

FISCAL NOTE
Requested by Legislative Council
01/26/2013

Revised
Bill/Resolution No.: SB 2312

- 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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0		\$0		\$0	
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0		\$0	\$0	\$0	\$0

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 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).*

The bill would make two changes to the leasing of coal assets managed by the Land Board. The first would remove statutory royalty minimums and permit the board to negotiate a rate, and the second change would permit the board to renegotiate existing coal leases on trust or state land.

- 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.*

If the bill is adopted, the Land Board could offer leases for less than the current statutory minimums, but it is not known if the Land Board would do so for new leases. It is also not known whether a lower royalty rate would result in more coal being produced which could generate greater returns. The actions of the Board and results of those actions cannot be anticipated. Similarly, it is unknown if the Land Board would change royalties on the 52 currently active coal leases, thus the fiscal impacts cannot be determined.

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.*

On behalf of permanent trusts and special funds, the Land Board collectively manages 52 coal leases totaling 4404.28 net acres, of these 1280 acres are in reclamation status. The leases have generated a five-year annual average revenue of \$3.2 million. There is potential to lease more coal acres for production if the royalty rate is adjusted, thereby generating more income, but it is not possible to calculate the additional revenue.

- 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.*

not applicable

- 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 is also included in the executive budget or relates to a continuing appropriation.*

not applicable

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