

North Dakota REV-E-NEWS



Pam Sharp, Director

**OFFICE OF MANAGEMENT AND BUDGET
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MESSAGE FROM THE DIRECTOR

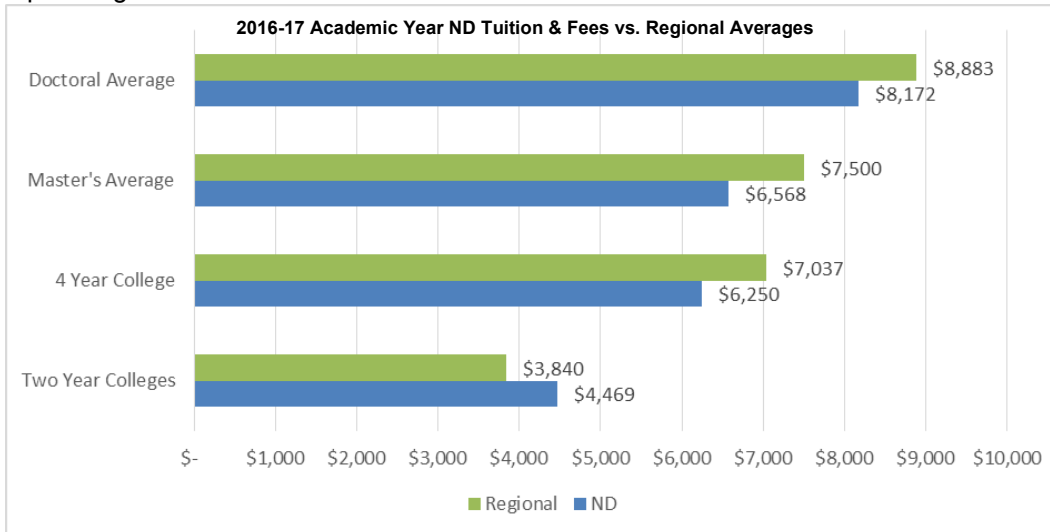
As the new biennium budgets were adjusted for the decrease in state revenue, every state agency is tasked with continuing to provide a high level of quality service to North Dakota's citizens while finding opportunities to become more efficient in their delivery methods. This is especially evident for ND's higher education institutions. The General Fund contribution to the institutions for the 2017-2019 biennium is \$516.6 million, which is over a 15.9% reduction from the 15-17 biennium general fund contribution of \$614.5 million.

SB 2003, Section 27 passed during the 65th Legislative Assembly authorizes a tuition rate increase limitation of 4.0 percent each academic year during the upcoming 2017-2019 biennium.

Even with the potential increase in tuition, the North Dakota institutions of higher education still offer a college degree at a great value. For the 2016-17 academic year, tuition and mandatory fees for ND's research institutions (UND, NDSU) and regional

four-year universities (MiSU, MaSU, DSU and VCSU) continued to be lower than the regional averages. The two-year campus tuition and mandatory fees are higher than the regional average. (BSC, LRSC, WSC, NDSCS, DCB)

The chart below reflects, on average, ND's four-year institutions are 10.4% below the regional average tuition level while the two-year institutions are 16.4% above. ND's institutions of higher education provide a vital and necessary service to the citizens of the state. These institutions will continue to be a critical pillar to filling the necessary workforce development gap that positively influences the state's economic activity.



Source: Student Affordability Report, 2017, ND University Systems Office

OIL ACTIVITY



Statistical Information

	May 2017	Apr 2017	Mar 2017
Actual average price per barrel	\$42.80	\$44.34	\$42.92
Production (barrels/day)	1,040,131	1,050,476	1,025,690
Drilling permits	100	58	93
Producing wells	13,876	13,716	13,693
Rig count	50	50	46

Tax Allocations (in Millions)

	Biennium to Date June 30, 2017
Political Subs	\$ 527.2
Tribes	217.3
Legacy Fund	780.5
General Fund	300.0
Education Funds	230.3
Resources Trust Fund	226.2
Oil and Gas Impact Fund	73.8
Tax Relief Fund	300.0
Other Allocations	163.6
Total	\$2,818.9

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to the March 2017 Revised Forecast ¹
2015-17 Biennium
June 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	March 2017 Leg. Forecast	Actual	Variance	Percent	March 2017 Leg. Forecast	Actual	Variance	Percent
Sales Tax	48,581,420	68,296,478	19,715,058	40.6%	1,689,030,574	1,717,867,835	28,837,261	1.7%
Motor Vehicle Excise Tax	8,201,842	11,231,483	3,029,641	36.9%	213,712,784	221,784,455	8,071,671	3.8%
Individual Income Tax	15,497,222	13,572,525	(1,924,697)	-12.4%	687,556,750	666,659,667	(20,897,083)	-3.0%
Corporate Income Tax	12,985,463	19,239,647	6,254,184	48.2%	159,867,800	166,806,391	6,938,592	4.3%
Insurance Premium Tax	2,089,594	1,721,286	(368,308)	-17.6%	108,352,656	110,725,700	2,373,044	2.2%
Financial Institutions Tax		802	802	100.0%	1,299,254	1,309,357	10,103	0.8%
Oil & Gas Production Tax*		0			127,164,783	127,164,783		
Oil Extraction Tax*		0			172,835,217	172,835,217		
Gaming Tax	63,370	95,729	32,359	51.1%	6,757,233	6,722,714	(34,518)	-0.5%
Lottery	7,630,000	6,200,000	(1,430,000)	-18.7%	17,210,000	15,780,000	(1,430,000)	-8.3%
Cigarette & Tobacco Tax	2,563,452	2,526,647	(36,805)	-1.4%	57,082,715	56,398,692	(684,023)	-1.2%
Wholesale Liquor Tax	955,606	838,714	(116,892)	-12.2%	18,195,988	17,897,487	(298,501)	-1.6%
Coal Conversion Tax	3,185,361	3,836,508	651,147	20.4%	42,725,976	43,669,236	943,260	2.2%
Mineral Leasing Fees	801,905	2,530,610	1,728,705	215.6%	26,367,218	29,039,291	2,672,073	10.1%
Departmental Collections	3,127,134	4,091,909	964,775	30.9%	81,331,217	83,175,546	1,844,329	2.3%
Interest Income	1,499,872	1,172,751	(327,121)	-21.8%	16,517,492	15,547,723	(969,769)	-5.9%
State Mill & Elevator-Transfer	4,750,000	4,616,603	(133,397)	-2.8%	9,184,894	9,051,496	(133,397)	-1.5%
Major Special Fund Transfers					657,000,000	657,000,000		
Other Transfers		240	240	100.0%	2,109,707	2,284,367	174,660	8.3%
Total	111,932,241	139,971,932	28,039,691	25.1%	4,094,302,258	4,121,719,959	27,417,700	0.7%
Budget Stabilization Fund Transfer						572,485,454		
Strat Invest and Improv Fund Transfer						155,000,000		
Bank of North Dakota Transfer						100,000,000		
Total Revenues and Transfers		139,971,932				4,949,205,413		

¹ 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
June 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	June 2015	June 2017	Variance	Percent	2013-15	2015-17	Variance	Percent
Sales Tax	90,791,001	68,296,478	(22,494,523)	-24.8%	2,478,246,782	1,717,867,836	(760,378,946)	-30.7%
Motor Vehicle Excise Tax	11,767,930	11,231,483	(536,447)	-4.6%	277,152,752	221,784,456	(55,368,296)	-20.0%
Individual Income Tax	15,644,236	13,572,525	(2,071,711)	-13.2%	1,050,062,577	666,659,667	(383,402,910)	-36.5%
Corporate Income Tax	31,537,940	19,239,647	(12,298,294)	-39.0%	435,243,053	166,806,391	(268,436,662)	-61.7%
Insurance Premium Tax	1,299,361	1,721,286	421,924	32.5%	92,526,177	110,725,700	18,199,524	19.7%
Financial Institutions Tax	120	802	682	568.3%	(4,985,620)	1,309,357	6,294,978	-126.3%
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	134,785	95,729	(39,056)	-29.0%	7,195,937	6,722,714	(473,222)	-6.6%
Lottery	6,100,000	6,200,000	100,000	1.6%	13,300,000	15,780,000	2,480,000	18.6%
Cigarette & Tobacco Tax	2,516,654	2,526,647	9,993	0.4%	60,262,693	56,398,692	(3,864,001)	-6.4%
Wholesale Liquor Tax	754,825	838,714	83,888	11.1%	18,704,869	17,897,487	(807,382)	-4.3%
Coal Conversion Tax	4,657,361	3,836,508	(820,853)	-17.6%	40,767,149	43,669,237	2,902,088	7.1%
Mineral Leasing Fees	1,293,186	2,530,610	1,237,423	95.7%	41,348,389	29,039,291	(12,309,099)	-29.8%
Departmental Collections	3,033,967	4,091,909	1,057,942	34.9%	83,270,753	83,175,546	(95,207)	-0.1%
Interest Income	24,504,202	1,172,751	(23,331,451)	-95.2%	38,103,283	15,547,723	(22,555,560)	-59.2%
State Mill & Elevator-Transfer	3,408,600	4,616,603	1,208,003	35.4%	6,817,200	9,051,496	2,234,296	32.8%
Major Special Fund Transfers					861,790,000	657,000,000	(204,790,000)	-23.8%
Other Transfers	3,515	240	(3,274)	-93.2%	1,991,513	2,284,367	292,853	14.7%
Total Revenues and Transfers	197,447,685	139,971,932	(57,475,753)	-29.1%	5,801,797,506	4,121,719,959	(1,680,077,547)	-29.0%

VARIANCES (Compared to March 2017 Revised Forecast)

June 2017 revenues totaled \$140.0 million, which is \$28.0 million, or 25.1 percent above forecast. Biennium-to-date revenues of \$4.12 billion are \$27.5 million, or 0.7 percent, higher than projected. When transfers from the tax relief fund are excluded, 2015-17 revenues to date are tracking 29.9 percent behind the same time period in the 2013-15 biennium. Significant monthly variances are as follows:

- **Sales tax** collections of \$68.3 million were \$19.7 million, or 40.6 percent, higher than anticipated for the month. Biennium-to-date revenues are 1.7 percent above forecast and 30.7 percent less than the same time period in the 2013-15 biennium.
- **Motor vehicle excise tax** collections totaling \$11.2 million were \$3.0 million, or 36.9 percent, more than anticipated for the month. Biennium-to-date collections are 20.0 percent less than the same time period in the 2013-15 biennium.
- **Individual income tax** collections of \$13.6 million were \$1.9 million, or 12.4 percent below forecast, due to lower than anticipated estimated payments. Biennium to date collections are 3.0 percent below forecast and 36.5 percent lower than the same time period in the 2013-15 biennium.
- **Corporate income tax** collections of \$19.2 million are \$6.3 million above forecast, due to higher than anticipated estimated payments. Biennium to date collections are 4.3 percent above forecast and 61.7 percent lower than the same time period in the 2013-15 biennium.
- **Lottery collections** of \$6.2 million were \$1.4 million lower than anticipated primarily due to lower lottery ticket purchases because of lower jackpots available. Biennium-to-date collections are 18.6 percent higher 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.