

**FISCAL NOTE**

(Return original and 10 copies)

Bill/Resolution No.: \_\_\_\_\_

Amendment to: SB 2339

Requested by Legislative Council

Date of Request: 3-13-97

1. Please estimate the fiscal impact ( in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:** SB 2339, if enacted as amended, exempts any pipeline that transports CO2 for use in enhanced recovery of oil or natural gas from property taxes during construction and for ten years following beginning of operation. Current law allows a ten-year exemption commencing with beginning of operation only if the CO2 is transported to an oil field within the state. A proposed pipeline may be built to transport CO2 to Canada, but it may also serve North Dakota oil fields. If it does serve a North Dakota oil field, SB 2339 has no fiscal effect. Testimony indicated that the proposed pipeline will be constructed during 1999. Assuming that it only transports CO2 out of state, the proposed pipeline, under current law, would be assessable as of January 1, 2000, for tax payable in 2001. There is a potential fiscal loss to the state, counties and school districts. While a new pipeline does not require an increase in property taxes for counties, cities, or school districts, current law allows an increase in dollars of property tax levy by the amount of tax that would have been paid by a property that is added to the assessment rolls that was not included in the base year. If SB 2339 is enacted, the state, counties, and school districts would experience a loss of revenue they could have otherwise had. The pipeline is estimated to have a taxable value of \$5 million. Any increase in property taxes depends upon the level of funding the county and school district budget to provide services. The State Medical Center levies one mill on all taxable property in the state by constitutional provision.

2. State fiscal effect in dollar amounts:

	1995-97 Biennium		1997-99 Biennium		1999-2001 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:						-\$5,000
Expenditures:						

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1995-97 biennium: \_\_\_\_\_
- b. For the 1997-99 biennium: \_\_\_\_\_
- c. For the 1999-2001 biennium: \_\_\_\_\_

4. County, City, and School District fiscal effect in dollar amounts:

1995-97 Biennium			1997-99 Biennium			1999-2001 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
						0 To -\$0.48M		0 To -\$1.15M

If additional space is needed, attach a supplemental sheet.

Signed Kathryn L. Strombeck by Sf

Typed Name Kathryn L. Strombeck

Date Prepared: 3-13-97

Department Tax

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