

FISCAL NOTE
Requested by Legislative Council
01/11/2013

Bill/Resolution No.: HB 1179

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$105,300,000		
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

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

HB 1179 eliminates stripper well properties for purposes of the existing oil extraction tax exemption for stripper wells.

- 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.*

The provisions of HB 1179 require each well to be qualified as a stripper well based on each well's production levels, closing off the ability for an entire property to be deemed a stripper property on the basis of production from older, original wells.

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.*

If enacted, it is estimated that HB 1179 will prevent at least 75 stripper properties from being designated, thereby preventing the oil extraction tax exemption for strippers from applying to an estimated 225 high-producing wells. This will result in an estimated increase in oil extraction tax revenue of \$105.3 million in the 2013-15 biennium, and potentially much more in subsequent biennia. This increase in oil extraction tax revenue will increase distributions to the legacy, resources trust, strategic investment and improvements and education trust funds.

- 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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