

HOUSE BILL NO. 1186

Introduced by

Representatives Kempenich, B. Anderson, Brandenburg, Schatz

Senators Elkin, Patten

1 A BILL for an Act to amend and reenact section 54-44-16 of the North Dakota Century Code,
2 relating to oil and gas tax revenue hedging.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-44-16 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-44-16. Oil and gas tax revenue ~~put options~~hedging.**

7 Upon request of the director of the office of management and budget and upon approval by
8 the industrial commission, the ~~state investment board~~Bank of North Dakota may purchase oil
9 put options and enter swap agreements or any other hedging strategies with designated
10 counterparts approved by the industrial commission for the office of management and budget.
11 The ~~purchase of put options~~execution of any hedging strategies must be designed to offset
12 reduced state general fund oil and gas tax revenues due to oil and gas prices falling below
13 selected levels included in the legislative revenue forecast at the conclusion of the most
14 recently adjourned legislative assembly. ~~Put options may be purchased only at such times that~~
15 ~~the purchase assures that oil tax revenues plus the revenues from the sale of put options will be~~
16 ~~in excess of the oil tax revenues estimated for that level of production by the most recently~~
17 ~~adjourned legislative assembly~~. The office of management and budget shall report any
18 ~~purchases of put options~~execution of hedging strategies to the budget section of the legislative
19 management.