritage fund	749,968	1,129,399	(379,431)	(33.6%)
Foundation aid stabilization fund	5,047,911	8,441,661	(3,393,750)	(40.2%)
Common schools trust fund	5,047,911	8,441,661	(3,393,750)	(40.2%)
Resources trust fund	10,095,822	16,883,323	(6,787,501)	(40.2%)
General fund	0	46,110,526	(46,110,526)	(100.0%)
Tax relief fund	29,799,098	0	29,799,098	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	\$114,171,236	\$174,991,652	(\$60,820,416)	(34.8%)

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	\$498,503,938	\$506,820,864	(\$8,316,926)	(1.6%)
Oil extraction tax	516,797,417	187,464,508	329,332,909	175.7%
Total actual collections	\$1,015,301,355	\$694,285,372	\$321,015,983	46.2%
Allocations				
Legacy fund	\$281,459,386	\$191,633,208	\$89,826,178	46.9%
Three Affiliated Tribes	77,102,862	55,508,011	21,594,851	38.9%
Oil and gas research fund	7,587,699	3,048,328	4,539,371	148.9%
Oil and gas impact grant fund	23,068,317	35,114,914	(12,046,597)	(34.3%)
Political subdivisions	180,421,615	183,833,146	(3,411,531)	(1.9%)
Abandoned well reclamation fund	3,392,148	3,713,983	(321,835)	(8.7%)
North Dakota outdoor heritage fund	6,134,083	7,427,967	(1,293,884)	(17.4%)
Foundation aid stabilization fund	43,699,059	16,159,440	27,539,619	170.4%
Common schools trust fund	43,699,059	16,159,440	27,539,619	170.4%
Resources trust fund	87,398,118	32,318,879	55,079,239	170.4%
General fund	200,000,000	149,368,056	50,631,944	33.9%
Tax relief fund	61,338,476	0	61,338,476	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	\$1,015,301,355	\$694,285,372	\$321,015,983	46.2%

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 2016 distributions of oil and gas gross production tax collections relate to December 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
Counties	\$22,132,918	\$10,750,097	\$10,583,996	\$10,987,564	\$10,233,528
Hub cities ¹	7,502,930	5,801,627	5,776,344	5,835,816	5,727,856
Other cities	7,396,411	3,597,603	3,542,509	3,677,819	3,422,663
Hub city school districts	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Other school districts	2,711,732	1,734,825	1,722,686	1,761,240	1,674,585
Townships	2,196,397	1,062,196	1,045,341	1,084,988	1,013,014
Total	\$43,190,388	\$24,196,348	\$23,920,876	\$24,597,427	\$23,321,646
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
Dickinson	2,238,379	1,727,988	1,720,404	1,738,245	1,705,857
Minot	766,959	596,829	594,301	600,248	589,452
Mandan	187,500	187,500	187,500	187,500	187,500
Bismarck	83,333	83,333	83,334	83,333	83,333
West Fargo	62,500	62,500	62,500	62,500	62,500
Jamestown	41,667	41,667	41,666	41,667	41,667
Fargo	41,667	41,667	41,666	41,667	41,667
Grand Forks	41,667	41,667	41,666	41,667	41,667
Total	\$7,502,930	\$5,801,627	\$5,776,344	\$5,835,816	\$5,727,856

	February 2016	Biennium-to- Date Total
Counties	\$8,251,238	\$72,939,341
Hub cities ¹	5,430,470	36,075,043
Other cities	2,761,931	24,398,936
Hub city school districts	1,250,000	7,500,000
Other school districts	1,509,591	11,114,659
Townships	814,756	7,216,692
Total	\$20,017,986	\$159,244,671
¹ The distributions to the hub cities are as follows:		
Williston	\$2,795,783	\$18,870,026
Dickinson	1,616,641	10,747,514
Minot	559,714	3,707,503
Mandan	187,500	1,125,000
Bismarck	83,334	500,000
West Fargo	62,500	375,000
Jamestown	41,666	250,000
Fargo	41,666	250,000
Grand Forks	41,666	250,000
Total	\$5,430,470	\$36,075,043