

FISCAL NOTE
Requested by Legislative Council
04/15/2019

Amendment to: Engrossed HB 1439

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
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 1439 with Senate Amendments expands the oil extraction tax exemption for incremental production from certain tertiary recovery projects, creates a property tax exemption for qualifying pipelines and a sales tax exemption for materials used in secure geologic storage.

- 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.*

Engrossed HB 1439 with Senate Amendments creates an oil extraction tax exemption for incremental production from a tertiary recovery project that utilizes carbon dioxide from coal in a qualified project that has been certified by the industrial commission. The exemption is for twenty years for a project located outside the Bakken and Three Forks formations and ten years for a project located within the Bakken or Three Forks formations.

Because five- and ten-year tertiary recovery exemptions exist in current law, the provisions of Engrossed HB 1439 with Senate Amendments that expand the period of exemption to ten and twenty years would occur outside the biennium.

The provisions of the bill that grant a sales and property tax exemption for materials and pipelines, respectively, for the secure geologic storage of carbon dioxide would reduce state general fund revenues and shift property taxes to other property owners, but the timeline of any qualifying project is unknown and the potential impact cannot be determined.

There is likely no fiscal impact in the 2019-21 biennium.

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.*

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 04/17/2019