

FISCAL NOTE

Requested by Legislative Council
01/24/2007

REVISION

Amendment to: HB 1060

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$100,000	(\$10,000)	\$285,000	(\$10,000)	\$215,000
Expenditures	\$0	\$100,000	\$0	\$200,000	\$0	\$200,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

- a) Process for & funding of reclamation of abandoned well sites;
- b) Requires permitting & reporting of commercial & residential geothermal installations;
- c) Creates two special funds

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 allows for the transfer of funds from the cash bond fund in order for those funds to be utilized to plug & reclaim abandoned wells. It is anticipated that this fund could exceed the fund cap during the 07-09 biennium because of the timing of receipt from a large settlement with an oil and gas operator (estimated to be \$50,000), funding from the federal government (estimated to be \$20,000), permit fee income (estimated at \$105,000) and the Department's ability to expend these funds for plugging and reclamation of abandoned wells. The cost to plug and reclaim wells has doubled since the last time the cap was adjusted. Without the increase in the cap, those dollars exceeding the cap (estimated to be \$25,000) would go to the General Fund and would not be available for their intended purpose of plugging and reclaiming abandoned wells. Section 4 creates a special fund with continuing appropriation authority/\$500,000 cap. Current income to the General Fund from the fees outlined in this section is approximately \$10,000 a biennium. Passage of this bill will place these dollars in a special fund to meet unfulfilled obligations related to geothermal operations, subsurface minerals, coal & geophysical exploration. Fiscal impact to the General Fund (\$10,000) for each biennium.

Section 5 creates a special fund with a continuing appropriation. The geologic data preservation fund is being proposed as a result of federal legislation which may make \$50,000 available annually for 5 years. These federal funds must be used for preservation of geologic data.

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.*

Section 4 results in less income to the General Fund of (\$10,000) and an increase in other funds of \$10,000.

Section 5 results in \$100,000 for each of the 2007-2009 and 2009-2011 biennia from potential federal funds for the designated purpose of geologic data preservation.

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.

Section 2 relates to the expenditure of dollars received from a settlement from an oil and gas operator regarding a number of oil wells, federal funds designated for plugging abandoned wells (orphaned wells) and fee income. Expenditures for plugging and reclamation are done when weather permits and when contractors are available to complete the work. Funds are expended as soon as possible and when it is prudent to do so. There could be a lag in time between receipt of funds and expenditures. Anticipated expenditures for the 07-09 biennium from the revenues outlined above are \$150,000. This leaves \$25,000 that would be retained in the fund until such time as they could be expended for plugging and reclamation.

Section 5 relates to expenditures for the geologic data preservation. We anticipate that approximately 50% of the funds received from the federal government could be expended within the 07-09 and 09-11 biennium. That amount would be \$50,000 each biennium. The remaining unexpended federal funds received in those biennia of \$100,000 would be used in future biennia.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

There is no impact to appropriations as the funds being discussed have continuing appropriations.

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