FISCAL NOTE

Requested by Legislative Council
04/08/2009

Amendment to: Reengrossed
HB 1304

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				($28,000,000)		
Expenditures						
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			$25,000,000	$3,000,000				

2A. **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 1304 Second Engrossment with Senate Amendments (90260.0600) changes the allocation of Oil and Gas Gross Production tax revenues.

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.*

HB 1304 Second Engrossment with Senate Amendments allocates $500,000 annually to cities in oil-producing counties that have a population greater than 7,500. This allocation is doubled for cities with a significant oil-related employment base. These city allocation provisions are estimated to total $1.5 million per year, or $3 million for the 2009-11 biennium. Dickinson is expected to receive $1 million and Williston is expected to receive $2 million in the 2009-11 biennium.

The county distribution is changed in the bill. The lowest tier from which the counties receive 100% of the revenue was increased from the first $1 million to the first $2 million. The current top tier of 25% counties/75% state was expanded to $14 million, and a new top tier was added from which counties producing more than $18 million per year would receive 10% and the state 90%. The population-based caps are removed in the bill, extending the new top tier of 10%/90% indefinitely. The formula changes and cap removal provisions are expected increase total county revenues by an estimated $25 million for the 2009-11 biennium. The bill also changes the distribution among the counties, cities, and infrastructure funds; only the total increase is shown in 1A above.

The provisions of this bill are expected to reduce permanent oil tax trust fund revenues by an estimated $28 million in the 2009-11 biennium. These estimates are consistent with the February 2009 Legislative Council revised forecast.

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 is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	04/08/2009