

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 September and October 2016.

	September 2016	October 2016	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$60,109,964	\$56,801,546	(\$3,308,418)	(5.5%)
Oil extraction tax	55,066,685	50,788,934	(4,277,751)	(7.8%)
Total actual collections	\$115,176,649	\$107,590,480	(\$7,586,169)	(6.6%)
Forecasted collections				
Oil and gas gross production tax	\$81,659,952	\$81,905,472	\$245,520	0.3%
Oil extraction tax	81,659,952	81,905,472	245,520	0.3%
Total forecasted collections	\$163,319,904	\$163,810,944	\$491,040	0.3%
Increase (decrease) to forecast				
Amount	(\$48,143,255)	(\$56,220,464)		
Percentage	(29.5%)	(34.3%)		

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

	July 2016	August 2016	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,029,734	981,039	(48,695)	(4.7%)
Average daily price - FHR	\$35.57	\$33.73	(\$1.84)	(5.2%)
Average daily price - WTI	\$44.80	\$44.80	\$0.00	0.0%
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	\$49.89	\$50.04	\$0.15	0.3%

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 September and October 2016.

	September 2016	October 2016	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$31,922,522	\$29,845,613	(\$2,076,909)	(6.5%)
Three Affiliated Tribes	8,768,241	8,105,105	(663,136)	(7.6%)
Oil and gas research fund	0	0	0	N/A
Oil and gas impact grant fund	3,558,007	3,104,709	(453,298)	(12.7%)
Political subdivisions	35,930,177	21,443,007	(14,487,170)	(40.3%)
Abandoned well reclamation fund	408,887	388,282	(20,605)	(5.0%)
North Dakota outdoor heritage fund	817,773	776,564	(41,209)	(5.0%)
Foundation aid stabilization fund	4,652,933	4,284,499	(368,434)	(7.9%)
Common schools trust fund	4,652,933	4,284,499	(368,434)	(7.9%)
Resources trust fund	9,305,866	8,568,999	(736,867)	(7.9%)
General fund	0	0	0	N/A
Tax relief fund	15,159,310	26,789,203	11,629,893	76.7%
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	\$115,176,649	\$107,590,480	(\$7,586,169)	(6.6%)

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

	August 2015 Through October 2016	August 2013 Through October 2014	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$936,990,703	\$1,934,771,637	(\$997,780,934)	(51.6%)
Oil extraction tax	899,556,978	2,283,477,003	(1,383,920,025)	(60.6%)
Total actual collections	\$1,836,547,681	\$4,218,248,640	(\$2,381,700,959)	(56.5%)
Forecasted collections				
Oil and gas gross production tax	\$1,134,443,376	\$1,400,847,976	(\$266,404,600)	(19.0%)
Oil extraction tax	815,087,020	1,835,177,533	(1,020,090,513)	(55.6%)
Total forecasted collections	\$1,949,530,396	\$3,236,025,509	(\$1,286,495,113)	(39.8%)
Increase (decrease) to forecast				
Amount	(\$112,982,715)	\$982,223,131		
Percentage	(5.8%)	30.4%		

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

	June 2015 Through August 2016	June 2013 Through August 2014	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,116,905	975,805	141,100	14.5%
Average daily price - FHR	\$31.94	\$85.01	(\$53.07)	(62.4%)
Average daily price - WTI	\$43.49	\$100.78	(\$57.29)	(56.8%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	845,333	254,667	30.1%
Average daily price of oil per barrel	\$47.01	\$76.00	(\$28.99)	(38.1%)

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

	August 2015 Through October 2016	August 2013 Through October 2014	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$510,574,746	\$1,261,715,095	(\$751,140,349)	(59.5%)
Three Affiliated Tribes	134,631,321	307,882,456	(173,251,135)	(56.3%)
Oil and gas research fund	10,000,000	10,000,000	0	0.0%
Oil and gas impact grant fund	41,523,984	240,000,000	(198,476,016)	(82.7%)
Political subdivisions	352,995,837	470,943,395	(117,947,558)	(25.0%)
Abandoned well reclamation fund	6,418,542	7,954,664	(1,536,122)	(19.3%)
North Dakota outdoor heritage fund	12,186,871	12,933,023	(746,152)	(5.8%)
Foundation aid stabilization fund	76,488,075	198,129,419	(121,641,344)	(61.4%)
Common schools trust fund	76,488,075	198,129,419	(121,641,344)	(61.4%)
Resources trust fund	152,976,151	396,258,840	(243,282,689)	(61.4%)
General fund	200,000,000	300,000,000	(100,000,000)	(33.3%)
Tax relief fund	262,263,546	341,790,000	(79,526,454)	(23.3%)
Strategic investment and improvements fund	533	450,512,329	(450,511,796)	(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	\$1,836,547,681	\$4,218,248,640	(\$2,381,700,959)	(56.5%)

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 October 2016.

	October 2016		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$56,801,546	\$81,905,472	(\$25,103,926)	(30.6%)
Oil extraction tax	50,788,934	81,905,472	(31,116,538)	(38.0%)
Total actual collections	\$107,590,480	\$163,810,944	(\$56,220,464)	(34.3%)
Allocations				
Legacy fund	\$29,845,613	\$45,383,822	(\$15,538,209)	(34.2%)
Three Affiliated Tribes	8,105,105	12,531,539	(4,426,434)	(35.3%)
Oil and gas research fund	0	771,745	(771,745)	(100.0%)
Oil and gas impact grant fund	3,104,709	7,225,305	(4,120,596)	(57.0%)
Political subdivisions	21,443,007	30,041,390	(8,598,383)	(28.6%)
Abandoned well reclamation fund	388,282	600,203	(211,921)	(35.3%)
North Dakota outdoor heritage fund	776,564	1,200,407	(423,843)	(35.3%)
Foundation aid stabilization fund	4,284,499	7,060,251	(2,775,752)	(39.3%)
Common schools trust fund	4,284,499	7,060,251	(2,775,752)	(39.3%)
Resources trust fund	8,568,999	14,120,503	(5,551,504)	(39.3%)
General fund	0	0	0	N/A
Tax relief fund	26,789,203	37,815,528	(11,026,325)	(29.2%)
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	\$107,590,480	\$163,810,944	(\$56,220,464)	(34.3%)

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	\$936,990,703	\$1,134,443,376	(\$197,452,673)	(17.4%)
Oil extraction tax	899,556,978	815,087,020	84,469,958	10.4%
Total actual collections	\$1,836,547,681	\$1,949,530,396	(\$112,982,715)	(5.8%)
Allocations				
Legacy fund	\$510,574,746	\$539,398,841	(\$28,824,095)	(5.3%)
Three Affiliated Tribes	134,631,321	151,534,264	(16,902,943)	(11.2%)
Oil and gas research fund	10,000,000	9,281,426	718,574	7.7%
Oil and gas impact grant fund	41,523,984	90,005,082	(48,481,098)	(53.9%)
Political subdivisions	352,995,837	400,080,066	(47,084,229)	(11.8%)
Abandoned well reclamation fund	6,418,542	6,772,484	(353,942)	(5.2%)
North Dakota outdoor heritage fund	12,186,871	16,626,404	(4,439,533)	(26.7%)
Foundation aid stabilization fund	76,488,075	70,260,499	6,227,576	8.9%
Common schools trust fund	76,488,075	70,260,499	6,227,576	8.9%
Resources trust fund	152,976,151	140,520,999	12,455,152	8.9%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	262,263,546	254,789,832	7,473,714	2.9%
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	\$1,836,547,681	\$1,949,530,396	(\$112,982,715)	(5.8%)

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, October 2016 distributions of oil and gas gross production tax collections relate to August 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.

	Fiscal Year 2016	September 2016	October 2016	Biennium-to- Date Total
Counties	\$119,510,657	\$18,255,869	\$9,559,515	\$147,326,041
Hub cities ¹	68,221,050	6,345,499	5,039,222	79,605,771
Other cities	39,989,148	6,098,535	3,201,101	49,288,784
Hub city school districts	15,000,000	1,062,500	1,062,500	17,125,000
Other school districts	19,910,824	2,354,107	1,637,854	23,902,785
Townships	11,814,030	1,813,667	942,815	14,570,512
Total	\$274,445,709	\$35,930,177	\$21,443,007	\$331,818,893
¹ The distributions to the hub cities are as follows:				
Williston	\$35,382,631	\$3,413,549	\$2,629,783	\$41,425,963
Dickinson	20,316,315	1,878,649	1,486,766	23,681,730
Minot	7,022,104	615,800	485,172	8,123,076
Mandan	2,250,000	166,667	166,667	2,583,334
Bismarck	1,000,000	83,333	83,333	1,166,666
West Fargo	750,000	104,167	104,167	958,334
Jamestown	500,000	41,667	41,667	583,334
Fargo	500,000	0	0	500,000
Grand Forks	500,000	41,667	41,667	583,334
Total	\$68,221,050	\$6,345,499	\$5,039,222	\$79,605,771