

PROJECTED OIL AND GAS TAX REVENUE - 2015-17 AND 2017-19 BIENNIUM

PRELIMINARY 2017-19 BIENNIUM OIL AND GAS TAX REVENUE ESTIMATE

The schedule below provides information on a 2017-19 biennium preliminary estimate of oil and gas tax revenue collections and allocations and includes a comparison to the 2015-17 biennium February 2016 revised revenue forecast. Changes to the oil and gas tax allocation formulas that will occur in the 2017-19 biennium under current law include the following:

- Allocations to the oil and gas impact grant fund are limited to \$100 million in the 2017-19 biennium compared to \$140 million in the 2015-17 biennium.
- Allocations to hub cities from the 1 percent of the 5 percent oil and gas gross production tax are based on mining employment in the 2017-19 biennium
- These allocations are based on oil- and gas-related employment in the 2015-17 biennium.
- Allocations to the political subdivision allocation fund are discontinued in the 2017-19 biennium. In the 2015-17 biennium, the formula provided an allocation of 30 percent of any remaining oil tax revenue collections from the state's share after allocations to the general fund, tax relief fund, strategic investment and improvements fund, and state disaster relief fund.

The 2017-19 biennium preliminary estimate is based on the following:

- Average daily oil production remaining at 900,000 barrels per day for the entire 2017-19 biennium.
- Average monthly oil prices (North Dakota light sweet crude) increasing from \$38 per barrel to \$45 per barrel.
- Oil extraction tax rate of 5 percent and oil and gas gross production tax rate of 5 percent.

2017-19 Biennium - Preliminary Estimated Oil and Gas Tax Revenue Collections and Allocations			
	2017-19 Biennium Preliminary Estimate	2015-17 Biennium February 2016 Revised Forecast	Variance
Collections			
Gross production tax	\$1,308,700,000	\$1,219,407,491	\$89,292,509
Oil extraction tax	1,308,700,000	1,246,880,828	61,819,172
Total collections	\$2,617,400,000	\$2,466,288,319	\$151,111,681
Allocations			
Legacy fund	\$692,170,000	\$683,387,883	\$8,782,117
Three Affiliated Tribes	200,230,000	188,328,172	11,901,828
Oil and gas research fund	10,000,000	10,000,000	0
Oil and gas impact grant fund	97,700,000	28,619,538	69,080,462
Political subdivisions ¹	463,140,000	478,072,790	(14,932,790)
Abandoned well reclamation fund	8,710,000	7,024,545	1,685,455
North Dakota outdoor heritage fund	17,420,000	13,398,878	4,021,122
Foundation aid stabilization fund	112,810,000	106,682,653	6,127,347
Common schools trust fund	112,810,000	106,682,653	6,127,347
Resources trust fund	225,620,000	213,365,307	12,254,693
General fund	300,000,000	300,000,000	0
Tax relief fund	300,000,000	300,000,000	0
Strategic investment and improvements fund	76,790,000	30,725,900	46,064,100
Political subdivision allocation fund	0	0	0
State disaster relief fund	0	0	0
Total oil tax allocations	\$2,617,400,000	\$2,466,288,319	\$151,111,681

¹The allocations to hub cities from the 1 percent of the 5 percent oil and gas gross production tax are based on mining employment in the 2017-19 biennium (estimates for Williston, 40 percent; Dickinson, 24 percent; Minot, 7 percent; and Mandan, 3 percent). The allocations to hub cities from the 1 percent of the 5 percent oil and gas gross production tax are based on oil- and gas-related employment in the 2015-17 biennium (Williston, 66 percent; Dickinson, 40 percent; Minot, 14 percent; Mandan, 9 percent; Bismarck, 4 percent; West Fargo, 3 percent; Jamestown, 2 percent; Fargo, 2 percent; Grand Forks, 2 percent).

2015-17 BIENNIUM OIL AND GAS TAX REVENUE

The schedule below compares actual oil and gas tax revenue collections and allocations to forecasted oil and gas tax revenue collections and allocations for the 2015-17 biennium to date through February 2016. Actual oil and gas tax revenue collections exceeded the original forecast in the first 6 months of the biennium (August 2015 through January 2016) primarily because the provisions of the "large trigger" did not become effective. The actual increase in oil and gas tax revenue collections related to the "large trigger" not being in effect is unknown; however, estimates for the increase range from \$350 million to \$400 million. Actual oil and gas tax collections and allocations in February 2016 were approximately \$61 million less than the original forecast.

2015-17 Biennium - Oil and Gas Tax Revenue Collections and Allocations			
	Actual Collections Through February 2016	Original Forecast Through February 2016	Variance
Collections			
Gross production tax	\$498,503,938	\$506,820,864	(\$8,316,926)
Oil extraction tax	516,797,417	187,464,508	329,332,909
Total collections	\$1,015,301,355	\$694,285,372	\$321,015,983
Allocations			
Legacy fund	\$281,459,386	\$191,633,208	\$89,826,178
Three Affiliated Tribes	77,102,862	55,508,011	21,594,851
Oil and gas research fund	7,587,699	3,048,328	4,539,371
Oil and gas impact grant fund	23,068,317	35,114,914	(12,046,597)
Political subdivisions	180,421,615	183,833,146	(3,411,531)
Abandoned well reclamation fund	3,392,148	3,713,983	(321,835)
North Dakota outdoor heritage fund	6,134,083	7,427,967	(1,293,884)
Foundation aid stabilization fund	43,699,059	16,159,440	27,539,619
Common schools trust fund	43,699,059	16,159,440	27,539,619
Resources trust fund	87,398,118	32,318,879	55,079,239
General fund	200,000,000	149,368,056	50,631,944
Tax relief fund	61,338,476	0	61,338,476
Strategic investment and improvements fund	533	0	533
Political subdivision allocation fund	0	0	0
State disaster relief fund	0	0	0
Total oil tax allocations	\$1,015,301,355	\$694,285,372	\$321,015,983