



North Dakota Legislative Council

Prepared by the Legislative Council staff

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April 2021

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 December 2020 through January 2021. 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			
	December 2020	January 2021	February 2021
Actual	1,191,429	1,147,377	1,083,020
Forecast	1,440,000	1,440,000	1,440,000
Variance to forecast	(248,571)	(292,623)	(356,980)
Percentage variance to forecast	(17.3%)	(20.3%)	(24.8%)

Average Oil Price - Price Per Barrel			
	December 2020	January 2021	February 2021
Actual	\$42.39	\$46.94	\$54.10
Forecast	48.00	48.00	48.00
Variance to forecast	(\$5.61)	(\$1.06)	\$6.10
Percentage variance to forecast	(11.7%)	(2.2%)	12.7%

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for February 2021 through April 2021.

	February 2021	March 2021	April 2021
Actual	\$137,778,823	\$147,574,766	\$140,855,375
Forecast	207,843,840	207,843,840	187,729,920
Variance to forecast	(\$70,065,017)	(\$60,269,074)	(\$46,874,545)
Percentage variance to forecast	(33.7%)	(29.0%)	(25.0%)

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 February 2021 through April 2021.

	February 2021	March 2021	April 2021
Three Affiliated Tribes	\$17,476,717	\$19,070,419	\$17,858,894
Legacy fund	36,090,631	38,551,304	36,898,945
North Dakota outdoor heritage fund	922,116	960,641	970,589
Abandoned well reclamation fund	461,058	480,320	485,295
Political subdivisions	20,077,441	21,052,457	20,788,737
Common schools trust fund	5,500,258	6,031,259	5,399,607
Foundation aid stabilization fund	5,500,258	6,031,259	5,399,607
Resources trust fund	11,275,529	12,364,082	11,069,194
Oil and gas research fund	213,778	0	0
State energy research center fund	0	0	0
General fund	0	0	0
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	40,261,037	43,033,025	41,984,507
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$137,778,823	\$147,574,766	\$140,855,375

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for February 2021 through April 2021. 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.

	February 2021	March 2021	April 2021
Hub cities in oil-producing counties	\$3,361,134	\$3,445,704	\$3,420,405
Hub city school districts	589,511	608,305	602,683
Counties	10,362,433	10,942,140	10,781,302
Cities (excluding hub cities)	3,473,822	3,668,825	3,616,081
School districts (excluding hub city school districts)	1,611,519	1,670,875	1,662,901
Townships	679,022	716,608	705,365
Total	\$20,077,441	\$21,052,457	\$20,788,737

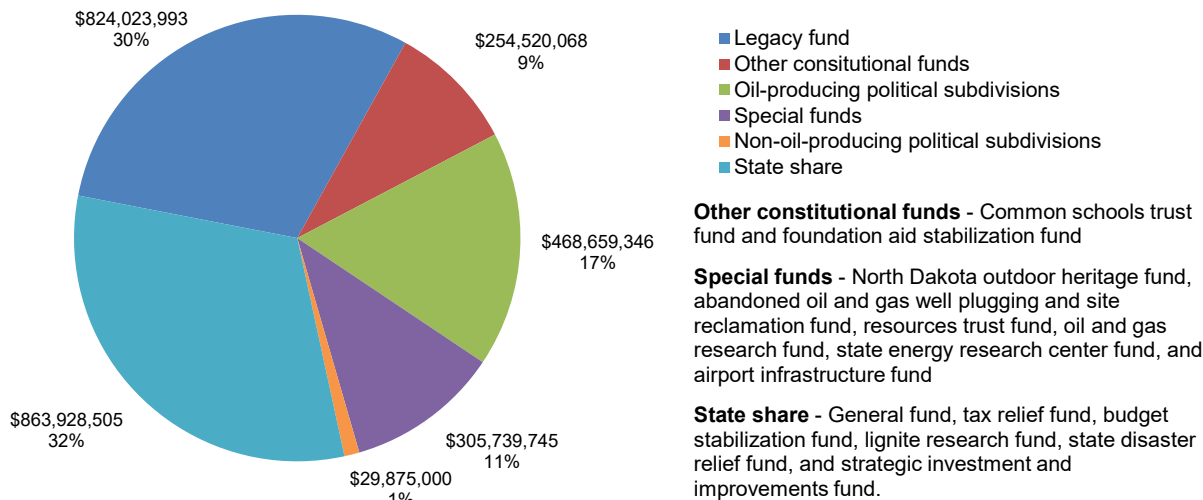
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through April 2021.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$351,572,746	\$458,343,176	(\$106,770,430)	(23.3%)
Legacy fund	824,023,993	1,132,806,923	(308,782,930)	(27.3%)
North Dakota outdoor heritage fund	14,140,713	15,000,000	(859,287)	(5.7%)
Abandoned well reclamation fund	9,715,967	12,806,782	(3,090,815)	(24.1%)
Political subdivisions	468,659,346	585,301,871	(116,642,525)	(19.9%)
Common schools trust fund	127,260,034	186,167,099	(58,907,065)	(31.6%)
Foundation aid stabilization fund	127,260,034	186,167,099	(58,907,065)	(31.6%)
Resources trust fund	260,883,065	381,642,540	(120,759,475)	(31.6%)
Oil and gas research fund	16,000,000	16,000,000	0	0.0%
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	29,875,000	85,065,365	(55,190,365)	(64.9%)
Strategic investment and improvements fund	205,497,247	400,000,000	(194,502,753)	(48.6%)
County and township infrastructure fund	0	85,065,365	(85,065,365)	(100.0%)
Airport infrastructure fund	0	0	0	N/A
Total	\$3,098,319,403	\$4,234,366,220	(\$1,136,046,817)	(26.8%)

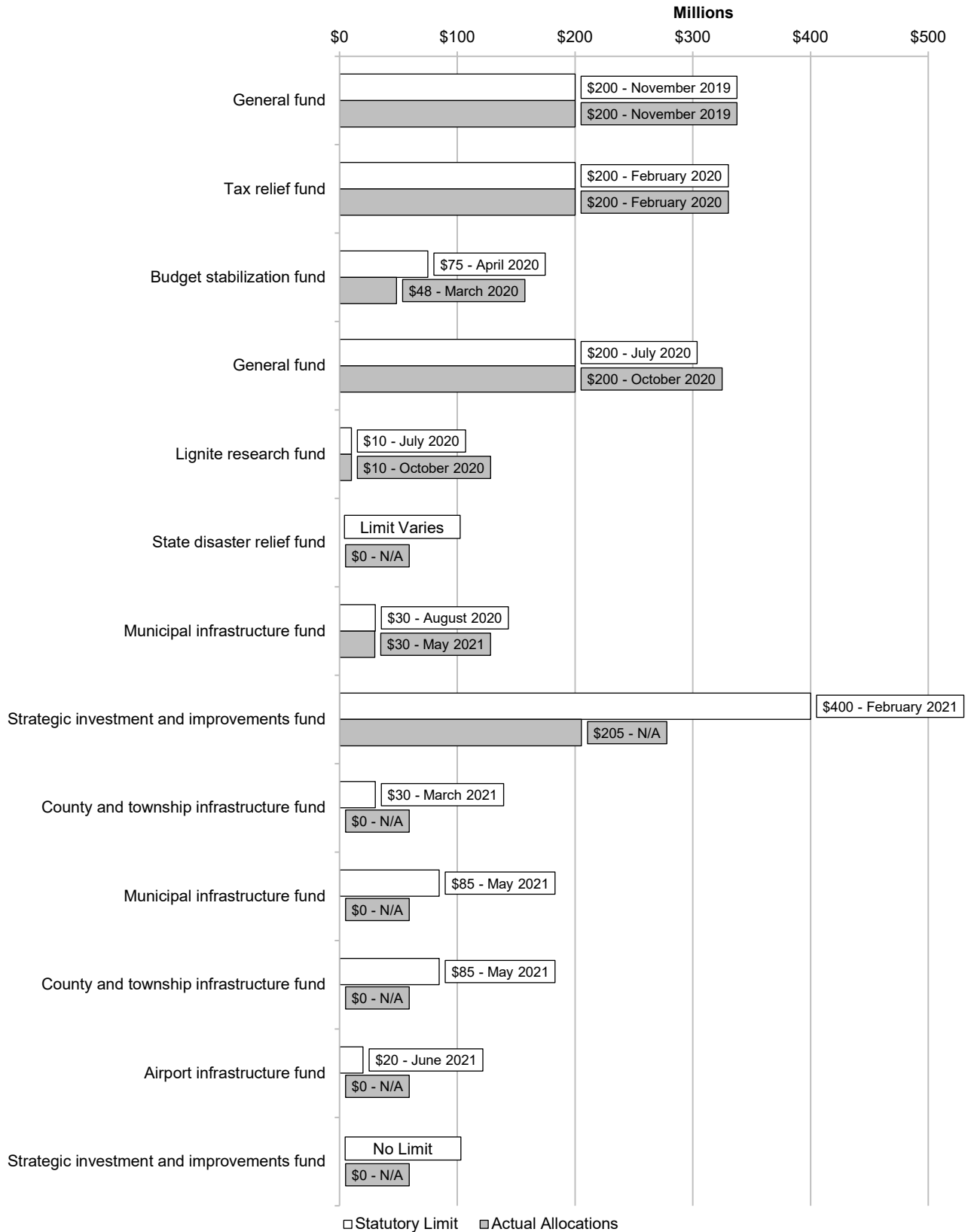
OIL AND GAS TAX REVENUE ALLOCATIONS

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 April 2021.



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 April 2021. 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 April 2021 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
	April 2021	Forecast	Total	Forecast
Three Affiliated Tribes	\$351,572,746	\$66,767,579	\$418,340,325	\$525,110,755
Legacy fund	824,023,993	165,017,791	989,041,784	1,297,824,714
North Dakota outdoor heritage fund	14,140,713	859,287	15,000,000	15,000,000
Abandoned well reclamation fund	9,715,967	2,009,152	11,725,119	14,815,934
Political subdivisions	468,659,346	75,848,069	544,507,415	661,149,940
Common schools trust fund	127,260,034	27,119,258	154,379,292	213,286,357
Foundation aid stabilization fund	127,260,034	27,119,258	154,379,292	213,286,357
Resources trust fund	260,883,065	55,594,478	316,477,543	437,237,018
Oil and gas research fund	16,000,000	0	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	29,875,000	500,000	30,375,000	115,000,000
Strategic investment and improvements fund	205,497,247	194,502,753	400,000,000	517,482,025
County and township infrastructure fund	0	1,489,255	1,489,255	115,000,000
Airport infrastructure fund	0	0	0	20,000,000
Total	\$3,098,319,403	\$616,826,880	\$3,715,146,283	\$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 21 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 February 2021	Through February 2019	Amount	Percentage
Actual	1,281,248	1,218,491	62,757	5.2%
Forecast	1,417,143	935,714	481,429	51.5%
Variance to forecast	(135,895)	282,777	(418,672)	(148.1%)
Percentage variance to forecast	(9.6%)	30.2%		

Average Oil Price - Price Per Barrel				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through February 2021	Through February 2019	Amount	Percentage
Actual	\$41.40	\$53.31	(\$11.91)	(22.3%)
Forecast	48.29	47.00	1.29	2.7%
Variance to forecast	(\$6.89)	\$6.31	(\$13.20)	(209.2%)
Percentage variance to forecast	(14.3%)	13.4%		

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

	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through April 2021	Through April 2019	Amount	Percentage
Actual	\$3,098,319,403	\$3,941,263,485	(\$842,944,082)	(21.4%)
Forecast	4,234,366,220	2,721,609,025	1,512,757,195	55.6%
Variance to forecast	(\$1,136,046,817)	\$1,219,654,460	(\$2,355,701,277)	(193.1%)
Percentage variance to forecast	(26.8%)	44.8%		