

FISCAL NOTE
Requested by Legislative Council
01/05/2017

Revised
 Bill/Resolution No.: SB 2133

- 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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$1,055,000	\$(193,000)		
Expenditures						
Appropriations						

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties		\$(682,000)	
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).*

SB 2133 proposes a change to the taxation of certain facilities subject to the coal conversion tax.

- 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 of SB 2133 changes the definition of gross receipts for coal conversion tax purposes. Section 2 of SB 2133 reduces the tax rate from 4.1% to 2%. Section 3 provides limits on the carbon dioxide capture credit.

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.*

Using industry supplied statistics, if enacted, the provisions of SB 2133 are expected to increase total coal conversion tax revenues from the coal gasification plant by a net amount estimated to total \$181,000 in the 2017-19 biennium. These impacts are due to the net effect of the company's product mix, the proposed lower tax rate, the removal of an existing tax credit, and the definition of the tax base proposed in the bill. This fiscal impact includes a net increase in state general fund revenues expected to total approximately +\$1,055,000. The net impact for the county is an estimated biennial reduction of -\$682,000. The net impact for the lignite research fund is an estimated biennial reduction of -\$193,000.

Note: Despite the reduction in county revenues assumed if this bill is enacted, there is still anticipated year-over-year growth in county revenues overall, so the hold-harmless provisions likely will not be utilized and are not considered in this fiscal note.

This fiscal note was revised on 1/18/2017 to reflect timing differences from incorrect assumptions about fiscal v. calendar years. Corrected assumptions were supplied by industry representatives.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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