

FISCAL NOTE
Requested by Legislative Council
03/24/2015

Amendment to: SB 2337

- 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						
Appropriations						

- 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).*

SB 2337 with house amendments expands the oil extraction tax incentive for new wells drilled and completed outside the Bakken and Three Forks formations.

- 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.*

SB 2337 with house amendments allows for a complete exemption from oil extraction tax for new wells drilled outside the Bakken and Three Forks formations and ten or more miles outside an established field. The exemption is for the first 18 months after completion.

The March forecast assumes the 'big trigger' will be in effect for the first 11 months of the 2015-17 biennium, overriding the provisions of this bill. This non-Bakken new well incentive, under current law, would have allowed for a reduction of 4.5% (from 6.5% to 2%) for the remainder of the biennium after the big trigger is assumed to trigger off. If enacted, this bill will modify that incentive and remove the remaining 2% of the oil extraction tax, on new wells completed outside the Bakken during the biennium. If prices remain relatively low, drilling will be concentrated in the prime Bakken areas of the state. Therefore, the fiscal impact of the additional 2% reduction provided for in this bill is likely to be less than \$5000.

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.*

- 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.*

- 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.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 03/25/2015