

## **Affected Classes of Persons**

*Describe the classes of persons who will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule.*

The classes of persons affected by the proposed rule include those individuals who are responsible for allocating resources for teacher recruitment and retention, daily operations of school districts, and infrastructure needs of school districts. These classes include school superintendents, principals, school trustees, teachers, school facility managers, district clerks, and taxpayers.

The proposed rules group the affected school districts into three zones. Zone 1 includes school districts in Carter, Dawson, Fallon, Richland, Roosevelt, Sheridan, and Wibaux counties. Based on oil and natural gas production, these eastern Montana counties have experienced the greatest degree of school impacts from oil production.

Zone 2 includes school districts in Custer, Daniels, Garfield, McCone, Powder River, Prairie, Rosebud, and Valley counties. The negotiated rulemaking committee determined these school districts are directly impacted by oil and natural gas production, especially in terms of labor markets and costs of goods and services. Many of these districts need to pay higher wages and higher prices for labor, goods and services due to the competition from the Bakken.

Zone 3 includes school districts in Big Horn, Blaine, Carbon, Chouteau, Fergus, Glacier, Golden Valley, Hill, Liberty, Musselshell, Petroleum, Phillips, Pondera, Stillwater, Sweet Grass, Teton, Toole, Treasure, and Yellowstone counties. These districts have experienced the same kinds of impacts as Zone 2 school districts, but to a lesser degree.

All of the school districts in Zones 1, 2, and 3 had oil and/or natural gas production in FY 2015 or are surrounded on their Montana borders by counties that had oil and natural gas production in FY 2015. (Daniels and Treasure counties did not have oil or natural gas production in FY 2015, but are surrounded by counties that did have production.)

The school districts in Zones 1, 2, and 3 will benefit from the proposed rules as additional funding will be distributed among school districts in these counties. The cost of this proposal will be borne by the school districts where there is sufficient oil and natural gas production to generate excess oil and natural gas production taxes.

## **Economic Impact**

*Describe the probable economic impact of the proposed rule upon affected classes of persons, including but not limited to providers of services under contracts with the state and affected small businesses, and quantifying, to the extent practicable, that impact.*

When funding is available, payments will be distributed quarterly to the districts in Zones 1-3 based on a formula in rule. In Zone 1, five percent of the funds available for distribution will be allocated to districts to help with recruitment and retention of staff. These funds will be distributed based on the number of quality educators in the district compared to the total number of quality educators in Zone 1. Sixty percent will be allocated to districts for daily operations, again using the quality educator count as the basis for distribution. However, a district is eligible for funding for daily operations only until the district reaches the maximum amount of oil and natural gas production taxes that it may retain under 20-9-310, MCA. Thirty-five percent of the funds available for distribution in Zone 1 will be allocated for infrastructure grants, which will be awarded on annual basis in late spring. The grant selection committee will include representatives from all seven counties in Zone 1.

With the exception of the infrastructure grant monies, a school district may deposit any excess oil and natural gas production taxes in any budgeted fund of the district. A district can use these revenues to increase its expenditures (subject to any budget limitations) or reduce the property tax burden on district taxpayers.

## **Cost to State Agencies**

*Describe and estimate the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenue.*

The Office of Public Instruction has incurred costs for contracting with a facilitator and for convening the two negotiated rulemaking committees. The agency will also incur minor costs for the rule filing notices, holding a public hearing, and publication of the rules with the Secretary of State.

Upon adoption of the rules, the OPI will need to make revisions to its payment system to allocate and distribute excess oil and natural gas production taxes to school districts. OPI School Finance staff and Centralized Services staff will be able to make the required adjustments within the agency's existing resources.

The agency will facilitate the application process for infrastructure grants within Zone 1. The OPI anticipates that it will develop an online application for the grants. A representative from the OPI will also serve on the 9-member selection committee for awarding the grants. The agency's time and effort to facilitate the grant process and participate in the awarding of grantees will require 2-3 weeks of staff time per year depending on how many grant applications are submitted.



The Governor's Office of Budget and Program Planning will also have a representative on the selection committee. The OBPP's time and effort to facilitate the grant process and participate in the awarding of grantees will require 1 week of staff time per year depending on how many grant applications are submitted.

## **Cost and Benefits of the Proposed Rule**

*Analyze and compare the costs and benefits of the proposed rule to the costs and benefits of inaction.*

Inaction is not an option. Senate Bill 260, adopted by the 2015 Legislature, directed the Office of Public Instruction to convene two negotiated rulemaking committees to determine a distribution mechanism for excess oil and natural gas production taxes. The existing distribution mechanism, known as concentric circles, terminates on June 30, 2016. Therefore, the legislature required the OPI and the committees to negotiate a replacement mechanism, which would be in place as of July 1, 2016.

One benefit of the proposed rule is that it originated from the stakeholders who are directly affected by the impacts of oil and natural gas development. The stakeholders recognized that there are zones of impact from oil and natural gas development. The greatest needs identified by stakeholders included recruitment and retention of qualified staff, monies to address both growing enrollments and changing student demographics, and infrastructure needs.

Early in the process, committee members expressed their concerns that the existing concentric circle mechanism was neither understandable nor transparent. And, in practice, the redistribution mechanism did not reach enough of the school districts directly impacted by oil and natural gas production.

The goal of the negotiated rulemaking committees was to design a distribution mechanism that was fair, simple, measurable, and adaptable. The majority of the distribution formula for Zone 1 is based on the number of educators in each district. As the number of educators in a district increases or decreases with changes in enrollment and demographics, the district's share of the excess oil and natural gas production taxes will shift accordingly. For Zones 2 and 3, the distribution formula is based on school units. As a school district's enrollment increases or declines, its school units will adjust accordingly. For the members of the statewide committee (Committee 2), it was critical that every school district be allocated at least one school unit. Committee members wanted to avoid a situation where the largest districts received the bulk of the monies and small districts receive none.

It is difficult to describe the costs of the proposed rule. The amount of money available for distribution under the proposed method is the same as the amount available under the existing method, but the distributions to districts have changed. Certainly, the committees could have come up with a different distribution mechanism, which would have altered the amount



received by any given school district. Any alternative distribution mechanism would create “winners” and “losers” compared to the proposed mechanism.

Attachments A, B, and C provide examples of how \$4 million of excess oil and natural gas production taxes in a year would be distributed in Zones 1, 2, and 3. In this example, \$2,000,000 is distributed in Zone 1, \$1,500,000 in Zone 2, and \$500,000 in Zone 3.

### **Less Costly or Less Intrusive Methods**

*Are there less costly or less intrusive methods for achieving the purpose of the proposed rule?*

No. The proposed method is fairly simple and not intrusive.

### **Selection of Proposed Rule**

*Analyze any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule.*

As directed by SB 260, OPI convened two rule making committees, each to determine how 50% of the excess oil and natural gas production taxes would be distributed. Each committee met several times and evaluated possible distribution methods and then recommended the proposed rules.

### **Efficient Allocation of Public and Private Resources**

*Does the proposed rule represent an efficient allocation of public and private resources?*

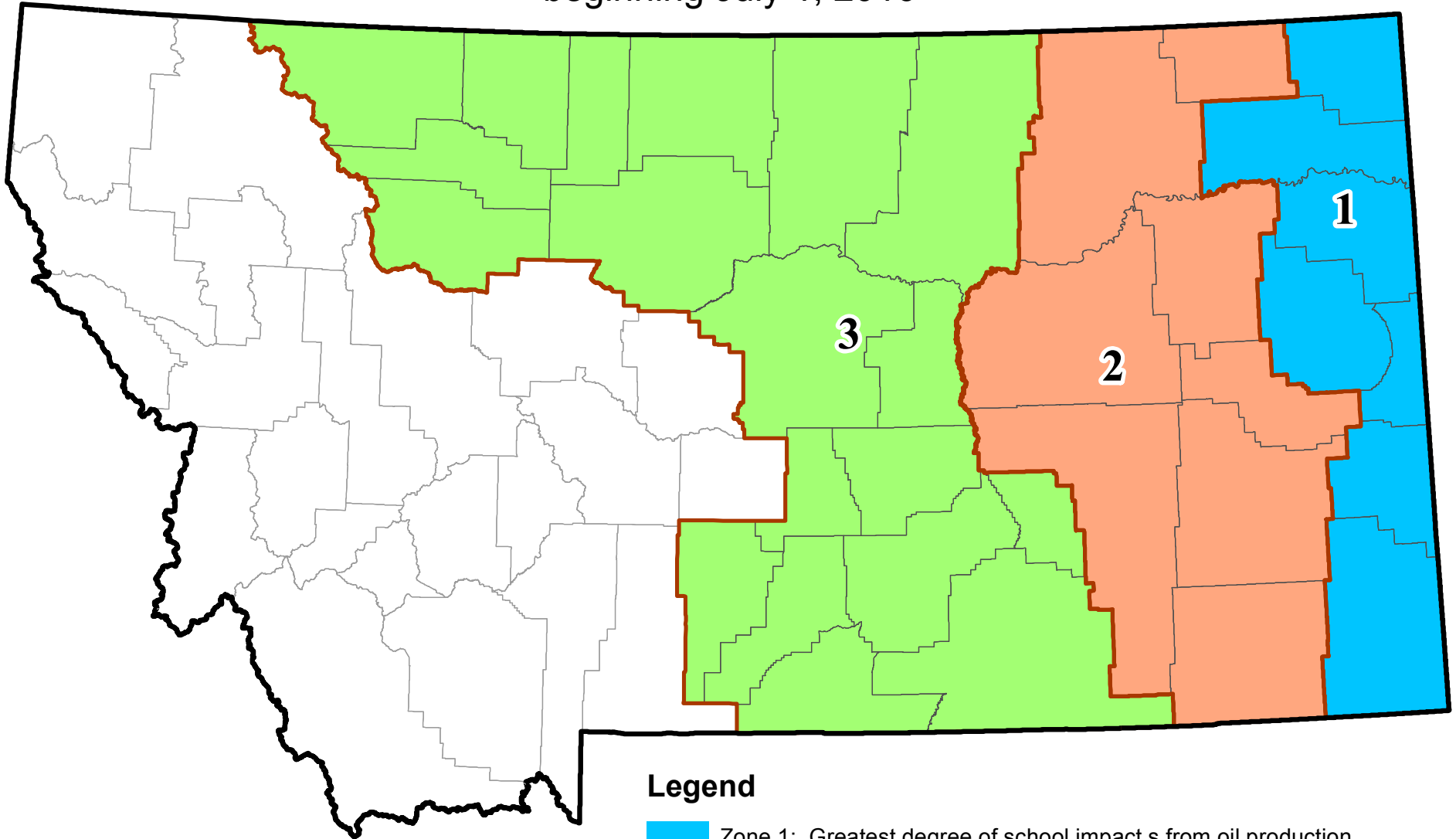
Yes. There is no allocation of private resources in the proposed rule.

### **Data Gathering and Analysis**




*Quantify or describe the data upon which the economic impact statement was based and an explanation of how the data was gathered.*

The data used in the economic impact statement includes school enrollments and educator counts, which are reported by school districts to OPI. OPI annually calculates the average number belonging (ANB) and the number of quality educators for each school district in accordance with Title 20, MCA. The analysis of the recommended distribution mechanism (Attachments A, B, and C) was prepared by revenue analysts at the Governor’s Office of Budget and Program Planning (OBPP) and school finance staff at the OPI.

Proposed Distribution of Excess Oil and Natural  
Gas Production Taxes to School Districts  
beginning July 1, 2016



**Legend**

-  Zone 1: Greatest degree of school impacts from oil production
-  Zone 2: School districts directly impacted by oil production
-  Zone 3: School districts with lesser direct impact by oil production

**ATTACHMENT A  
EXAMPLES  
Zone 1 Excess Oil & Gas Distribution per SB 260**

	\$1,000,000			\$2,000,000			
		5%	60%	35%	5%	60%	35%
		\$50,000	\$600,000	\$350,000	\$100,000	\$1,200,000	\$700,000
<u>District Name</u>	<u>FTE</u>	<u>Recruit/Retention</u>	<u>Day-to-Day</u>	<u>Facilities</u>	<u>Recruit/Retention</u>	<u>Day-to-Day</u>	<u>Facilities</u>
Alzada Elem	1.000	\$68.91	\$826.86		\$137.81	\$1,653.72	
Bainville K-12	21.548	\$1,484.77	\$17,817.22		\$2,969.54	\$35,634.44	
Baker K-12	52.085	\$3,588.93	\$43,067.11		\$7,177.85	\$86,134.22	
Bloomfield Elem	0.010	\$0.69	\$8.27		\$1.38	\$16.54	
Brockton Elem	8.493	\$585.21	\$7,022.54		\$1,170.42	\$14,045.08	
Brockton H S	4.407	\$303.67	\$3,643.98		\$607.33	\$7,287.96	
Brorson Elem	2.170	\$149.52	\$1,794.29		\$299.05	\$3,588.58	
Carter County H S	7.950	\$547.80	\$6,573.55		\$1,095.59	\$13,147.11	
Culbertson Elem	19.000	\$1,309.20	\$15,710.38		\$2,618.40	\$31,420.76	
Culbertson H S	10.000	\$689.05	\$8,268.62		\$1,378.10	\$16,537.24	
Dawson H S	26.699	\$1,839.70	\$22,076.39		\$3,679.40	\$44,152.78	
Deer Creek Elem	2.000	\$137.81	\$1,653.72		\$275.62	\$3,307.45	
Ekalaka Elem	10.150	\$699.39	\$8,392.65		\$1,398.77	\$16,785.30	
Fairview Elem	14.780	\$1,018.42	\$12,221.02		\$2,036.84	\$24,442.04	
Fairview H S	10.210	\$703.52	\$8,442.26		\$1,407.04	\$16,884.52	
Froid Elem	10.750	\$740.73	\$8,888.77		\$1,481.46	\$17,777.53	
Froid H S	6.750	\$465.11	\$5,581.32		\$930.22	\$11,162.64	
Frontier Elem	12.969	\$893.63	\$10,723.57		\$1,787.26	\$21,447.15	
Glendive Elem	72.297	\$4,981.64	\$59,779.64		\$9,963.27	\$119,559.28	
Hawks Home Elem	2.000	\$137.81	\$1,653.72		\$275.62	\$3,307.45	
Lambert Elem	9.935	\$684.57	\$8,214.88		\$1,369.15	\$16,429.75	
Lambert H S	8.065	\$555.72	\$6,668.64		\$1,111.44	\$13,337.29	
Lindsay Elem	2.000	\$137.81	\$1,653.72		\$275.62	\$3,307.45	
Medicine Lake K-12	18.625	\$1,283.36	\$15,400.31		\$2,566.72	\$30,800.61	
Plentywood K-12	36.330	\$2,503.32	\$30,039.90		\$5,006.65	\$60,079.79	
Plevna K-12	15.506	\$1,068.44	\$12,821.32		\$2,136.89	\$25,642.64	
Poplar Elem	64.150	\$4,420.27	\$53,043.20		\$8,840.53	\$106,086.39	
Poplar H S	23.500	\$1,619.27	\$19,431.26		\$3,238.54	\$38,862.51	
Rau Elem	7.270	\$500.94	\$6,011.29		\$1,001.88	\$12,022.57	
Richey Elem	8.360	\$576.05	\$6,912.57		\$1,152.09	\$13,825.13	
Richey H S	5.640	\$388.63	\$4,663.50		\$777.25	\$9,327.00	
Savage Elem	11.400	\$785.52	\$9,426.23		\$1,571.04	\$18,852.45	
Savage H S	5.551	\$382.49	\$4,589.91		\$764.99	\$9,179.82	
Sidney Elem	71.168	\$4,903.84	\$58,846.11		\$9,807.69	\$117,692.22	
Sidney H S	33.992	\$2,342.22	\$28,106.69		\$4,684.45	\$56,213.39	
Westby K-12	12.875	\$887.15	\$10,645.85		\$1,774.31	\$21,291.70	
Wibaux K-12	22.000	\$1,515.91	\$18,190.96		\$3,031.83	\$36,381.93	
Wolf Point Elem	53.844	\$3,710.13	\$44,521.56		\$7,420.26	\$89,043.11	
Wolf Point H S	20.156	\$1,388.85	\$16,666.23		\$2,777.71	\$33,332.46	
	<u>725.635</u>	<u>\$50,000.00</u>	<u>\$600,000.00</u>		<u>\$100,000.00</u>	<u>\$1,200,000.00</u>	

EXAMPLE:  
 If total Excess Oil and Gas Tax  
 was \$4 million in FY 2017

Zone 1 would = \$2 million  
 Zone 2 would = \$1.5 million  
 Zone 3 would = \$500,000

**Attachment B**  
**Sample Distributions of Excess Oil and Gas Production Taxes (SB 260)**  
**Zone 2**

CountyName	LE Name	Elem ANB	Mid ANB	HS ANB	ANB per unit			Sample distribution
					250	450	800	
					Number of units per district			
		Elem Units	Mid Units	HS Units				
Custer	Cottonwood Elem Custer	-	-	-	-	-	-	\$0.00
Custer	Custer County H S	-	-	560	-	-	1.000	\$22,440.31
Custer	Kinsey Elem	72	-	-	1.000	-	-	\$22,440.31
Custer	Kircher Elem	37	-	-	1.000	-	-	\$22,440.31
Custer	Miles City Elem	823	246	-	3.292	1.000	-	\$96,313.81
Custer	S H Elem	5	-	-	1.000	-	-	\$22,440.31
Custer	S Y Elem	6	-	-	1.000	-	-	\$22,440.31
Custer	Spring Creek Elem Custer	5	-	-	1.000	-	-	\$22,440.31
Custer	Trail Creek Elem	13	-	-	1.000	-	-	\$22,440.31
Daniels	Scobey K-12	153	44	87	1.000	1.000	1.000	\$67,320.93
Garfield	Cohagen Elem	15	-	-	1.000	-	-	\$22,440.31
Garfield	Garfield County H S	-	-	64	-	-	1.000	\$22,440.31
Garfield	Jordan Elem	75	19	-	1.000	1.000	-	\$44,880.62
Garfield	Kester Elem	12	-	-	1.000	-	-	\$22,440.31
Garfield	Pine Grove Elem	8	-	-	1.000	-	-	\$22,440.31
Garfield	Ross Elem	5	-	-	1.000	-	-	\$22,440.31
Garfield	Sand Springs Elem	7	-	-	1.000	-	-	\$22,440.31
McCone	Circle Elem	113	35	-	1.000	1.000	-	\$44,880.62
McCone	Circle H S	-	-	83	-	-	1.000	\$22,440.31
McCone	Vida Elem	25	-	-	1.000	-	-	\$22,440.31
Powder River	Biddle Elem	5	-	-	1.000	-	-	\$22,440.31
Powder River	Broadus Elem	113	37	-	1.000	1.000	-	\$44,880.62
Powder River	Powder River Co Dist H S	-	-	112	-	-	1.000	\$22,440.31
Powder River	South Stacey Elem	4	-	-	1.000	-	-	\$22,440.31
Prairie	Terry K-12	105	23	46	1.000	1.000	1.000	\$67,320.93
Rosebud	Ashland Elem	63	14	-	1.000	1.000	-	\$44,880.62
Rosebud	Birney Elem	9	-	-	1.000	-	-	\$22,440.31
Rosebud	Colstrip Elem	310	99	-	1.240	1.000	-	\$50,266.29
Rosebud	Colstrip H S	-	-	211	-	-	1.000	\$22,440.31
Rosebud	Forsyth Elem	201	60	-	1.000	1.000	-	\$44,880.62
Rosebud	Forsyth H S	-	-	120	-	-	1.000	\$22,440.31
Rosebud	Lame Deer Elem	358	88	-	1.432	1.000	-	\$54,574.83
Rosebud	Lame Deer H S	-	-	109	-	-	1.000	\$22,440.31
Rosebud	Rosebud K-12	36	15	37	1.000	1.000	1.000	\$67,320.93
Valley	Frazer Elem	88	23	-	1.000	1.000	-	\$44,880.62
Valley	Frazer H S	-	-	42	-	-	1.000	\$22,440.31
Valley	Glasgow K-12	470	123	254	1.880	1.000	1.000	\$87,068.40
Valley	Hinsdale Elem	43	13	-	1.000	1.000	-	\$44,880.62
Valley	Hinsdale H S	-	-	25	-	-	1.000	\$22,440.31
Valley	Lustre Elem	45	-	-	1.000	-	-	\$22,440.31
Valley	Nashua K-12	69	24	38	1.000	1.000	1.000	\$67,320.93
Valley	Opheim K-12	25	9	12	1.000	1.000	1.000	\$67,320.93
		<b>3,318</b>	<b>872</b>	<b>1,800</b>	<b>35.844</b>	<b>16.000</b>	<b>15.000</b>	<b>\$1,500,000.00</b>

TOTAL Units 66.844

EXAMPLE:

If total Excess Oil and Gas Tax  
was \$4 million in FY 2017

Zone 1 would = \$2 million  
Zone 2 would = \$1.5 million  
Zone 3 would = \$500,000

**Attachment C**  
**Sample Distributions of Excess Oil and Gas Production Taxes (SB 260)**

**Zone 3**

CountyName	LE Name	Elem ANB	Mid ANB	HS ANB	ANB per unit			Sample distribution
					250	450	800	
					Number of units per district			
		Elem Units	Mid Units	HS Units				
Big Horn	Hardin Elem	1,204	282	-	4.816	1.000	-	\$9,614.14
Big Horn	Hardin H S	-	-	445	-	-	1.000	\$1,653.05
Big Horn	Lodge Grass Elem	178	38	-	1.000	1.000	-	\$3,306.10
Big Horn	Lodge Grass H S	-	-	115	-	-	1.000	\$1,653.05
Big Horn	Plenty Coups H S	-	-	50	-	-	1.000	\$1,653.05
Big Horn	Pryor Elem	45	12	-	1.000	1.000	-	\$3,306.10
Big Horn	Spring Creek Elem	9	-	-	1.000	-	-	\$1,653.05
Big Horn	Wyola Elem	105	22	-	1.000	1.000	-	\$3,306.10
Blaine	Bear Paw Elem	6	-	-	1.000	-	-	\$1,653.05
Blaine	Chinook Elem	209	54	-	1.000	1.000	-	\$3,306.10
Blaine	Chinook H S	-	-	139	-	-	1.000	\$1,653.05
Blaine	Cleveland Elem	5	-	-	1.000	-	-	\$1,653.05
Blaine	Harlem Elem	367	89	-	1.468	1.000	-	\$4,079.73
Blaine	Harlem H S	-	-	153	-	-	1.000	\$1,653.05
Blaine	Hays-Lodge Pole K-12	112	44	75	1.000	1.000	1.000	\$4,959.15
Blaine	North Harlem Colony Elem	9	-	-	1.000	-	-	\$1,653.05
Blaine	Turner Elem	49	11	-	1.000	1.000	-	\$3,306.10
Blaine	Turner H S	-	-	16	-	-	1.000	\$1,653.05
Blaine	Zurich Elem	22	-	-	1.000	-	-	\$1,653.05
Carbon	Belfry K-12	32	10	13	1.000	1.000	1.000	\$4,959.15
Carbon	Bridger K-12	117	35	68	1.000	1.000	1.000	\$4,959.15
Carbon	Fromberg K-12	54	18	42	1.000	1.000	1.000	\$4,959.15
Carbon	Joliet Elem	189	63	-	1.000	1.000	-	\$3,306.10
Carbon	Joliet H S	-	-	130	-	-	1.000	\$1,653.05
Carbon	Luther Elem	34	-	-	1.000	-	-	\$1,653.05
Carbon	Red Lodge Elem	249	80	-	1.000	1.000	-	\$3,306.10
Carbon	Red Lodge H S	-	-	180	-	-	1.000	\$1,653.05
Carbon	Roberts K-12	67	19	36	1.000	1.000	1.000	\$4,959.15
Chouteau	Benton Lake Elem	9	-	-	1.000	-	-	\$1,653.05
Chouteau	Big Sandy Elem	102	28	-	1.000	1.000	-	\$3,306.10
Chouteau	Big Sandy H S	-	-	53	-	-	1.000	\$1,653.05
Chouteau	Carter Elem	8	-	-	1.000	-	-	\$1,653.05
Chouteau	Fort Benton Elem	158	47	-	1.000	1.000	-	\$3,306.10
Chouteau	Fort Benton H S	-	-	78	-	-	1.000	\$1,653.05
Chouteau	Geraldine K-12	45	18	34	1.000	1.000	1.000	\$4,959.15
Chouteau	Highwood K-12	52	14	30	1.000	1.000	1.000	\$4,959.15
Chouteau	Knees Elem	18	-	-	1.000	-	-	\$1,653.05
Fergus	Ayers Elem	7	-	-	1.000	-	-	\$1,653.05
Fergus	Deerfield Elem	13	-	-	1.000	-	-	\$1,653.05
Fergus	Denton Elem	29	15	-	1.000	1.000	-	\$3,306.10
Fergus	Denton H S	-	-	40	-	-	1.000	\$1,653.05
Fergus	Fergus H S	-	-	363	-	-	1.000	\$1,653.05
Fergus	Grass Range Elem	29	13	-	1.000	1.000	-	\$3,306.10
Fergus	Grass Range H S	-	-	26	-	-	1.000	\$1,653.05
Fergus	King Colony Elem	8	-	-	1.000	-	-	\$1,653.05
Fergus	Lewistown Elem	646	195	-	2.584	1.000	-	\$5,924.53
Fergus	Moore Elem	57	17	-	1.000	1.000	-	\$3,306.10
Fergus	Moore H S	-	-	40	-	-	1.000	\$1,653.05
Fergus	Roy K-12	24	7	17	1.000	1.000	1.000	\$4,959.15
Fergus	Spring Creek Colony Elem	8	-	-	1.000	-	-	\$1,653.05
Fergus	Winifred K-12	52	20	31	1.000	1.000	1.000	\$4,959.15
Glacier	Browning Elem	1,184	301	-	4.736	1.000	-	\$9,481.90
Glacier	Browning H S	-	-	527	-	-	1.000	\$1,653.05
Glacier	Cut Bank Elem	465	104	-	1.860	1.000	-	\$4,727.73
Glacier	Cut Bank H S	-	-	195	-	-	1.000	\$1,653.05
Glacier	East Glacier Park Elem	47	-	-	1.000	-	-	\$1,653.05
Glacier	Mountain View Elem	22	-	-	1.000	-	-	\$1,653.05
Golden Valley	Lavina K-12	34	14	27	1.000	1.000	1.000	\$4,959.15
Golden Valley	Ryegate K-12	37	5	12	1.000	1.000	1.000	\$4,959.15
Hill	Box Elder Elem	245	64	-	1.000	1.000	-	\$3,306.10
Hill	Box Elder H S	-	-	110	-	-	1.000	\$1,653.05
Hill	Cottonwood Elem Hill	28	-	-	1.000	-	-	\$1,653.05
Hill	Davey Elem	11	-	-	1.000	-	-	\$1,653.05



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 was \$4 million in FY 2017

Zone 1 would = \$2 million  
 Zone 2 would = \$1.5 million  
 Zone 3 would = \$500,000

**Attachment C**  
**Sample Distributions of Excess Oil and Gas Production Taxes (SB 260)**

**Zone 3**

CountyName	LE Name	Elem ANB	Mid ANB	HS ANB	ANB per unit			Sample
					250	450	800	distribution
					Number of units per district			\$500,000
		Elem Units	Mid Units	HS Units				
Hill	Gildford Colony Elem	13	-	-	1.000	-	-	\$1,653.05
Hill	Havre Elem	1,097	316	-	4.388	1.000	-	\$8,906.64
Hill	Havre H S	-	-	560	-	-	1.000	\$1,653.05
Hill	North Star Elem	93	30	-	1.000	1.000	-	\$3,306.10
Hill	North Star H S	-	-	59	-	-	1.000	\$1,653.05
Hill	Rocky Boy Elem	337	92	-	1.348	1.000	-	\$3,881.36
Hill	Rocky Boy H S	-	-	142	-	-	1.000	\$1,653.05
Liberty	Chester-Joplin-Inverness Elem	145	40	-	1.000	1.000	-	\$3,306.10
Liberty	Chester-Joplin-Inverness H S	-	-	70	-	-	1.000	\$1,653.05
Liberty	Liberty Elem	22	-	-	1.000	-	-	\$1,653.05
Musselshell	Melstone Elem	44	17	-	1.000	1.000	-	\$3,306.10
Musselshell	Melstone H S	-	-	29	-	-	1.000	\$1,653.05
Musselshell	Roundup Elem	340	104	-	1.360	1.000	-	\$3,901.20
Musselshell	Roundup H S	-	-	212	-	-	1.000	\$1,653.05
Petroleum	Winnett K-12	39	16	37	1.000	1.000	1.000	\$4,959.15
Phillips	Dodson K-12	46	14	26	1.000	1.000	1.000	\$4,959.15
Phillips	Malta K-12	276	78	162	1.104	1.000	1.000	\$5,131.07
Phillips	Saco Elem	28	8	-	1.000	1.000	-	\$3,306.10
Phillips	Saco H S	-	-	17	-	-	1.000	\$1,653.05
Phillips	Whitewater K-12	30	5	25	1.000	1.000	1.000	\$4,959.15
Pondera	Conrad Elem	299	86	-	1.196	1.000	-	\$3,630.10
Pondera	Conrad H S	-	-	180	-	-	1.000	\$1,653.05
Pondera	Dupuyer Elem	5	-	-	1.000	-	-	\$1,653.05
Pondera	Heart Butte K-12	114	28	49	1.000	1.000	1.000	\$4,959.15
Pondera	Miami Elem	14	-	-	1.000	-	-	\$1,653.05
Pondera	Valier Elem	98	33	-	1.000	1.000	-	\$3,306.10
Pondera	Valier H S	-	-	62	-	-	1.000	\$1,653.05
Stillwater	Absarokee Elem	124	51	-	1.000	1.000	-	\$3,306.10
Stillwater	Absarokee H S	-	-	85	-	-	1.000	\$1,653.05
Stillwater	Columbus Elem	386	119	-	1.544	1.000	-	\$4,205.36
Stillwater	Columbus H S	-	-	212	-	-	1.000	\$1,653.05
Stillwater	Fishtail Elem	5	-	-	1.000	-	-	\$1,653.05
Stillwater	Molt Elem	7	-	-	1.000	-	-	\$1,653.05
Stillwater	Nye Elem	7	-	-	1.000	-	-	\$1,653.05
Stillwater	Park City Elem	208	50	-	1.000	1.000	-	\$3,306.10
Stillwater	Park City H S	-	-	98	-	-	1.000	\$1,653.05
Stillwater	Rapelje Elem	30	9	-	1.000	1.000	-	\$3,306.10
Stillwater	Rapelje H S	-	-	19	-	-	1.000	\$1,653.05
Stillwater	Reed Point Elem	41	20	-	1.000	1.000	-	\$3,306.10
Stillwater	Reed Point H S	-	-	29	-	-	1.000	\$1,653.05
Sweet Grass	Big Timber Elem	252	76	-	1.008	1.000	-	\$3,319.33
Sweet Grass	Greycliff Elem	10	-	-	1.000	-	-	\$1,653.05
Sweet Grass	McLeod Elem	11	-	-	1.000	-	-	\$1,653.05
Sweet Grass	Melville Elem	26	-	-	1.000	-	-	\$1,653.05
Sweet Grass	Sweet Grass County H S	-	-	184	-	-	1.000	\$1,653.05
Teton	Bynum Elem	30	-	-	1.000	-	-	\$1,653.05
Teton	Choteau Elem	169	56	-	1.000	1.000	-	\$3,306.10
Teton	Choteau H S	-	-	140	-	-	1.000	\$1,653.05
Teton	Dutton/Brady K-12	108	15	39	1.000	1.000	1.000	\$4,959.15
Teton	Fairfield Elem	143	44	-	1.000	1.000	-	\$3,306.10
Teton	Fairfield H S	-	-	116	-	-	1.000	\$1,653.05
Teton	Golden Ridge Elem	42	-	-	1.000	-	-	\$1,653.05
Teton	Greenfield Elem	64	12	-	1.000	1.000	-	\$3,306.10
Teton	Pendroy Elem	29	-	-	1.000	-	-	\$1,653.05
Teton	Power Elem	55	21	-	1.000	1.000	-	\$3,306.10
Teton	Power H S	-	-	53	-	-	1.000	\$1,653.05
Toole	Galata Elem	5	-	-	1.000	-	-	\$1,653.05
Toole	Shelby Elem	252	70	-	1.008	1.000	-	\$3,319.33
Toole	Shelby H S	-	-	149	-	-	1.000	\$1,653.05
Toole	Sunburst K-12	123	26	68	1.000	1.000	1.000	\$4,959.15
Treasure	Hysham K-12	37	12	29	1.000	1.000	1.000	\$4,959.15
Yellowstone	Billings Elem	9,155	2,582	-	36.620	5.738	-	\$70,019.94
Yellowstone	Billings H S	-	-	5,364	-	-	6.705	\$11,083.71

EXAMPLE:  
 If total Excess Oil and Gas Tax  
 was \$4 million in FY 2017

Zone 1 would = \$2 million  
 Zone 2 would = \$1.5 million  
 Zone 3 would = \$500,000

**Attachment C**  
**Sample Distributions of Excess Oil and Gas Production Taxes (SB 260)**  
**Zone 3**

CountyName	LE Name	Elem ANB	Mid ANB	HS ANB	ANB per unit			Sample distribution
					250	450	800	
					Number of units per district			
					Elem Units	Mid Units	HS Units	
Yellowstone	Blue Creek Elem	212	-	-	1.000	-	-	\$1,653.05
Yellowstone	Broadview Elem	79	29	-	1.000	1.000	-	\$3,306.10
Yellowstone	Broadview H S	-	-	51	-	-	1.000	\$1,653.05
Yellowstone	Canyon Creek Elem	194	39	-	1.000	1.000	-	\$3,306.10
Yellowstone	Custer K-12	43	13	28	1.000	1.000	1.000	\$4,959.15
Yellowstone	Elder Grove Elem	453	86	-	1.812	1.000	-	\$4,648.38
Yellowstone	Elysian Elem	215	43	-	1.000	1.000	-	\$3,306.10
Yellowstone	Huntley Project K-12	408	149	256	1.632	1.000	1.000	\$6,003.88
Yellowstone	Independent Elem	325	-	-	1.300	-	-	\$2,148.97
Yellowstone	Laurel Elem	1,141	333	-	4.564	1.000	-	\$9,197.58
Yellowstone	Laurel H S	-	-	674	-	-	1.000	\$1,653.05
Yellowstone	Lockwood Elem	981	263	-	3.924	1.000	-	\$8,139.62
Yellowstone	Morin Elem	47	-	-	1.000	-	-	\$1,653.05
Yellowstone	Pioneer Elem	68	-	-	1.000	-	-	\$1,653.05
Yellowstone	Shepherd Elem	439	140	-	1.756	1.000	-	\$4,555.81
Yellowstone	Shepherd H S	-	-	287	-	-	1.000	\$1,653.05
Yellowstone	Yellowstone Academy Elem	34	5	-	1.000	1.000	-	\$3,306.10
		<b>25,398</b>	<b>6,769</b>	<b>12,556</b>	<b>163.028</b>	<b>72.738</b>	<b>66.705</b>	<b>\$500,000.00</b>
					TOTAL UNITS		302.471	

## Attachment D - Applicable Statute

**2-4-405. Economic impact statement.** (1) Upon written request of the appropriate administrative rule review committee based upon the affirmative request of a majority of the members of the committee at an open meeting, an agency shall prepare a statement of the economic impact of the adoption, amendment, or repeal of a rule as proposed. The agency shall also prepare a statement upon receipt by the agency or the committee of a written request for a statement made by at least 15 legislators. If the request is received by the committee, the committee shall give the agency a copy of the request, and if the request is received by the agency, the agency shall give the committee a copy of the request. As an alternative, the committee may, by contract, prepare the estimate.

(2) Except to the extent that the request expressly waives any one or more of the following, the requested statement must include and the statement prepared by the committee may include:

(a) a description of the classes of persons who will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;

(b) a description of the probable economic impact of the proposed rule upon affected classes of persons, including but not limited to providers of services under contracts with the state and affected small businesses, and quantifying, to the extent practicable, that impact;

(c) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenue;

(d) an analysis comparing the costs and benefits of the proposed rule to the costs and benefits of inaction;

(e) an analysis that determines whether there are less costly or less intrusive methods for achieving the purpose of the proposed rule;

(f) an analysis of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

(g) a determination as to whether the proposed rule represents an efficient allocation of public and private resources; and

(h) a quantification or description of the data upon which subsections (2)(a) through (2)(g) are based and an explanation of how the data was gathered.

(3) A request to an agency for a statement or a decision to contract for the preparation of a statement must be made prior to the final agency action on the rule. The statement must be filed with the appropriate administrative rule review committee within 3 months of the request or decision. A request or decision for an economic impact statement may be withdrawn at any time.

(4) Upon receipt of an impact statement, the committee shall determine the sufficiency of the statement. If the committee determines that the statement is insufficient, the committee may return it to the agency or other person who prepared the statement and request that corrections or amendments be made. If the committee determines that the statement is sufficient, a notice, including a summary of the statement and indicating where a copy of the statement may be obtained, must be filed with the secretary of state for publication in the register by the agency preparing the statement or by the committee, if the statement is prepared under contract by the committee, and must be mailed to persons who have registered advance notice of the agency's rulemaking proceedings.

(5) This section does not apply to rulemaking pursuant to [2-4-303](#).

(6) The final adoption, amendment, or repeal of a rule is not subject to challenge in any court as a result of the inaccuracy or inadequacy of a statement required under this section.

(7) An environmental impact statement prepared pursuant to [75-1-201](#) that includes an analysis of the factors listed in this section satisfies the provisions of this section.

