

FISCAL NOTE
Requested by Legislative Council
02/11/2021

Amendment to: SB 2319

- 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
Revenues				\$(13,100,000)		
Expenditures						
Appropriations						

- 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
Counties		\$(2,400,000)	
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 SB 2319 redefines wells located within the boundaries of a reservation to include exterior wells with laterals that penetrate the reservation.

- 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 SB 2319 redefines wells located within the exterior boundaries of a reservation to include wells with a wellhead located outside the exterior boundaries of a reservation but containing horizontal laterals that penetrate the reservation. This will enable any new tribal oil and gas agreements entered into after the effective date of the bill to share revenue with the tribe from the affected wells drilled outside the reservation.

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.*

If enacted, engrossed SB 2319 may result in a new agreement between the State and Three Affiliated Tribes. If a new agreement with Three Affiliated Tribes occurs, the biennial fiscal impact is an expected reduction in oil and gas tax revenue totaling an estimated \$15.5 million, and a corresponding increase in tribal allocations of \$15.5 million.

The state's oil and gas tax revenue "buckets" expected to be reduced by the definition change include the legacy fund, common schools trust fund, foundation aid stabilization fund, resources trust fund, and the strategic investment and improvements fund. The counties, cities, and school districts' revenue is also expected to decrease, by an estimated \$2.4 million, collectively shown in 1B above.

If enacted, engrossed SB 2319 will expire on June 30, 2023 unless at least one new well is drilled that is located within the exterior boundaries of the reservation with a lateral that extends to federal land located outside the reservation boundaries.

- 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: 02/15/2021