

# North Dakota REV-E-NEWS



**Pam Sharp, Director**

**June 2015**

**OFFICE OF MANAGEMENT AND BUDGET  
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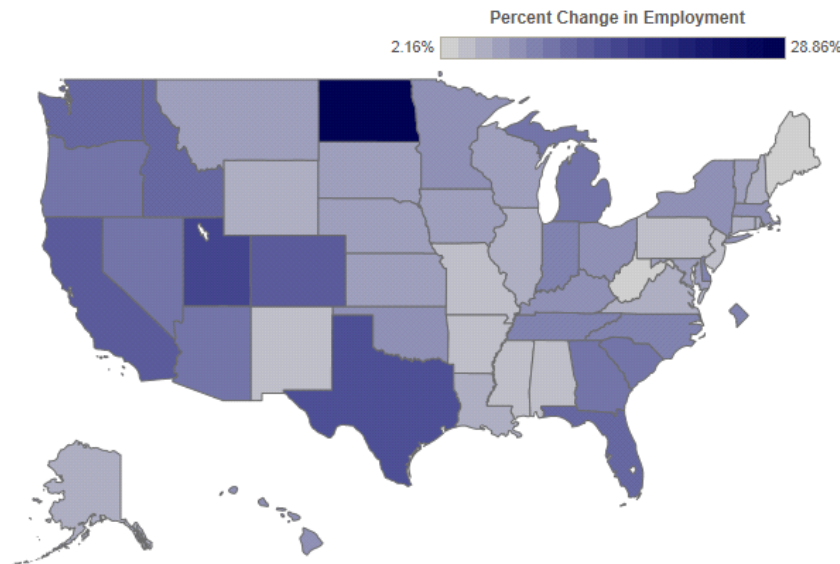
## MESSAGE FROM THE DIRECTOR

*Stateline*, a publication of the PEW Charitable Trusts, recently released an analysis of job growth in the 50 states and the District of Columbia during the recovery from the Great Recession. The growth rate was calculated by comparing each state’s March 2015 employment level to the state’s lowest employment level since the beginning of the recession in December 2007. Findings indicate that employment has grown by an average of 8 percent throughout the states, which equates to nearly 12 million jobs. However, while “the nation’s unemployment rate is at a seven-year low of 5.4 percent, job growth among the states has been uneven.”

Only 14 states experienced employment growth of 10 percent or greater since their lowest point. Another 21 states recorded much lower growth rates of 7 percent or less; and of these, three states’ employment increased by less than 3 percent.

“North Dakota has led the way thanks to its oil boom. Employment there has jumped more than 28 percent since April 2009, the earliest low point of any state.” Texas, Utah, California and Colorado rounded out the top 5 performers – with each state showing increases between 13 and 15 percent growth rates.

The following map depicts each state’s rate of change in employment between January 2008 and March 2015.



## OIL ACTIVITY



### Statistical Information

	Apr 2015	Mar 2015	Feb 2015
Actual average price per barrel	\$44.38	\$37.01	\$39.52
Production (barrels/day)	1,168,636	1,190,502	1,178,082
Drilling permits	168	190	197
Producing wells	12,537	12,443	12,199
Rig count	91	108	133

## Tax Allocations (in Millions)

	Biennium to Date May 31, 2015
Political subs	\$625.3
Tribes	419.1
Legacy fund	1,759.3
General fund	300.0
Education funds	532.1
Resources trust fund	527.9
Oil and gas impact fund	240.0
Property tax relief fund	341.8
Other allocations	938.4
<b>Total</b>	<b>\$5,683.9</b>

## STATEMENT OF GENERAL FUND REVENUES AND FORECASTS Compared to the Legislative Forecast 2013-15 Biennium May 2015

Revenues and Transfers	Fiscal Month				Biennium To Date			
	May 2013 Leg. Forecast	Actual	Variance	Percent	May 2013 Leg. Forecast	Actual	Variance	Percent
Sales Tax	117,443,000	80,494,380	(36,948,620)	-31.5%	2,387,655,000	2,387,455,781	(199,219)	0.0%
Motor Vehicle Excise Tax	16,321,000	10,761,557	(5,559,443)	-34.1%	308,323,000	265,384,822	(42,938,178)	-13.9%
Individual Income Tax	22,416,000	1,119,093	(21,296,907)	-95.0%	773,842,000	1,034,418,341	260,576,341	33.7%
Corporate Income Tax	5,902,000	982,174	(4,919,826)	-83.4%	335,350,000	403,705,112	68,355,112	20.4%
Insurance Premium Tax	8,978,250	12,206,346	3,228,096	36.0%	72,311,880	91,226,815	18,914,935	26.2%
Financial Institutions Tax		(12,209)	(12,209)	-100.0%		(4,985,740)	(4,985,740)	-100.0%
Oil & Gas Production Tax*					146,071,108	146,071,108		
Oil Extraction Tax*					153,928,892	153,928,892		
Gaming Tax	558,000	505,475	(52,525)	-9.4%	8,032,920	7,061,152	(971,768)	-12.1%
Lottery					5,500,000	7,200,000	1,700,000	30.9%
Cigarette & Tobacco Tax	2,443,000	2,453,288	10,288	0.4%	55,438,000	57,746,039	2,308,039	4.2%
Wholesale Liquor Tax	849,000	865,592	16,592	2.0%	18,143,000	17,950,044	(192,956)	-1.1%
Coal Conversion Tax	1,918,000	2,235,681	317,681	16.6%	36,222,000	36,109,787	(112,213)	-0.3%
Mineral Leasing Fees	791,667	105,203	(686,464)	-86.7%	18,208,341	40,055,203	21,846,862	120.0%
Departmental Collections	1,957,718	1,833,478	(124,240)	-6.3%	71,241,439	80,236,786	8,995,347	12.6%
Interest Income	658,490	271,879	(386,611)	-58.7%	22,397,720	13,599,081	(8,798,639)	-39.3%
State Mill & Elevator-Transfer					3,408,600	3,408,600		
Major Special Fund Transfers					861,790,000	861,790,000		
Other Transfers					1,777,360	1,987,999	210,639	11.9%
<b>Total Revenues and Transfers</b>	<b>180,236,125</b>	<b>113,821,937</b>	<b>(66,414,188)</b>	<b>-36.8%</b>	<b>5,279,641,260</b>	<b>5,604,349,821</b>	<b>324,708,561</b>	<b>6.2%</b>

\* The general fund cap for oil and gas taxes contains two tiers. The first tier of \$200.0 million was reached in October 2013. The next \$341.8 million was deposited into the property tax relief fund. The second tier of \$100.0 million was reached in April 2014, two months earlier than anticipated. The general fund will not receive additional allocations this biennium.

Total production and extraction tax collections of \$148.0 million were distributed in May 2015. Through May, \$1.76 billion has been deposited into the legacy fund; for a total balance of \$3.30 billion.

## STATEMENT OF GENERAL FUND REVENUES AND FORECASTS Compared to the Previous Biennium Revenues 2013-15 Biennium May 2015

Revenues and Transfers	Fiscal Month				Biennium To Date			
	May 2013	May 2015	Variance	Percent	2011-13	2013-15	Variance	Percent
Sales Tax	93,762,280	80,494,380	(13,267,900)	-14.2%	2,113,652,423	2,387,455,781	273,803,358	13.0%
Motor Vehicle Excise Tax	12,315,586	10,761,557	(1,554,029)	-12.6%	240,746,077	265,384,822	24,638,745	10.2%
Individual Income Tax	16,313,646	1,119,093	(15,194,552)	-93.1%	1,010,396,605	1,034,418,341	24,021,735	2.4%
Corporate Income Tax	4,284,314	982,174	(3,302,140)	-77.1%	345,178,391	403,705,112	58,526,722	17.0%
Insurance Premium Tax	10,141,609	12,206,346	2,064,737	20.4%	81,681,696	91,226,815	9,545,119	11.7%
Financial Institutions Tax	22,077	(12,209)	(34,286)	100.0%	9,363,780	(4,985,740)	(14,349,521)	-153.2%
Oil & Gas Production Tax*					163,458,104	146,071,108	(17,386,996)	-10.6%
Oil Extraction Tax*					136,541,896	153,928,892	17,386,996	12.7%
Gaming Tax	760,159	505,475	(254,684)	-33.5%	10,943,273	7,061,152	(3,882,121)	-35.5%
Lottery					7,000,000	7,200,000	200,000	2.9%
Cigarette & Tobacco Tax	2,204,223	2,453,288	249,065	11.3%	51,302,515	57,746,039	6,443,524	12.6%
Wholesale Liquor Tax	815,978	865,592	49,614	6.1%	16,789,961	17,950,044	1,160,083	6.9%
Coal Conversion Tax	1,672,950	2,235,681	562,731	33.6%	34,663,331	36,109,787	1,446,456	4.2%
Mineral Leasing Fees	2,640,569	105,203	(2,535,366)	-96.0%	42,445,086	40,055,203	(2,389,883)	-5.6%
Departmental Collections	2,418,164	1,833,478	(584,686)	-24.2%	72,081,453	80,236,786	8,155,333	11.3%
Interest Income	321,628	271,879	(49,749)	-15.5%	11,123,142	13,599,081	2,475,939	22.3%
State Mill & Elevator-Transfer					3,822,989	3,408,600	(414,389)	-10.8%
Major Special Fund Transfers					600,000,000	861,790,000	261,790,000	43.6%
Other Transfers	40,718		(40,718)	-100.0%	1,729,412	1,987,999	258,587	15.0%
<b>Total Revenues and Transfers</b>	<b>147,713,900</b>	<b>113,821,937</b>	<b>(33,891,963)</b>	<b>-22.9%</b>	<b>4,952,920,135</b>	<b>5,604,349,821</b>	<b>651,429,686</b>	<b>13.2%</b>

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Total production and extraction tax collections of \$148.0 million were distributed in May 2015. Through May, \$1.76 billion has been deposited into the legacy fund; for a total balance of \$3.300 billion.

## VARIANCES

May 2015 revenues of \$113.8 million were \$66.4 million, or 36.8 percent below forecast. Biennium-to-date revenues total \$5.60 billion, which is \$324.7 million, or 6.2 percent, higher than forecast. Significant monthly variances are as follows:

- **Sales tax** collections of \$80.5 million are \$36.9 million, or 31.5 percent, less than anticipated for the month. Timing differences caused a portion of the variance; however, the majority of the shortfall appears to be from lower sales tax revenues. Even with this monthly variance, overall collections show continuing growth in sales. Biennium to date collections total \$2.39 billion, which is 13.0 percent higher than the previous biennium.
  - **Motor vehicle excise tax** collections of \$10.8 million were 34.1 percent, or \$5.6 million, below the forecast for the month. Biennium-to-date collections are 13.9 percent, or \$42.9 million, less than anticipated. While current biennium collections fall short of expectations, the collections do exceed the 2011-13 biennium by \$24.6 million, indicating the shortfall is attributable to monthly forecast assumptions, not a decline in motor vehicle sales.
  - **Individual income tax** biennium to date collections exceed the forecast by a wide margin -- \$260.6 million, or 33.7 percent.
- The build-up of refund reserve accounts to handle larger than expected pending refunds resulted in a \$21.3 million, or 95.0 percent, shortfall in collections for the month. 2013-15 collections to date total \$1.03 billion, which is 2.4 percent above the same time period in 2011-13.
- **Corporate income tax** collections for the current biennium total \$403.7 million, which exceeds the forecast by \$68.4 million, or 20.4 percent. Monthly collections were \$982,174, which is \$4.9 million, or 83.4 percent, less than projected. The variance resulted from a build-up of refund reserve accounts for larger than anticipated pending refunds. Despite the significant rate reductions approved by the 2013 legislature, collections are 17.0 percent higher than during the same time period in the 2011-13 biennium.
  - **Insurance premium tax** collections of \$12.2 million exceed the forecast by \$3.2 million as a result of increased insurance premium issuances. Collections for the current biennium-to-date total \$91.2 million, which is \$18.9 million, or 26.2 percent, higher than anticipated.
  - **Oil and gas taxes** reached the \$300.0 million biennial cap in April. No additional oil taxes will be deposited in the general fund during the 2013-15 biennium.