



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 2021 legislative revenue forecast**, prepared at the close of the 2021 legislative session. The oil revenue forecast was not changed during the November 2021 special session.

QUARTERLY SUMMARY

Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for March 2022 through May 2022. 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 2022	April 2022	May 2022
Actual	1,122,640	905,357	1,058,721
Forecast	1,100,000	1,100,000	1,100,000
Variance to forecast	22,640	(194,643)	(41,279)
Percentage variance to forecast	2.1%	(17.7%)	(3.8%)

Average Oil Price - Price Per Barrel			
	March 2022	April 2022	May 2022
Actual	\$106.47	\$100.90	\$107.52
Forecast	50.00	50.00	50.00
Variance to forecast	\$56.47	\$50.90	\$57.52
Percentage variance to forecast	112.9%	101.8%	115.0%

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for May 2022 through July 2022.

	May 2022	June 2022	July 2022
Actual	\$334,189,599	\$249,238,128	\$286,245,231
Forecast	165,385,000	160,050,000	165,385,000
Variance to forecast	\$168,804,599	\$89,188,128	\$120,860,231
Percentage variance to forecast	102.1%	55.7%	73.1%

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 May 2022 through July 2022.

	May 2022	June 2022	July 2022
Three Affiliated Tribes	\$39,916,513	\$27,320,057	\$34,960,931
Legacy fund	88,764,646	66,767,509	75,593,619
North Dakota outdoor heritage fund	0	0	0
Abandoned well reclamation fund	1,119,293	743,691	0
Political subdivisions	42,245,873	32,391,730	35,914,313
Common schools trust fund	13,776,189	10,262,269	11,734,326
Foundation aid stabilization fund	13,776,189	10,262,269	11,734,326
Resources trust fund	28,241,188	21,037,652	24,055,368
Oil and gas research fund	2,159,176	943,467	0
State energy research center fund	0	0	0
General fund	58,521,842	0	0
Tax relief fund	0	0	0
Budget stabilization fund	0	0	0
Lignite research fund	10,000,000	0	0
State disaster relief fund	15,511,903	0	0
Strategic investment and improvements fund	20,156,787	79,509,484	92,252,348
Municipal infrastructure fund	0	0	0
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$334,189,599	\$249,238,128	\$286,245,231

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 2022 through July 2022. 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.

	May 2022	June 2022	July 2022
Hub cities	\$5,255,952	\$4,389,310	\$4,730,512
Hub city school districts	1,010,582	817,994	893,817
Counties	23,552,508	17,673,739	19,827,572
Cities (excluding hub cities)	7,932,508	5,961,679	6,666,196
School districts (excluding hub city school districts)	2,973,159	2,413,018	2,508,580
Townships	1,521,164	1,135,990	1,287,636
Total	\$42,245,873	\$32,391,730	\$35,914,313

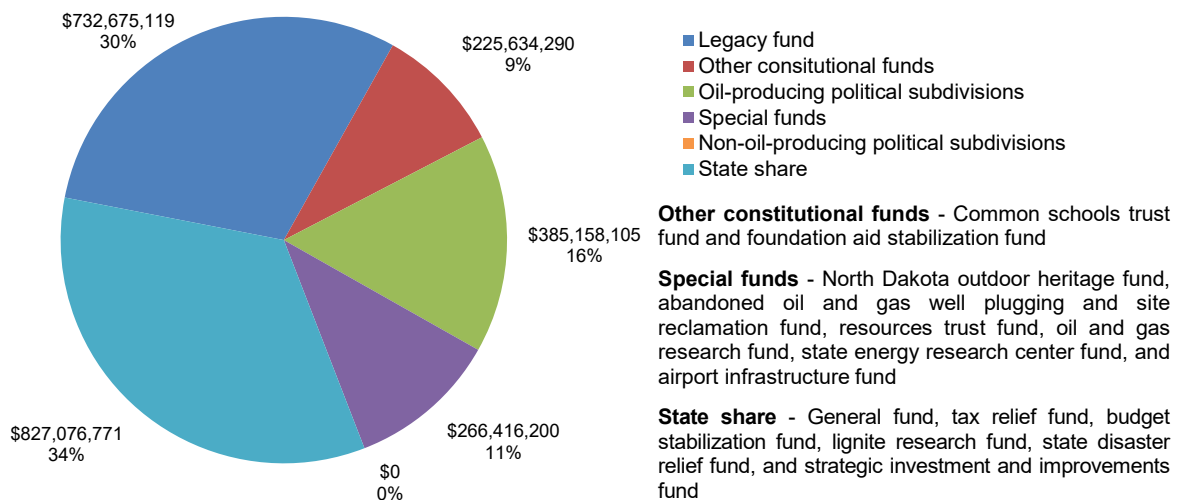
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through July 2022.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$361,054,139	\$254,710,586	\$106,343,553	41.8%
Legacy fund	732,675,119	508,795,197	223,879,922	44.0%
North Dakota outdoor heritage fund	7,500,000	7,500,000	0	0.0%
Abandoned well reclamation fund	8,141,051	6,138,133	2,002,918	32.6%
Political subdivisions	385,158,105	269,180,535	115,977,570	43.1%
Common schools trust fund	112,817,145	83,122,545	29,694,600	35.7%
Foundation aid stabilization fund	112,817,145	83,122,545	29,694,600	35.7%
Resources trust fund	231,275,149	170,401,218	60,873,931	35.7%
Oil and gas research fund	14,500,000	11,354,478	3,145,522	27.7%
State energy research center fund	5,000,000	5,000,000	0	0.0%
General fund	400,000,000	347,949,763	52,050,237	15.0%
Tax relief fund	200,000,000	200,000,000	0	0.0%
Budget stabilization fund	9,646,249	0	9,646,249	N/A
Lignite research fund	10,000,000	0	10,000,000	N/A
State disaster relief fund	15,511,903	0	15,511,903	N/A
Strategic investment and improvements fund	191,918,619	0	191,918,619	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	\$2,798,014,624	\$1,947,275,000	\$850,739,624	43.7%

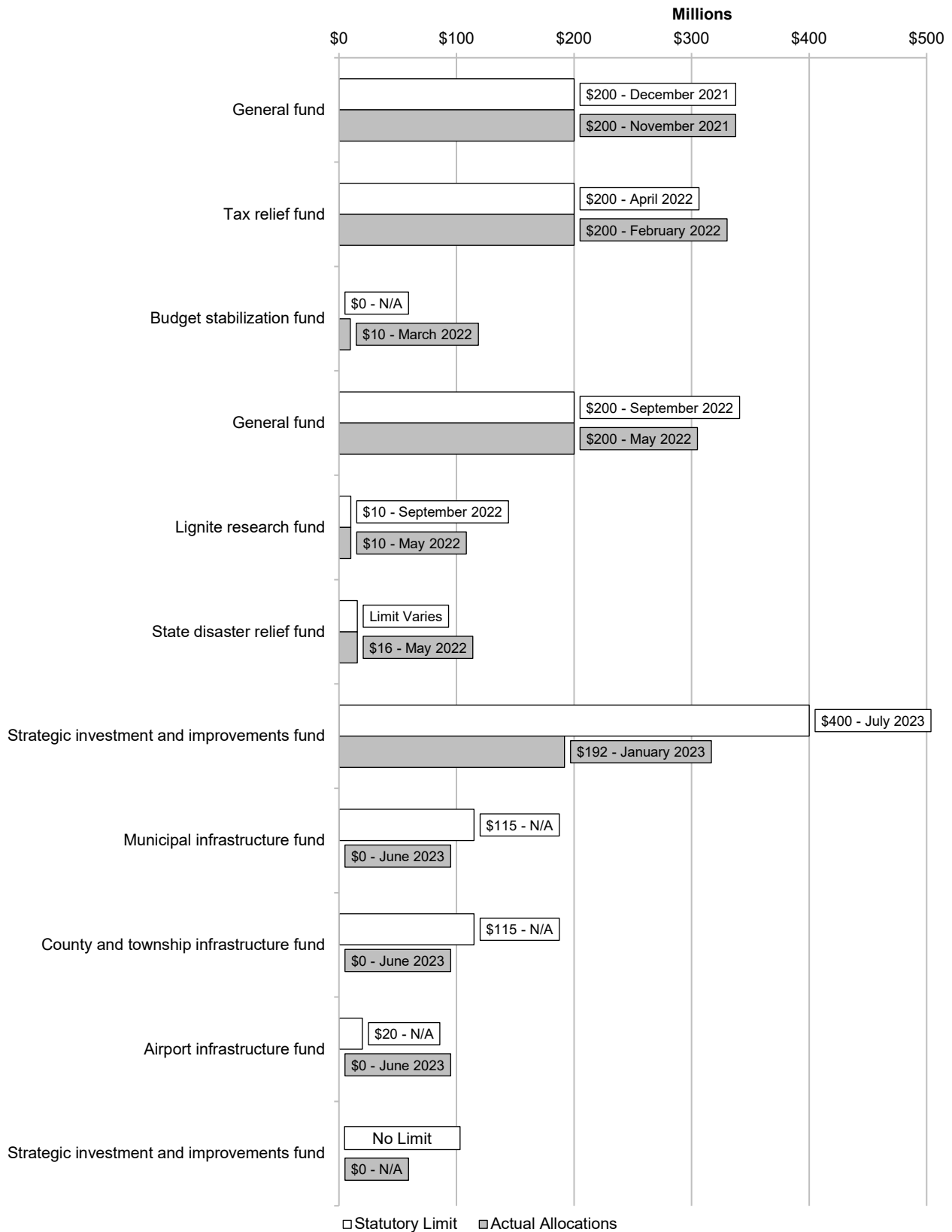
OIL AND GAS TAX REVENUE ALLOCATIONS

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 2022.



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 2022. 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 July 2022 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
	July 2022	Forecast	Total	Forecast
Three Affiliated Tribes	\$361,054,139	\$232,176,820	\$593,230,959	\$486,887,406
Legacy fund	732,675,119	462,541,081	1,195,216,200	971,336,278
North Dakota outdoor heritage fund	7,500,000	7,500,000	15,000,000	15,000,000
Abandoned well reclamation fund	8,141,051	5,292,199	13,433,250	11,718,253
Political subdivisions	385,158,105	249,042,577	634,200,682	518,223,112
Common schools trust fund	112,817,145	75,565,950	188,383,095	158,688,495
Foundation aid stabilization fund	112,817,145	75,565,950	188,383,095	158,688,495
Resources trust fund	231,275,149	154,910,201	386,185,350	325,311,419
Oil and gas research fund	14,500,000	0	14,500,000	14,500,000
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	9,646,249	0	9,646,249	0
Lignite research fund	10,000,000	0	10,000,000	10,000,000
State disaster relief fund	15,511,903	0	15,511,903	18,187,906
Strategic investment and improvements fund	191,918,619	257,655,222	449,573,841	400,000,000
Municipal infrastructure fund	0	115,000,000	115,000,000	11,991,818
County and township infrastructure fund	0	115,000,000	115,000,000	11,991,818
Airport infrastructure fund	0	20,000,000	20,000,000	0
Total	\$2,798,014,624	\$1,770,250,000	\$4,568,264,624	\$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 12 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 May 2022	Through May 2020	Amount	Percentage
Actual	1,092,535	1,391,757	(299,222)	(21.5%)
Forecast	1,100,000	1,400,000	(300,000)	(21.4%)
Variance to forecast	(7,465)	(8,243)	778	9.4%
Percentage variance to forecast	(0.7%)	(0.6%)		

Average Oil Price - Price Per Barrel				
	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through May 2022	Through May 2020	Amount	Percentage
Actual	\$81.09	\$42.42	\$38.67	91.2%
Forecast	50.00	49.00	1.00	2.0%
Variance to forecast	\$31.09	(\$6.58)	\$37.67	572.5%
Percentage variance to forecast	62.2%	(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 12 months of the 2021-23 biennium and 2019-21 biennium.

	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through July 2022	Through July 2020	Amount	Percentage
Actual	\$2,798,014,624	\$2,036,263,304	\$761,751,320	37.4%
Forecast	1,947,275,000	2,403,999,500	(456,724,500)	(19.0%)
Variance to forecast	\$850,739,624	(\$367,736,196)	\$1,218,475,820	331.3%
Percentage variance to forecast	43.7%	(15.3%)		