

FISCAL NOTE
Requested by Legislative Council
04/22/2015

Amendment to: HB 1377

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$(42,000,000)		
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		\$42,000,000	
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).*

Section 1 of HB 1377 removes the required contingent transfer from SIIF to Legacy. Section 2 creates a political subdivision allocation fund to distribute additional O&G funds. Section 4 calls for a change in the "general fund share" buckets from O&G 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.*

Section 1 of Engrossed HB 1377 removes the requirement that, when the unobligated balance of the Strategic and Investment and Improvements Fund (SIIF) is greater than \$300M, 25% of all funds directed towards SIIF be redirected and deposited in the Legacy Fund. The exact impact of this change would be based on a number of factors including how much revenue is ultimately deposited into SIIF as well as what portion of the balance is obligated to various needs. For purposes of comparison, this section of code caused an additional \$147.7M to be deposited into the Legacy Fund instead of SIIF for the '11-'13 biennium. And through March 2015 of the '13-'15 biennium, \$221M has been deposited into the Legacy Fund from money initially targeted for SIIF.

Although the exact amount of funds being affected is difficult to determine, the net state fiscal impact of this section of the bill would be zero as it would be increasing the amount that is deposited into SIIF and decreasing the amount deposited into the Legacy Fund by the same amount and both are considered "other funds".

Section 2 of this bill creates a political subdivision allocation fund that will potentially allocate additional oil and gas tax revenues to political subdivisions in oil and gas producing counties. If the balance of this fund exceeds \$10M on March 1 and/or August 1 of each odd-numbered year, the entire balance would be distributed to the political subdivisions in the same proportion that they had received oil and gas allocations over the most recently completed fiscal year.

Section 4 of Engrossed HB 1377 adjusts the "general fund share" buckets that are funded through O&G revenues. It reduces the amount that will flow into the tax relief fund from \$341.79M to \$300M. It then puts a cap on the state disaster relief fund into which no money would be deposited into it out of O&G revenues if the unobligated balance in the fund is greater than \$25M. The bill then adjusts the final bucket by allocating 30% of the funds directed to this bucket to the newly created political subdivisions allocation fund with the remaining 70% still going into SIIF.

Under the most current legislative forecast of oil and gas tax revenues, the changes in Section 2 and 4 of the bill would cause a \$42M decrease in Other Funds as this amount would be diverted from the SIIF into the political subdivisions allocation fund and distributed to the political subdivisions in oil producing counties. The \$42M in this new fund would then be allocated between the counties, cities, schools and townships in oil producing counties in the same proportion as the O&G revenue that was paid out during the previous fiscal year.

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

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