

FISCAL NOTE
HOUSE BILL NO. 1279
LC# 25.0895.03000
05/02/2025

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.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(21,350,000)	\$11,240,000	\$(42,700,000)	\$22,480,000
Expenditures						
Appropriations						

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

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 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).

HB 1279 updates the existing coal conversion facilities privilege tax to a partial exemption, changes the allocation of revenue, and provides effective dates.

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 1 updates the imposition of the coal conversion facility privilege tax between June 30, 2026, and June 30, 2031, and after June 30, 2031.

Section 2 updates the imposition of the coal conversion facility privilege tax based on the contingent effective date in section 11.

Section 3 updates language to reflect that the reduction in this section is in the state legacy fund share of tax imposed.

Section 4 provides for a partial coal conversion facility privilege tax exemption through June 30, 2031, based on the following: ninety percent exemption of the state share in year one, eighty percent of the state share in year two, seventy percent of the state share in year three, sixty percent of the state share in year four, and thirty-five percent of the state share in year five. The coal conversion state share for all coal conversion facilities, other than electrical generating plants, remains at eighty-five percent of the tax imposed.

Section 5 updates the allocation of revenue under this chapter. After June 30, 2026, and through June 30, 2031, five percent of the state share of tax is allocated to the lignite research fund, the remaining non-exempt portion of the state share is allocated to the legacy fund, and fifteen percent of the tax imposed continues to be allocated to the county. After June 30, 2031, five percent of the state share is allocated to the lignite research fund, the remaining portion of the state share is allocated to the legacy fund, and fifteen percent of the tax imposed continues to be allocated to the county.

Section 6 updates the allocation of revenue, based on the contingent effective date in section 11. Five percent of the state share is allocated to the lignite research fund, the remaining portion of the state share is allocated to the legacy fund, and fifteen percent of the tax imposed continues to be allocated to the county.

Section 7 updates the effective dates of the imposition of coal severance tax.

Section 8 updates the effective dates of the imposition of coal severance tax, based on the contingent effective date in section 11.

Section 9 repeals the existing eighty-five percent exemption for coal conversion facility tax and lignite research tax imposition, based on the contingent effective date in section 11.

Section 10 provides an effective date of June 30, 2025, for section 7, and an effective date of June 30, 2026, for sections 1, 3, 4, and 5.

Section 11 provides a contingent effective date for sections 2, 6, 8, and 9 based on the repeal of the production tax credit for electricity from renewables under section 45 of the Internal Revenue Code [26 U.S.C. 45] and the clean electricity production tax credit under section 45Y of the Internal Revenue Code [26 U.S.C. 45Y] have been repealed, if a certification from the tax commissioner to legislative council has been received before June 30, 2031.

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.

If enacted, HB 1279 would reduce state general fund revenues by an estimated \$21,350,000 and increase the legacy fund by an estimated \$2,135,000 in the 2025-2027 biennium. In the 2027-2029 biennium, state general fund revenues would be reduced by an estimated \$42,700,000 and legacy fund revenues would increase by an estimated \$10,675,000. These estimations assume production activity remains consistent with past production. If the contingency in section 11 occurs, the revenues in the legacy fund would increase based on the timing of the federal repeal.

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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