

FISCAL NOTE
Requested by Legislative Council
03/27/2019

Revised

Amendment to: Engrossed SB 2362

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
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 2362 adds language to 57-51.1-07 which requires the state's share of oil extraction tax revenue from a state/tribal agreement be allocated pursuant to the formula spelled out in this chapter. It also modifies the formula and includes a contingent appropriation to the common schools trust fund.

- 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:

Based on interpretation of the current statute, the state's share of tribal oil extraction tax revenue is allocated directly to the state share buckets spelled out in NDCC 57-51.1-07.5. This new language would require 10% of the state's share amount be allocated to the common schools trust fund, 10% to the foundation aid stabilization fund, and 20% to the resources trust fund. It would also add an additional 0.5% to the resources trust fund beginning with the distributions to be made in August 2019.

The following estimated fiscal impacts are derived using the March 2019 legislative forecast for total oil and gas tax revenue and applying the same percentage of tribal revenues that have been seen during the current biennium to determine an estimated state share of tribal extraction tax revenue:

2017-2019 Biennium:

This bill includes an emergency clause that, if carried, would make this change effective for the month after it is filed with the SOS. Assuming this goes into effect for allocations beginning in May 2019, the estimated fiscal changes for the remainder of the 2017-2019 biennium would be as follows:

- Strategic Investment & Improvements Fund - (\$10.2M)
- Common Schools Trust Fund - \$2.55M
- Foundation Aid Stabilization Fund - \$2.55M
- Resources Trust Fund - \$5.1M

2019-2021 Biennium:

If passed, it is estimated this bill would cause the following changes to fund allocations in the 2019-2021 biennium:

- Strategic Investment & Improvements Fund - (\$99.9M)
- Common Schools Trust Fund - \$22.3M

- Foundation Aid Stabilization Fund - \$22.3M
- Resources Trust Fund - \$44.6M
- Add'l Resources Trust Fund - \$10.7M

With all of these funds being considered "other funds", there would be no net change included in the other funds columns above.

Section 2:

Section 2 of SB 2362 includes a contingent appropriation to the common schools trust fund. If the actual legacy fund earnings transferred to the general fund for the 19-21 biennium exceed the legislative estimate by at least \$64,370,000, the bill calls for a transfer of \$64,370,000 from the general fund to the common schools trust 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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Date Prepared: 03/28/2019