

FISCAL NOTE
Requested by Legislative Council
02/12/2007

Amendment to: SB 2361

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				(\$6,890,000)		
Expenditures						
Appropriations						

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

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).*

Eng. SB 2361 provides an oil extraction tax rate reduction from 6.5% to 2% for the first 24 months, followed by a permanently reduced oil extraction tax rate of 4%, for new wells drilled in the Bakken formation. Recompleted wells in the Bakken are exempt from extraction tax for 9 months.

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 1 permanently lowers the oil extraction tax rate from 6.5% to 4% for new Bakken wells. Section 2 creates an additional oil extraction tax rate reduction to 2% for the first 24 months of production from new Bakken wells. It also creates an oil extraction tax exemption for 9 months for reentry and recompleted Bakken wells. These sections will result in an estimated reduction in oil extraction tax revenues of \$6.890 million in the 2007-09 biennium. The revenue loss would be distributed as follows: 60% from the permanent oil tax trust fund, 20% from the resources trust fund, and 20% according to Article X of the Constitution.

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.*

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, 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.*

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