

OIL AND GAS TAX REVENUES QUARTERLY UPDATE SUMMARY

This memorandum provides a summary of oil production and prices, oil and gas tax revenue collections, and oil and gas tax revenue allocations, including comparisons to forecasted amounts, projections for the biennium, and comparisons to the prior biennium. **The forecasted amounts reflect the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session.**

QUARTERLY SUMMARY Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for June 2019 through August 2019. Oil and gas tax revenue collections and allocations reflect production and prices from 2 months prior. The amounts shown for the actual oil prices reflect the average of Flint Hills Resources posted prices and West Texas Intermediate posted prices.

Average Daily Oil Production - Barrels Per Day			
	June 2019	July 2019	August 2019
Actual	1,425,230	1,445,934	1,477,394
Forecast	1,400,000	1,400,000	1,400,000
Variance to forecast	25,230	45,934	77,394
Percentage variance to forecast	1.8%	3.3%	5.5%

Average Oil Price - Price Per Barrel			
	June 2019	July 2019	August 2019
Actual	\$48.91	\$52.13	\$49.71
Forecast	48.50	48.50	48.50
Variance to forecast	\$0.41	\$3.63	\$1.21
Percentage variance to forecast	0.8%	7.5%	2.5%

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for August 2019 through October 2019.

	August 2019	September 2019	October 2019
Actual	\$204,528,647	\$218,471,212	\$212,549,369
Forecast	197,589,000	204,175,300	204,175,300
Variance to forecast	\$6,939,647	\$14,295,912	\$8,374,069
Percentage variance to forecast	3.5%	7.0%	4.1%

Oil and Gas Tax Revenue Allocations

The schedule below provides information on the oil and gas tax revenue allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, state funds, and political subdivisions for August 2019 through October 2019.

	August 2019	September 2019	October 2019
Three Affiliated Tribes	\$20,950,552	\$22,647,604	\$21,558,680
Legacy fund	55,073,428	58,747,082	57,297,208
North Dakota outdoor heritage fund	0	1,449,761	1,437,719
Abandoned well reclamation fund	0	724,881	718,859
Political subdivisions	27,122,115	44,330,821	29,816,889
Common schools trust fund	8,620,975	9,366,416	9,012,988
Foundation aid stabilization fund	8,620,975	9,366,416	9,012,988
Resources trust fund	17,672,997	19,201,153	18,476,625
Oil and gas research fund	1,329,352	1,052,742	1,304,348
State energy research center fund	664,676	526,371	652,174
General fund	64,473,577	51,057,965	63,260,891
Tax relief fund	0	0	0
Budget stabilization fund	0	0	0
Lignite research fund	0	0	0
State disaster relief fund	0	0	0
Municipal infrastructure fund	0	0	0
Strategic investment and improvements fund	0	0	0
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$204,528,647	\$218,471,212	\$212,549,369

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for August 2019 through October 2019. Distributions to political subdivisions pursuant to the new formula in House Bill No. 1066 (2019) became effective with July 2019 oil production and September 2019 distributions. However, this memorandum reports the distributions to political subdivisions for the period August 2019 to July 2021 to align with the reporting for the allocations to state funds.

	August 2019	September 2019	October 2019
Hub cities in oil-producing counties	\$3,740,493	\$5,529,174	\$4,223,740
Hub city school districts	531,250	1,071,298	781,201
Counties	14,545,356	24,889,854	16,182,861
Cities (excluding hub cities)	4,874,423	8,324,498	5,421,711
School districts (excluding hub city school districts)	1,999,431	2,873,402	2,144,974
Townships	1,431,162	1,642,595	1,062,402
Total	\$27,122,115	\$44,330,821	\$29,816,889

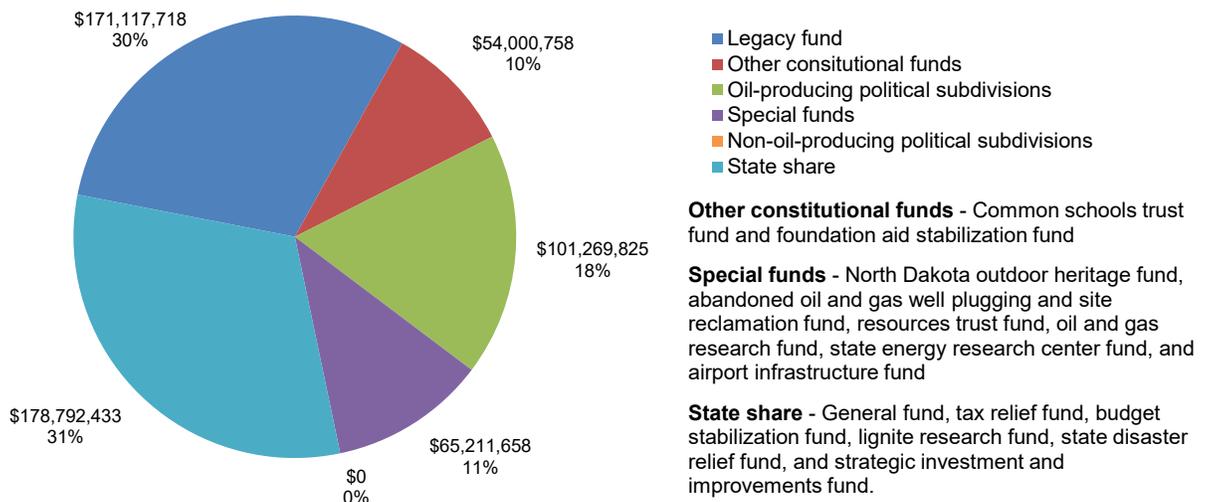
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through October 2019.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$65,156,836	\$65,589,104	(\$432,268)	(0.7%)
Legacy fund	171,117,718	162,105,151	9,012,567	5.6%
North Dakota outdoor heritage fund	2,887,480	2,660,190	227,290	8.5%
Abandoned well reclamation fund	1,443,740	1,330,094	113,646	8.5%
Political subdivisions	101,269,825	96,847,872	4,421,953	4.6%
Common schools trust fund	27,000,379	26,640,591	359,788	1.4%
Foundation aid stabilization fund	27,000,379	26,640,591	359,788	1.4%
Resources trust fund	55,350,775	54,613,209	737,566	1.4%
Oil and gas research fund	3,686,442	3,390,256	296,186	8.7%
State energy research center fund	1,843,221	1,695,129	148,092	8.7%
General fund	178,792,433	164,427,413	14,365,020	8.7%
Tax relief fund	0	0	0	N/A
Budget stabilization fund	0	0	0	N/A
Lignite research fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Municipal infrastructure fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
County and township infrastructure fund	0	0	0	N/A
Airport infrastructure fund	0	0	0	N/A
Total	\$635,549,228	\$605,939,600	\$29,609,628	4.9%

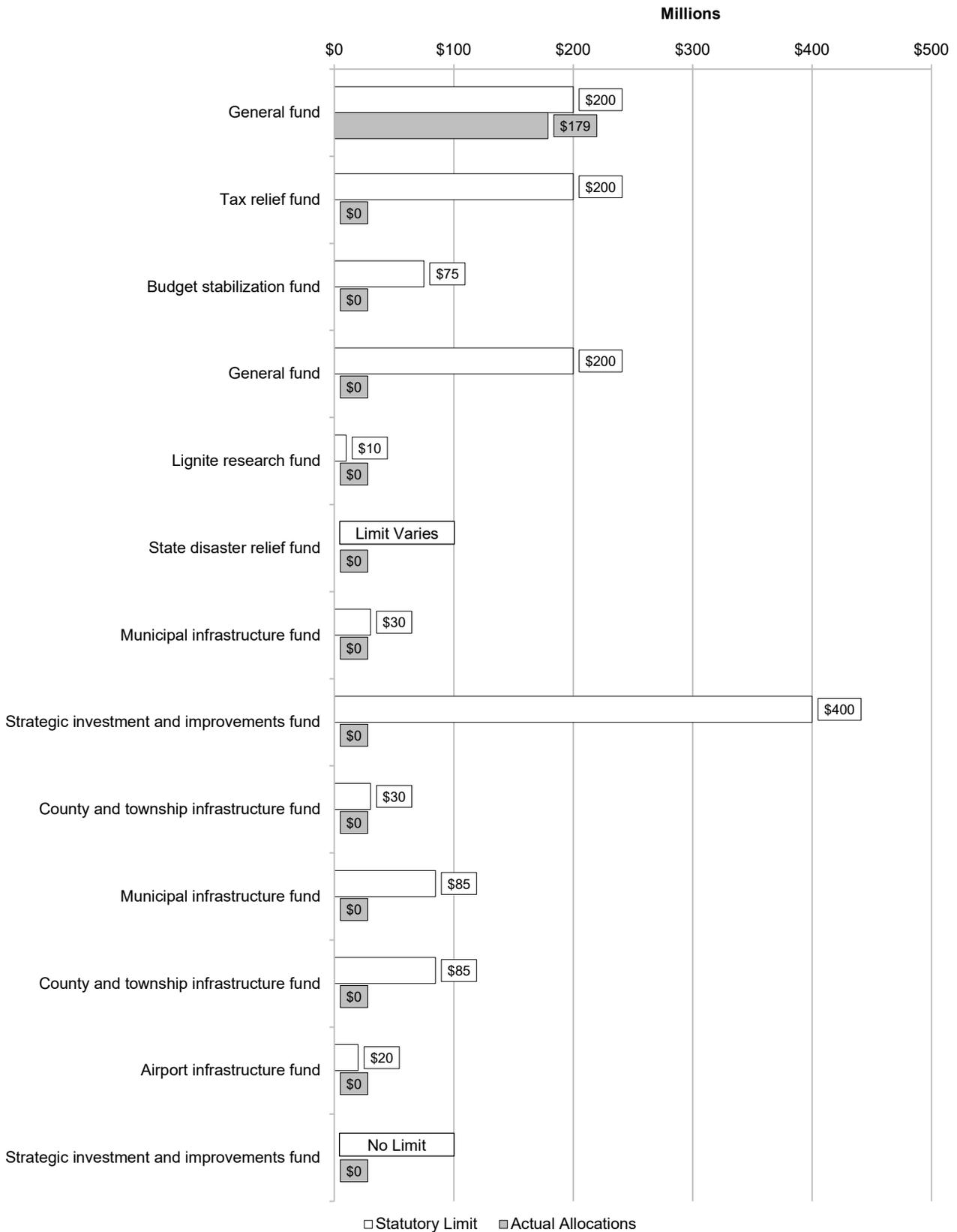
OIL AND GAS TAX REVENUE ALLOCATIONS

The chart below provides information on the oil and gas tax revenue allocations, excluding the allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, for the biennium to date through October 2019.



STATE'S SHARE - FUND STATUS

The chart below provides information on the status of the state's share of allocations ("buckets") for the biennium to date through October 2019.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through October 2019 and forecasted amounts for the remainder of the biennium. The amount shown for the original forecast reflects the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session.

2019-21 Biennium Actual Allocations and Remaining Forecast				
	Actual Through	Remaining	Biennium	Original
	October 2019	Forecast	Total	Forecast
Three Affiliated Tribes	\$65,156,836	\$459,521,651	\$524,678,487	\$525,110,755
Legacy fund	171,117,718	1,135,719,563	1,306,837,281	1,297,824,714
North Dakota outdoor heritage fund	2,887,480	12,112,520	15,000,000	15,000,000
Abandoned well reclamation fund	1,443,740	13,372,194	14,815,934	14,815,934
Political subdivisions	101,269,825	564,302,068	665,571,893	661,149,940
Common schools trust fund	27,000,379	186,645,766	213,646,145	213,286,357
Foundation aid stabilization fund	27,000,379	186,645,766	213,646,145	213,286,357
Resources trust fund	55,350,775	382,623,809	437,974,584	437,237,018
Oil and gas research fund	3,686,442	12,313,558	16,000,000	16,000,000
State energy research center fund	1,843,221	3,156,779	5,000,000	5,000,000
General fund	178,792,433	221,207,567	400,000,000	400,000,000
Tax relief fund	0	200,000,000	200,000,000	200,000,000
Budget stabilization fund	0	75,000,000	75,000,000	75,000,000
Lignite research fund	0	10,000,000	10,000,000	10,000,000
State disaster relief fund	0	0	0	0
Municipal infrastructure fund	0	115,000,000	115,000,000	115,000,000
Strategic investment and improvements fund	0	532,632,259	532,632,259	517,482,025
County and township infrastructure fund	0	115,000,000	115,000,000	115,000,000
Airport infrastructure fund	0	20,000,000	20,000,000	20,000,000
Total	\$635,549,228	\$4,245,253,500	\$4,880,802,728	\$4,851,193,100

CURRENT BIENNIUM TO PRIOR BIENNIUM COMPARISON Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for the first 3 months of the 2019-21 biennium and 2017-19 biennium. Oil and gas tax revenue collections and allocations reflect oil production and prices from 2 months prior.

Average Daily Oil Production - Barrels Per Day				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through August 2019	Through August 2017	Amount	Percentage
Actual	1,449,519	1,089,139	360,380	33.1%
Forecast	1,400,000	925,000	475,000	51.4%
Variance to forecast	49,519	164,139	(114,620)	(69.8%)
Percentage variance to forecast	3.5%	17.7%		

Average Oil Price - Price Per Barrel				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through August 2019	Through August 2017	Amount	Percentage
Actual	\$50.25	\$41.40	\$8.85	21.4%
Forecast	49.00	47.00	2.00	4.3%
Variance to forecast	\$1.25	(\$5.60)	\$6.85	122.3%
Percentage variance to forecast	2.6%	(11.9%)		

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for the first 3 months of the 2019-21 biennium and 2017-19 biennium.

	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through October 2019	Through October 2017	Amount	Percentage
Actual	\$635,549,228	\$378,419,720	\$257,129,508	67.9%
Forecast	605,939,600	387,970,900	217,968,700	56.2%
Variance to forecast	\$29,609,628	(\$9,551,180)	\$39,160,808	410.0%
Percentage variance to forecast	4.9%	(2.5%)		