



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 June 2020 through August 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			
	June 2020	July 2020	August 2020
Actual	893,591	1,042,081	1,164,432
Forecast	1,440,000	1,440,000	1,440,000
Variance to forecast	(546,409)	(397,919)	(275,568)
Percentage variance to forecast	(37.9%)	(27.6%)	(19.1%)

Average Oil Price - Price Per Barrel			
	June 2020	July 2020	August 2020
Actual	\$35.33	\$36.23	\$37.65
Forecast	48.00	48.00	48.00
Variance to forecast	(\$12.67)	(\$11.77)	(\$10.35)
Percentage variance to forecast	(26.4%)	(24.5%)	(21.6%)

Oil and Gas Tax Revenue Collections

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

	August 2020	September 2020	October 2020
Actual	\$79,416,513	\$99,074,604	\$116,530,483
Forecast	201,139,200	207,843,840	207,843,840
Variance to forecast	(\$121,722,687)	(\$108,769,236)	(\$91,313,357)
Percentage variance to forecast	(60.5%)	(52.3%)	(43.9%)

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 2020 through October 2020.

	August 2020	September 2020	October 2020
Three Affiliated Tribes	\$10,454,469	\$11,962,387	\$13,074,475
Legacy fund	20,688,613	26,133,665	31,036,803
North Dakota outdoor heritage fund	0	670,929	793,845
Abandoned well reclamation fund	267,698	335,465	396,922
Political subdivisions	11,745,144	29,325,804	17,466,647
Common schools trust fund	3,054,429	3,942,323	4,788,986
Foundation aid stabilization fund	3,054,429	3,942,323	4,788,986
Resources trust fund	6,261,579	8,081,761	9,817,421
Oil and gas research fund	477,803	293,599	687,328
State energy research center fund	0	0	0
General fund	23,412,349	14,386,348	11,586,384
Tax relief fund	0	0	0
Budget stabilization fund	0	0	0
Lignite research fund	0	0	10,000,000
State disaster relief fund	0	0	0
Municipal infrastructure fund	0	0	12,092,686
Strategic investment and improvements fund	0	0	0
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$79,416,513	\$99,074,604	\$116,530,483

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 2020 through October 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.

	August 2020	September 2020	October 2020
Hub cities in oil-producing counties	\$2,622,642	\$4,206,195	\$3,130,363
Hub city school districts	425,402	777,303	538,229
Counties	5,382,080	15,932,631	8,802,957
Cities (excluding hub cities)	1,807,362	5,323,494	2,951,663
School districts (excluding hub city school districts)	1,156,854	2,031,576	1,466,978
Townships	350,804	1,054,605	576,457
Total	\$11,745,144	\$29,325,804	\$17,466,647

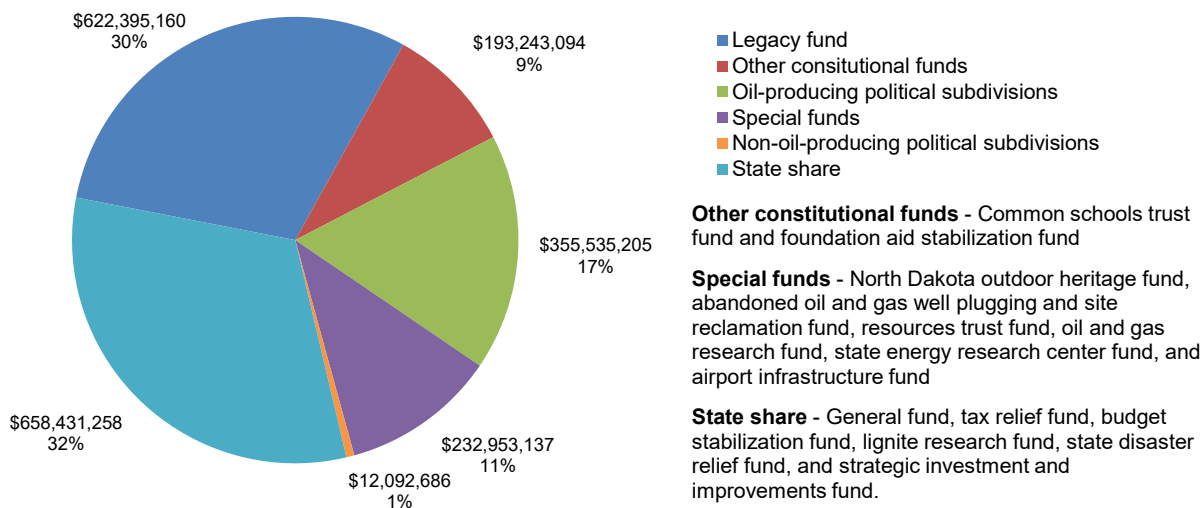
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$256,634,364	\$326,985,220	(\$70,350,856)	(21.5%)
Legacy fund	622,395,160	808,152,357	(185,757,197)	(23.0%)
North Dakota outdoor heritage fund	8,964,774	10,207,986	(1,243,212)	(12.2%)
Abandoned well reclamation fund	7,127,997	8,853,994	(1,725,997)	(19.5%)
Political subdivisions	355,535,205	425,910,254	(70,375,049)	(16.5%)
Common schools trust fund	96,621,547	132,812,907	(36,191,360)	(27.2%)
Foundation aid stabilization fund	96,621,547	132,812,907	(36,191,360)	(27.2%)
Resources trust fund	198,074,164	272,266,448	(74,192,284)	(27.2%)
Oil and gas research fund	13,786,202	16,000,000	(2,213,798)	(13.8%)
State energy research center fund	5,000,000	5,000,000	0	0.0%
General fund	400,000,000	400,000,000	0	0.0%
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	10,000,000	10,000,000	0	0.0%
State disaster relief fund	0	0	0	N/A
Municipal infrastructure fund	12,092,686	30,375,000	(18,282,314)	(60.2%)
Strategic investment and improvements fund	0	166,449,307	(166,449,307)	(100.0%)
County and township infrastructure fund	0	0	0	N/A
Airport infrastructure fund	0	0	0	N/A
Total	\$2,331,284,904	\$3,020,826,380	(\$689,541,476)	(22.8%)

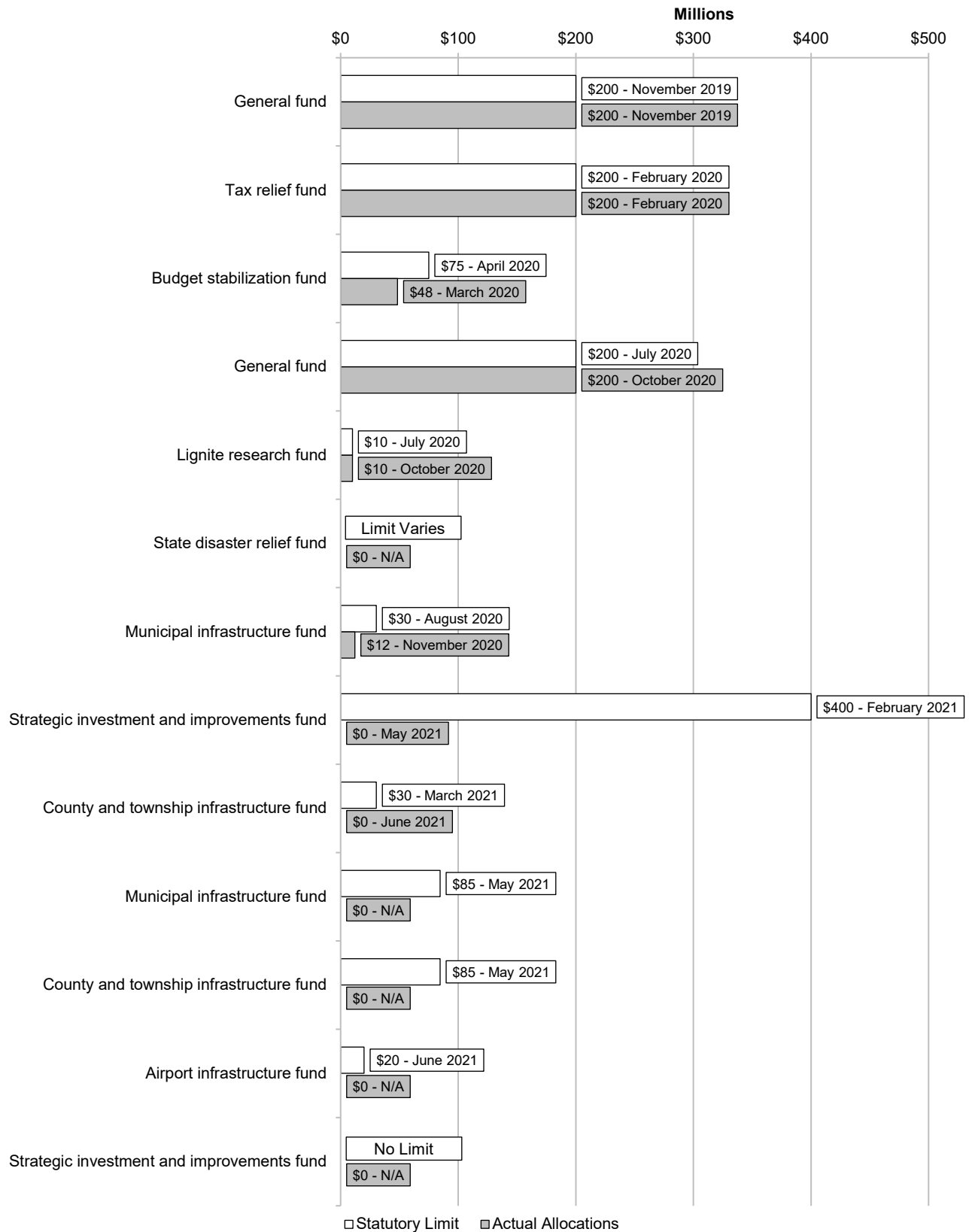
OIL AND GAS TAX REVENUE ALLOCATIONS

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 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 October 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 October 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
	October 2020	Forecast	Total	Forecast
Three Affiliated Tribes	\$256,634,364	\$198,125,535	\$454,759,899	\$525,110,755
Legacy fund	622,395,160	489,672,357	1,112,067,517	1,297,824,714
North Dakota outdoor heritage fund	8,964,774	6,035,226	15,000,000	15,000,000
Abandoned well reclamation fund	7,127,997	5,961,940	13,089,937	14,815,934
Political subdivisions	355,535,205	235,239,686	590,774,891	661,149,940
Common schools trust fund	96,621,547	80,473,450	177,094,997	213,286,357
Foundation aid stabilization fund	96,621,547	80,473,450	177,094,997	213,286,357
Resources trust fund	198,074,164	164,970,570	363,044,734	437,237,018
Oil and gas research fund	13,786,202	2,213,798	16,000,000	16,000,000
State energy research center fund	5,000,000	0	5,000,000	5,000,000
General fund	400,000,000	0	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	10,000,000	0	10,000,000	10,000,000
State disaster relief fund	0	0	0	0
Municipal infrastructure fund	12,092,686	77,554,012	89,646,698	115,000,000
Strategic investment and improvements fund	0	400,000,000	400,000,000	517,482,025
County and township infrastructure fund	0	89,646,696	89,646,696	115,000,000
Airport infrastructure fund	0	0	0	20,000,000
Total	\$2,331,284,904	\$1,830,366,720	\$4,161,651,624	\$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 15 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 2020	Through August 2018	Amount	Percentage
Actual	1,320,144	1,153,844	166,300	14.4%
Forecast	1,408,000	930,000	478,000	51.4%
Variance to forecast	(87,856)	223,844	(311,700)	(139.2%)
Percentage variance to forecast	(6.2%)	24.1%		

Average Oil Price - Price Per Barrel				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through August 2020	Through August 2018	Amount	Percentage
Actual	\$41.22	\$54.12	(\$12.90)	(23.8%)
Forecast	48.40	47.00	1.40	3.0%
Variance to forecast	(\$7.18)	\$7.12	(\$14.30)	(200.8%)
Percentage variance to forecast	(14.8%)	15.1%		

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

	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through October 2020	Through October 2018	Amount	Percentage
Actual	\$2,331,284,904	\$2,747,824,753	(\$416,539,849)	(15.2%)
Forecast	3,020,826,380	1,937,688,975	1,083,137,405	55.9%
Variance to forecast	(\$689,541,476)	\$810,135,778	(\$1,499,677,254)	(185.1%)
Percentage variance to forecast	(22.8%)	41.8%		