

FISCAL NOTE
Requested by Legislative Council
02/04/2019

Amendment to: Engrossed HB 1480

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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).*

As amended, HB1480 provides a mechanism for flaring reduction, calls for the creation of energy parks, imposes oversight and reporting responsibilities, and calls for a legislative study.

- 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.*

As amended, section 1 requires that companies that gather and process natural gas and associated liquids must allow the purchase or transfer of excess production to operators that have the capacity to handle that excess. It also directs the creation of at least six energy parks.

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.*

This bill as amended has no revenue provisions.

- 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.*

We cannot fully determine the expenditure impact that will result from this bill as amended. We have no reliable method to fully determine the costs associated with the establishment of the energy parks, nor do we have a method to determine the costs associated with the regulatory aspects of this bill.

While we cannot fully determine the expenditure impact, we can provide some partial expenditure information as follows:

COSTS ASSOCIATED WITH ENGERGY PARKS - The bill imposes responsibilities on the State Industrial Commission. In reality, the proper entity for such oversight would most likely be the Oil and Gas Division of the

Department of Mineral Resources (DMR). Accordingly, DMR estimates they would need at least two additional FTEs for permitting and field inspection at a total of \$491,073 for the two FTEs. There would be other costs incurred by DMR such as vehicle usage costs and other support costs; we have no way to estimate these costs as there is no way to know the amount of oversight required on the creation of six energy parks.

- 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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