

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 July and August 2016.

	July 2016	August 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$61,134,790	\$68,527,681	\$7,392,891	12.1%
Oil extraction tax	54,413,505	58,710,783	4,297,278	7.9%
Total actual collections	\$115,548,295	\$127,238,464	\$11,690,169	10.1%
Forecasted collections				
Oil and gas gross production tax	\$80,399,616	\$78,312,960	(\$2,086,656)	(2.6%)
Oil extraction tax	80,399,616	78,312,960	(2,086,656)	(2.6%)
Total forecasted collections	\$160,799,232	\$156,625,920	(\$4,173,312)	(2.6%)
Increase (decrease) to forecast				
Amount	(\$45,250,937)	(\$29,387,456)		
Percentage	(28.1%)	(18.8%)		

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

	May 2016	June 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,047,003	1,026,584	(20,419)	(2.0%)
Average daily price - FHR	\$33.74	\$38.40	\$4.66	13.8%
Average daily price - WTI	\$46.80	\$48.84	\$2.04	4.4%
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	\$49.12	\$49.44	\$0.32	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 July and August 2016.

	July 2016	August 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$32,497,395	\$35,333,461	\$2,836,066	8.7%
Three Affiliated Tribes	7,223,644	9,460,261	2,236,617	31.0%
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	3,147,876	4,130,217	982,341	31.2%
Political subdivisions	20,982,524	22,137,155	1,154,631	5.5%
Abandoned well reclamation fund	425,282	469,934	44,652	10.5%
North Dakota outdoor heritage fund	850,565	939,868	89,303	10.5%
Foundation aid stabilization fund	4,794,073	4,957,618	163,545	3.4%
Common schools trust fund	4,794,073	4,957,618	163,545	3.4%
Resources trust fund	9,588,145	9,915,236	327,091	3.4%
General fund	0	0	0	N/A
Tax relief fund	31,244,718	34,937,096	3,692,378	11.8%
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	\$127,238,464	\$11,690,169	10.1%

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

	August 2015 Through August 2016	August 2013 Through August 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$820,079,193	\$1,639,944,439	(\$819,865,246)	(50.0%)
Oil extraction tax	793,701,359	1,930,210,293	(1,136,508,934)	(58.9%)
Total actual collections	\$1,613,780,552	\$3,570,154,732	(\$1,956,374,180)	(54.8%)
Forecasted collections				
Oil and gas gross production tax	\$970,877,952	\$1,199,719,902	(\$228,841,950)	(19.1%)
Oil extraction tax	651,521,596	1,571,690,181	(920,168,585)	(58.5%)
Total forecasted collections	\$1,622,399,548	\$2,771,410,083	(\$1,149,010,535)	(41.5%)
Increase (decrease) to forecast				
Amount	(\$8,618,996)	\$798,744,649		
Percentage	(0.5%)	28.8%		

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

	June 2015 Through June 2016	June 2013 Through June 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,134,020	953,109	180,911	19.0%
Average daily price - FHR	\$31.52	\$85.42	(\$53.90)	(63.1%)
Average daily price - WTI	\$43.29	\$100.89	(\$57.60)	(57.1%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	844,615	255,385	30.2%
Average daily price of oil per barrel	\$46.56	\$75.38	(\$28.82)	(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 13 months of the 2015-17 biennium to the 2013-15 biennium.

	August 2015 Through August 2016	August 2013 Through August 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$448,806,611	\$1,040,356,814	(\$591,550,203)	(56.9%)
Three Affiliated Tribes	117,757,975	259,224,887	(141,466,912)	(54.6%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	34,861,268	205,464,275	(170,603,007)	(83.0%)
Political subdivisions	295,622,653	377,337,050	(81,714,397)	(21.7%)
Abandoned well reclamation fund	5,621,373	5,993,848	(372,475)	(6.2%)
North Dakota outdoor heritage fund	10,592,534	10,954,404	(361,870)	(3.3%)
Foundation aid stabilization fund	67,550,643	167,780,599	(100,229,956)	(59.7%)
Common schools trust fund	67,550,643	167,780,599	(100,229,956)	(59.7%)
Resources trust fund	135,101,286	335,561,198	(200,459,912)	(59.7%)
General fund	200,000,000	300,000,000	(100,000,000)	(33.3%)
Tax relief fund	220,315,033	341,790,000	(121,474,967)	(35.5%)
Strategic investment and improvements fund	533	325,911,058	(325,910,525)	(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	\$1,613,780,552	\$3,570,154,732	(\$1,956,374,180)	(54.8%)

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 August 2016.

	August 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$68,527,681	\$78,312,960	(\$9,785,279)	(12.5%)
Oil extraction tax	58,710,783	78,312,960	(19,602,177)	(25.0%)
Total actual collections	\$127,238,464	\$156,625,920	(\$29,387,456)	(18.8%)
Allocations				
Legacy fund	\$35,333,461	\$43,393,211	(\$8,059,750)	(18.6%)
Three Affiliated Tribes	9,460,261	11,981,883	(2,521,622)	(21.0%)
Oil and gas research fund	0	845,101	(845,101)	(100.0%)
Oil and gas impact grant fund	4,130,217	6,646,135	(2,515,918)	(37.9%)
Political subdivisions	22,137,155	23,625,722	(1,488,567)	(6.3%)
Abandoned well reclamation fund	469,934	573,877	(103,943)	(18.1%)
North Dakota outdoor heritage fund	939,868	1,147,755	(207,887)	(18.1%)
Foundation aid stabilization fund	4,957,618	6,750,577	(1,792,959)	(26.6%)
Common schools trust fund	4,957,618	6,750,577	(1,792,959)	(26.6%)
Resources trust fund	9,915,236	13,501,154	(3,585,918)	(26.6%)
General fund	0	0	0	N/A
Tax relief fund	34,937,096	41,409,928	(6,472,832)	(15.6%)
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	\$127,238,464	\$156,625,920	(\$29,387,456)	(18.8%)

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	\$820,079,193	\$970,877,952	(\$150,798,759)	(15.5%)
Oil extraction tax	793,701,359	651,521,596	142,179,763	21.8%
Total actual collections	\$1,613,780,552	\$1,622,399,548	(\$8,618,996)	(0.5%)
Allocations				
Legacy fund	\$448,806,611	\$448,767,239	\$39,372	0.0%
Three Affiliated Tribes	117,757,975	126,508,752	(8,750,777)	(6.9%)
Oil and gas research fund	10,000,000	8,022,733	1,977,267	24.6%
Oil and gas impact grant fund	34,861,268	75,594,053	(40,732,785)	(53.9%)
Political subdivisions	295,622,653	325,945,198	(30,322,545)	(9.3%)
Abandoned well reclamation fund	5,621,373	5,573,877	47,496	0.9%
North Dakota outdoor heritage fund	10,592,534	14,229,189	(3,636,655)	(25.6%)
Foundation aid stabilization fund	67,550,643	56,161,160	11,389,483	20.3%
Common schools trust fund	67,550,643	56,161,160	11,389,483	20.3%
Resources trust fund	135,101,286	112,322,320	22,778,966	20.3%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	220,315,033	193,113,867	27,201,166	14.1%
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	\$1,613,780,552	\$1,622,399,548	(\$8,618,996)	(0.5%)

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, August 2016 distributions of oil and gas gross production tax collections relate to June 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	August 2016
Counties	\$6,395,786	\$6,081,029	\$7,883,784	\$7,875,415	\$8,822,111	\$9,513,191
Hub cities ¹	5,156,029	5,111,974	5,374,790	5,375,182	5,512,568	5,615,464
Other cities	2,140,575	2,033,321	2,639,862	2,635,852	2,954,838	3,185,764
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	1,337,021	1,296,169	1,481,571	1,473,243	1,573,517	1,634,644
Townships	631,796	602,423	777,637	777,900	869,490	938,092
Total	\$16,911,207	\$16,374,916	\$19,407,644	\$19,387,592	\$20,982,524	\$22,137,155

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	\$2,906,779
Dickinson	1,534,308	1,521,092	1,599,937	1,600,054	1,641,270	1,672,140
Minot	532,270	527,864	554,146	554,185	567,923	578,213
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	\$5,156,029	\$5,111,974	\$5,374,790	\$5,375,182	\$5,512,568	\$5,615,464

	Biennium-to- Date Total
Counties	\$119,510,657
Hub cities ¹	68,221,050
Other cities	39,989,148
Hub city school districts	15,000,000
Other school districts	19,910,824
Townships	11,814,030
Total	\$274,445,709
¹ The distributions to the hub cities are as follows:	
Williston	\$35,382,631
Dickinson	20,316,315
Minot	7,022,104
Mandan	2,250,000
Bismarck	1,000,000
West Fargo	750,000
Jamestown	500,000
Fargo	500,000
Grand Forks	500,000
Total	\$68,221,050