FISCAL NOTE
Requested by Legislative Council
02/05/2013

Revised
Bill/Resolution No.: SB 2315

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	**Other Funds**	**General Fund**	**Other Funds**	**General Fund**	**Other Funds**
Revenues				$2,173,000		$0
Expenditures			$0	$0	$0	$0
Appropriations			$0	$0	$0	$0

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$296,000	
Cities			
School Districts			
Townships			

2 A. **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 2315 eliminates any exemption from gross production tax and royalties for wells not capped, and connected to a gas gathering line, or equipped with an electrical generator that consumes at least seventy-five percent of the gas from the well.

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.*

Section 1 of SB 2315 eliminates any exemption from gross production tax and royalties for wells not capped, connected to a gas gathering line, or equipped with an electrical generator that consumes at least seventy-five percent of the gas from the well.

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.*

In November 2012 there were 579 nonexempt wells flaring with no gas sales, indicating they are wells not capped, connected to a gas gathering line, or equipped with an electrical generator that consumes at least seventy-five percent of the gas from the well. In November the gas flared from those wells totaled 887,804 MCF or 29,593 MCF per day. Assuming approval of all exemption applications, 29,593 MCF per day would be required to pay gross production tax that would not be required under current law. This volume is expected to remain relatively constant through 2017. The current gross production tax on natural gas is $0.1143 per MCF. This equates to revenue of $2,469,000 for the 2013-15 biennium. This additional revenue is expected to be distributed to producing counties, the legacy fund, and the strategic investment and improvements fund.

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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