

FISCAL NOTE
HOUSE BILL NO. 1511
LC# 23.0961.03000
03/28/2023

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 1511 creates a sales and use tax exemption for materials used to construct or expand a coal processing facility that utilizes coal as a feedstock as well as a severance and sales and use tax exemption for coal used in a coal processing facility that utilizes coal as a feedstock.

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.

Section 2 and 3 of engrossed HB 1511 creates a sales and use tax exemption for materials used to construct or expand a coal processing facility that utilizes coal as a feedstock in this state. To be exempt, the tangible personal property must be incorporated in the structure of the facility or used in the construction process to the point of having no residual economic value. The owner of the facility must receive a certificate from the tax commissioner that the

tangible personal property used to construct or expand a qualifying facility which the owner intends to purchase qualifies for the exemption.

Section 4 of engrossed HB 1511 states that severance and sales and use tax may not be imposed on the first 1,000,000 tons of coal per year used as feedstock by a coal processing facility that utilizes coal as feedstock in this state.

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.

Sections 2 and 3 of engrossed HB 1511 may create a reduction in revenue to both the general fund and the state aid fund on any eligible exemption claims. This reduction is based on the number of owners certified for the exemption, as well as the cost of the materials used to construct or expand a coal processing facility that utilizes coal as a feedstock. Because these are unknown factors, the Office of State Tax Commissioner is unable to provide a reliable estimate for the revenue reduction amount.

Section 4 of engrossed HB 1511 may create a reduction in revenue to the Land Board Trust Fund, Lignite Research Fund, and to the coal producing counties. Currently there is a 37.5 cents per ton coal severance tax with an additional 2 cents per ton tax levied for the Lignite Research Fund. The 37.5 cents per ton severance tax is distributed as 15% to the Coal Development Trust Fund, 15% to the Lignite Research Fund, and 70% to the coal producing counties. This reduction in revenue is based on the number of tons of coal severed and used as feedstock by a coal processing facility. Because these are unknown amounts, the Office of State Tax Commissioner is unable to provide a reliable estimate for the revenue reduction amount.

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.

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