15.0993.01000

FISCAL NOTE

Requested by Legislative Council
01/27/2015

Bill/Resolution No.: SB 2366

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			$1,594,725		$1,435,600	
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).*

This bill transfers the responsibility in promoting the oil and gas industry from the Industrial Commission to the Department of Commerce. This would include some transfers of funds between the two agencies, but would also include additional expenditures not covered by a transfer.

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.*

Sections 1 and 7 transfer the responsibility to "foster, encourage, and promote the development, production, and utilization of natural resources of oil and gas in this state" from the State Industrial Commission to the Department of Commerce. This would include transfer of the Wilson Laird Core and Sample Library and functions related to NDCC § 38-08-01 including prevent waste, protect correlative rights, increase ultimate recovery, and encourage cycling, recycling, pressure maintenance, and secondary recovery. Additional costs to the state would be incurred as these functions are separated from other activities conducted by the Department of Mineral Resources.

Section 2 through 6 transfer responsibility over the Oil and Gas Research Council, which would be an agency to agency transfer and would not have an additional fiscal impact 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.*

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.*

According to information provided by Industrial Commission staff, the transfer of responsibilities would include the Wilson Laird Core and Sample Library as 65% of the core library use is private industry visits to promote oil and gas

development, production, and utilization. This transfer is expected to have a reoccurring cost of $485,600 relating to salary & benefits associated with one subsurface geologist and one geothermal inspector/warehouse technician and rent and utilities for 3,000 sq. ft. warehouse space and lab. One time costs for this transfer would be an estimated $159,125 including moving the non-oil & gas cores and samples to Bismarck and purchasing shelving and equipment.

Commerce would need to expend approximately $475,000 per year ($950,000 per biennium) to hire contract personnel for promotion of oil and gas development, production, and utilization programs in compliance with NDCC § 38-08-01 including prevent waste, protect correlative rights, increase ultimate recovery, and encourage cycling, recycling, pressure maintenance, and secondary recovery. This estimate is based upon current costs of the Oil and Gas Division.

There would need to be other agency to agency transfer of salary dollars, but this would not represent an increased fiscal impact to the state.

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.*

No appropriations were included in this bill nor were they included the executive budget.

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