

# FISCAL NOTE

Requested by Legislative Council

03/12/2001

## REVISION

Bill/Resolution No.:

Amendment to: Engrossed  
SB 2299

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$751,000)		(\$887,000)	
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2299 Second Engrossment reduces the coal severance tax by 50% and increases the coal conversion tax by a similar amount.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The coal severance rate reductions and coal conversion rate increases contained in the bill are expected to increase state general fund revenues by \$445,000.

County revenues are "held harmless" under the provisions of the bill. For most counties, the revenue stream will be similar to current law. One exception is Mercer County, the recipient of revenues from Dakota Gasification Company. Because of current high natural gas prices resulting in unusually high coal conversion revenues, Mercer County will receive historically high payments in the next few months. These high actual collections which Mercer County will receive from January through June, will establish the benchmark to which SB 2299 holds it harmless for all future years. This will cost the state general fund as much as \$1.378 million per biennium.

The bill also subjects the Heskett Plant in Morton County to coal conversion tax. This is expected to increase state

general fund revenues by \$540,000 during the 01-03 biennium, and \$762,000 during the 03-05 biennium. Morton County continues to get the amount it received when Heskett was subject to property tax. This reduces state general fund revenues by -\$358,000 in the 01-03 biennium, and -\$716,000 in the 03-05 and subsequent biennia.

Overall, SB 2299 is expected to reduce state general fund revenues by -\$751,000 in the 01-03 biennium, and -\$887,000 in the 03-05 biennium.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

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**Agency:** Tax Department  
**Date** 03/12/2001  
**Prepared:**