

North Dakota REV-E-NEWS



Pam Sharp, Director

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OFFICE OF MANAGEMENT AND BUDGET

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MESSAGE FROM THE DIRECTOR

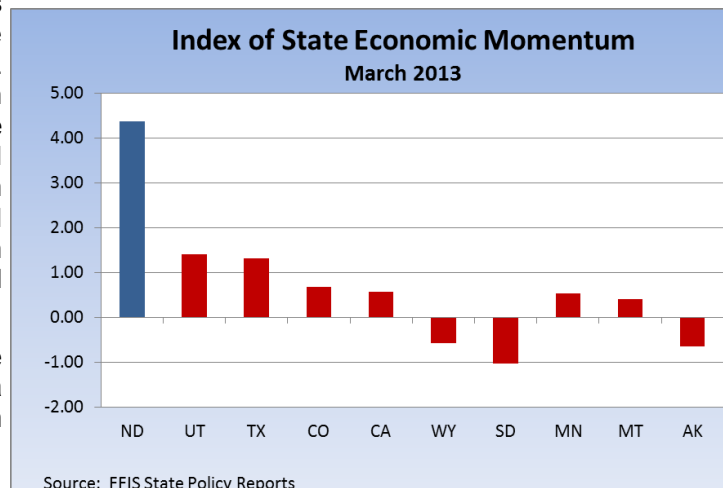
Federal Funds Information for States (FFIS), in its March 2013 issue of State Policy Reports, issued an updated ranking of the economic vitality of states. This ranking, updated quarterly by FFIS, is known as the Index of State Economic Momentum. The index “ranks states based on their most recent performance in three key measures of economic vitality: personal income growth, employment growth and population growth... Measures of the three components are averaged, and the national average is set at zero. Each state’s score is then expressed as a percentage above or below the national average.”

North Dakota maintained its first place ranking by a wide margin. North Dakota’s index score was 4.38; second place Utah scored only 1.41; third place Texas scored 1.31. All other states scored less than 1.00 or had a negative score. Maine had the lowest score at -1.25. This indicates that the economic condition in most states is similar...most are within one percent, either above or below, the national average. Only three states scored more than 1 percentage point above the national average and only 5 states scored more than 1 percentage point below the national average.

North Dakota ranked first in all three individual index components. North Dakota ranked first in personal income growth from fourth quarter 2011 to fourth quarter 2012.

Personal income grew 13.3 percent in North Dakota compared to a national average of 4.9 percent. North Dakota ranked first in employment growth. From February 2012 to February 2013, employment in North Dakota grew 4.9 percent, compared to a national average of only 1.6 percent. North Dakota also ranked first in percentage population growth from July 2011 to July 2012. At 2.2 percent, North Dakota’s growth rate tripled the national average of .7 percent.

These individual measures are aggregated into an overall index, which clearly shows North Dakota outperforming both its neighboring Midwestern states and its oil-producing counterparts, such as Texas, California, and Alaska. The following chart shows selected states and their index score.



OIL ACTIVITY



The 2011-13 biennium revised revenue forecast is based on oil production increasing to 830,000 barrels per day by the end of the biennium and crude oil prices remaining stable at around \$70 per barrel during that time. The current rig count is 189 rigs, 20 fewer than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	Mar 2013	Feb 2013	Jan 2013
Actual average price per barrel	\$88.61	\$89.77	\$91.04
Production (barrels/day)	782,800	779,000	737,800
Drilling permits	218	185	218
Producing wells	8,634	8,492	8,342
Rig count	186	183	185

Comments or Questions?

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS Compared to the Legislative Forecast 2011-13 Biennium April 2013

Revenues and Transfers	Fiscal Month				Biennium To Date			
	April 2011 <u>Leg. Forecast</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent</u>	April 2011 <u>Leg. Forecast</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	55,840,000	102,601,971	46,761,971	83.7%	1,272,573,000	2,019,890,143	747,317,143	58.7%
Motor Vehicle Excise Tax	8,665,000	11,232,734	2,567,734	29.6%	164,563,000	228,430,491	63,867,491	38.8%
Individual Income Tax	82,496,000	242,930,036	160,434,036	194.5%	515,902,000	994,082,960	478,180,960	92.7%
Corporate Income Tax	12,176,000	57,711,501	45,535,501	374.0%	108,489,000	340,894,077	232,405,077	214.2%
Insurance Premium Tax	150,000	378,747	228,747	152.5%	60,950,000	71,540,087	10,590,087	17.4%
Financial Institutions Tax	1,714,000	4,264,140	2,550,140	148.8%	5,034,000	9,341,704	4,307,704	85.6%
Oil & Gas Production Tax*					163,458,104	163,458,104	0	0.0%
Oil Extraction Tax*					136,541,896	136,541,896	0	0.0%
Gaming Tax	397,612	526,548	128,936	32.4%	8,242,528	10,183,114	1,940,586	23.5%
Lottery					5,500,000	7,000,000	1,500,000	27.3%
Cigarette & Tobacco Tax	1,743,000	1,936,216	193,216	11.1%	40,206,000	49,098,292	8,892,292	22.1%
Wholesale Liquor Tax	608,000	711,060	103,060	17.0%	13,550,000	15,973,983	2,423,983	17.9%
Coal Conversion Tax	1,418,000	1,347,600	(70,400)	-5.0%	31,345,000	32,990,381	1,645,381	5.2%
Mineral Leasing Fees	1,416,667	6,958,570	5,541,903	391.2%	16,291,674	39,804,518	23,512,844	144.3%
Departmental Collections	2,272,614	4,578,076	2,305,462	101.4%	58,832,681	69,663,288	10,830,607	18.4%
Interest Income	1,300,000	312,602	(987,398)	-76.0%	31,097,500	10,801,513	(20,295,987)	-65.3%
State Mill & Elevator-Transfer					3,325,000	3,822,989	497,989	15.0%
Major Special Fund Transfers					600,000,000	600,000,000	0	0.0%
Other Transfers	185,625	193,134	7,509	4.0%	1,485,000	1,688,693	203,693	13.7%
Total Revenues and Transfers	170,382,518	435,682,937	265,300,419	155.7%	3,237,386,383	4,805,206,235	1,567,819,852	48.4%

* Oil and gas production and extraction tax collections totaled \$234.2 million in April. The general fund cap of \$300.0 million has been reached and no additional oil taxes will be deposited into the general fund during the 2011-13 biennium. Through April, \$569.0 million has been deposited into the strategic investment and improvements fund. Revenues will continue to be deposited into that fund for the remainder of the biennium. Moneys will also continue to be deposited each month into the legacy fund; through April \$1.006 billion has been deposited into that fund.

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS Compared to the Previous Biennium Revenues 2011-13 Biennium April 2013

Revenues and Transfers	Fiscal Month				Biennium To Date			
	April 2011	April 2013	Variance	Percent	2009-11	2011-13	Variance	Percent
Sales Tax	50,164,412	102,601,971	52,437,560	104.5%	1,131,730,528	2,019,890,143	888,159,615	78.5%
Motor Vehicle Excise Tax	5,705,882	11,232,734	5,526,851	96.9%	110,526,329	228,430,491	117,904,162	106.7%
Individual Income Tax	139,525,522	242,930,036	103,404,514	74.1%	670,077,144	994,082,960	324,005,816	48.4%
Corporate Income Tax	30,264,388	57,711,501	27,447,114	90.7%	200,482,310	340,894,077	140,411,767	70.0%
Insurance Premium Tax	209,845	378,747	168,903	80.5%	54,602,902	71,540,087	16,937,185	31.0%
Financial Institutions Tax	2,467,051	4,264,140	1,797,089	72.8%	6,733,039	9,341,704	2,608,665	38.7%
Oil & Gas Production Tax*					32,718,333	163,458,104	130,739,771	399.6%
Oil Extraction Tax*					38,281,667	136,541,896	98,260,229	256.7%
Gaming Tax	696,533	526,548	(169,985)	-24.4%	14,439,212	10,183,114	(4,256,097)	-29.5%
Lottery					5,100,000	7,000,000	1,900,000	37.3%
Cigarette & Tobacco Tax	1,879,834	1,936,216	56,382	3.0%	42,234,864	49,098,292	6,863,429	16.3%
Wholesale Liquor Tax	675,902	711,060	35,158	5.2%	13,767,306	15,973,983	2,206,677	16.0%
Coal Conversion Tax	1,493,329	1,347,600	(145,729)	-9.8%	34,227,808	32,990,381	(1,237,427)	-3.6%
Mineral Leasing Fees	2,066,846	6,958,570	4,891,724	236.7%	16,773,423	39,804,518	23,031,095	137.3%
Departmental Collections	1,997,802	4,578,076	2,580,273	129.2%	62,811,358	69,663,288	6,851,930	10.9%
Interest Income	605,023	312,602	(292,421)	-48.3%	29,568,623	10,801,513	(18,767,109)	-63.5%
State Mill & Elevator-Transfer					6,260,457	3,822,989	(2,437,468)	-38.9%
Major Special Fund Transfers					435,000,000	600,000,000	165,000,000	37.9%
Other Transfers	161,000	193,134	32,134	20.0%	2,793,168	1,688,693	(1,104,475)	-39.5%
Total Revenues and Transfers	237,913,369	435,682,937	197,769,568	83.1%	2,908,128,470	4,805,206,235	1,897,077,765	65.2%

* Oil and gas production and extraction tax collections totaled \$234.2 million in April. The general fund cap of \$300.0 million has been reached and no additional oil taxes will be deposited into the general fund during the 2011-13 biennium. Through April, \$569.0 million has been deposited into the strategic investment and improvements fund. Revenues will continue to be deposited into that fund for the remainder of the biennium. Moneys will also continue to be deposited each month into the legacy fund; through April \$1.006 billion has been deposited into that fund.

VARIANCES

April 2013 revenues total \$435.7 million, \$265.3 million more than forecasted for the month, based on the original legislative forecast. The biennium-to-date variance is \$1.568 billion, or 48.4 percent. Significant variances are as follows:

- **Sales tax** collections total \$102.6 million in April, \$46.8 million more than the original estimate. The biennium-to-date variance from the original forecast is \$747.3 million, or 58.7 percent. Compared to previous biennium collections through April 2011, sales tax collections this biennium are \$888.2 million, or 78.5 percent, higher.
 - **Motor vehicle excise tax** collections exceed the forecast by \$2.6 million for the month. For 2009-11, only 75.0 percent of the tax was allocated to the general fund, but for 2011-13, 100.0 percent of the tax is allocated to the general fund. Adjusting for this change in allocation, 2011-13 collections are \$81.1 million higher. In terms of motor vehicle sales, this equates to an increase in sales of over \$1.6 billion.
 - **Individual income tax** collections exceed the monthly forecast by \$160.4 million and are \$478.2 million ahead of the biennium-to-date forecast.
 - **Corporate income tax** collections exceed the forecast by \$45.5 million for the month, bringing the biennium-to-date variance to \$232.4 million.
- Actual collections total \$340.9 million compared to a forecast of only \$108.5 million through April 2013.
- **Oil and gas taxes** reached the \$300.0 million biennial cap in August 2012. No additional oil taxes will be deposited into the general fund during the 2011-13 biennium.
 - **Cigarette and tobacco taxes** continue to exceed the original forecast. April collections were \$193,200 higher than estimated, bringing the biennium-to-date variance to \$8.9 million, or 22.1 percent.
 - **Mineral leasing fees** are received from the federal government for leasing mineral rights and extracting minerals on federal lands located within the state. These revenues are shared equally with the counties in which the minerals are located. Actual collections have exceeded the forecast by \$23.5 million, or 144.3 percent, through April.
 - **Departmental collections** are comprised of various fees and transfers. For the month of April, actual collections exceeded the forecast by \$2.3 million, or 101.4 percent. A portion of this variance is related to the timing of payments received by the Office of Management and Budget through the state's purchasing card program. Also affecting the variance were the timing of certain audit fees billed once each biennium by the State Auditor's Office and the collection of water user fines by the State Water Commission.