

# North Dakota REV-E-NEWS



**Pam Sharp, Director**

**June 2017**

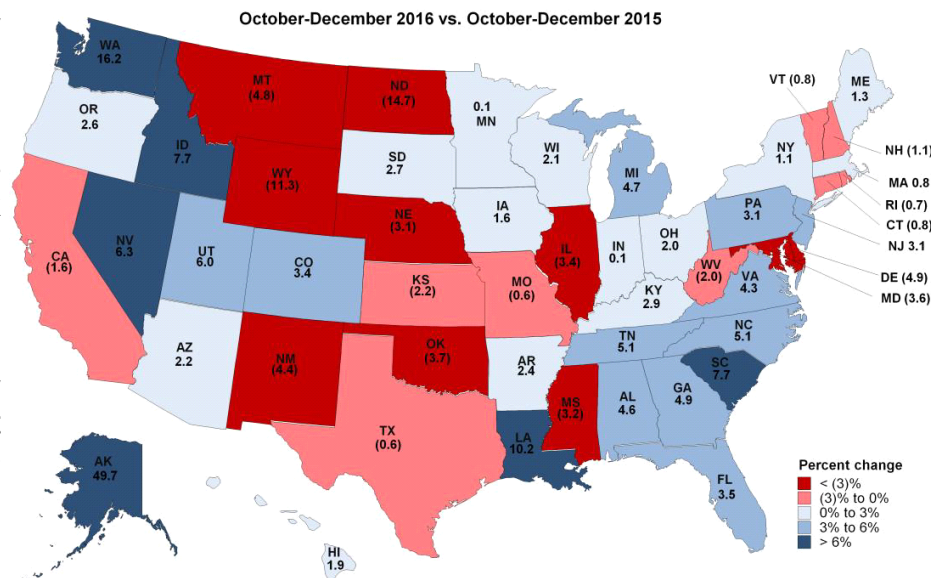
**OFFICE OF MANAGEMENT AND BUDGET  
600 EAST BOULEVARD AVE — DEPT. 110 BISMARCK, ND 58505-0400**

## MESSAGE FROM THE DIRECTOR

The Rockefeller Institute of Government, in its June 2017 State Revenue Report, reports that state and local government tax revenues across the nation continue to grow at an “extremely slow pace” with a growth rate of 2.3 percent from the fourth quarter of 2016 compared to a year earlier, which is slightly lower than the 2.5 percent average growth for the four previous quarters. The report mentions that state and local governments that rely heavily on sales tax or income tax are likely to fare worse than average. The Rockefeller Institute attributes the weak tax revenue growth to sharp declines in oil prices and general slow growth in the economy. Preliminary figures for the first quarter of 2017 indicate stronger growth overall but early data on April 2017 indicates

widespread declines in income tax collections which are attributed to declines in estimated and final tax payments. The Institute also noted that “states face fiscal uncertainty with federal tax policy in flux and potential cuts in federal aid to the states on the horizon.”

The table below shows the 19 states that experienced declines in state tax collections in the fourth quarter of 2016.



Rockefeller Institute of Government State Revenue Report #107

## OIL ACTIVITY



### Statistical Information

	Apr 2017	Mar 2017	Feb 2017
Actual average price per barrel	\$44.34	\$42.92	\$46.92
Production (barrels/day)	1,050,630	1,025,690	1,034,168
Drilling permits	58	93	45
Producing wells	13,717	13,693	13,518
Rig count	50	46	39

## Tax Allocations (in Millions)

	Biennium to Date May 31, 2017
Political Subs	\$ 504.6
Tribes	205.1
Legacy Fund	743.4
General Fund	300.0
Education Funds	219.9
Resources Trust Fund	215.8
Oil and Gas Impact Fund	68.8
Tax Relief Fund	300.0
Other Allocations	125.6
<b>Total</b>	<b>\$2,683.2</b>

## STATEMENT OF GENERAL FUND REVENUES AND FORECASTS Compared to the March 2017 Revised Forecast <sup>1</sup> 2015-17 Biennium May 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	March 2017 Rev. Forecast	Actual	Variance	Percent	March 2017 Rev. Forecast /1	Actual	Variance	Percent
Sales Tax	75,659,000	73,658,021	(2,000,979)	-2.6%	1,640,449,154	1,649,571,357	9,122,203	0.6%
Motor Vehicle Excise Tax	8,777,000	10,739,287	1,962,287	22.4%	205,510,942	210,552,972	5,042,030	2.5%
Individual Income Tax	46,153,000	26,327,676	(19,825,324)	-43.0%	672,059,528	653,087,142	(18,972,386)	-2.8%
Corporate Income Tax	1,756,000	3,448,215	1,692,215	96.4%	146,882,337	147,566,745	684,408	0.5%
Insurance Premium Tax	9,631,491	13,170,803	3,539,312	36.7%	106,263,062	109,004,415	2,741,353	2.6%
Financial Institutions Tax					1,299,254	1,308,555	9,301	0.7%
Oil & Gas Production Tax*					127,164,783	127,164,783		
Oil Extraction Tax*					172,835,217	172,835,217		
Gaming Tax	488,550	552,076	63,526	13.0%	6,693,863	6,626,985	(66,877)	-1.0%
Lottery					9,580,000	9,580,000		
Cigarette & Tobacco Tax	2,345,000	2,014,774	(330,226)	-14.1%	54,519,263	53,872,045	(647,218)	-1.2%
Wholesale Liquor Tax	813,000	710,934	(102,066)	-12.6%	17,240,382	17,058,773	(181,608)	-1.1%
Coal Conversion Tax	1,602,000	1,667,438	65,438	4.1%	39,540,615	39,832,728	292,113	0.7%
Mineral Leasing Fees	801,913	1,083,857	281,944	35.2%	25,565,313	26,508,681	943,369	3.7%
Departmental Collections	1,785,974	3,035,511	1,249,537	70.0%	78,204,083	79,083,637	879,553	1.1%
Interest Income	455,301	207,641	(247,660)	-54.4%	15,017,620	14,374,972	(642,649)	-4.3%
State Mill & Elevator-Transfer					4,434,894	4,434,894		
Major Special Fund Transfers					657,000,000	657,000,000		
Other Transfers		150,068	150,068		2,109,707	2,284,126	174,419	8.3%
<b>Total</b>	<b>150,268,229</b>	<b>136,766,301</b>	<b>(13,501,928)</b>	<b>-9.0%</b>	<b>3,982,370,017</b>	<b>3,981,748,027</b>	<b>(621,990)</b>	<b>0.0%</b>
Budget Stabilization Fund Transfer						572,485,454		
Strat Invest and Improv Fund Transfer		155,000,000				155,000,000		
Bank of North Dakota Transfer		27,432,755				100,000,000		
<b>Total Revenues and Transfers</b>		<b>319,199,056</b>				<b>4,809,233,481</b>		

<sup>1</sup> The March 2017 revised revenue forecast includes actual revenues through February 28, 2017, and revised estimates for the remainder of the biennium.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
*Compared to the Previous Biennium Revenues*  
**2015-17 Biennium**  
**May 2017**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	May 2015	May 2017	Variance	Percent	2013-15	2015-17	Variance	Percent
Sales Tax	80,494,380	73,658,021	(6,836,359)	-8.5%	2,387,455,781	1,649,571,358	(811,542,444)	-34.0%
Motor Vehicle Excise Tax	10,761,557	10,739,287	(22,270)	-0.2%	265,384,822	210,552,972	(54,831,850)	-20.7%
Individual Income Tax	1,119,093	26,327,676	25,208,582	2252.6%	1,034,418,341	653,087,142	(381,331,199)	-36.9%
Corporate Income Tax	982,174	3,448,215	2,466,041	251.1%	403,705,112	147,566,744	(256,138,368)	-63.4%
Insurance Premium Tax	12,206,346	13,170,803	964,457	7.9%	91,226,815	109,004,415	17,777,600	19.5%
Financial Institutions Tax	(12,209)		12,209	100.0%	(4,985,740)	1,308,555	6,294,296	-126.2%
Oil & Gas Production Tax*					146,071,108	127,164,783	(18,906,325)	-12.9%
Oil Extraction Tax*					153,928,892	172,835,217	18,906,325	12.3%
Gaming Tax	505,475	552,076	46,601	9.2%	7,061,152	6,626,985	(434,166)	-6.1%
Lottery					7,200,000	9,580,000	2,380,000	33.1%
Cigarette & Tobacco Tax	2,453,288	2,014,774	(438,514)	-17.9%	57,746,039	53,872,045	(3,873,994)	-6.7%
Wholesale Liquor Tax	865,592	710,934	(154,658)	-17.9%	17,950,044	17,058,773	(891,271)	-5.0%
Coal Conversion Tax	2,235,681	1,667,438	(568,243)	-25.4%	36,109,787	39,832,729	3,722,941	10.3%
Mineral Leasing Fees	105,203	1,083,857	978,654	930.3%	40,055,203	26,508,681	(13,546,522)	-33.8%
Departmental Collections	1,833,478	3,035,511	1,202,033	65.6%	80,236,786	79,083,636	(1,153,149)	-1.4%
Interest Income	271,879	207,641	(64,238)	-23.6%	13,599,081	14,374,972	775,891	5.7%
State Mill & Elevator-Transfer					3,408,600	4,434,894	1,026,294	30.1%
Major Special Fund Transfers					861,790,000	657,000,000	(204,790,000)	-23.8%
Other Transfers		150,068	150,068		1,987,999	2,284,126	296,128	14.9%
<b>Total Revenues and Transfers</b>	<b>113,821,937</b>	<b>136,766,301</b>	<b>22,944,364</b>	<b>20.2%</b>	<b>5,604,349,821</b>	<b>3,981,748,028</b>	<b>(1,696,259,814)</b>	<b>-30.3%</b>

## VARIANCES (Compared to March 2017 Revised Forecast)

May 2017 revenues totaled \$136.8 million, which is \$13.5 million, or 9.0 percent below forecast. Biennium-to-date revenues of \$3.98 billion are \$621,990, or 0.02 percent, lower than projected. When transfers from the tax relief fund are excluded, 2015-17 revenues to date are tracking 31.4 percent behind the same time period in the 2013-15 biennium. Significant monthly variances are as follows:

- **Sales tax** collections of \$73.7 million were \$2.0 million, or 2.6 percent, lower than anticipated for the month. Biennium-to-date revenues are 0.6 percent above forecast and 34.0 percent less than the same time period in the 2013-15 biennium.
- **Motor vehicle excise tax** collections totaling \$10.7 million were \$1.9 million, or 22.4 percent, more than anticipated for the month. Biennium-to-date collections are 20.7 percent less than the same time period in the 2013-15 biennium.
- **Individual income tax** collections of \$26.3 million were \$19.8 million, or 43.0 percent below forecast. The number of Individual income tax returns processed are lower than expected and tax paid with returns and withholding are both down as a result of the fewer filers. A portion of this may be made up with extension returns filed later this fall.
- **Insurance premium tax** collections of \$13.1 million are \$3.5 million above forecast, due to higher than anticipated payments. Biennium to date collections are 2.6 percent above forecast and 19.5 percent higher than the same time period in the 2013-15 biennium.
- **Departmental collections** of \$3.0 million were \$1.2 million higher than anticipated primarily due to timing differences in receipt of telecommunications tax payments. Biennium-to-date collections are 1.4 percent less than the same time period in the 2013-15 biennium.
- **Oil and gas tax** collections reached the \$300.0 million biennial cap in March. No additional oil taxes will be deposited in the general fund during the 2017-19 biennium.