

FISCAL NOTE

Requested by Legislative Council
01/02/2003

Bill/Resolution No.: HB 1145

1A. **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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$13,300)	(\$2,700)		
Expenditures			(\$59,000)			
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			(\$24,000)					

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1145 provides a 24-month exemption from Gross Production tax for new or recompleted shallow gas wells. Overall, the fiscal impact is an expected reduction in gross production tax revenues totaling \$40,000 for the 2003-05 biennium.

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.*

The fiscal note assumes 20 new wells qualify for this exemption during the 2003-05 biennium, and 20 recompletions qualify for this exemption. Wells will qualify beginning at different times throughout the biennium, so all 40 wells were assumed to qualify for an average of 12 months' exemption in the biennium, computed at historical average production rates and using the current gas tax rate.

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.*

If enacted, HB 1145 will cause an estimated -\$59,000 of one-time administrative costs associated with modification to existing computer systems to administer the exemption.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

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