

# 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

Each quarter the State Policy Reports (S/P/R) ranks states based upon year over year change in personal income, population and employment. The national average is established at zero, with each state's score shown as a percentage above or below the national average. In December 2014 North Dakota ranked at the top of the S/P/R "Index of State Economic Momentum" with an index of 1.7 percent before crashing to the bottom in December 2015 with an index of -3.38 percent. As North Dakota's economy is slowly recovering so is its ranking. North Dakota moved up one spot in December 2016 with an index of -2.56 and two more spots in December 2017 with an index of -1.32. Kansas, West Virginia and Alaska fell below North Dakota in 2017 with indexes ranging from -1.42 to -1.89.

North Dakota reversed its negative indexes in personal income and employment but for the first time in several years the state earned a negative index in population growth.

"Between the third quarter of 2016, and the same period in 2017, personal income across the nation grew by 2.6 percent decelerating from the 2.9 percent growth it registered between the second quarters of the two years." At the same time, personal income in North Dakota grew by 0.5 percent accelerating from the -0.5 growth between the second quarters. The Bureau of Economic Analysis cited health care and social assistance, finance and insurance, and construction as the leading industries contributing to the overall growth in personal income.

Nationally, the employment growth rate remained the same at 1.5 percent from November 2016 to November 2017. During the same time period North Dakota saw an increase from a -1.5 percent

employment growth rate in November 2016 to a 0.4 percent growth rate in November 2017. The Bureau of Economic Analysis indicated the 10 states with the strongest employment growth were in the western and southern regions of the nation while the 10 states with the lowest growth rates represented every region of the US.

The Index's final component, population change, saw North Dakota earning a negative index for the first time in over seven years. Based upon population estimates released in July 2017, the national population increased by 0.72 percent. Contrastingly, North Dakota's population fell by 0.02 percent from July 1, 2016 to July 1, 2017. Eight other states also saw population losses during this time period.

North Dakota continues to maintain one of the lowest unemployment rates among the states at 2.6 percent in November 2017. The unemployment rate, while not a component in calculating the Index of State Economic Momentum, is important in determining a state's economic condition. Nationally, the unemployment rate fell from 4.4 percent in August 2017 to 4.1 percent in November 2017. In November, twenty-six states had unemployment rates lower than the national average while twenty-four states and the District of Columbia had higher rates. Only one state, Alaska, reported an unemployment rate higher than 7 percent, coming in at 7.2 percent.

Index of State Economic Momentum, December 2017			
Top Ranking		Bottom Ranking	
Idaho	1.41	Wyoming	-1.26
Washington	1.20	North Dakota	-1.32
Utah	1.08	Kansas	-1.42
Texas, Florida, Oregon	0.72	West Virginia	-1.58
Nevada	0.68	Alaska	-1.89

## OIL ACTIVITY Statistical Information



	Nov 2017	Oct 2017	Sept 2017
Actual average price per barrel	\$53.61	\$47.86	\$44.98
Production (barrels/day)	1,194,920	1,183,810	1,107,345
Drilling permits	119	147	104
Producing wells	14,324	14,253	14,199
Rig count	54	56	56

## Tax Allocations (in Millions)

	Biennium to Date Dec 31, 2017
Political Subs	\$ 122.2
Tribes	65.6
Legacy Fund	184.4
General Fund	162.6
Education Funds	51.6
Resources Trust Fund	49.9
Oil and Gas Impact Fund	28.4
Tax Relief Fund	0.0
Other Allocations	15.5
<b>Total</b>	<b>\$680.2</b>

## STATEMENT OF GENERAL FUND REVENUES AND FORECASTS Compared to the Legislative Forecast 2017-19 Biennium December 2017

Revenues and Transfers	Fiscal Month				Biennium To Date			
	May 2017 Leg. Forecast	Actual	Variance	Percent	May 2017 Leg. Forecast	Actual	Variance	Percent
Sales Tax	39,303,000	51,901,096	12,598,096	32.1%	398,294,000	418,298,980	20,004,980	5.0%
Motor Vehicle Excise Tax	8,166,000	8,171,213	5,213	0.1%	55,343,000	55,552,790	209,790	0.4%
Individual Income Tax	7,552,000	13,985,404	6,433,404	85.2%	145,913,000	143,777,946	(2,135,054)	-1.5%
Corporate Income Tax	9,416,000	16,098,290	6,682,290	71.0%	15,244,000	22,892,740	7,648,740	50.2%
Insurance Premium Tax	5,240,800	1,962,042	(3,278,758)	-62.6%	20,574,177	19,922,092	(652,085)	-3.2%
Oil & Gas Production Tax*	22,957,982	22,957,982			65,315,588	65,315,588		
Oil Extraction Tax*	23,758,057	23,758,057			97,315,670	97,315,670		
Gaming Tax	50,371	43,913	(6,458)	-12.8%	1,742,148	1,518,047	(224,101)	-12.9%
Lottery								
Cigarette & Tobacco Tax	2,257,000	2,147,857	(109,143)	-4.8%	14,089,000	14,218,888	129,888	0.9%
Wholesale Liquor Tax	820,500	767,801	(52,699)	-6.4%	4,501,211	4,563,759	62,548	1.4%
Coal Conversion Tax	1,677,000	1,882,004	205,004	12.2%	8,352,000	8,878,591	526,591	6.3%
Mineral Leasing Fees	624,784	1,362	(623,422)	-99.8%	9,077,181	7,811,304	(1,265,877)	-13.9%
Departmental Collections	2,234,163	2,278,727	44,564	2.0%	16,027,724	19,215,275	3,187,551	19.9%
Interest Income	177,000	195,235	18,235	10.3%	1,181,000	1,009,888	(171,112)	-14.5%
State Mill & Elevator-Transfer								
Bank of North Dakota - Transfer					70,000,000	70,000,000		
Legacy Fund - Transfer								
Tax Relief Fund - Transfer					183,000,000	183,000,000		
SIIF - Transfer					124,000,000	124,000,000		
Gas Tax administration					504,030	504,030		
Miscellaneous	265,625	265,625			30,912,500	31,094,318	181,818	0.6%
<b>Total Revenues and Transfers</b>	<b>124,500,282</b>	<b>146,416,608</b>	<b>21,916,326</b>	<b>17.6%</b>	<b>1,261,386,229</b>	<b>1,288,889,907</b>	<b>27,503,678</b>	<b>2.2%</b>

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
*Compared to the Previous Biennium Revenues*  
**2017-19 Biennium**  
**December 2017**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	December 2015	December 2017	Variance	Percent	2015-17	2017-19	Variance	Percent
Sales Tax	66,641,543	51,901,096	(14,740,447)	-22.1%	519,838,997	418,298,980	(101,540,017)	-19.5%
Motor Vehicle Excise Tax	8,910,163	8,171,213	(738,949)	-8.3%	58,129,607	55,552,790	(2,576,818)	-4.4%
Individual Income Tax	6,236,624	13,985,404	7,748,780	124.2%	159,850,183	143,777,946	(16,072,237)	-10.1%
Corporate Income Tax	901,738	16,098,290	15,196,552	1685.3%	17,711,985	22,892,740	5,180,755	29.2%
Insurance Premium Tax	4,258,657	1,962,042	(2,296,615)	-53.9%	17,723,352	19,922,092	2,198,740	12.4%
Financial Institutions Tax					244,614		(244,614)	-100.0%
Oil & Gas Production Tax*	14,457,372	22,957,982	8,500,610	100.0%	78,910,106	65,315,588	(13,594,518)	-17.2%
Oil Extraction Tax*	23,142,313	23,758,057	615,744	100.0%	116,620,823	97,315,670	(19,305,153)	-16.6%
Gaming Tax	45,371	43,913	(1,458)	-3.2%	1,615,148	1,518,047	(97,101)	-6.0%
Lottery		0						
Cigarette & Tobacco Tax	2,343,917	2,147,857	(196,060)	-8.4%	15,792,051	14,218,888	(1,573,163)	-10.0%
Wholesale Liquor Tax	707,309	767,801	60,492	8.6%	4,748,136	4,563,759	(184,376)	-3.9%
Coal Conversion Tax	1,874,693	1,882,004	7,311	0.4%	9,780,796	8,878,591	(902,205)	-9.2%
Mineral Leasing Fees	599,784	1,362	(598,422)	-99.8%	8,342,436	7,811,304	(531,132)	-6.4%
Departmental Collections	2,428,975	2,278,727	(150,248)	-6.2%	16,579,214	19,215,275	2,636,061	15.9%
Interest Income	196,244	195,235	(1,010)	-0.5%	1,326,710	1,009,888	(316,822)	-23.9%
State Mill & Elevator-Transfer								
Major Special Fund Transfers					657,000,000	377,000,000	(280,000,000)	-42.6%
Other Transfers		265,625			572,828	31,598,348	31,025,520	5416.2%
<b>Total Revenues and Transfers</b>	<b>132,744,702</b>	<b>146,416,608</b>	<b>13,406,281</b>	<b>10.1%</b>	<b>1,684,786,988</b>	<b>1,288,889,907</b>	<b>(395,897,081)</b>	<b>-23.5%</b>



## VARIANCES

(Compared to 2017 Legislative Forecast)

December 2017 revenues totaled \$146.4 million, which is \$21.9 million, or 17.6 percent above forecast. Biennium-to-date revenues of \$1.29 billion are \$27.5 million, or 2.2 percent, more than projected. When transfers from major special funds are excluded, 2017-19 revenues to date are tracking 11.3 percent behind the same time period in the 2015-17 biennium. Significant monthly variances are as follows:

- **Sales tax** collections of \$51.9 million were \$12.6 million, or 32.1 percent, higher than anticipated for the month. Biennium-to-date revenues are \$20.0 million, or 5.0 percent, higher than forecast. In a year over year comparison, biennium-to-date revenues are \$101.5 million, or 19.5 percent, less than the same six month time period in Fiscal Year 2016 but are \$966,355, or 0.2 percent, more than the same six month time period in Fiscal Year 2017.
- **Individual income tax** collections of \$14.0 million were \$6.4 million, or 85.2 percent above forecast, due to higher than expected estimated payments and withholding. Biennium-to-date collections of \$143.8 million are \$2.1 million, or 1.5 percent lower than forecast and \$16.1 million, or 10.1

percent, less than the same time period in the 2015-17 biennium.

- **Corporate income tax** collections of \$16.1 million were \$6.7 million, or 71.0 percent above forecast due to higher than expected estimated payments. Biennium-to-date collections of \$22.9 million are \$7.6 million, or 50.2 percent higher than forecast and \$5.2 million, or 29.2 percent more than the same time period in the 2015-17 biennium.
- **Insurance premium tax** collections totaling \$2.0 million were \$3.3 million, or 62.6 percent, below the monthly projection, due to lower than anticipated payments. Biennium to date collections are \$652,085, or 3.2 percent, lower than forecast and \$2.2 million, or 12.4 percent, more than the same time period in the 2015-17 biennium.
- **Oil and gas taxes** were \$11.1 million higher 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 \$400.0 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.

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