

HOUSE BILL NO. 1374

Introduced by

Representatives Maragos, Monson

1 A BILL ~~for an Act amend and reenact section 54-44-16 of the North Dakota Century Code,~~
2 ~~relating to oil and gas tax revenue put options and swaps.~~for an Act to provide for a legislative
3 management study of oil and gas put options, swap agreements, or other hedging strategies.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 ~~— **SECTION 1. AMENDMENT.** Section 54-44-16 of the North Dakota Century Code is~~
6 ~~amended and reenacted as follows:~~

7 ~~— **54-44-16. Oil and gas tax revenue put options and swaps.**~~

8 ~~— Upon request of the director of the office of management and budget and upon approval by~~
9 ~~the industrial commission, the state investment board may purchase oil put options and swaps~~
10 ~~for the office of management and budget. The purchase of put options and swaps must be~~
11 ~~designed to offset reduced state general fund oil and gas tax revenues due to oil and gas prices~~
12 ~~falling below selected levels. Put options and swaps may be purchased only at such times that~~
13 ~~the purchase assures that oil tax revenues plus the revenues from the sale of put options and~~
14 ~~swaps will be in excess of the oil tax revenues estimated for that level of production by the most~~
15 ~~recently adjourned legislative assembly. The office of management and budget shall report any~~
16 ~~purchases of put options and swaps to the budget section of the legislative management.~~

17 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PURCHASE OF OIL AND GAS**

18 **SWAPS.** During the 2015-16 interim, the legislative management shall consider studying the
19 feasibility and desirability of authorizing the state investment board to purchase oil and gas put
20 options, enter swap agreements, or utilize any other industrial commission-approved hedging
21 strategies with designated counterparties for the office of management and budget in order to
22 offset reduced state general fund oil and gas tax revenues in the case of decreases in oil and
23 gas prices. The legislative management shall report its findings and recommendations, together

- 1 with any legislation required to implement the recommendations, to the sixty-fifth legislative
- 2 assembly.