

**FISCAL NOTE**  
**Requested by Legislative Council**  
02/17/2009

Amendment to: Engrossed  
HB 1304

1A. **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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				(\$35,450,000)		
<b>Expenditures</b>						
<b>Appropriations</b>						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$33,200,000	\$2,250,000				

2A. **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 1304 Second Engrossment authorizes the allocation of Oil and Gas Gross Production Tax revenues to certain cities. The bill also removes the population-based caps relative to the total amount of Oil and Gas Gross Production Tax revenue counties are allowed to receive.

**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 HB 1304 Second Engrossment allocates \$375,000 annually to cities with a population greater than 7,500. This allocation is doubled for cities with a significant oil-related employment base. The impact of these city allocation provisions is estimated to be +\$1.125 million per year, or +\$2.250 million for the 2009-11 biennium. Dickinson is expected to receive two \$375,000 allocations and Williston is expected to receive two \$750,000 allocations in the 2009-11 biennium.

The county population-based caps are also removed in Section 1 of the bill. The cap removal provisions are expected increase total county revenues by an estimated \$33.2 million for the 2009-11 biennium. The bill changes the distribution among the counties, cities, and infrastructure funds; only the total increase is shown in 1A above.

The provisions of this bill are expected to reduce permanent oil tax trust fund revenues by an estimated \$35.450 million in the 2009-11 biennium.

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

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	02/17/2009