

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 February and March 2016.

	February 2016	March 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$55,026,047	\$43,791,551	(\$11,234,496)	(20.4%)
Oil extraction tax	59,145,189	38,836,441	(20,308,748)	(34.3%)
Total actual collections	\$114,171,236	\$82,627,992	(\$31,543,244)	(27.6%)
Forecasted collections				
Oil and gas gross production tax	\$77,060,544	\$77,878,944	\$818,400	1.1%
Oil extraction tax	97,931,108	77,878,944	(20,052,164)	(20.5%)
Total forecasted collections	\$174,991,652	\$155,757,888	(\$19,233,764)	(11.0%)
Increase (decrease) to forecast				
Amount	(\$60,820,416)	(\$73,129,896)		
Percentage	(34.8%)	(47.0%)		

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

	December 2015	January 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,152,696	1,122,100	(30,596)	(2.7%)
Average daily price - FHR	\$26.75	\$21.13	(\$5.62)	(21.0%)
Average daily price - WTI	\$37.33	\$31.78	(\$5.55)	(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	\$47.08	\$47.58	\$0.50	1.1%

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 February and March 2016.

	February 2016	March 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$31,728,506	\$22,976,563	(\$8,751,943)	(27.6%)
Three Affiliated Tribes	8,409,550	6,039,448	(2,370,102)	(28.2%)
Oil and gas research fund	858,180	647,153	(211,027)	(24.6%)
Oil and gas impact grant fund	2,041,320	398,471	(1,642,849)	(80.5%)
Political subdivisions	20,017,986	16,911,207	(3,106,779)	(15.5%)
Abandoned well reclamation fund	374,984	300,309	(74,675)	(19.9%)
North Dakota outdoor heritage fund	749,968	600,619	(149,349)	(19.9%)
Foundation aid stabilization fund	5,047,911	3,301,044	(1,746,867)	(34.6%)
Common schools trust fund	5,047,911	3,301,044	(1,746,867)	(34.6%)
Resources trust fund	10,095,822	6,602,087	(3,493,735)	(34.6%)
General fund	0	0	0	N/A
Tax relief fund	29,799,098	21,550,047	(8,249,051)	(27.7%)
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	\$82,627,992	(\$31,543,244)	(27.6%)

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

	August 2015 Through March 2016	August 2013 Through March 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$542,295,489	\$964,797,880	(\$422,502,391)	(43.8%)
Oil extraction tax	555,633,858	1,125,084,961	(569,451,103)	(50.6%)
Total actual collections	\$1,097,929,347	\$2,089,882,841	(\$991,953,494)	(47.5%)
Forecasted collections				
Oil and gas gross production tax	\$584,699,808	\$737,449,730	(\$152,749,922)	(20.7%)
Oil extraction tax	265,343,452	966,094,251	(700,750,799)	(72.5%)
Total forecasted collections	\$850,043,260	\$1,703,543,981	(\$853,500,721)	(50.1%)
Increase (decrease) to forecast				
Amount	\$247,886,087	\$386,338,860		
Percentage	29.2%	22.7%		

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

	June 2015 Through January 2016	June 2013 Through January 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,174,477	915,617	258,860	28.3%
Average daily price - FHR	\$32.78	\$84.11	(\$51.33)	(61.0%)
Average daily price - WTI	\$44.68	\$99.99	(\$55.31)	(55.3%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	841,250	258,750	30.8%
Average daily price of oil per barrel	\$45.19	\$75.00	(\$29.81)	(39.7%)

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

	August 2015 Through March 2016	August 2013 Through March 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$304,435,949	\$581,199,180	(\$276,763,231)	(47.6%)
Three Affiliated Tribes	83,142,310	151,629,533	(68,487,223)	(45.2%)
Oil and gas research fund	8,234,852	10,000,000	(1,765,148)	(17.7%)
Oil and gas impact grant fund	23,466,788	111,964,316	(88,497,528)	(79.0%)
Political subdivisions	197,332,822	232,111,285	(34,778,463)	(15.0%)
Abandoned well reclamation fund	3,692,457	5,000,000	(1,307,543)	(26.2%)
North Dakota outdoor heritage fund	6,734,702	6,409,523	325,179	5.1%
Foundation aid stabilization fund	47,000,103	98,042,672	(51,042,569)	(52.1%)
Common schools trust fund	47,000,103	98,042,672	(51,042,569)	(52.1%)
Resources trust fund	94,000,205	196,085,346	(102,085,141)	(52.1%)
General fund	200,000,000	257,389,158	(57,389,158)	(22.3%)
Tax relief fund	82,888,523	341,790,000	(258,901,477)	(75.7%)
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	\$1,097,929,347	\$2,089,882,841	(\$991,953,494)	(47.5%)

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 March 2016.

	March 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$43,791,551	\$77,878,944	(\$34,087,393)	(43.8%)
Oil extraction tax	38,836,441	77,878,944	(39,042,503)	(50.1%)
Total actual collections	\$82,627,992	\$155,757,888	(\$73,129,896)	(47.0%)
Allocations				
Legacy fund	\$22,976,563	\$43,152,723	(\$20,176,160)	(46.8%)
Three Affiliated Tribes	6,039,448	11,915,479	(5,876,031)	(49.3%)
Oil and gas research fund	647,153	832,372	(185,219)	(22.3%)
Oil and gas impact grant fund	398,471	6,576,164	(6,177,693)	(93.9%)
Political subdivisions	16,911,207	23,930,164	(7,018,957)	(29.3%)
Abandoned well reclamation fund	300,309	570,697	(270,388)	(47.4%)
North Dakota outdoor heritage fund	600,619	1,141,394	(540,775)	(47.4%)
Foundation aid stabilization fund	3,301,044	6,713,165	(3,412,121)	(50.8%)
Common schools trust fund	3,301,044	6,713,165	(3,412,121)	(50.8%)
Resources trust fund	6,602,087	13,426,330	(6,824,243)	(50.8%)
General fund	0	40,786,235	(40,786,235)	(100.0%)
Tax relief fund	21,550,047	0	21,550,047	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	\$82,627,992	\$155,757,888	(\$73,129,896)	(47.0%)

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	\$542,295,489	\$584,699,808	(\$42,404,319)	(7.3%)
Oil extraction tax	555,633,858	265,343,452	290,290,406	109.4%
Total actual collections	\$1,097,929,347	\$850,043,260	\$247,886,087	29.2%
Allocations				
Legacy fund	\$304,435,949	\$234,785,931	\$69,650,018	29.7%
Three Affiliated Tribes	83,142,310	67,423,490	15,718,820	23.3%
Oil and gas research fund	8,234,852	3,880,700	4,354,152	112.2%
Oil and gas impact grant fund	23,466,788	41,691,078	(18,224,290)	(43.7%)
Political subdivisions	197,332,822	207,763,310	(10,430,488)	(5.0%)
Abandoned well reclamation fund	3,692,457	4,284,680	(592,223)	(13.8%)
North Dakota outdoor heritage fund	6,734,702	8,569,361	(1,834,659)	(21.4%)
Foundation aid stabilization fund	47,000,103	22,872,605	24,127,498	105.5%
Common schools trust fund	47,000,103	22,872,605	24,127,498	105.5%
Resources trust fund	94,000,205	45,745,209	48,254,996	105.5%
General fund	200,000,000	190,154,291	9,845,709	5.2%
Tax relief fund	82,888,523	0	82,888,523	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	\$1,097,929,347	\$850,043,260	\$247,886,087	29.2%

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, March 2016 distributions of oil and gas gross production tax collections relate to January 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.

	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	March 2016	Biennium-to- Date Total
Counties	\$8,251,238	\$6,395,786	\$79,335,127
Hub cities ¹	5,430,470	5,156,029	41,231,072
Other cities	2,761,931	2,140,575	26,539,511
Hub city school districts	1,250,000	1,250,000	8,750,000
Other school districts	1,509,591	1,337,021	12,451,680
Townships	814,756	631,796	7,848,488
Total	\$20,017,986	\$16,911,207	\$176,155,878
¹ The distributions to the hub cities are as follows:			
Williston	\$2,795,783	\$2,631,117	\$21,501,143
Dickinson	1,616,641	1,534,308	12,281,822
Minot	559,714	532,270	4,239,773
Mandan	187,500	187,500	1,312,500
Bismarck	83,334	83,333	583,333
West Fargo	62,500	62,500	437,500
Jamestown	41,666	41,667	291,667
Fargo	41,666	41,667	291,667
Grand Forks	41,666	41,667	291,667
Total	\$5,430,470	\$5,156,029	\$41,231,072