



North Dakota Legislative Council

Prepared by the Legislative Council staff
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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 March 2020 through May 2020. 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			
	March 2020	April 2020	May 2020
Actual	1,430,107	1,221,019	858,395
Forecast	1,400,000	1,400,000	1,400,000
Variance to forecast	30,107	(178,981)	(541,605)
Percentage variance to forecast	2.2%	(12.8%)	(38.7%)

Average Oil Price - Price Per Barrel			
	March 2020	April 2020	May 2020
Actual	\$25.39	\$12.93	\$18.23
Forecast	48.50	48.50	48.50
Variance to forecast	(\$23.11)	(\$35.57)	(\$30.27)
Percentage variance to forecast	(47.6%)	(73.3%)	(62.4%)

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for May 2020 through July 2020.

	May 2020	June 2020	July 2020
Actual	\$95,462,462	\$38,073,331	\$35,584,754
Forecast	204,175,300	197,589,000	204,175,300
Variance to forecast	(\$108,712,838)	(\$159,515,669)	(\$168,590,546)
Percentage variance to forecast	(53.2%)	(80.7%)	(82.6%)

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 May 2020 through July 2020.

	May 2020	June 2020	July 2020
Three Affiliated Tribes	\$10,318,012	\$3,927,484	\$4,118,430
Legacy fund	25,543,335	10,243,753	9,439,897
North Dakota outdoor heritage fund	0	0	0
Abandoned well reclamation fund	328,870	142,646	141,462
Political subdivisions	13,746,878	6,944,176	6,977,719
Common schools trust fund	3,846,693	1,414,918	1,139,722
Foundation aid stabilization fund	3,846,693	1,414,918	1,139,722
Resources trust fund	7,885,721	2,900,581	2,336,430
Oil and gas research fund	598,925	221,697	205,827
State energy research center fund	0	0	0
General fund	29,347,335	10,863,158	10,085,545
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	\$95,462,462	\$38,073,331	\$35,584,754

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for May 2020 through July 2020. 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.

	May 2020	June 2020	July 2020
Hub cities in oil-producing counties	\$2,808,921	\$2,208,191	\$2,210,736
Hub city school districts	466,797	333,302	333,867
Counties	6,593,324	2,530,892	2,550,228
Cities (excluding hub cities)	2,207,709	847,169	853,877
School districts (excluding hub city school districts)	1,236,532	858,019	861,276
Townships	433,595	166,603	167,735
Total	\$13,746,878	\$6,944,176	\$6,977,719

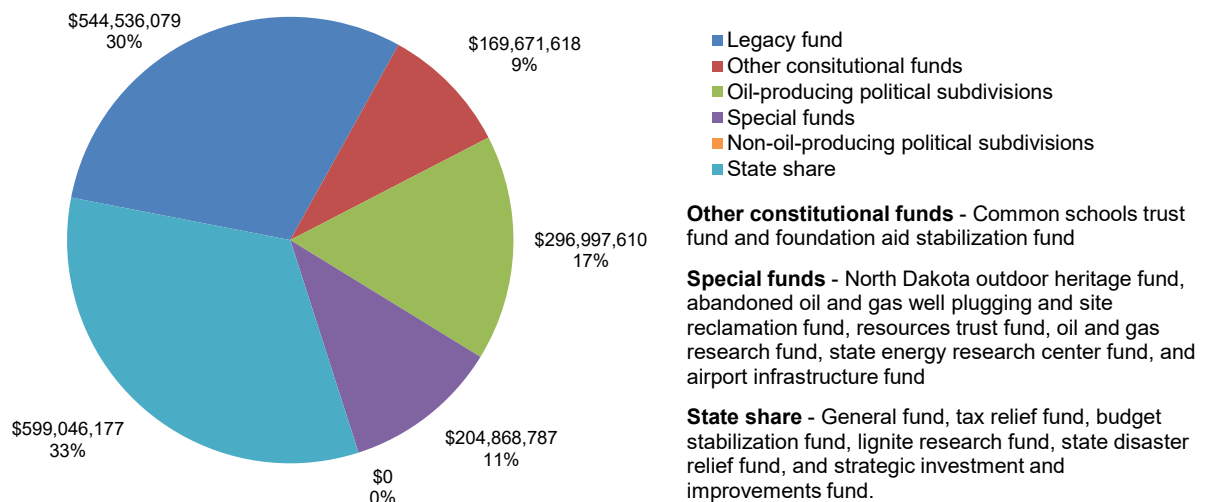
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through July 2020.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$221,143,033	\$260,217,641	(\$39,074,608)	(15.0%)
Legacy fund	544,536,079	643,134,566	(98,598,487)	(15.3%)
North Dakota outdoor heritage fund	7,500,000	7,500,000	0	0.0%
Abandoned well reclamation fund	6,127,912	7,186,799	(1,058,887)	(14.7%)
Political subdivisions	296,997,610	328,545,505	(31,547,895)	(9.6%)
Common schools trust fund	84,835,809	105,693,649	(20,857,840)	(19.7%)
Foundation aid stabilization fund	84,835,809	105,693,649	(20,857,840)	(19.7%)
Resources trust fund	173,913,403	216,671,970	(42,758,567)	(19.7%)
Oil and gas research fund	12,327,472	14,587,115	(2,259,643)	(15.5%)
State energy research center fund	5,000,000	5,000,000	0	0.0%
General fund	350,614,919	400,000,000	(49,385,081)	(12.3%)
Tax relief fund	200,000,000	200,000,000	0	0.0%
Budget stabilization fund	48,431,258	75,000,000	(26,568,742)	(35.4%)
Lignite research fund	0	10,000,000	(10,000,000)	(100.0%)
State disaster relief fund	0	0	0	N/A
Municipal infrastructure fund	0	24,768,606	(24,768,606)	(100.0%)
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	\$2,036,263,304	\$2,403,999,500	(\$367,736,196)	(15.3%)

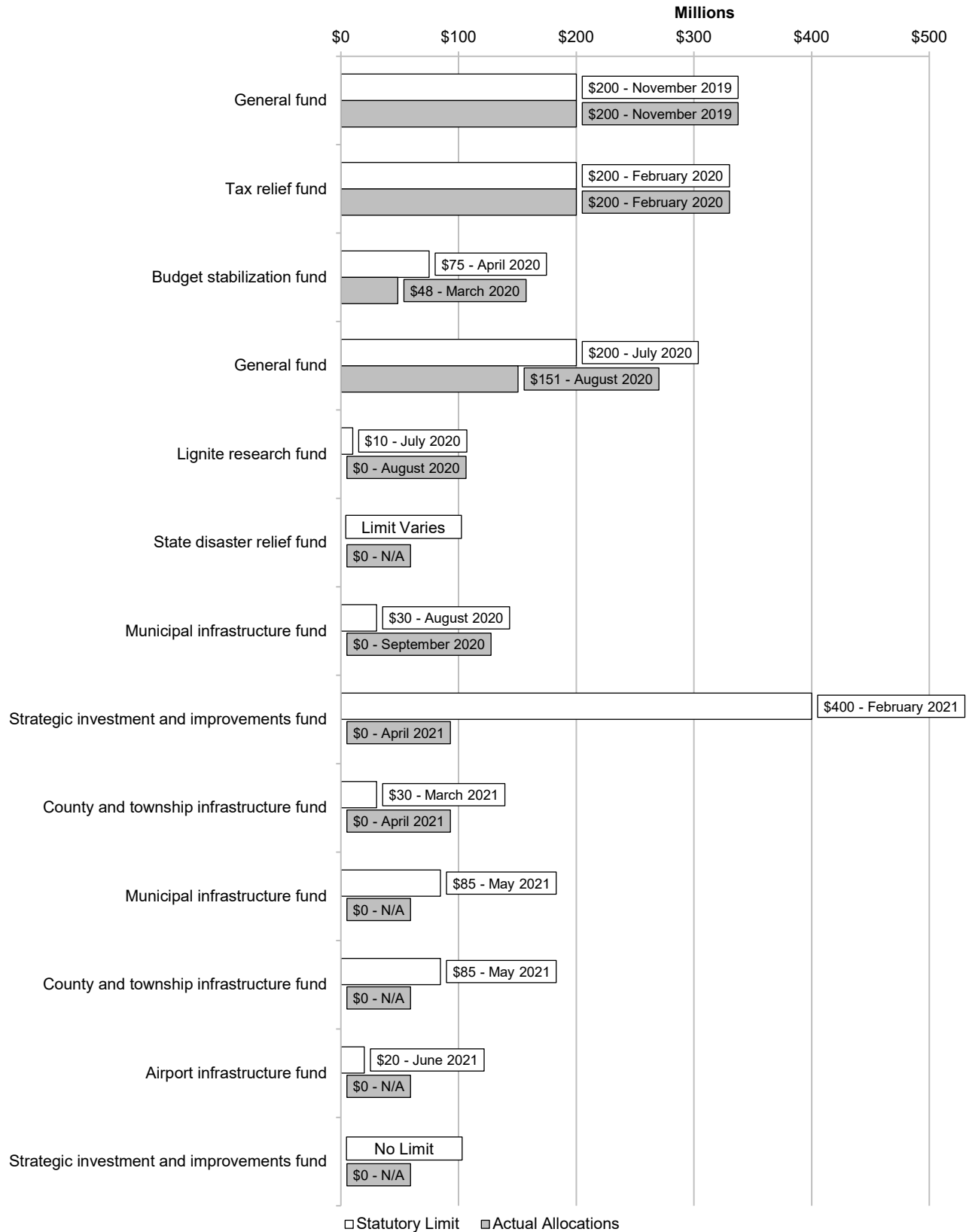
OIL AND GAS TAX REVENUE ALLOCATIONS

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 July 2020.



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 July 2020. The dates in the white boxes reflect when the funds are estimated to reach the statutory limit based on the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session. The dates shown in the gray boxes reflect when the funds reached the statutory limit or when the funds are anticipated to reach the statutory limit as adjusted for the actual allocations for the biennium to date.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through July 2020 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
	July 2020	Forecast	Total	Forecast
Three Affiliated Tribes	\$221,143,033	\$264,893,114	\$486,036,147	\$525,110,755
Legacy fund	544,536,079	654,690,148	1,199,226,227	1,297,824,714
North Dakota outdoor heritage fund	7,500,000	7,500,000	15,000,000	15,000,000
Abandoned well reclamation fund	6,127,912	7,971,092	14,099,004	14,815,934
Political subdivisions	296,997,610	332,604,435	629,602,045	661,149,940
Common schools trust fund	84,835,809	107,592,708	192,428,517	213,286,357
Foundation aid stabilization fund	84,835,809	107,592,708	192,428,517	213,286,357
Resources trust fund	173,913,403	220,565,048	394,478,451	437,237,018
Oil and gas research fund	12,327,472	3,672,528	16,000,000	16,000,000
State energy research center fund	5,000,000	0	5,000,000	5,000,000
General fund	350,614,919	49,385,081	400,000,000	400,000,000
Tax relief fund	200,000,000	0	200,000,000	200,000,000
Budget stabilization fund	48,431,258	0	48,431,258	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	430,726,738	430,726,738	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	\$2,036,263,304	\$2,447,193,600	\$4,483,456,904	\$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 12 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 May 2020	Through May 2018	Amount	Percentage
Actual	1,391,757	1,135,919	255,838	22.5%
Forecast	1,400,000	925,000	475,000	51.4%
Variance to forecast	(8,243)	210,919	(219,162)	(103.9%)
Percentage variance to forecast	(0.6%)	22.8%		

Average Oil Price - Price Per Barrel				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through May 2020	Through May 2018	Amount	Percentage
Actual	\$42.42	\$51.73	(\$9.31)	(18.0%)
Forecast	49.00	47.00	2.00	4.3%
Variance to forecast	(\$6.58)	\$4.73	(\$11.31)	(239.1%)
Percentage variance to forecast	(13.4%)	10.1%		

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 12 months of the 2019-21 biennium and 2017-19 biennium.

	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through July 2020	Through July 2018	Amount	Percentage
Actual	\$2,036,263,304	\$2,054,431,333	(\$18,168,029)	(0.9%)
Forecast	2,403,999,500	1,539,232,375	864,767,125	56.2%
Variance to forecast	(\$367,736,196)	\$515,198,958	(\$882,935,154)	(171.4%)
Percentage variance to forecast	(15.3%)	33.5%		