

HOUSE BILL NO. 1358

Introduced by

Representatives Kempenich, Christensen, Mock, Steiner, Trottier

Senators Bekkedahl, Dwyer, Schaible

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 regular or special session of the legislative assembly. ~~Put options may be~~
15 ~~purchased only at such times that the purchase assures that oil tax revenues plus the revenues~~
16 ~~from the sale of put options will be in excess of the oil tax revenues estimated for that level of~~
17 ~~production by the most recently adjourned legislative assembly.~~ The office of management and
18 budget shall report any ~~purchases of put options~~execution of hedging strategies to the budget
19 section of the legislative management.