



North Dakota Legislative Council

Prepared by the Legislative Council staff
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October 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 2021 legislative revenue forecast**, prepared at the close of the 2021 legislative session.

QUARTERLY SUMMARY Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for June 2021 through August 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			
	June 2021	July 2021	August 2021
Actual	1,133,498	1,076,594	1,107,216
Forecast	1,100,000	1,100,000	1,100,000
Variance to forecast	33,498	(23,406)	7,216
Percentage variance to forecast	3.0%	(2.1%)	0.7%

Average Oil Price - Price Per Barrel			
	June 2021	July 2021	August 2021
Actual	\$67.49	\$68.62	\$64.33
Forecast	50.00	50.00	50.00
Variance to forecast	\$17.49	\$18.62	\$14.33
Percentage variance to forecast	35.0%	37.2%	28.7%

Oil and Gas Tax Revenue Collections

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

	August 2021	September 2021	October 2021
Actual	\$198,225,875	\$197,193,669	\$189,523,514
Forecast	160,050,000	165,385,000	165,385,000
Variance to forecast	\$38,175,875	\$31,808,669	\$24,138,514
Percentage variance to forecast	23.9%	19.2%	14.6%

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 August 2021 through October 2021.

	August 2021	September 2021	October 2021
Three Affiliated Tribes	\$27,751,081	\$25,096,692	\$26,093,549
Legacy fund	51,142,438	51,719,732	49,109,244
North Dakota outdoor heritage fund	0	1,301,277	1,214,190
Abandoned well reclamation fund	641,051	650,638	607,095
Political subdivisions	25,907,063	42,044,965	26,560,823
Common schools trust fund	7,710,697	7,952,013	7,601,275
Foundation aid stabilization fund	7,710,697	7,952,013	7,601,275
Resources trust fund	15,806,929	16,301,628	15,582,613
Oil and gas research fund	1,231,118	889,537	1,108,419
State energy research center fund	615,560	444,768	554,210
General fund	59,709,241	42,840,406	53,490,821
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
Strategic investment and improvements fund	0	0	0
Municipal infrastructure fund	0	0	0
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$198,225,875	\$197,193,669	\$189,523,514

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 2021 through October 2021. The formula for the distributions to political subdivisions became effective with July 2021 oil production and September 2021 distributions. However, this memorandum reports the distributions to political subdivisions for the period August 2021 to July 2023 to align with the reporting for the allocations to state funds.

	August 2021	September 2021	October 2021
Hub cities	\$3,859,259	\$5,282,563	\$3,902,000
Hub city school districts	700,206	1,016,495	709,704
Counties	13,815,970	23,506,451	14,237,649
Cities (excluding hub cities)	4,639,746	7,892,326	4,795,498
School districts (excluding hub city school districts)	1,991,471	2,814,140	1,996,564
Townships	900,411	1,532,990	919,408
Total	\$25,907,063	\$42,044,965	\$26,560,823

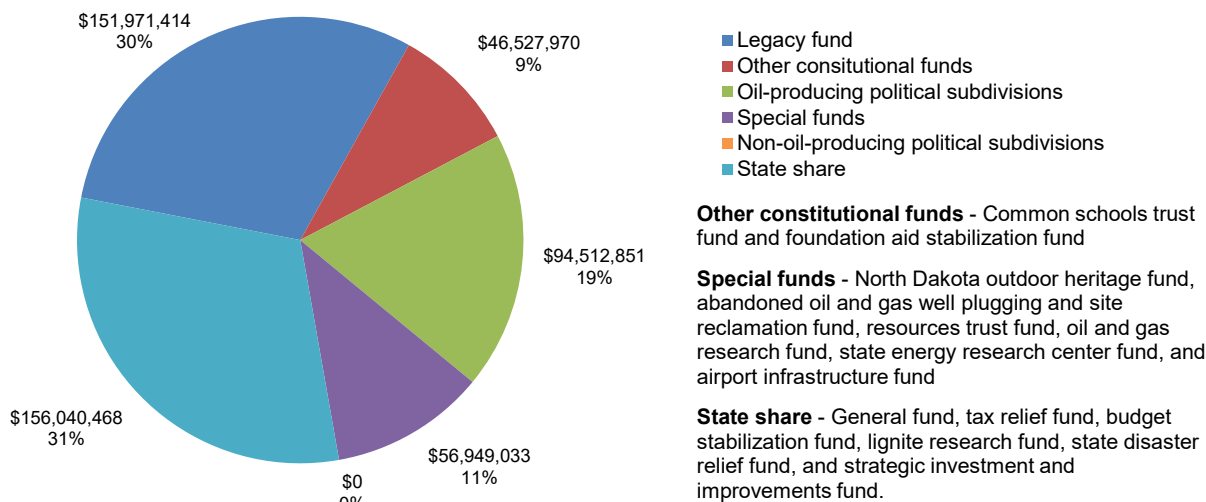
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$78,941,322	\$63,960,845	\$14,980,477	23.4%
Legacy fund	151,971,414	128,244,269	23,727,145	18.5%
North Dakota outdoor heritage fund	2,515,467	2,085,284	430,183	20.6%
Abandoned well reclamation fund	1,898,784	1,547,146	351,638	22.7%
Political subdivisions	94,512,851	78,093,074	16,419,777	21.0%
Common schools trust fund	23,263,985	20,951,436	2,312,549	11.0%
Foundation aid stabilization fund	23,263,985	20,951,436	2,312,549	11.0%
Resources trust fund	47,691,170	42,950,444	4,740,726	11.0%
Oil and gas research fund	3,229,074	2,653,156	575,918	21.7%
State energy research center fund	1,614,538	1,326,579	287,959	21.7%
General fund	156,040,468	128,056,331	27,984,137	21.9%
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
Strategic investment and improvements fund	0	0	0	N/A
Municipal infrastructure 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	\$584,943,058	\$490,820,000	\$94,123,058	19.2%

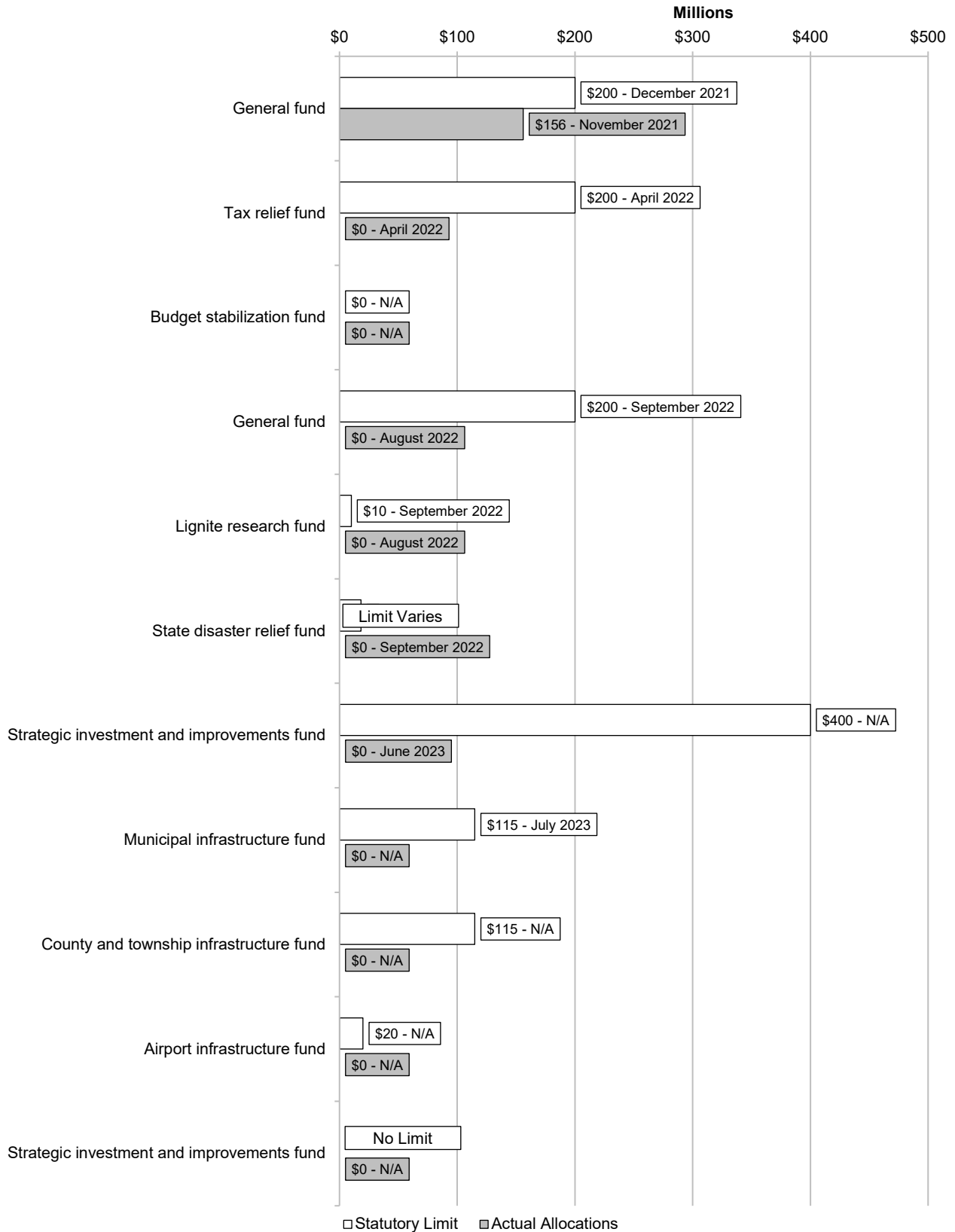
OIL AND GAS TAX REVENUE ALLOCATIONS

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 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 October 2021. The dates in the white boxes reflect when the funds are estimated to reach the statutory limit based on the 2021 legislative revenue forecast, prepared at the close of the 2021 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 2021 and forecasted amounts for the remainder of the biennium. The amount shown for the original forecast reflects the 2021 legislative revenue forecast, prepared at the close of the 2021 legislative session.

2021-23 Biennium Actual Allocations and Remaining Forecast				
	Actual Through	Remaining	Biennium	Original
	October 2021	Forecast	Total	Forecast
Three Affiliated Tribes	\$78,941,322	\$422,926,561	\$501,867,883	\$486,887,406
Legacy fund	151,971,414	843,092,009	995,063,423	971,336,278
North Dakota outdoor heritage fund	2,515,467	12,484,533	15,000,000	15,000,000
Abandoned well reclamation fund	1,898,784	10,510,146	12,408,930	11,718,253
Political subdivisions	94,512,851	440,130,038	534,642,889	518,223,112
Common schools trust fund	23,263,985	137,737,059	161,001,044	158,688,495
Foundation aid stabilization fund	23,263,985	137,737,059	161,001,044	158,688,495
Resources trust fund	47,691,170	282,360,975	330,052,145	325,311,419
Oil and gas research fund	3,229,074	11,270,926	14,500,000	14,500,000
State energy research center fund	1,614,538	3,385,462	5,000,000	5,000,000
General fund	156,040,468	243,959,532	400,000,000	400,000,000
Tax relief fund	0	200,000,000	200,000,000	200,000,000
Budget stabilization fund	0	0	0	0
Lignite research fund	0	10,000,000	10,000,000	10,000,000
State disaster relief fund	0	18,187,906	18,187,906	18,187,906
Strategic investment and improvements fund	0	400,000,000	400,000,000	400,000,000
Municipal infrastructure fund	0	26,461,397	26,461,397	11,991,818
County and township infrastructure fund	0	26,461,397	26,461,397	11,991,818
Airport infrastructure fund	0	0	0	0
Total	\$584,943,058	\$3,226,705,000	\$3,811,648,058	\$3,717,525,000

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 2021-23 biennium and 2019-21 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				
	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through August 2021	Through August 2019	Amount	Percentage
Actual	1,105,769	1,449,519	(343,750)	(23.7%)
Forecast	1,100,000	1,400,000	(300,000)	(21.4%)
Variance to forecast	5,769	49,519	(43,750)	(88.3%)
Percentage variance to forecast	0.5%	3.5%		

Average Oil Price - Price Per Barrel				
	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through August 2021	Through August 2019	Amount	Percentage
Actual	\$66.81	\$50.25	\$16.56	33.0%
Forecast	50.00	49.00	1.00	2.0%
Variance to forecast	\$16.81	\$1.25	\$15.56	1,244.8%
Percentage variance to forecast	33.6%	2.6%		

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 2021-23 biennium and 2019-21 biennium.

	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through October 2021	Through October 2019	Amount	Percentage
Actual	\$584,943,058	\$635,549,228	(\$50,606,170)	(8.0%)
Forecast	490,820,000	605,939,600	(115,119,600)	(19.0%)
Variance to forecast	\$94,123,058	\$29,609,628	\$64,513,430	217.9%
Percentage variance to forecast	19.2%	4.9%		