

FISCAL NOTE
Requested by Legislative Council
01/26/2015

Bill/Resolution No.: SB 2373

- 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 2373 requires the owners of severed mineral interests that generate royalty payments to share in the surface owner's property taxes.

- 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.*

Studies indicate as much as 56% of private oil and gas royalty payments are received by persons living outside North Dakota. Some of these may still be surface owners, and some instate royalty recipients may not be surface owners. The actual incidence of those ultimately affected by the provisions of SB 2373 are unknown. The net effect will be a shift of property tax burden from surface owners to severed mineral interest owners; the overall property tax liabilities will not change.

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.*

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Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/04/2015

2015 SENATE ENERGY AND NATURAL RESOURCES

SB 2373

2015 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources
Fort Lincoln Room, State Capitol

SB 2373
2/5/2015
23266

- Subcommittee
 Conference Committee

Committee Clerk Signature

Katie Oliver

Explanation or reason for introduction of bill/resolution:

To provide of a share of property taxes on land by the owners of severed mineral interests if a producing oil or gas well is generating royalty payments to those owners.

Minutes:

Chairman Schaible called the committee back to order and the hearing on SB 2373 was opened. Senator O'Connell was on hand to introduce the bill.

Senator O'Connell: There are no other sponsors on the bill and I didn't do the research on this. In my area there are literally 1,000 of people who own the land but not the mineral rights. I am not sure how you clean it up at all. If you would like to make a motion for a DNP I would have no problems with it.

No other testimony in favor. No testimony in opposition

A motion for a do not pass was made by Senator Murphy with a second by Senator Armstrong, there was no further discussion, roll was taken, the motion passed on a 7-0-0 count and Senator Murphy carried the bill to the floor.

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2373**

Senate Energy and Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Senator Murphy Seconded By Senator Armstrong

| Senators | Yes | No | Senators | Yes | No |
|-------------------|-----|----|------------------|-----|----|
| Chairman Schaible | X | | Senator Murphy | X | |
| Vice Chair Unruh | X | | Senator Triplett | X | |
| Senator Armstrong | X | | | | |
| Senator Hogue | X | | | | |
| Senator Laffen | X | | | | |
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Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Murphy

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2373: Energy and Natural Resources Committee (Sen. Schaible, Chairman)
recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
SB 2373 was placed on the Eleventh order on the calendar.