

**FISCAL NOTE**  
**HOUSE BILL NO. 1286**  
**LC# 23.0830.02000**  
**02/15/2023**

**1 - 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.*

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**2 - County, City, School District, and Township Fiscal Effect**

*Identify the fiscal effect on the appropriate political subdivision.*

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

**3 - Bill and Fiscal Impact Summary**

*Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed HB 1286 removes the triggered oil extraction tax rate changes for wells located outside the exterior boundaries of a reservation.

## 4 - Fiscal Impact Sections Detail

*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.*

Engrossed HB 1286 will repeal the triggered 6% oil extraction tax rate that would be imposed during a time of sustained high oil prices for wells located outside the exterior boundaries of a reservation.

Wells located within the exterior boundaries of a reservation, on trust properties outside reservation boundaries, or straddle wells located on reservation trust land may still be subject to the triggered 6% oil extraction tax rate. A tribe may opt-out of the increased rate of tax by providing written notice to the tax commissioner.

## 5 - Revenues Detail

*For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The triggered 6% oil extraction tax rate became active for the oil production months of June 2022 through October 2022. This resulted in an oil extraction tax revenue increase of approximately \$135.6 million. The distribution of triggered 6% oil extraction tax revenue is consistent with all oil extraction tax revenue, which includes distributions to the following funds:

10% Common Schools Trust Fund

10% Foundation Aid Stabilization Fund

20% Resources Trust Fund

0.5% Additional Resources Trust Fund

0.5% Energy Conservation Grand Fund (up to \$1.2 million per biennium)

3% Renewable Energy Development Fund (up to \$3 million per biennium)

30% Legacy Fund

29.5% General Fund Share (with additional distribution requirements)

The triggered 6% oil extraction tax rate only goes into effect when the average monthly price of NYMEX West Texas Intermediate Crude Oil, as reported in the Wall Street Journal, Midwest edition is above the statutorily calculated trigger price for three consecutive months. Currently this price is set at \$115.55 per barrel, but it is recalculated each calendar year. It is unknown if this average price of crude oil will be above the trigger price at any point in the 2023-2025 biennium, therefore the fiscal impact of engrossed HB 1286 cannot be determined.

## 6 - Expenditures Detail

*For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

## 7 - Appropriations Detail

*For information shown under state fiscal effect in 1 or 2, please 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.*

## Contact Information

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**Date Prepared:** 02/15/2023