

FISCAL NOTE
HOUSE BILL NO. 1062
LC# 23.8077.01000
01/03/2023

1 - 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.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

HB1062 provides an extension of an oil extraction tax credit for the use of an onsite flare mitigation system for a qualifying well.

4 - Fiscal Impact Sections Detail

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 9 would remove the expiration date of July 1, 2023, from the flare mitigation credit.

Section 9-1 and Section 9-2 would expand the definition of the credit.

Section 9-2 states that the flare mitigation system needs to be "installed before July 1, 2021". This could potentially

allow producers to retroactively apply for the tax credit.

Section 9-3 states that a producer is entitled to a credit against the tax liability determined under chapter 57-57.1 which is equal to \$0.75 per 1 million British thermal units of flare.

Section 9-4 of HB1062 states that the flare mitigation credit can be claimed for up to twelve months per well and may not exceed \$6,000 per well per month.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

The flare mitigation credits would cause decreases across the oil extraction tax revenue distribution. This distribution is handled by the North Dakota Office of State Treasurer and impacts a variety of different funds.

Since the flare mitigation credits inception on July 1, 2021, the Office of State Tax Commissioner has received two approval confirmations from the North Dakota Industrial Commission. From the two approved producers, the total credit claimed amount is \$317,516 for the life of the credit to date.

It is not known how many flare mitigation credit claims will be made during the 2023-2025 biennium. Because of this, the fiscal impact cannot be determined.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please 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.

Contact Information

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