



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # SB0028

Title: Revise taxation of certain incremental oil production

Primary Sponsor: Richmond, Tom

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 28 removes the pricing trigger that determines the tax rate on incremental oil production from an approved tertiary recovery project. Without the price trigger, tertiary oil production will be permanently taxed at a lower rate than primary recovery production. There is currently no incremental tertiary oil production in Montana. As a result, there is no fiscal impact associated with this bill.

FISCAL ANALYSIS

Assumptions:

- Montana currently does not currently have any incremental oil output from an approved tertiary recovery project.
- A private company is in the planning stage of a project that will use CO₂ injection to produce oil from fields along the Cedar Creek Anticline (CCA) in eastern Montana.
- Should a private company apply to the Montana Board of Oil and Gas for designation of the CCA project as an approved tertiary recovery operation, this would allow their CCA oil production to be taxed at the lower tertiary recovery rate, and result in less revenue collected by the State of Montana.
- At this point, it is uncertain when a private company's CCA project will be completed, so its impact is not included in the fiscal analysis of this bill.

Fiscal Impact:

Expenditures:

Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$0	\$0	\$0	\$0

Funding of Expenditures:


General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0

Revenues:

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

 1-8-19
 Sponsor's Initials Date

 12/21/18
 Budget Director's Initials Date