

FISCAL NOTE
Requested by Legislative Council
01/25/2021

Bill/Resolution No.: SB 2307

- 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 | | | | | | |
| 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).*

Senate Bill 2307 increases the Industrial Commission's per biennium spending authority out of the abandoned oil and gas well plugging and site reclamation fund from \$5 million to \$35 million. It also increases the maximum allowable oil and gas deposits into the fund from \$7.5 million to \$15 million.

- 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 the bill increases the maximum allowable expenditures out of the fund per biennium. It increases the maximum amount from \$5 million to \$35 million.

Section 2 of the bill increases the maximum allowable amount that can be allocated from oil and gas gross production taxes to the abandoned oil and gas well plugging and site reclamation fund from \$7.5 million to \$15 million. Currently, the abandoned well fund receives 4% of a portion of the state's share of gross production tax revenues up to a maximum of \$7.5M. Based on the most current legislative forecast for oil and gas tax revenues, this 4% will generate \$4.5M-\$5.0M per year during the 2021-2023 biennium.

If oil revenues come in significantly higher than forecast, there is potential for additional revenue to the abandoned well fund. But, using the current legislative forecast, increasing the annual cap to \$15 million will not generate additional revenue to the fund without a corresponding increase in the allocation percentage.

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: Ryan Skor

Agency: Office of State Treasurer

Telephone: (701)328-4637

Date Prepared: 01/26/2021