

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/13/2009

Bill/Resolution No.: HB 1322

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>						
<b>Expenditures</b>			\$125,000		\$25,000	
<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

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).*

This bill creates an energy policy commission and tasks it with developing a comprehensive energy policy, reviewing progress made toward established goals, and continued updating of the policy. This bill also includes studies of energy taxation and water resources.

**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 creates a permanent energy policy commission.

Section 2 calls for a study of the issues related to the taxation of the energy industries in the state. This study includes three parts: 1) An analysis of the use and effectiveness of existing income and sales tax incentives to promote energy development; 2) An analysis of the traditional tax framework for lignite and electric generation projects to determine which incentives may be expanded to provide for new projects that allow for the future growth of the lignite industry; and 3) Consideration of property taxation of wind farms based upon installed capacity and production.

Section 3 directs the State Water Commission to study the effect of energy development on the state's water resources.

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.*

The Department of Commerce estimates it would cost \$25,000 for the energy policy commission to complete its work as outlined in section 1 of the bill. This cost would occur during the 2009-2011 biennium and future bienniums, as long as the energy policy commission is in place.

The Department of Commerce estimates it would cost \$50,000 to hire a consultant to assist the energy policy

commission in conducting the study of the taxation of the energy industries as called for in section 2. This cost would occur during the 2009-2011 biennium.

The Tax Commissioner estimates it would cost \$50,000 to assist the EmPower ND Commission in conducting the study of the taxation of the energy industries as called for in section 2. This is comprised of \$10,000 to compile the information necessary for part 1 of the study and \$20,000 each for parts 2 and 3 of the study to compile the necessary information and convene working groups. This cost would occur during the 2009-2011 biennium.

Contact: Cory Fong, Tax Commissioner 328-2770

The Water Commission will identify water use and water quality constraints for each energy sector (petroleum, ethanol, electrical, biodiesel); estimate projected growth and associated water use by sector; provide a qualitative assessment of the state's water resources, and identify areas having significant water development potential. The Commission will use existing staff to conduct the study resulting in no material fiscal impact.

Contact: Dave Laschkewitsch, State Water Commission 328-1956

**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.*

There is not an appropriations to cover the expenditures in this bill or elsewhere and was not included in the executive budget.

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