

FISCAL NOTE
Requested by Legislative Council
01/19/2015

Bill/Resolution No.: HB 1390

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$309,209		\$321,358	
Appropriations			\$309,209		\$321,358	

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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 creates a new section of NDCC requiring the Department of Health to license commercial drill cuttings recyclers and recyclers of water from an oil and gas drilling operation, to adopt rules governing the operations of such facilities and to examine the premises and facilities.

- 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.*

Section 2 of HB1390 will create and enact Chapter 23-48 of the North Dakota Century Code and will require the department to license commercial drill cuttings recycling facilities or commercial water from oil and gas well drilling operation recycling facilities, adopt rules governing these operations, examine records and property, conduct inspections and corrective actions and, as a condition of licensure, the department may require these facilities to post a bond payable to the state.

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.*

No revenue is anticipated during the 2015-2017 biennium as fees authorized under this this bill must be established by rule. At this time we believe the number of drill cutting or water recyclers to be low. However, if the legislation is passed, we anticipate the numbers will increase as the law will further define these facilities. Some fee revenue may be generated during the 2017-2019 once fees are established by rule.

Additionally, we are unable to determine the revenue to be received regarding the cost of any inspection for which a facility is responsible to pay.

Finally, the law is unclear whether the fees collected from licensing and from the cost of inspection are to be deposited into the general fund or the Department's operating fund.

- 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.*

2015-17 Biennium:

The estimated expenditures of \$309,209 include the addition of 2 FTE at a cost of \$274,195 and operating expenses of \$35,014 for travel, the purchase of one-time computer and office furniture and general operation costs.

2017-19 Biennium:

The estimated expenditures of \$321,358 include salaries of \$291,954 (inflated 4%) and operating costs of \$29,404 (inflated approximately 3%).

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

The Executive Budget (HB 1004) does not include funding for the activities required under this bill; therefore, an appropriation would be needed.

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