

FISCAL NOTE
Requested by Legislative Council
02/08/2017

Amendment to: HB 1366

- 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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$0	\$(7,650,000)		
Expenditures			\$0	\$0		
Appropriations			\$0	\$0		

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties		\$0	
Cities		\$950,000	
School Districts		\$6,700,000	
Townships		\$0	

- 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).*

Engrossed HB 1366 makes changes to the oil and gas gross production tax distribution formula.

- 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 2 of Engrossed House Bill 1366 changes a number of items in the gross production tax distribution formula that would have fiscal impacts on political subdivisions and/or state special funds:

- 1). It allows the hub city calculation to revert back to using the mining employment percentages but it increases the per percentage amount to \$500,000 per year per percentage for hub cities in non-oil-producing counties. Using current mining employment percentages, this change would cause an increase in the amounts going to hub cities of about \$950,000 over current law.
- 2). It allows the hub city schools calculation to revert back to mining employment as well while increasing the per percentage amount to \$200,000 per year per percentage for hub city schools. Using current mining employment percentages, this change would cause an increase in the amounts going to hub city schools of about \$8,600,000.
- 3). It creates a tiered calculation for the amounts to be paid to the schools within counties that received between \$5M and \$30M in GPT revenue in the most recently completed even-numbered fiscal year. This change would cause five counties to continue receiving \$1.5M per year for their schools and one county to receive \$500K per year for its schools. This would reduce the amount going to schools by about \$1,900,000.
- 4). It would reduce the biennial cap for amounts going into the outdoor heritage fund from \$40M down to \$10M. Based on the January '17 legislative forecast for oil and gas collections, this would reduce the estimated amount going into the fund by about \$10,200,000.
- 5). It would reduce the annual cap for amounts going into the abandoned oil and gas well plugging and site reclamation fund from \$7.5M to \$5M per year. Based on the forecast, this would reduce the estimated amount going into the fund by about \$250,000.
- 6). It would reduce the biennial cap for amounts going into the oil and gas impact grant fund from \$100M down to \$60M for the 2017-2019 biennium and would eliminate this fund from the formula after the 2017-2019 biennium.
- 7). The net impact of changes 1-6 would increase the amount projected to be deposited in the strategic investment and improvements fund (SIIF) by around \$42,800,000.

Combining all of these changes would cause an estimated increase in the funds distributed to political subdivisions of around \$7,650,000 and a decrease in total state special fund revenue of this same \$7,650,000.

Also, as part of all of these changes, Engrossed HB 1366 would change the determination year for all calculations to be "the most recently completed even-numbered fiscal year" rather than "fiscal year 2014". This change would impact the distribution of revenue at the county level for a specific county, but would not impact the total amounts being distributed to political subdivisions in total or any other special funds.

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

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