

# North Dakota REV-E-NEWS

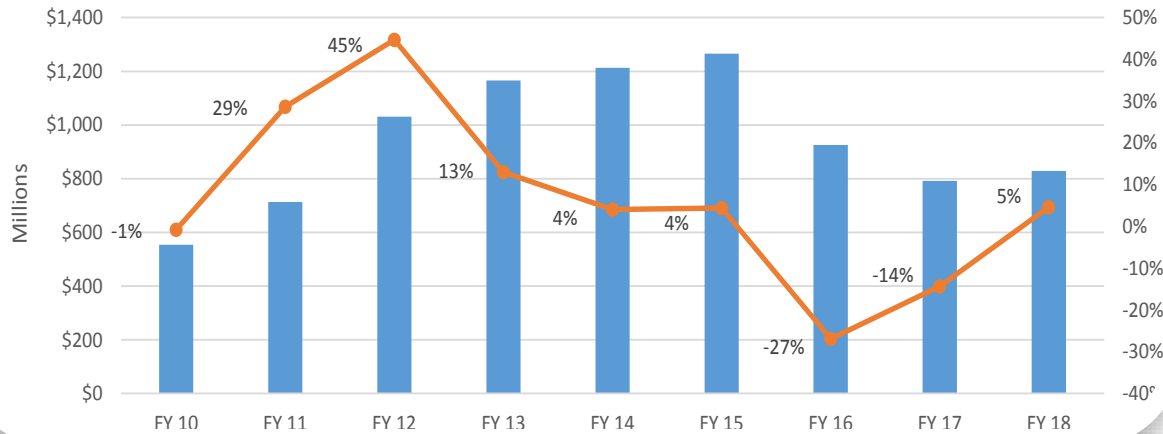


**Joe Morrisette, Director**

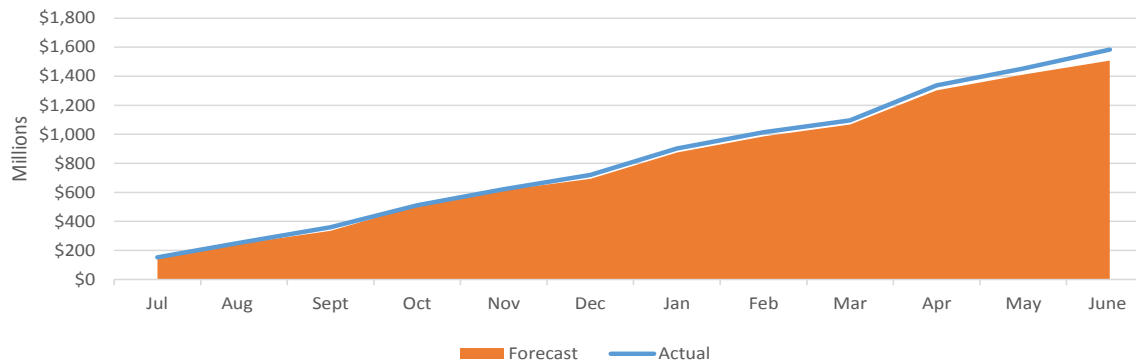
**July 2018**

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

## Sales Tax Revenues Grow in FY 18 After Two Years of Decline



## General Fund Revenues Continue to Track Closely with Forecast



2017-19 biennium through June 30, 2018--amounts shown do not include transfers or oil and gas tax revenues.

## OIL ACTIVITY Statistical Information



	May 2018	Apr 2018	Mar 2018
Actual average price per barrel	\$64.51	\$61.11	\$57.52
Production (barrels/day)	1,244,629	1,225,391	1,162,134
Drilling permits	121	104	108
Producing wells	14,755	14,583	14,526
Rig count	62	60	59

## Tax Allocations (in Millions)

	Biennium to Date June 30, 2018		
	Forecast	Actual	Incr (Dcr)
Political Subs	\$ 230.4	\$ 281.9	\$ 51.5
Tribes	105.6	174.2	68.6
Legacy Fnd	390.9	494.6	103.7
General Fnd	200.0	262.4	62.4
Education Fnds	118.2	139.5	21.3
Resources Trust Fnd	115.0	136.3	21.3
Oil & Gas Impact Fnd	29.1	28.4	(0.7)
Tax Relief Fnd	192.0	200.0	8.0
Other Allocations	27.3	105.4	78.1
<b>Total</b>	<b>\$1,408.5</b>	<b>\$1,822.7</b>	<b>\$414.2</b>

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

Revenues and Transfers	Fiscal Month				Biennium To Date			
	May 2017 <u>Leg. Forecast</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent</u>	May 2017 <u>Leg. Forecast</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	43,663,000	64,996,578	21,333,578	48.9%	818,947,000	829,120,206	10,173,206	1.2%
Motor Vehicle Excise Tax	8,852,000	11,128,100	2,276,100	25.7%	107,319,000	114,342,237	7,023,237	6.5%
Individual Income Tax	16,360,000	15,329,846	(1,030,154)	-6.3%	340,672,000	364,254,125	23,582,125	6.9%
Corporate Income Tax	12,245,000	22,274,942	10,029,942	81.9%	54,592,000	92,348,170	37,756,170	69.2%
Insurance Premium Tax	2,204,491	1,368,012	(836,479)	-37.9%	62,456,284	55,125,897	(7,330,387)	-11.7%
Oil & Gas Production Tax*	75,760,558	75,760,558			169,646,223	169,646,223		
Oil Extraction Tax*	66,859,898	66,859,898			172,974,233	172,974,233		
Gaming Tax	136,618	78,665	(57,953)	-42.4%	3,749,056	3,178,321	(570,735)	-15.2%
Lottery	7,500,000	7,300,000	(200,000)	-2.7%	7,500,000	7,300,000	(200,000)	-2.7%
Cigarette & Tobacco Tax	2,320,000	2,360,930	40,930	1.8%	26,943,000	26,473,548	(469,452)	-1.7%
Wholesale Liquor Tax	916,165	825,352	(90,813)	-9.9%	8,973,561	8,818,575	(154,986)	-1.7%
Coal Conversion Tax	3,245,000	4,161,501	916,501	28.2%	19,882,000	22,110,227	2,228,227	11.2%
Mineral Leasing Fees	1,280,221	1,415,293	135,072	10.6%	15,098,320	16,528,386	1,430,066	9.5%
Departmental Collections	3,299,575	3,973,137	673,562	20.4%	40,414,099	41,859,911	1,445,812	3.6%
Interest Income	1,900,000	1,436,410	(463,590)	-24.4%	3,962,000	3,906,850	(55,150)	-1.4%
State Mill & Elevator-Transfer	8,802,989	10,109,147	1,306,158	14.8%	8,802,989	10,109,147	1,306,158	14.8%
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					1,008,060	1,008,060		
Miscellaneous	109,375	109,381	6	0.0%	32,350,000	32,533,690	183,690	0.6%
<b>Total Revenues and Transfers</b>	<b>255,454,890</b>	<b>289,487,750</b>	<b>34,032,860</b>	<b>13.3%</b>	<b>2,272,289,825</b>	<b>2,348,637,808</b>	<b>76,347,983</b>	<b>3.4%</b>

\* The General Fund cap for oil and gas taxes contains two tiers. The first tier of \$200.0 million was reached in January 2018. Additional oil taxes were allocated to the Tax Relief Fund until that fund received \$200.0 million, and then to the Budget Stabilization Fund until that fund reached its cap of \$75.0 million. In June, the General Fund began receiving allocations to meet its second tier of \$200.0 million.

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

Revenues and Transfers	Fiscal Month				Biennium To Date			
	June 2016	June 2018	Variance	Percent	2015-17	2017-19	Variance	Percent
Sales Tax	61,579,782	64,996,578	3,416,797	5.5%	925,369,574	829,120,206	(96,249,368)	-10.4%
Motor Vehicle Excise Tax	7,236,146	11,128,100	3,891,953	53.8%	106,332,785	114,342,237	8,009,452	7.5%
Individual Income Tax	16,583,661	15,329,846	(1,253,815)	-7.6%	353,937,749	364,254,125	10,316,376	2.9%
Corporate Income Tax	15,879,624	22,274,942	6,395,318	40.3%	97,580,800	92,348,170	(5,232,630)	-5.4%
Insurance Premium Tax	2,573,414	1,368,012	(1,205,402)	-46.8%	55,575,373	55,125,897	(449,476)	-0.8%
Financial Institutions Tax					324,145		(324,145)	-100.0%
Oil & Gas Production Tax*		75,760,558	75,760,558		83,379,177	169,646,223	86,267,046	103.5%
Oil Extraction Tax*		66,859,898	66,859,898		116,620,823	172,974,233	56,353,410	48.3%
Gaming Tax	123,618	78,665	(44,953)	-36.4%	3,457,055	3,178,321	(278,733)	-8.1%
Lottery	9,580,000	7,300,000	(2,280,000)	-23.8%	9,580,000	7,300,000	(2,280,000)	-23.8%
Cigarette & Tobacco Tax	2,512,192	2,360,930	(151,261)	-6.0%	29,049,715	26,473,548	(2,576,167)	-8.9%
Wholesale Liquor Tax	767,664	825,352	57,687	7.5%	9,025,988	8,818,575	(207,413)	-2.3%
Coal Conversion Tax	3,558,174	4,161,501	603,327	17.0%	22,189,976	22,110,227	(79,749)	-0.4%
Mineral Leasing Fees	1,128,221	1,415,293	287,073	25.4%	13,801,576	16,528,386	2,726,810	19.8%
Departmental Collections	4,505,755	3,973,137	(532,618)	-11.8%	41,644,520	41,859,911	215,391	0.5%
Interest Income	9,900,319	1,436,410	(8,463,908)	-85.5%	12,327,098	3,906,850	(8,420,247)	-68.3%
State Mill & Elevator-Transfer	4,434,894	10,109,147	5,674,253	127.9%	4,434,894	10,109,147	5,674,253	127.9%
Major Special Fund Transfers					657,000,000	377,000,000	(280,000,000)	-42.6%
Other Transfers		109,381	109,381	100.0%	1,091,154	33,541,750	32,450,596	2974.0%
<b>Total Revenues and Transfers</b>	<b>140,363,462</b>	<b>289,487,750</b>	<b>149,124,288</b>	<b>106.2%</b>	<b>2,542,722,400</b>	<b>2,348,637,808</b>	<b>(194,084,592)</b>	<b>-7.6%</b>

## VARIANCES

### (Compared to 2017 Legislative Forecast)

June 2018 revenues totaled \$289.5 million, which is \$34.0 million, or 13.3 percent above forecast.

Biennium-to-date revenues of \$2.35 billion are \$76.3 million, or 3.4 percent more than projected. When transfers from major special funds are excluded, 2017-19 revenues to date are tracking 4.4 percent ahead of the same time period in the 2015-17 biennium. Significant monthly variances are as follows:

- **Sales tax** collections of \$65.0 million were \$21.3 million, or 48.9 percent, higher than anticipated for the month. Biennium-to-date revenues of \$829.1 million are \$10.2 million, or 1.2 percent, higher than forecast. In a year over year comparison, year-to-date revenues are \$96.2 million, or 10.4 percent, less than the same time period in Fiscal Year 2016 but are \$36.6 million, or 4.6 percent, more than the same time period in Fiscal Year 2017.
- **Motor vehicle excise tax** collections of \$11.1 million were \$2.3 million, or 25.7 percent above forecast, due to

higher than anticipated vehicle sales. Biennium-to-date collections of \$114.3 million are \$7.0 million, or 6.5 percent higher than forecast and \$8.0 million, or 7.5 percent, higher than the same time period in the 2015-17 biennium.

- **Corporate income tax** collections of \$22.3 million were \$10.0 million, or 81.9 percent above forecast due to higher than expected payments. Biennium-to-date collections of \$92.3 million are \$37.8 million, or 69.2 percent higher than forecast and \$5.2 million, or 5.4 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 was deposited in the tax relief fund until that fund reached its cap of \$200.0 million and then deposits were made to the budget stabilization fund until that fund reached its cap of \$75.0 million. The general fund will receive oil and gas tax revenue allocations until the biennial cap of \$400.0 million is reached.