

FISCAL NOTE
Requested by Legislative Council
02/03/2021

Revised
Amendment to: HB 1358

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations			\$20,000,000			

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 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).*

HB 1358 directs BND to contract for consulting services to implement an oil hedging strategy upon recommendation of the oil and gas tax revenue hedging advisory committee if the price of oil drops below the legislative revenue forecast of the most recently adjourned session of the Legislature.

- 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.*

As drafted, there is \$20,000,000 appropriated out of moneys in the general fund for transfer to the oil and gas tax revenue hedging 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.*

As written, there are no assumptions from which to make a determination of revenue amounts. If implemented the bill could impact the state's strategic investment and improvement fund by enacting a hedge to guard against a drop in oil prices below the price identified in the most recently completed legislative session.

- 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.*

As written, there are no assumptions from which to make a determination of expenditure amounts in regard to consulting expenses. However, these expenses will be covered by the \$20,000,000 total appropriation from the general fund. There will be premiums and fees required to implement the hedging strategy. It is also anticipated there will be consulting fees paid to a consultant specializing in oil hedging to assist in developing and implementing a hedging program. We are unable to determine the amount of expenditures associated with the consulting at this time.

- 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.*

As drafted, there is \$20,000,000 appropriated out of moneys in the general fund for transfer to the oil and gas tax revenue hedging fund.

If implemented, this bill could also impact the state's strategic investment and improvement fund by enacting an oil hedging strategy. If the price of oil falls below the price identified in the most recent Legislative session, the oil and gas tax revenue hedging advisory committee may direct BND to enact a hedge to guard against a further drop in prices. The net effect to the state's strategic investment and improvement fund is unable to be determined at this time. Neither this appropriation or expenditure was included in the Executive Budget.

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