



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 June 2022 through August 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			
	June 2022	July 2022	August 2022
Actual	1,096,783	1,072,632	1,073,378
Forecast	1,000,000	1,000,000	1,000,000
Variance to forecast	96,783	72,632	73,378
Percentage variance to forecast	9.7%	7.3%	7.3%

Average Oil Price - Price Per Barrel			
	June 2022	July 2022	August 2022
Actual	\$112.85	\$97.76	\$90.81
Forecast	50.00	50.00	50.00
Variance to forecast	\$62.85	\$47.76	\$40.81
Percentage variance to forecast	125.7%	95.5%	81.6%

Oil and Gas Tax Revenue Collections

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

	August 2022	September 2022	October 2022
Actual	\$380,329,752	\$324,097,314	\$301,510,458
Forecast	145,500,000	150,350,000	150,350,000
Variance to forecast	\$234,829,752	\$173,747,314	\$151,160,458
Percentage variance to forecast	161.4%	115.6%	100.5%

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 2022 through October 2022.

	August 2022	September 2022	October 2022
Three Affiliated Tribes	\$38,612,254	\$33,093,228	\$31,364,003
Legacy fund	102,738,289	87,478,796	81,201,552
North Dakota outdoor heritage fund	0	2,044,251	1,926,711
Abandoned well reclamation fund	0	1,022,125	963,356
Political subdivisions	44,421,539	55,935,335	39,553,663
Common schools trust fund	17,251,158	14,757,084	13,486,189
Foundation aid stabilization fund	17,251,158	14,757,084	13,486,189
Resources trust fund	35,364,875	30,252,021	27,646,687
Oil and gas research fund	0	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
Strategic investment and improvements fund	124,690,479	83,390,902	0
Municipal infrastructure fund	0	683,244	45,941,054
County and township infrastructure fund	0	683,244	45,941,054
Airport infrastructure fund	0	0	0
Total	\$380,329,752	\$324,097,314	\$301,510,458

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 2022 through October 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.

	August 2022	September 2022	October 2022
Hub cities	\$5,477,222	\$6,484,809	\$5,029,444
Hub city school districts	1,059,754	1,283,661	960,247
Counties	24,900,340	31,760,860	21,963,500
Cities (excluding hub cities)	8,367,641	10,670,400	7,394,066
School districts (excluding hub city school districts)	2,997,077	3,668,281	2,785,914
Townships	1,619,505	2,067,324	1,420,492
Total	\$44,421,539	\$55,935,335	\$39,553,663

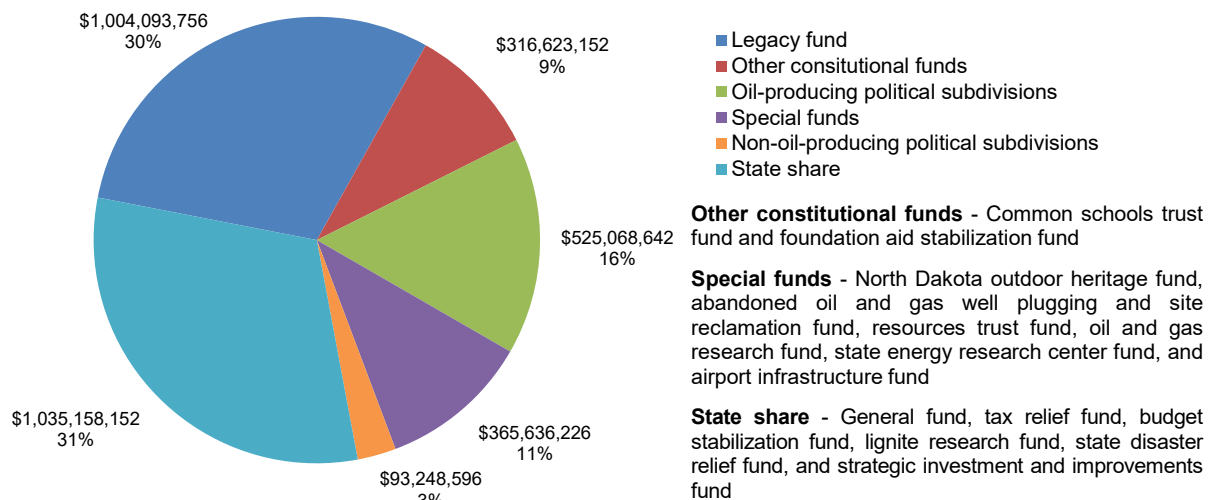
CURRENT BIENNIUM COMPARISON TO FORECAST

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

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$464,123,624	\$313,224,204	\$150,899,420	48.2%
Legacy fund	1,004,093,756	625,380,894	378,712,862	60.6%
North Dakota outdoor heritage fund	11,470,962	9,395,712	2,075,250	22.1%
Abandoned well reclamation fund	10,126,532	7,544,629	2,581,903	34.2%
Political subdivisions	525,068,642	342,018,023	183,050,619	53.5%
Common schools trust fund	158,311,576	102,169,305	56,142,271	55.0%
Foundation aid stabilization fund	158,311,576	102,169,305	56,142,271	55.0%
Resources trust fund	324,538,732	209,447,077	115,091,655	55.0%
Oil and gas research fund	14,500,000	13,729,563	770,437	5.6%
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	9,646,249	0	9,646,249	N/A
Lignite research fund	10,000,000	10,000,000	0	0.0%
State disaster relief fund	15,511,903	18,187,906	(2,676,003)	(14.7%)
Strategic investment and improvements fund	400,000,000	35,208,382	364,791,618	1,036.1%
Municipal infrastructure fund	46,624,298	0	46,624,298	N/A
County and township infrastructure fund	46,624,298	0	46,624,298	N/A
Airport infrastructure fund	0	0	0	N/A
Total	\$3,803,952,148	\$2,393,475,000	\$1,410,477,148	58.9%

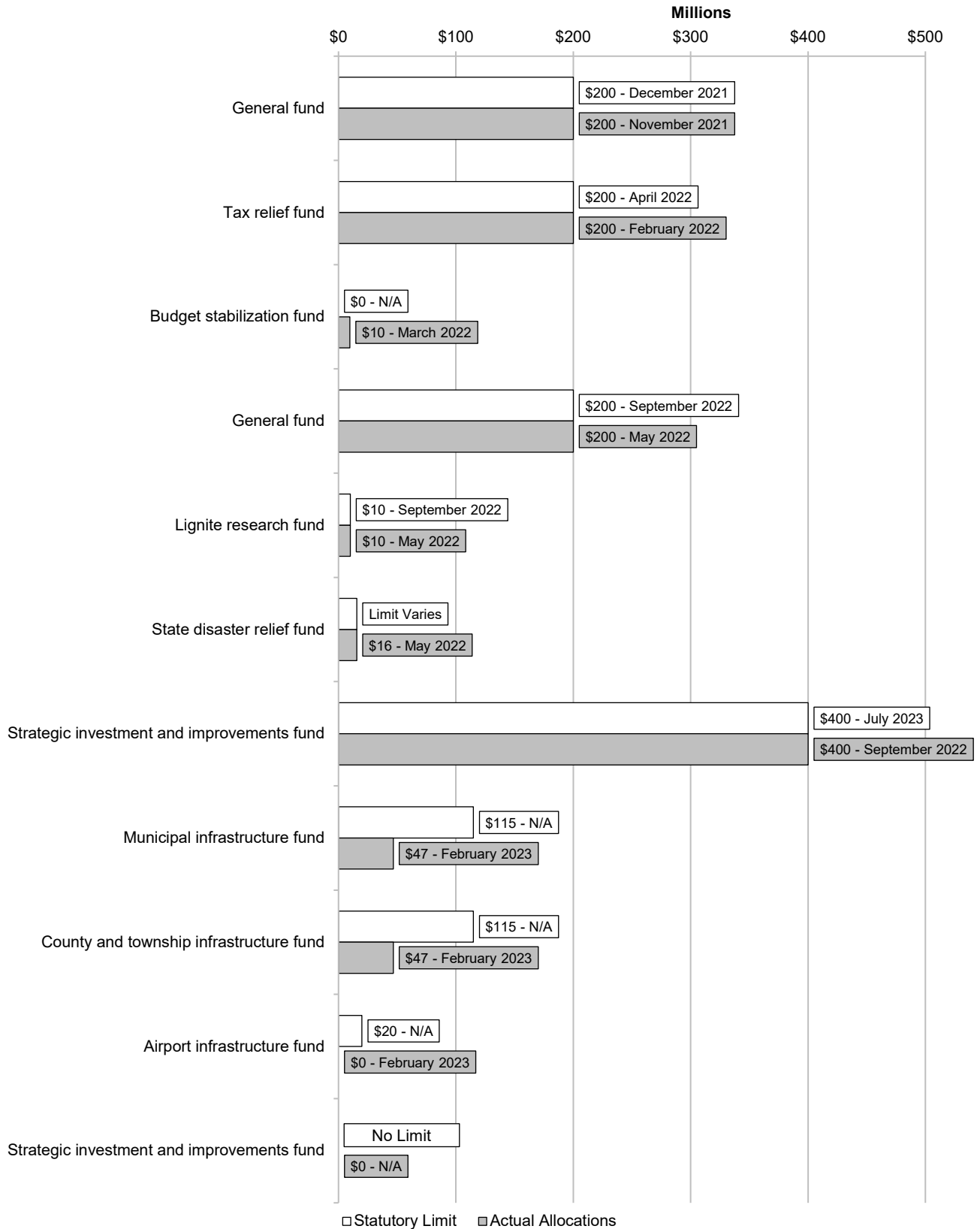
OIL AND GAS TAX REVENUE ALLOCATIONS

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 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 October 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 October 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
	October 2022	Forecast	Total	Forecast
Three Affiliated Tribes	\$464,123,624	\$173,663,202	\$637,786,826	\$486,887,406
Legacy fund	1,004,093,756	345,955,384	1,350,049,140	971,336,278
North Dakota outdoor heritage fund	11,470,962	3,529,038	15,000,000	15,000,000
Abandoned well reclamation fund	10,126,532	4,312,747	14,439,279	11,718,253
Political subdivisions	525,068,642	176,205,089	701,273,731	518,223,112
Common schools trust fund	158,311,576	56,519,190	214,830,766	158,688,495
Foundation aid stabilization fund	158,311,576	56,519,190	214,830,766	158,688,495
Resources trust fund	324,538,732	115,864,342	440,403,074	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	400,000,000	234,730,414	634,730,414	400,000,000
Municipal infrastructure fund	46,624,298	68,375,702	115,000,000	11,991,818
County and township infrastructure fund	46,624,298	68,375,702	115,000,000	11,991,818
Airport infrastructure fund	0	20,000,000	20,000,000	0
Total	\$3,803,952,148	\$1,324,050,000	\$5,128,002,148	\$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 15 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 2022	Through August 2020	Amount	Percentage
Actual	1,090,237	1,320,144	(229,907)	(17.4%)
Forecast	1,080,000	1,408,000	(328,000)	(23.3%)
Variance to forecast	10,237	(87,856)	98,093	111.7%
Percentage variance to forecast	0.9%	(6.2%)		

Average Oil Price - Price Per Barrel				
	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through August 2022	Through August 2020	Amount	Percentage
Actual	\$84.96	\$41.22	\$43.74	106.1%
Forecast	50.00	48.00	2.00	4.2%
Variance to forecast	\$34.96	(\$6.78)	\$41.74	615.6%
Percentage variance to forecast	69.9%	(14.1%)		

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 2021-23 biennium and 2019-21 biennium.

	2021-23 Biennium	2019-21 Biennium	Increase (Decrease)	
	Through October 2022	Through October 2020	Amount	Percentage
Actual	\$3,803,952,148	\$2,331,284,904	\$1,472,667,244	63.2%
Forecast	2,393,475,000	3,020,826,380	(627,351,380)	(20.8%)
Variance to forecast	\$1,410,477,148	(\$689,541,476)	\$2,100,018,624	304.6%
Percentage variance to forecast	58.9%	(22.8%)		