

FISCAL NOTE
Requested by Legislative Council
02/09/2011

Amendment to: SB 2368

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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).*

Engrossed SB 2368 creates an individual and corporate income tax credit for surface owners of property on which an oil or gas wellhead is located.

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.*

Engrossed SB 2368 establishes an income tax credit of \$200 per taxable year for owners of real property on which one or more wellheads are located.

Currently there are approximately 5100 wells in North Dakota, with at least an additional 2400 expected to be drilled in the next biennium. Therefore, there may be as many as 7500 wells on private property that would be allowed to claim this credit.

The credit is limited to the income tax liability of the property owner, and the amount of total income taxes paid by the owners that could be offset by this credit is unknown. If all property owners affected have sufficient income tax liabilities, the fiscal impact of Engrossed SB 2368 could be up to \$3 million in the 2011-13 biennium.

Section 1 of the bill reimburses the state general fund the amount of this tax credit out of revenues from the lands and minerals trust fund. Recently, available revenues from the lands and minerals trust fund are transferred to the general fund anyway, so ultimately, the reduction in revenue would be to the state general fund.

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.*

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