

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/14/2021**

Bill/Resolution No.: HB 1358

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 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).*

HB 1358 directs Bank of North Dakota to implement an oil hedging strategy upon request of the Office and Management and Budget and the Industrial Commission if the price of oil drops below the legislative revenue forecast of the most recently adjourned session of the Legislature.

- 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.*

As drafted, there are no assumptions from which to make a determination of a positive or negative fiscal impact to the state’s general fund.

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.*

As written, there are no assumptions from which to make a determination of revenue amounts. If implemented the bill could impact the state’s general fund by enacting a hedge to guard against a drop in oil prices below the price identified in the most recently completed legislative session.

- 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.*

As written, there are no assumptions from which to make a determination of expenditure amounts. If this bill is implemented, there will be premiums and fees required to implement the hedging strategy. It is also anticipated there will be consulting fees paid to a consultant specializing in oil hedging to assist in developing and implementing a hedging program. We are unable to determine the amount of expenditures at this time.

- 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.*

If implemented, this bill could impact the state's general fund by enacting an oil hedging strategy. If the price of oil falls below the price identified in the most recent Legislative session, OMB and the Industrial Commission may direct BND to enact a hedge to guard against a further drop in prices. The net effect to the General Fund is unable to be determined at this time. Neither this appropriation or expenditure was included in the Executive Budget.

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