

FISCAL NOTE
Requested by Legislative Council
04/21/2021

Amendment to: Reengrossed 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				\$(7,150,000)		
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			
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).*

SB 2319 third engrossment with Conference Committee Amendments allows for the distribution of oil and gas tax revenue from oil wells located outside the exterior boundaries of a reservation 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.*

Section 1 of SB 2319 third engrossment with Conference Committee Amendments creates a monthly distribution of oil and gas tax revenue to a tribe from taxes paid on production from straddle wells. For existing wells, the tribal distribution is equal to 50% of the oil and gas tax revenue from straddle wells multiplied by the share of spacing unit acreage that is located within the reservation boundaries. For any new straddle wells that are drilled, the tribal distribution is equal to the share of the spacing unit within the reservation boundaries multiplied by an added calculation of the share of acreage that is trust lands (from which 80% will go to the Tribe) versus the share that is nontrust lands (from which 20% will go to the Tribe). The trust/nontrust ratio will be determined annually for new wells.

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, SB 2319 third engrossment with Conference Committee Amendments is expected to reduce the state's share of oil and gas tax revenue by an estimated \$7.15 million in the 2021-23 biennium, and increase tribal distributions by the same amount. The fund that will be reduced will be the final state "bucket" that is partially filled by oil and gas tax revenue during each biennium. This fiscal impact is based on existing straddle wells only, all of which were drilled prior to July 2019. Details about any potential new wells that may be drilled and subject to the 80/20 provisions included in this bill are unknown, and are not included in this fiscal estimate.

- 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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