

FISCAL NOTE

Requested by Legislative Council

01/12/2005

Bill/Resolution No.: SB 2170

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$610,000)	(\$406,000)		
Expenditures						
Appropriations						

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 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 2170 grants a sales tax exemption for carbon dioxide used for enhanced recovery. The bill also exempts from the oil extraction tax the incremental production from a tertiary recovery project.

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.*

Sections 1 and 2 of SB 2170 provide a sales tax exemption for carbon dioxide used in enhanced oil recovery. Currently CO₂ is not used in enhanced oil recovery. The fiscal impact of this provision would depend on if a CO₂ project is undertaken in the biennium, the cost of the CO₂ and the amount used in the project, all of which are unknown.

Section 3 grants a permanent exemption from the oil extraction tax for incremental production from a tertiary recovery project. It is estimated that Section 3 of SB 2170, if enacted, will result in a reduction in oil extraction tax revenue totaling \$1,016,000 for the 2005-07 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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