

FISCAL NOTE
Requested by Legislative Council
01/23/2007

Bill/Resolution No.: SB 2367

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$24,850,000		
Expenditures						
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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).*

SB 2367 requires an annual determination of stripper well status for the purpose of the exemption from the oil extraction tax, and removes the statutory reference to "stripper property".

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 SB 2367 requires the annual classification of stripper status. Section 2 removes the definition of stripper property. Section 3 sets out procedures relative to the re-classification of stripper wells.

Currently, approximately 26% of the state's oil production is classified as being produced from stripper wells or stripper properties. Approximately one-half of that production is from wells that currently produce at a level in excess of the statutory definitions of stripper wells. That production -- estimated at approximately 5.46 million barrels annually -- would become subject to the oil extraction tax under the provisions of this bill.

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.*

Removing the oil extraction tax exemption for non-qualifying stripper wells and properties would increase oil extraction tax revenues by approximately \$24.85 million in the 2007-09 biennium. This revenue would be distributed as follows: 60% to the permanent oil tax trust fund, 20% to the resources trust fund, and 20% according to Article X of the Constitution.

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.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	02/01/2007