

FISCAL NOTE
Requested by Legislative Council
02/25/2015

Amendment to: HB 1176

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$(146,000,000)		
Expenditures						
Appropriations			\$112,000,000	\$139,626,588		

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		\$146,000,000	
Cities			
School Districts			
Townships			

- 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 1176 creates a new 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 HB 1176 changes the distribution funding formula for local governments to 30% local / 70% state for all revenue in excess of \$5 million generated from each county each year. The definition of hub city is expanded in section 2, based on information provided by Job Service ND. The changes in Sections 2 are expected to increase total local revenue by an estimated \$146 million in the 2015-17 biennium, when compared to the January 2015 re-forecast. Total biennial political subdivision revenue under the provisions of engrossed HB 1176 is estimated to be \$720.3 million compared to \$574.5 million in the January 2015 re-forecast, as estimated under current law. This \$146 million in additional revenue is shared by counties, cities, and school districts, although it is shown as "counties" in 1B above. Revenues in the strategic investment and improvements fund are expected to decrease by the same \$146 million.

Section 2 also directs \$140 million to the oil and gas impact grant fund. \$139.6 million of this amount is appropriated in Section 4 of the bill.

Section 3 of engrossed HB 1176 appropriates \$112 million to the Department of Transportation.

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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