

# North Dakota REV-E-NEWS



**Pam Sharp, Director**

**February 2018**

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

## MESSAGE FROM THE DIRECTOR

In January 2018 the United Health Foundation issued its 28<sup>th</sup> “America’s Health Rankings Annual Report”. The Foundation looked at 35 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 indicate that a state is working for positive future results while a good score in outcomes indicates how well a state is doing currently. Nationwide, the report revealed “serious public health challenges, including rising rates of premature death and an uneven concentration of key health care providers.”

North Dakota experienced the largest decline among all states in overall ranking from 2016 to 2017, falling seven places to 18<sup>th</sup>. Although the state maintained its rank of fifth in outcomes, it fell nine spots to 22<sup>nd</sup> in determinants. In 1990, the first year for rankings, North Dakota was ranked first overall.

The report emphasizes strengths as well as challenges to health gains in North Dakota. Strengths include:

- Low levels of air pollution – in the past five years air pollution decreased by 25 percent. This decrease earned North Dakota a ranking of 2<sup>nd</sup> in this category.
- Low drug death rate – although North Dakota has the lowest drug death rate among all states, over the last three years drug

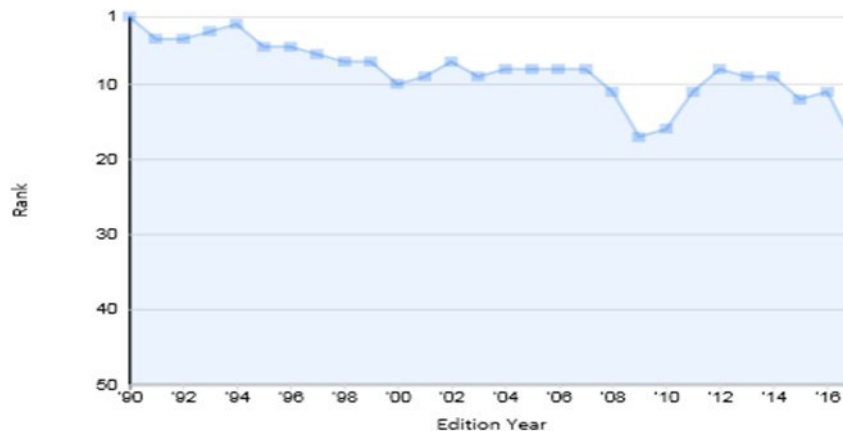
deaths in the state increased from 3.0 deaths to 5.7 deaths per 100,000 population.

- Low prevalence of frequent physical distress – North Dakota ranked first in this category with only 8.9 percent of its adult population experiencing frequent physical distress.

Challenges to health gains include:

- High prevalence of excessive drinking – North Dakota ranked 49<sup>th</sup> in this category with 25.9 percent of its adult population engaging in excessive drinking.
- High occupational fatality rate – North Dakota ranked 49<sup>th</sup> in this category also, with 9.5 deaths per 100,000 workers.
- Low immunization coverage among children – North Dakota ranked 37<sup>th</sup> in this category with only 68.2 percent of children aged 19 to 35 months receiving immunizations.

The chart below, provided by the United Health Foundation, shows North Dakota’s rankings since 1990:



## OIL ACTIVITY Statistical Information



	Dec 2017	Nov 2017	Oct 2017
Actual average price per barrel	\$54.41	\$53.61	\$47.86
Production (barrels/day)	1,181,319	1,196,976	1,183,810
Drilling permits	86	119	147
Producing wells	14,293	14,338	14,253
Rig count	52	54	56

## Tax Allocations (in Millions)

	Biennium to Date Jan 31, 2018
Political Subs	\$ 147.8
Tribes	82.9
Legacy Fund	230.6
General Fund	200.0
Education Funds	64.5
Resources Trust Fund	62.3
Oil and Gas Impact Fund	28.4
Tax Relief Fund	16.0
Other Allocations	19.2
<b>Total</b>	<b>\$851.7</b>

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to the Legislative Forecast**  
**2017-19 Biennium**  
**January 2018**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	May 2017 Leg. Forecast	Actual	Variance	Percent	May 2017 Leg. Forecast	Actual	Variance	Percent
Sales Tax	111,213,000	90,989,007	(20,223,993)	-18.2%	509,507,000	509,287,987	(219,013)	0.0%
Motor Vehicle Excise Tax	8,822,000	9,950,219	1,128,219	12.8%	64,165,000	65,503,009	1,338,009	2.1%
Individual Income Tax	44,644,000	59,712,470	15,068,470	33.8%	190,557,000	203,490,416	12,933,416	6.8%
Corporate Income Tax	2,083,000	5,498,146	3,415,146	164.0%	17,327,000	28,390,886	11,063,886	63.9%
Insurance Premium Tax	117,029	246,482	129,453	110.6%	20,691,206	20,168,574	(522,632)	-2.5%
Oil & Gas Production Tax*	28,570,077	28,570,077			93,885,665	93,885,665		
Oil Extraction Tax*	8,798,665	8,798,665			106,114,335	106,114,335		
Gaming Tax	332,657	303,096	(29,561)	-8.9%	2,074,805	1,821,143	(253,662)	-12.2%
Lottery								
Cigarette & Tobacco Tax	2,351,000	1,934,231	(416,769)	-17.7%	16,440,000	16,153,120	(286,880)	-1.7%
Wholesale Liquor Tax	606,819	783,579	176,760	29.1%	5,108,030	5,347,338	239,308	4.7%
Coal Conversion Tax	1,670,000	1,752,794	82,794	5.0%	10,022,000	10,631,385	609,385	6.1%
Mineral Leasing Fees	1,305,844	1,329,041	23,197	1.8%	10,383,025	9,140,345	(1,242,680)	-12.0%
Departmental Collections	7,635,038	8,495,137	860,099	11.3%	23,662,762	27,710,412	4,047,650	17.1%
Interest Income	164,500	220,756	56,256	34.2%	1,345,500	1,230,644	(114,856)	-8.5%
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	252,015	252,015			756,045	756,045		
Miscellaneous	265,625	264,993	(632)	-0.2%	31,178,125	31,359,312	181,187	0.6%
<b>Total Revenues and Transfers</b>	<b>218,831,269</b>	<b>219,100,708</b>	<b>269,439</b>	<b>0.1%</b>	<b>1,480,217,498</b>	<b>1,507,990,615</b>	<b>27,773,117</b>	<b>1.9%</b>

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
*Compared to the Previous Biennium Revenues*  
**2017-19 Biennium**  
**January 2018**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	January <u>2016</u>	January <u>2018</u>	<u>Variance</u>	<u>Percent</u>	<u>2015-17</u>	<u>2017-19</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	85,878,746	90,989,007	5,110,261	6.0%	605,717,743	509,287,987	(96,429,756)	-15.9%
Motor Vehicle Excise Tax	8,444,901	9,950,219	1,505,318	17.8%	66,574,508	65,503,009	(1,071,500)	-1.6%
Individual Income Tax	28,679,893	59,712,470	31,032,577	108.2%	188,530,076	203,490,416	14,960,340	7.9%
Corporate Income Tax	17,129,577	5,498,146	(11,631,431)	-67.9%	34,841,562	28,390,886	(6,450,676)	-18.5%
Insurance Premium Tax	172,970	246,482	73,512	42.5%	17,896,322	20,168,574	2,272,252	12.7%
Financial Institutions Tax	8,749		(8,749)	-100.0%	253,363		(253,363)	-100.0%
Oil & Gas Production Tax*	4,469,070	28,570,077	24,101,007	539.3%	83,379,177	93,885,665	10,506,489	12.6%
Oil Extraction Tax*		8,798,665	8,798,665		116,620,823	106,114,335	(10,506,489)	-9.0%
Gaming Tax	297,657	303,096	5,439	1.8%	1,912,804	1,821,143	(91,662)	-4.8%
Lottery								
Cigarette & Tobacco Tax	2,263,155	1,934,231	(328,923)	-14.5%	18,055,206	16,153,120	(1,902,086)	-10.5%
Wholesale Liquor Tax	858,440	783,579	(74,862)	-8.7%	5,606,576	5,347,338	(259,238)	-4.6%
Coal Conversion Tax	1,848,697	1,752,794	(95,903)	-5.2%	11,629,493	10,631,385	(998,108)	-8.6%
Mineral Leasing Fees	1,155,844	1,329,041	173,196	15.0%	9,498,281	9,140,345	(357,936)	-3.8%
Departmental Collections	8,661,397	8,495,137	(166,260)	-1.9%	25,240,611	27,710,412	2,469,801	9.8%
Interest Income	183,160	220,756	37,596	20.5%	1,509,871	1,230,644	(279,227)	-18.5%
State Mill & Elevator-Transfer								
Major Special Fund Transfers					657,000,000	377,000,000	(280,000,000)	-42.6%
Other Transfers	263,739	517,008	253,269	96.0%	836,567	32,115,356	31,278,789	3738.9%
<b>Total Revenues and Transfers</b>	<b>160,315,995</b>	<b>219,100,708</b>	<b>58,784,713</b>	<b>36.7%</b>	<b>1,845,102,983</b>	<b>1,507,990,614</b>	<b>(337,112,368)</b>	<b>-18.3%</b>

## VARIANCES (Compared to 2017 Legislative Forecast)

January 2018 revenues totaled \$219.1 million, which is \$269,439, or 0.1 percent above forecast. Biennium-to-date revenues of \$1.51 billion are \$27.8 million, or 1.9 percent, more than projected. When transfers from major special funds are excluded, 2017-19 revenues to date are tracking 4.8 percent behind the same time period in the 2015-17 biennium. Significant monthly variances are as follows:

- **Sales tax** collections of \$91.0 million were \$20.2 million, or 18.2 percent, lower than anticipated for the month. Biennium-to-date revenues are \$219,013, or 0.04 percent, lower than forecast. In a year over year comparison, biennium-to-date revenues are \$96.4 million, or 15.9 percent, less than the same time period in Fiscal Year 2016 but are \$12.4 million, or 2.5 percent, more than the same time period in Fiscal Year 2017.
- **Individual income tax** collections of \$59.7 million were \$15.1 million, or 33.8

percent above forecast, due to higher than expected estimated payments and withholding. Biennium-to-date collections of \$203.5 million are \$12.9 million, or 6.8 percent higher than forecast and \$15.0 million, or 7.9 percent, more than the same time period in the 2015-17 biennium.

- **Corporate income tax** collections of \$5.5 million were \$3.4 million, or 164.0 percent above forecast due to higher than expected estimated payments. Biennium-to-date collections of \$28.4 million are \$11.1 million, or 63.9 percent higher than forecast and \$6.5 million, or 18.5 percent less than the same time period in the 2015-17 biennium.
- **Oil and gas taxes** reached \$200.0 million in January – the first tier of the biennial cap. The state share will be deposited in the tax relief fund until that fund reaches its cap of \$200.0 million and then deposits will be made to the budget stabilization fund until that fund reaches its cap of \$75.0 million. After this, the general fund will receive an additional \$200.0 million.

**OFFICE OF MANAGEMENT AND BUDGET**  
**600 EAST BOULEVARD AVE — DEPT. 110**  
**BISMARCK, ND 58505-0400**  
<http://www.nd.gov/omb>