

FISCAL NOTE

Prepared in regard to:

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

Amendment to: Senate Bill 2239 (See Enrolled Bill attached.)
(List bill or resolution and number)

Requested by: Legislative Council Date of receipt: March 24, 1981

In the following space note the fiscal effect in dollars of the legislative proposal:

Narrative:

Severance Tax Revenue Loss

Based on information available to the Tax Department, it is estimated that approximately 240,000 tons of lignite will be sold for heating purposes or to political subdivisions annually from North Dakota mines during the biennium. This would result in a total loss of severance tax revenues for the biennium of approximately \$435,000. This loss would be distributed \$130,000 to the State General Fund, \$154,000 to the Coal Impact Office, \$65,000 to the Trust Fund, and \$86,000 to the Counties.

Sales Tax Revenue Gain


If Senate Bill 2239 as amended is enacted, approximately 95,000 tons of lignite sold annually would be subject to the sales tax. The resulting increase in sales tax revenues would be approximately \$73,000 for the biennium.

Net Effect

Senate Bill 2239, if enacted, would result in a net loss to the state general fund of \$57,000 for the biennium.

Fiscal Effect:

1981-82		1982-83		Total Biennium	
Special Funds	General Fund	Special Funds	General Fund	Special Funds	General Fund
-\$64,000	-\$24,000	-\$90,000	-\$33,000	-\$154,000	-\$57,000
(Impact Office)		(Impact Office)		(Impact Office)	
-\$27,000		-\$38,000		-\$ 65,000	
(Trust Fund)		(Trust Fund)		(Trust Fund)	
-\$36,000		-\$50,000		-\$ 86,000	
(Counties)		(Counties)		(Counties)	

Signed 
Typed Name C.W. Cudworth

Date Prepared: March 26, 1981 Department Tax

If additional space is needed, attach a supplementary sheet.

AAB

This document need not be with State funds

Forty-Seventh Legislative Assembly, State of North Dakota begun and held at the Capitol in the City of Bismarck, on Tuesday, the sixth day of January, one thousand nine hundred and eighty-one.

SENATE BILL NO. 2239
(Senators Sorum, Bakewell, Wright)
(Representatives O. Hanson, Nagel, Houmann)

AN ACT to create and enact a new section to chapter 57-61 of the North Dakota Century Code to provide an exemption for coal used for space heating purposes and for coal used by the state and political subdivisions.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. A new section to chapter 57-61 of the 1979 Supplement to the North Dakota Century Code is hereby created and enacted to read as follows:

SEVERANCE TAX EXEMPTION FOR COAL USED FOR SPACE HEATING PURPOSES AND BY THE STATE AND POLITICAL SUBDIVISIONS. No severance tax shall be imposed on coal used primarily for heating buildings in this state, including the heating of buildings with steam created by the burning of coal, nor shall any severance tax be imposed on coal used by the state or any political subdivision of the state. The coal mine owner or operator shall require the person purchasing the coal for heating of buildings, for resale to consumers for heating of buildings, or for use by the state or any political subdivision of the state to certify the amount of the coal purchased which will be used for heating purposes or by the state or any political subdivision. Coal used by a person, other than the state or a political subdivision of the state, who purchases the coal primarily for a purpose other than the heating of buildings or for the generation of electricity for multiple uses is not exempt from the severance tax.

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