

FISCAL NOTE

Requested by Legislative Council
02/08/2005

Amendment to: SB 2170

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.*

| | 2003-2005 Biennium | | 2005-2007 Biennium | | 2007-2009 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

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

| 2003-2005 Biennium | | | 2005-2007 Biennium | | | 2007-2009 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2170 grants a sales tax exemption for carbon dioxide used for enhanced recovery. The bill also exempts from the oil extraction tax the incremental production from a new tertiary recovery project.

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.*

Sections 1 and 2 of Engrossed SB 2170 provide a sales tax exemption for carbon dioxide used in enhanced oil recovery. Currently CO2 is not used in enhanced oil recovery. The fiscal impact of this provision would depend on if a CO2 project is undertaken in the biennium, the cost of the CO2 and the amount used in the project, all of which are unknown.

Section 3 grants a permanent exemption from the oil extraction tax for incremental production from a tertiary recovery project certified after June 30, 2005. Because current law grants a ten-year exemption, the fiscal impact of this provision will affect the 2015-2017 biennium and beyond.

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

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