

**REVISED
FISCAL NOTE**

(Return original and 10 copies)

Bill/Resolution No.: SB 2339

Amendment to: _____

Requested by Legislative Council

Date of Request: 1-29-97

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

SB 2339, if enacted, exempts from property taxes for ten years any pipeline that transports CO2 for use in enhanced recovery of oil or natural gas. Current law allows the exemption only if the CO2 is transported to an oilfield within the state. A proposed pipeline may be built to transport CO2 to Canada, but it may also serve North Dakota oilfields. If it does serve a North Dakota oilfield, SB 2339 has no fiscal effect. Assuming that it only transports CO2 out-of-state and the proposed pipeline is operating January 1, 2000, there is a potential fiscal loss to the state, counties and school districts.

While a new pipeline does not require an increase in property taxes for counties, cities, or school districts, current law allows an increase in dollars of property tax levy by the amount of tax that would have been paid by a property that is added to the assessment rolls that was not included in the base year. If SB 2339 is enacted, the state, counties, and school districts would experience a loss of revenue they could have otherwise had. The pipeline is estimated to have a taxable value of \$5 million. Any increase in property taxes depends upon the level of funding the county and school district budget to provide services.

The State Medical Center levies one mill on all taxable property in the state by constitutional provision.

2. State fiscal effect in dollar amounts:

| | 1995-97 <u>Biennium</u> | | 1997-99 <u>Biennium</u> | | 1999-2001 <u>Biennium</u> | |
|---------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|
| | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Funds</u> | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Funds</u> | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Funds</u> |
| Revenues: | | | | | | -\$5,000 |
| Expenditures: | | | | | | |

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1995-97 biennium: _____
- b. For the 1997-99 biennium: _____
- c. For the 1999-2001 biennium: _____

4. County, City, and School District fiscal effect in dollar amounts:

| 1995-97 <u>Biennium</u> | | | 1997-99 <u>Biennium</u> | | | 1999-2001 <u>Biennium</u> | | |
|----------------------------|---------------|-----------------------------------|----------------------------|---------------|-----------------------------------|------------------------------|---------------|-----------------------------------|
| <u>Counties</u> | <u>Cities</u> | <u>School</u> <u>Districts</u> | <u>Counties</u> | <u>Cities</u> | <u>School</u> <u>Districts</u> | <u>Counties</u> | <u>Cities</u> | <u>School</u> <u>Districts</u> |
| | | | | | | 0 | | 0 |
| | | | | | | To | | To |
| | | | | | | -\$0.48M | | -\$1.15M |

If additional space is needed, attach a supplemental sheet.

Signed *Kathryn L. Strombeck*

Typed Name Kathryn L. Strombeck

Department Tax

Phone Number 328-3402

Date Prepared: 2-4-97