FISCAL NOTE

Requested by Legislative Council
12/08/2008

Bill/Resolution No.: SB 2051

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				($36,700,000)		
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
			$36,700,000					

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).*

SB 2051 removes the $6 million biennial cap on oil and gas gross production tax revenues distributed to the oil and gas impact grant fund. The bill also removes the caps on the share of oil and gas gross production tax revenues that are distributed to producing counties.

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.*

The fiscal impact of the removal of the cap on revenues that are distributed to the impact grant fund is estimated to increase revenues to the impact grant fund by $26.8 million (from $6 million to $32.8 million) during the 2009-2011 biennium. Additionally, revenues in the permanent oil tax trust fund are expected to decrease by $26.8 million in the 2009-2011 biennium. NOTE: This impact is not shown in 1A above because both the impacts are to "other funds" and cancel each other out, with the net impact equal to zero.

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 removal of the counties' caps on distributions of oil and gas gross production tax revenue is expected to reduce permanent oil tax trust fund revenue by an estimated $36.7 million in the 2009-2011 biennium, and increase county revenue by the same $36.7 million. (This additional county revenue is shared with school districts and cities depending upon enrollment and in some cases, based on employment.)

If this bill is deamed to contain only "distributional changes", in accordance with NDCC Section 57-51.1-07.2, the fiscal impact could be a reduction in state general fund revenues totaling $63.5 million for the 2009-2011 biennium, rather than a reduction in revenue to the permanent oil tax trust fund of $63.5 million.

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.*

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