

FISCAL NOTE
Requested by Legislative Council
01/25/2013

Bill/Resolution No.: HB 1398

- 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			\$19,575,164		\$19,575,164	
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 1398 imposes an excise tax on water extracted from below the surface of the earth.

- 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 imposes a water extraction tax of eleven and one-half percent.

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 reported calendar year 2011 industrial water use for water depots totals 3315.9 acre feet. An acre foot of water is equal to 325,850 gallons of water. If you use a penny and a half per gallon as the sales figure you arrive at a sales figure of \$16,207,290. (325,850 X 3315.9 X .015) The tax revenue generated would then be 11.5% of \$16,207,290 or \$1,863,838 per year. The reported calendar year 2011 industrial water use for non-water depots totals 14,096.9 acre feet. This is water used for ethanol plants, food processing plants, malting plants and other industrial uses. Although this water is valued differently than water sold by depots, we do not know what to use for market value so we will use the same penny and a half per gallon rate used for depot sales. This would generate an additional \$7,923,744 per year. (325,850 X 14,096.9 X .015) X 11.5%

- 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.*

Name: David Laschkewitsch

Agency: ND State Water Commission

Telephone: (701) 328 -2750

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