

(prepare in triplicate)

FISCAL NOTE

prepared in regard to:

SENATE BILL 2341

(List bill or resolution and number, if available, or subject)

Amendment to: \_\_\_\_\_

(List bill or resolution and number)

Requested by: Legislative Council

Date of receipt: January 27, 1975

In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed, attach a supplementary sheet. (Please type)

Senate Bill 2341 would reduce the revenue to the General Fund by \$1,229,224 for fiscal year 1976 and by \$1,770,529 for fiscal year 1977. This would amount to approximately \$3,000,000 for the 1975-77 Biennium. (See Exhibit attached.)

See attached Exhibit for an estimate of the revenue impact of this bill in 1984 by which time all plants presently granted water permits will be in operation.

Estimated administrative cost to the Tax Department for the 1975-77 Biennium is \$7,300.

Date of preparation: January 29, 1975

Signed



Typed Name- Clair W. Cudworth

Department State Tax Department

# EXHIBIT

REVENUE IMPACT OF SENATE BILL 2341

## 1975-77 Biennium

	MARKET PRICE	NET PRODUCTION	MARKET VALUE	UNDER PRESENT LAW			UNDER PROPOSED SENATE BILL 2341					
				TAX		ALLOCATION	TAX			ALLOCATION		
				RATE	AMOUNT	STATE GEN. FUND	BASE RATE	less (For royalties pd. to mineral owners)	CREDITS TO TAXPAYERS (For county severance taxes pd.)	SPECIAL IMPACT FUND	SPECIAL TRUST FUND	STATE GEN. FUND
<b>I. SEVERANCE TAX</b>												
<b>A. Fiscal Year 1976</b>												
1. Collections for coal mined from 7-1-75 to 3-31-76.	\$2.51/ton	9,303,251 tons	\$23,351,162				33 1/3%	5% (maximum)	5% (maximum)	10%	10%	3 1/3% (minimum)
<b>B. Fiscal Year 1977</b>												
1. Collections for coal mined from 4-1-76 to 3-31-77.	\$2.66/ton	13,717,083 tons	\$36,487,440				12,162,482	1,824,372	1,824,372	3,648,774	3,648,744	1,216,248
<b>II. ELIMINATION OF SALES TAX on Coal and Electricity: Projected Revenue Loss</b>												
<b>A. Fiscal Year 1976</b>												
1. Coal mined subject to sales tax	\$2.51/ton	8,302,074 tons	\$20,838,205	4%	\$ 833,528	\$ 833,528	208,382					208,382
2. Electricity sold in North Dakota subject to sales tax	\$2.75¢/kwh	1,675,696,363 kwh	\$46,081,650	4%	1,843,266	1,843,266	460,816					460,816
<b>B. Fiscal Year 1977</b>												
1. Coal mined subject to sales tax	\$2.66/ton	9,014,897 tons	\$23,979,626	4%	959,185	959,185						
2. Electricity sold in North Dakota subject to sales tax	\$2.92¢/kwh	1,735,952,054 kwh	\$50,689,800	4%	<u>2,027,592</u>	<u>2,027,592</u>						
					<u>\$5,668,571</u>	<u>\$5,663,571</u>	<u>\$20,615,400</u>	<u>\$2,991,930</u>	<u>\$2,991,930</u>	<u>\$5,983,890</u>	<u>\$5,983,890</u>	<u>\$2,663,818</u>
<b>Fiscal Year 1984</b>												
<b>I. SEVERANCE TAX</b>												
<b>A. Coal Mined in North Dakota</b>												
	\$4.00/ton	33,456,000 tons	\$133,823,776				33 1/3%	5% (maximum)	5% (maximum)	10%	10%	3 1/3% (minimum)
							\$44,607,925	\$6,691,188	\$6,691,188	\$13,382,377	\$13,382,377	\$4,460,792
<b>II. ELIMINATION OF SALES TAX on Coal and Electricity: Projected Revenue Loss</b>												
<b>A. Coal mined subject to sales tax</b>												
	\$4.00/ton	27,114,861 tons	\$108,459,444	4%	\$4,338,377	\$4,338,377						
<b>B. Electricity sold in North Dakota subject to sales tax</b>												
	4.4¢/kwh	2.29 billion kwh	\$100,750,000	4%	<u>4,030,400</u>	<u>4,030,400</u>						
					<u>\$8,368,777</u>	<u>\$8,368,777</u>	<u>\$44,607,925</u>	<u>\$6,691,188</u>	<u>\$6,691,188</u>	<u>\$13,382,377</u>	<u>\$13,382,377</u>	<u>\$4,460,792</u>

\* Sales tax on coal and electricity paid in FY-1976 for production in last quarter of FY-1975.

ADMINISTRATIVE COSTS  
Senate Bill 2341  
1975-77 Biennium

A Bill for an Act to provide for a severance tax upon coal; to provide procedures for the imposition, collection, and administration of such tax; to provide for the allocation of the proceeds of such tax; to provide for the exemption of coal and electricity from sales and use taxes; to create and enact new subsections of the North Dakota Century Code, relating to gross receipts from the sale of coal and electricity; to amend and reenact subsections of the North Dakota Century Code, relating to the exemption of electricity from sales and use taxes; and to provide a penalty.

**Salaries & Wages:**

Preparation of Rules and Regulations - 120 Hrs. - Legal x \$15.00	\$1,800
Forms Design - 80 Hrs. - Auditor x \$5.00	400
Composition of Rules & Regulations & Forms - 20 Hrs. - Typist x \$3.00	60

**Processing of Quarterly Returns**

1-man month - Auditor	500
1-man month - Clerical	1,000

**Delinquency control, audit and taxpayer assistance**

1-man month - Auditor	1,000
½-man month - Clerical	250

\$5,010

**Fringe Benefits**

750

\$5,760

**Fees & Services:**

Auditor - Travel, Auditing & Taxpayer Assistance	\$1,000
Postage and Miscellaneous	200

\$1,200

**Supplies & Materials:**

Printing - Rules & Regulations & Forms	\$ 200
Miscellaneous	100

\$ 300

Equipment - None

Data Processing - None

TOTAL

\$7,260

Prepared by

M. Lockman

January 31, 1975

Round to \$7300