FISCAL NOTE

Requested by Legislative Council
04/02/2009

Amendment to: Reengrossed
SB 2229

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				($23,800,000)		
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
			$23,800,000	$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).*

SB 2229 Thrd Engrossment with House Amendments increases the amount of oil and gas gross production tax that is transferred to the impact grant fund, and removes the limitations (caps) on the counties' share of gross production tax revenue distributions. It also provides special city allocations.

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.*

SB 2229 Third Engrossment with House Amendments increases the amount of revenue transferred to the oil and gas impact grant fund by $2 million per biennium. This is a $2 million increase in impact grant fund revenues and a corresponding $2 million decrease in permanent oil tax trust fund revenues for the 2009-11 biennium. Both are "other funds" and cancel each other out, and therefore, are not contained in part 1A. above.

SB 2229 Third Engrossment with House Amendments also removes the county caps relative to the maximum amount of annual gross production tax revenue producing counties can receive. This provision is expected to increase county, city, and school revenues by an estimated $23.8 million during the 2009-11 biennium. This provision will reduce permanent oil tax trust fund revenue by $23.8 million in the 2009-11 biennium.

There are special allocations to large cities in the bill. These provisions allocate $500,000 annually to cities in oil-producing counties that have a population greater than 7,500. This allocation is doubled for cities with significant oil-related employment base. These city allocations are expected to provide $3 million per biennium - $1 million to Dickinson and $2 million to Williston.

Note: This estimate is based on 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.*

If enacted, SB 2229 Third Engrossment with House Amendments will reduce permanent oil tax trust fund revenues by an estimated $28.8 million in the 2009-11 biennium, and increase county, city, school district and impact grant fund revenues by a combined $28.8 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.*

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	04/03/2009