

FISCAL NOTE
 Requested by Legislative Council
 01/19/2011

Bill/Resolution No.: HB 1467

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 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.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 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).*

HB 1467 replaces the existing oil extraction tax price trigger with new thresholds that would reduce the oil extraction tax rate from 6.5% to 4.5%, 2.5%, or 0% depending on average oil prices.

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.*

If enacted, HB 1467 is expected to have no impact in the 2011-13 biennium as oil prices are forecasted to exceed those that would trigger any of the oil extraction tax rate decreases provided for in this bill.

However, if the forecast is incorrect and prices fall to the lowest threshold provided for in HB 1467 (\$45 per barrel), and remain there throughout the biennium, the oil price decrease alone would result in a drop in total oil tax revenues of approximately \$800 million. In addition to that price-related drop in revenue, enactment of HB 1467 could result in an additional revenue loss of \$600 million as the oil extraction tax rate triggered to zero. The forecast assumes this does not occur.

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 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:	01/28/2011