

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

Senate Bill 2514

(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: 1/26 1977

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)

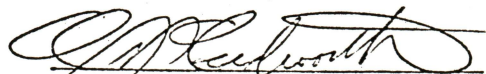
This bill relates to payment of special fuel taxes at 7 cents per gallon by contractors on special fuel used by them in performing contracts with the Federal Government and with the State of North Dakota and its political subdivisions. It is estimated that the amount of those taxes under Chapter 57-52, NDCC, during the 1977-79 fiscal biennium would be about \$1,000,000 for the state highway construction fund.

The right of the State under the current law to collect the 7 cent per gallon tax on special fuels used by contractors in performing governmental contracts is being challenged in a lawsuit in Burleigh County District Court brought by several contractors. The suit raises the question of whether the State Auditor's office prior to July 1, 1969, and the State Tax Commissioner's office since that time have correctly interpreted the current law. If the courts find that they have, then the above amount of \$1,000,000 will be estimated amount that would be collected for the next biennium without enactment of this bill, and this bill, if enacted, would then have no fiscal impact.

If the courts find that the special fuels tax law has not been correctly interpreted and that the 7 cents per gallon tax does not apply, then the enactment of this bill will result in an estimated increase in revenue to the state highway construction fund for the next biennium of \$857,000, which is the difference between the tax at 7 cents per gallon and the 2% tax on the sale price of those special fuels that would apply if the bill is not enacted.

Date of preparation: 1/28/77

Signed



Typed Name C. William Cudworth

Department Tax