

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

In January 2017 the United Health Foundation issued its 27th “America’s Health Rankings Annual Report”. The Foundation used twenty-six core measures and twenty-five supplemental measures in five broad categories—behaviors, community and environment, policy, clinical care, and outcomes. Along with an overall score, each state was also scored in two frameworks—determinants, which uses the first four categories, and outcomes. A good score in determinants would mean that a state is working for positive future results while a good score in outcomes indicates how well a state is doing currently. North Dakota ranked thirteenth in determinants and fifth in outcomes to achieve a ranking of eleventh overall which enabled it to join 25 other states with a score higher than the national score.

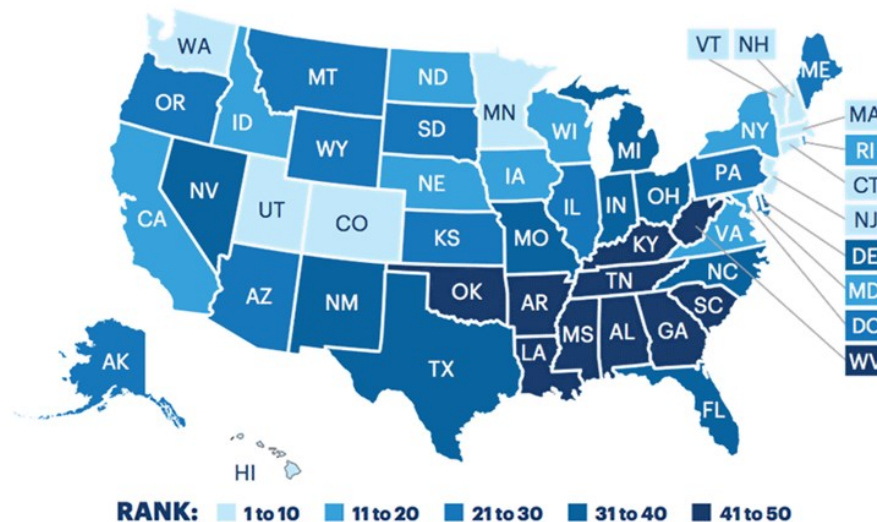
The report emphasizes positive developments as well as challenges to health gains on the national level. Positive developments include:

- The prevalence of smoking has declined 41 percent since 1990 and 17 percent over the last four years.
- The rate of preventable hospitalizations among Medicare enrollees has declined 35 percent over the last decade and 13 percent in the last year.
- The uninsured population declined 35 percent over the last five years and is now at its lowest point in history.

Challenges to “hard-won” health gains include:

- For the first time in the report’s history, the cardiovascular death rate has increased.
- The rate of drug deaths has increased 9 percent in the last five years and 4 percent in the last year.
- Premature death, or the years of potential life lost before age 75, increased for the second year in a row.
- The prevalence of obesity has increased 157 percent since the rankings were first issued in 1990.

The map below, from the United Health Foundation, shows the ranking of each state:



OIL ACTIVITY



Statistical Information

	Dec 2016	Nov 2016	Oct 2016
Actual average price per barrel	\$43.94	\$38.38	\$43.01
Production (barrels/day)	942,455	1,034,484	1,043,693
Drilling permits	35	76	82
Producing wells	13,337	13,520	13,458
Rig count	40	37	33

Tax Allocations (in Millions)

	Biennium to Date Jan 31, 2017
Political subs	\$ 418.3
Tribes	161.0
Legacy fund	606.8
General fund	251.1
Education funds	180.9
Resources trust fund	177.0
Oil and gas impact fund	52.4
Tax relief fund	300.0
Other allocations	36.3
Total	\$ 2,183.8

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to the November 2016 Revised Forecast ¹
2015-17 Biennium
January 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	November 2016 Rev. Forecast	Actual	Variance	Percent	November 2016 Rev. Forecast /1	Actual	Variance	Percent
Sales Tax	120,278,000	79,583,140	(40,694,860)	-33.8%	1,475,189,698	1,422,285,338	(52,904,360)	-3.6%
Motor Vehicle Excise Tax	8,013,000	9,660,517	1,647,517	20.6%	168,348,290	171,733,076	3,384,785	2.0%
Individual Income Tax	38,518,000	51,938,838	13,420,838	34.8%	511,787,066	528,279,771	16,492,704	3.2%
Corporate Income Tax	4,668,000	6,644,680	1,976,680	42.3%	125,543,580	119,028,597	(6,514,983)	-5.2%
Insurance Premium Tax	220,610	669,899	449,289	203.7%	73,563,847	75,100,251	1,536,404	2.1%
Financial Institutions Tax		6,161	6,161		1,294,077	1,299,254	5,177	0.4%
Oil & Gas Production Tax*	12,651,195	12,651,195			98,890,075	98,890,075		
Oil Extraction Tax*	16,293,501	16,293,501			152,171,182	152,171,182		
Gaming Tax	346,030	278,352	(67,678)	-19.6%	5,438,104	5,270,723	(167,381)	-3.1%
Lottery					9,580,000	9,580,000		
Cigarette & Tobacco Tax	2,446,000	1,978,487	(467,513)	-19.1%	46,299,199	45,766,606	(532,593)	-1.2%
Wholesale Liquor Tax	828,000	756,163	(71,837)	-8.7%	14,444,026	14,417,668	(26,358)	-0.2%
Coal Conversion Tax	1,730,000	1,702,311	(27,689)	-1.6%	32,689,188	32,793,044	103,856	0.3%
Mineral Leasing Fees	819,488	1,279,412	459,924	56.1%	21,517,660	22,269,786	752,126	3.5%
Departmental Collections	7,120,899	9,806,286	2,685,387	37.7%	65,542,804	68,481,096	2,938,292	4.5%
Interest Income	452,222	163,003	(289,220)	-64.0%	14,511,179	13,662,914	(848,264)	-5.8%
State Mill & Elevator-Transfer					4,434,894	4,434,894		
Major Special Fund Transfers					657,000,000	657,000,000		
Other Transfers	253,812	257,500	3,688	1.5%	1,855,895	1,873,787	17,892	1.0%
Total	214,638,758	193,669,445	(20,969,313)	-9.8%	3,480,100,762	3,444,338,061	(35,762,701)	-1.0%
Budget Stabilization Fund Transfer		30,000,000				505,000,000		
Total Revenues and Transfers		223,669,445				3,949,338,061		

¹ The November 2016 revised revenue forecast includes actual revenues through October 31, 2016, and revised estimates for the remainder of the biennium.

Compared to the July 2016 Revised Forecast ¹
2015-17 Biennium
January 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	July 2016 Rev. Forecast	Actual	Variance	Percent	July 2016 Rev. Forecast /1	Actual	Variance	Percent
Sales Tax	123,531,000	79,583,140	(43,947,860)	-35.6%	1,519,276,574	1,422,285,338	(96,991,235)	-6.4%
Motor Vehicle Excise Tax	7,877,000	9,660,517	1,783,517	22.6%	162,094,785	171,733,076	9,638,290	5.9%
Individual Income Tax	39,709,000	51,938,838	12,229,838	30.8%	504,693,749	528,279,771	23,586,022	4.7%
Corporate Income Tax	4,268,000	6,644,680	2,376,680	55.7%	120,566,800	119,028,597	(1,538,203)	-1.3%
Insurance Premium Tax	120,610	669,899	549,289	455.4%	72,583,193	75,100,251	2,517,058	3.5%
Financial Institutions Tax		6,161	6,161		324,145	1,299,254	975,109	300.8%
Oil & Gas Production Tax*	12,651,195	12,651,195			98,890,075	98,890,075		
Oil Extraction Tax*	16,293,501	16,293,501			152,171,182	152,171,182		
Gaming Tax	346,030	278,352	(67,678)	-19.6%	5,489,074	5,270,723	(218,351)	-4.0%
Lottery					9,580,000	9,580,000		
Cigarette & Tobacco Tax	2,446,000	1,978,487	(467,513)	-19.1%	46,155,715	45,766,606	(389,109)	-0.8%
Wholesale Liquor Tax	794,000	756,163	(37,837)	-4.8%	14,288,988	14,417,668	128,681	0.9%
Coal Conversion Tax	1,730,000	1,702,311	(27,689)	-1.6%	32,537,976	32,793,044	255,068	0.8%
Mineral Leasing Fees	819,488	1,279,412	459,924	56.1%	19,537,992	22,269,786	2,731,794	14.0%
Departmental Collections	6,520,899	9,806,286	3,285,387	50.4%	63,548,711	68,481,096	4,932,385	7.8%
Interest Income	452,222	163,003	(289,220)	-64.0%	15,326,534	13,662,914	(1,663,620)	-10.9%
State Mill & Elevator-Transfer					4,434,894	4,434,894		
Major Special Fund Transfers					657,000,000	657,000,000		
Other Transfers	253,812	257,500	3,688	1.5%	1,852,590	1,873,787	21,197	1.1%
Total	217,812,758	193,669,445	(24,143,313)	-11.1%	3,500,352,975	3,444,338,061	(56,014,914)	-1.6%
Budget Stabilization Fund Transfer		30,000,000				505,000,000		
Total Revenues and Transfers		223,669,445				3,949,338,061		

Compared to the Previous Biennium Revenues
2015-17 Biennium
January 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	January 2015	January 2017	Variance	Percent	2013-15	2015-17	Variance	Percent
Sales Tax	115,685,302	79,583,140	(36,102,162)	-31.2%	2,021,296,288	1,422,285,339	(599,010,949)	-29.6%
Motor Vehicle Excise Tax	12,189,581	9,660,517	(2,529,064)	-20.7%	222,549,197	171,733,076	(50,816,121)	-22.8%
Individual Income Tax	51,170,821	51,938,838	768,017	1.5%	757,315,398	528,279,771	(229,035,627)	-30.2%
Corporate Income Tax	16,049,442	6,644,680	(9,404,762)	-58.6%	330,109,978	119,028,596	(211,081,382)	-63.9%
Insurance Premium Tax	121,521	669,899	548,378	451.3%	59,928,632	75,100,252	15,171,619	25.3%
Financial Institutions Tax	18,867	6,161	(12,706)	-67.3%	(5,003,456)	1,299,254	6,302,711	-126.0%
Oil & Gas Production Tax*		12,651,195			146,071,108	98,890,075	(47,181,034)	-32.3%
Oil Extraction Tax*		16,293,501			153,928,892	152,171,182	(1,757,710)	-1.1%
Gaming Tax	346,932	278,352	(68,580)	-19.8%	5,634,326	5,270,723	(363,603)	-6.5%
Lottery					7,200,000	9,580,000	2,380,000	33.1%
Cigarette & Tobacco Tax	2,433,174	1,978,487	(454,687)	-18.7%	48,489,032	45,766,606	(2,722,425)	-5.6%
Wholesale Liquor Tax	961,957	756,163	(205,794)	-21.4%	15,040,957	14,417,668	(623,289)	-4.1%
Coal Conversion Tax	1,472,709	1,702,311	229,602	15.6%	28,251,448	32,793,045	4,541,596	16.1%
Mineral Leasing Fees	2,125,176	1,279,412	(845,764)	-39.8%	35,624,784	22,269,785	(13,354,999)	-37.5%
Departmental Collections	8,558,264	9,806,286	1,248,022	14.6%	68,334,852	68,481,096	146,243	0.2%
Interest Income	228,708	163,003	(65,705)	-28.7%	12,551,126	13,662,915	1,111,788	8.9%
State Mill & Elevator-Transfer					3,408,600	4,434,894	1,026,294	30.1%
Major Special Fund Transfers	520,000,000		(520,000,000)	100.0%	861,790,000	657,000,000	(204,790,000)	-23.8%
Other Transfers	199,259	257,500	58,241	29.2%	1,734,744	1,873,787	139,043	8.0%
Total Revenues and Transfers	731,561,713	193,669,445	(566,836,964)	-77.5%	4,774,255,906	3,444,338,062	(1,329,917,843)	-27.9%

VARIANCES

(Compared to November 2016 Revised Forecast)

January 2017 revenues totaled \$193.7 million, which is \$20.9 million, or 9.8 percent below forecast. The biennium-to-date revenues of \$3.44 billion are \$35.8 million, or 1.0 percent, lower than projected. When transfers from the tax relief fund are excluded, 2015-17 revenues to date are tracking 28.8 percent behind the same time period in the 2013-15 biennium. Significant monthly variances are as follows:

- **Sales tax** collections of \$79.6 million were \$40.7 million, or 33.8 percent, less than anticipated for the month. Biennium-to-date revenues are 3.6 percent below forecast and 29.6 percent less than the same time period in the 2013-15 biennium.
- **Individual income tax** collections totaling \$51.9 million were \$13.4 million, or 34.8 percent, above the monthly projection due to strong withholding, estimated payments, and payments made with tax returns. Biennium to date collections of \$528.3 million are \$16.5 million, or 3.2 percent, above the forecast. Tax rate reductions and

sizeable reductions in taxable royalty payments along with reduced employment in the oil fields resulted in biennium to date collections that were 30.2 percent lower than the same time period in the 2013-15 biennium.

- **Corporate income tax** collections of \$6.6 million were \$2.0 million, or 42.3 percent, above the monthly projection, due to strong estimated payments. Biennium to date collections are 5.2 percent below forecast and 63.9 percent lower than the same time period in the 2013-15 biennium.
- **Oil and gas taxes** were \$3.5 million lower than the monthly forecast. However, for purposes of this report, oil tax forecast amounts are shown as being equal to actual collections. For the biennium in total, the general fund share of oil taxes is limited to no more than \$300.0 million. Monthly variances affect the time frame during which the general fund receives its share of oil taxes, but does not impact the total biennial collections.