

Sixty-third
Legislative Assembly
of North Dakota

SENATE BILL NO. 2013

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of
2 university and school lands; to provide for distributions from permanent funds; to amend and
3 reenact subsection 1 of section 57-51-15 and section 57-62-04 of the North Dakota Century
4 Code, relating to oil and gas gross production taxes and the energy infrastructure and impact
5 office; to provide an effective date; and to provide an expiration date.

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

7 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
8 as may be necessary, are appropriated from special funds derived from the state lands
9 maintenance fund and the oil and gas impact grant fund in the state treasury, to the
10 commissioner of university and school lands for the purpose of defraying the expenses of the
11 commissioner of university and school lands, for the biennium beginning July 1, 2013, and
12 ending June 30, 2015, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
13			
14			
15	Salaries and wages	\$1,167,049	\$5,312,873
16	Operating expenses	494,767	1,925,863
17	Capital assets	65,550	65,550
18	Grants	(99,778,269)	0
19	Energy infrastructure and impact office	214,000,000	214,000,000
20	Contingencies	<u>100,000</u>	<u>200,000</u>
21	Total special funds	\$116,049,097	\$221,504,286
22	Full-time equivalent positions	24.75	6.25
			31.00

23 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
24 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time

1 funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and
2 the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

3	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
4	Contingent energy impact grants	\$30,000,000	\$0
5	Contingent energy impact grants -	5,000,000	0
6	new development counties		
7	Energy impact grants - airports	0	60,000,000
8	Energy impact grants - higher education	0	4,000,000
9	Capital assets	10,000	65,550
10	Flood impact grants	<u>30,000,000</u>	<u>0</u>
11	Total all funds	\$65,010,000	\$64,065,550
12	Less estimated income	<u>35,010,000</u>	<u>64,065,550</u>
13	Total general fund	\$30,000,000	\$0

14 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
15 2015-17 biennium. The department shall report to the appropriations committees of the
16 sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning
17 July 1, 2013, and ending June 30, 2015.

18 **SECTION 3. OIL AND GAS IMPACT GRANTS - EXEMPTION.** Section 54-44.1-11 does
19 not apply to appropriations made for oil and gas impact grants in section 1 of this Act.

20 **SECTION 4. OIL AND GAS IMPACT GRANTS - FLOOD-IMPACTED POLITICAL**
21 **SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS - 2011-13 - EXEMPTION.**

22 Section 54-44.1-11 does not apply to appropriations made by the sixty-second legislative
23 assembly for oil and gas impact grants and flood-impacted political subdivision infrastructure
24 development grants pursuant to chapter 579 of the 2011 Session Laws.

25 **SECTION 5. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the board of
26 university and school lands, the commissioner of university and school lands may transfer
27 between the various line items in section 1 of this Act, including transfers from the contingencies
28 line item to all other line items. The commissioner shall notify the office of management and
29 budget of each transfer made pursuant to this section.

30 **SECTION 6. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of
31 article IX of the Constitution of North Dakota, the board of university and school lands shall

1 distribute during the biennium beginning July 1, 2013, and ending June 30, 2015, the following
2 amounts, from the permanent funds managed for the benefit of the following entities:

3	Common schools	\$130,326,000
4	North Dakota state university	2,066,000
5	University of North Dakota	1,814,000
6	Youth correctional center	810,000
7	School for the deaf	720,000
8	State college of science	731,428
9	State hospital	803,428
10	Veterans' home	325,428
11	Valley City state university	372,000
12	North Dakota vision services - school for the blind	331,428
13	Mayville state university	236,000
14	Dakota college at Bottineau	49,428
15	Dickinson state university	49,428
16	Minot state university	<u>49,428</u>
17	Total	\$138,683,996

18 **SECTION 7. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR AIRPORTS - 2013-15**

19 **BIENNIUM.** The energy infrastructure and impact office line item in section 1 of this Act includes
20 \$60,000,000 for grants to airports impacted by oil and gas development. The director of the
21 energy infrastructure and impact office may develop grant procedures and requirements
22 necessary for distribution of grants under this section, which may include cost-share
23 requirements based on the availability of federal and local funds to support the project. Grants
24 distributed pursuant to this section are not to be considered in making grant recommendations
25 under section 57-62-05.

26 **SECTION 8. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR HIGHER**

27 **EDUCATION - 2013-15 BIENNIUM.** The energy infrastructure and impact office line item in
28 section 1 of this Act includes \$4,000,000 for grants to public institutions of higher education
29 impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public
30 institutions of higher education are eligible to receive oil and gas impact grants under this

1 section. The director of the energy infrastructure and impact office may develop grant
2 procedures and requirements necessary for distribution of grants under this section.

3 **SECTION 9. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota Century
4 Code is amended and reenacted as follows:

5 1. First the tax revenue collected under this chapter equal to one percent of the gross
6 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
7 state treasurer who shall:

- 8 a. Allocate five hundred thousand dollars per fiscal year to each city in an
9 oil-producing county which has a population of seven thousand five hundred or
10 more and more than two percent of its private covered employment engaged in
11 the mining industry, according to data compiled by job service North Dakota. The
12 allocation under this subdivision must be doubled if the city has more than seven
13 and one-half percent of its private covered employment engaged in the mining
14 industry, according to data compiled by job service North Dakota;
- 15 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
16 exceeding ~~one~~two hundred fourteen million dollars per biennium; and
- 17 c. Allocate the remaining revenues under subsection 3.

18 **SECTION 10. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota
19 Century Code is amended and reenacted as follows:

20 1. First the tax revenue collected under this chapter equal to one percent of the gross
21 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
22 state treasurer who shall:

- 23 a. Allocate five hundred thousand dollars per fiscal year to each city in an
24 oil-producing county which has a population of seven thousand five hundred or
25 more and more than two percent of its private covered employment engaged in
26 the mining industry, according to data compiled by job service North Dakota. The
27 allocation under this subdivision must be doubled if the city has more than seven
28 and one-half percent of its private covered employment engaged in the mining
29 industry, according to data compiled by job service North Dakota;
- 30 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
31 exceeding one hundred fifty million dollars per biennium; and

1 c. Allocate the remaining revenues under subsection 3.

2 **SECTION 11. AMENDMENT.** Section 57-62-04 of the North Dakota Century Code is
3 amended and reenacted as follows:

4 **57-62-04. Energy infrastructure and impact office - Appointment of director.**

5 There is hereby created an energy infrastructure and impact office, to be a division within
6 the office of the commissioner of the board of university and school lands, the director of which
7 must be appointed by and serve at the pleasure of the board of university and school lands. The
8 director shall have knowledge of state and local government and shall have experience or
9 training in the fields of taxation and accounting. The salary of the director must be set by the
10 commissioner of university and school lands within the limits of legislative appropriations. The
11 director may employ such other persons as may be necessary and may fix their compensation
12 within the appropriation made for such purpose. The board of university and school lands shall
13 fill any vacancy in the position of director in the same manner as listed above ~~and, in addition,~~
14 ~~shall serve as an appeals board under rules promulgated by the board of university and school~~
15 ~~lands to reconsider grant applications for aid under this chapter which have been denied by the~~
16 ~~director.~~ All action by the board of university and school lands, including appointment of a
17 director, must be by majority vote.

18 **SECTION 12. EFFECTIVE DATE.** Section 10 of this Act is effective for oil and gas
19 produced after June 30, 2015.

20 **SECTION 13. EXPIRATION DATE.** Section 9 of this Act is effective for oil and gas
21 produced through June 30, 2015, and after that date is ineffective.