

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 June and July 2016.

	June 2016	July 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$54,135,352	\$61,134,790	\$6,999,438	12.9%
Oil extraction tax	47,208,969	54,413,505	7,204,536	15.3%
Total actual collections	\$101,344,321	\$115,548,295	\$14,203,974	14.0%
Forecasted collections				
Oil and gas gross production tax	\$77,251,680	\$80,399,616	\$3,147,936	4.1%
Oil extraction tax	77,251,680	80,399,616	3,147,936	4.1%
Total forecasted collections	\$154,503,360	\$160,799,232	\$6,295,872	4.1%
Increase (decrease) to forecast				
Amount	(\$53,159,039)	(\$45,250,937)		
Percentage	(34.4%)	(28.1%)		

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

	April 2016	May 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,041,981	1,047,364	5,383	0.5%
Average daily price - FHR	\$30.75	\$33.74	\$2.99	9.7%
Average daily price - WTI	\$41.13	\$46.80	\$5.67	13.8%
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	\$48.77	\$49.12	\$0.35	0.7%

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 June and July 2016.

	June 2016	July 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$28,319,084	\$32,497,395	\$4,178,311	14.8%
Three Affiliated Tribes	6,947,373	7,223,644	276,271	4.0%
Oil and gas research fund	394,099	0	(394,099)	(100.0%)
Oil and gas impact grant fund	2,032,888	3,147,876	1,114,988	54.8%
Political subdivisions	19,387,592	20,982,524	1,594,932	8.2%
Abandoned well reclamation fund	374,601	425,282	50,681	13.5%
North Dakota outdoor heritage fund	749,202	850,565	101,363	13.5%
Foundation aid stabilization fund	4,062,445	4,794,073	731,628	18.0%
Common schools trust fund	4,062,445	4,794,073	731,628	18.0%
Resources trust fund	8,124,891	9,588,145	1,463,254	18.0%
General fund	0	0	0	N/A
Tax relief fund	26,889,701	31,244,718	4,355,017	16.2%
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	\$101,344,321	\$115,548,295	\$14,203,974	14.0%

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

	August 2015 Through July 2016	August 2013 Through July 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$751,551,512	\$1,492,918,264	(\$741,366,752)	(49.7%)
Oil extraction tax	734,990,576	1,754,679,344	(1,019,688,768)	(58.1%)
Total actual collections	\$1,486,542,088	\$3,247,597,608	(\$1,761,055,520)	(54.2%)
Forecasted collections				
Oil and gas gross production tax	\$892,564,992	\$1,102,399,866	(\$209,834,874)	(19.0%)
Oil extraction tax	573,208,636	1,444,196,301	(870,987,665)	(60.3%)
Total forecasted collections	\$1,465,773,628	\$2,546,596,167	(\$1,080,822,539)	(42.4%)
Increase (decrease) to forecast				
Amount	\$20,768,460	\$701,001,441		
Percentage	1.4%	27.5%		

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

	June 2015 Through May 2016	June 2013 Through May 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,143,003	941,491	201,512	21.4%
Average daily price - FHR	\$30.95	\$85.04	(\$54.09)	(63.6%)
Average daily price - WTI	\$42.83	\$100.49	(\$57.66)	(57.4%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	844,167	255,833	30.3%
Average daily price of oil per barrel	\$46.32	\$75.00	(\$28.68)	(38.2%)

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

	August 2015 Through July 2016	August 2013 Through July 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$413,473,150	\$926,635,943	(\$513,162,793)	(55.4%)
Three Affiliated Tribes	108,297,714	236,109,911	(127,812,197)	(54.1%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	30,731,051	185,522,434	(154,791,383)	(83.4%)
Political subdivisions	273,485,498	346,038,583	(72,553,085)	(21.0%)
Abandoned well reclamation fund	5,151,439	5,000,000	151,439	3.0%
North Dakota outdoor heritage fund	9,652,666	9,960,556	(307,890)	(3.1%)
Foundation aid stabilization fund	62,593,025	152,567,738	(89,974,713)	(59.0%)
Common schools trust fund	62,593,025	152,567,738	(89,974,713)	(59.0%)
Resources trust fund	125,186,050	305,135,475	(179,949,425)	(59.0%)
General fund	200,000,000	300,000,000	(100,000,000)	(33.3%)
Tax relief fund	185,377,937	341,790,000	(156,412,063)	(45.8%)
Strategic investment and improvements fund	533	254,269,230	(254,268,697)	(100.0%)
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	22,000,000	(22,000,000)	(100.0%)
Total oil and gas tax revenue allocations	\$1,486,542,088	\$3,247,597,608	(\$1,761,055,520)	(54.2%)

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 July 2016.

	July 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$61,134,790	\$80,399,616	(\$19,264,826)	(24.0%)
Oil extraction tax	54,413,505	80,399,616	(25,986,111)	(32.3%)
Total actual collections	\$115,548,295	\$160,799,232	(\$45,250,937)	(28.1%)
Allocations				
Legacy fund	\$32,497,395	\$44,549,427	(\$12,052,032)	(27.1%)
Three Affiliated Tribes	7,223,644	12,301,143	(5,077,499)	(41.3%)
Oil and gas research fund	0	861,879	(861,879)	(100.0%)
Oil and gas impact grant fund	3,147,876	7,571,705	(4,423,829)	(58.4%)
Political subdivisions	20,982,524	24,382,866	(3,400,342)	(13.9%)
Abandoned well reclamation fund	425,282	0	425,282	N/A
North Dakota outdoor heritage fund	850,565	1,178,337	(327,772)	(27.8%)
Foundation aid stabilization fund	4,794,073	6,930,447	(2,136,374)	(30.8%)
Common schools trust fund	4,794,073	6,930,447	(2,136,374)	(30.8%)
Resources trust fund	9,588,145	13,860,894	(4,272,749)	(30.8%)
General fund	0	0	0	N/A
Tax relief fund	31,244,718	42,232,087	(10,987,369)	(26.0%)
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	\$115,548,295	\$160,799,232	(\$45,250,937)	(28.1%)

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	\$751,551,512	\$892,564,992	(\$141,013,480)	(15.8%)
Oil extraction tax	734,990,576	573,208,636	161,781,940	28.2%
Total actual collections	\$1,486,542,088	\$1,465,773,628	\$20,768,460	1.4%
Allocations				
Legacy fund	\$413,473,150	\$405,374,028	\$8,099,122	2.0%
Three Affiliated Tribes	108,297,714	114,526,869	(6,229,155)	(5.4%)
Oil and gas research fund	10,000,000	7,177,632	2,822,368	39.3%
Oil and gas impact grant fund	30,731,051	68,947,918	(38,216,867)	(55.4%)
Political subdivisions	273,485,498	302,319,476	(28,833,978)	(9.5%)
Abandoned well reclamation fund	5,151,439	5,000,000	151,439	3.0%
North Dakota outdoor heritage fund	9,652,666	13,081,434	(3,428,768)	(26.2%)
Foundation aid stabilization fund	62,593,025	49,410,583	13,182,442	26.7%
Common schools trust fund	62,593,025	49,410,583	13,182,442	26.7%
Resources trust fund	125,186,050	98,821,166	26,364,884	26.7%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	185,377,937	151,703,939	33,673,998	22.2%
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	\$1,486,542,088	\$1,465,773,628	\$20,768,460	1.4%

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, July 2016 distributions of oil and gas gross production tax collections relate to May 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	February 2016
Counties	\$22,132,918	\$10,750,097	\$10,583,996	\$10,987,564	\$10,233,528	\$8,251,238
Hub cities ¹	7,502,930	5,801,627	5,776,344	5,835,816	5,727,856	5,430,470
Other cities	7,396,411	3,597,603	3,542,509	3,677,819	3,422,663	2,761,931
Hub city school districts	1,250,000	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	1,509,591
Townships	2,196,397	1,062,196	1,045,341	1,084,988	1,013,014	814,756
Total	\$43,190,388	\$24,196,348	\$23,920,876	\$24,597,427	\$23,321,646	\$20,017,986

¹The distributions to the hub cities are as follows:

Williston	\$4,039,258	\$3,018,476	\$3,003,307	\$3,038,989	\$2,974,213	\$2,795,783
Dickinson	2,238,379	1,727,988	1,720,404	1,738,245	1,705,857	1,616,641
Minot	766,959	596,829	594,301	600,248	589,452	559,714
Mandan	187,500	187,500	187,500	187,500	187,500	187,500
Bismarck	83,333	83,333	83,334	83,333	83,333	83,334
West Fargo	62,500	62,500	62,500	62,500	62,500	62,500
Jamestown	41,667	41,667	41,666	41,667	41,667	41,666
Fargo	41,667	41,667	41,666	41,667	41,667	41,666
Grand Forks	41,667	41,667	41,666	41,667	41,667	41,666
Total	\$7,502,930	\$5,801,627	\$5,776,344	\$5,835,816	\$5,727,856	\$5,430,470

	March 2016	April 2016	May 2016	June 2016	July 2016	Biennium-to- Date Total
Counties	\$6,395,786	\$6,081,029	\$7,883,784	\$7,875,415	\$8,822,111	\$109,997,466
Hub cities ¹	5,156,029	5,111,974	5,374,790	5,375,182	5,512,568	62,605,586
Other cities	2,140,575	2,033,321	2,639,862	2,635,852	2,954,838	36,803,384
Hub city school districts	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	13,750,000
Other school districts	1,337,021	1,296,169	1,481,571	1,473,243	1,573,517	18,276,180
Townships	631,796	602,423	777,637	777,900	869,490	10,875,938
Total	\$16,911,207	\$16,374,916	\$19,407,644	\$19,387,592	\$20,982,524	\$252,308,554

¹The distributions to the hub cities are as follows:

Williston	\$2,631,117	\$2,604,684	\$2,762,375	\$2,762,609	\$2,845,041	\$32,475,852
Dickinson	1,534,308	1,521,092	1,599,937	1,600,054	1,641,270	18,644,175
Minot	532,270	527,864	554,146	554,185	567,923	6,443,891
Mandan	187,500	187,500	187,500	187,500	187,500	2,062,500
Bismarck	83,333	83,333	83,334	83,333	83,333	916,666
West Fargo	62,500	62,500	62,500	62,500	62,500	687,500
Jamestown	41,667	41,667	41,666	41,667	41,667	458,334
Fargo	41,667	41,667	41,666	41,667	41,667	458,334
Grand Forks	41,667	41,667	41,666	41,667	41,667	458,334
Total	\$5,156,029	\$5,111,974	\$5,374,790	\$5,375,182	\$5,512,568	\$62,605,586