

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; and to declare an
6 emergency.

7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	Base Level	Adjustments or Enhancements	Appropriation
16 Salaries and wages	\$4,145,824	\$1,167,049	\$5,312,873
17 <u>Salaries and wages</u>	<u>\$4,145,824</u>	<u>\$1,173,727</u>	<u>\$5,319,551</u>
18 Operating expenses	1,431,096	494,767	1,925,863
19 Capital assets	0	65,550	65,550
20 Grants	99,778,269	(99,778,269)	0
21 Energy infrastructure and impact office	0	214,000,000	214,000,000
22 <u>Energy infrastructure and impact office</u>	<u>0</u>	<u>224,000,000</u>	<u>224,000,000</u>
23 Contingencies	100,000	100,000	200,000
24 Total special funds	\$105,455,189	\$116,049,097	\$221,504,286

1 Total special funds \$105,455,189 \$126,055,775 \$231,510,964

2 Full-time equivalent positions 24.75 6.25 31.00

3 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

4 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time

5 funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and

6 the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

7 One-Time Funding Description 2011-13 2013-15

8 Contingent energy impact grants \$30,000,000 \$0

9 Contingent energy impact grants - 5,000,000 0

10 new development counties

11 Energy impact grants - airports 0 60,000,000

12 Energy impact grants - higher education 0 4,000,000

13 Energy impact grants - dust control 0 10,000,000

14 Capital assets 10,000 65,550

15 Flood impact grants 30,000,000 0

16 ~~Total all funds~~ ~~\$65,010,000~~ ~~\$64,065,550~~

17 ~~Less estimated income~~ ~~35,010,000~~ ~~64,065,550~~

18 Total all funds \$65,010,000 \$74,065,550

19 Less estimated income 35,010,000 74,065,550

20 Total general fund \$30,000,000 \$0

21 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the

22 2015-17 biennium. The department shall report to the appropriations committees of the

23 sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning

24 July 1, 2013, and ending June 30, 2015.

25 **SECTION 3. OIL AND GAS IMPACT GRANTS - EXEMPTION.** Section 54-44.1-11 does

26 not apply to appropriations made for oil and gas impact grants in section 1 of this Act.

27 **SECTION 4. OIL AND GAS IMPACT GRANTS - FLOOD-IMPACTED POLITICAL**

28 **SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS - 2011-13 - EXEMPTION.**

29 Section 54-44.1-11 does not apply to appropriations made by the sixty-second legislative

30 assembly for oil and gas impact grants and flood-impacted political subdivision infrastructure

31 development grants pursuant to chapter 579 of the 2011 Session Laws.

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

6 **SECTION 6. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of
7 article IX of the Constitution of North Dakota, the board of university and school lands shall
8 distribute during the biennium beginning July 1, 2013, and ending June 30, 2015, the following
9 amounts, from the permanent funds managed for the benefit of the following entities:

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

25 **SECTION 7. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR AIRPORTS - 2013-15**
26 **BIENNIUM.** The energy infrastructure and impact office line item in section 1 of this Act includes
27 \$60,000,000 for grants to airports impacted by oil and gas development. The director of the
28 energy infrastructure and impact office ~~may develop~~shall adopt grant procedures and
29 requirements necessary for distribution of grants under this section, which ~~may~~must include
30 cost-share requirements ~~based on~~. Cost-share requirements must consider the availability of
31 ~~federal and~~-local funds to support the project. Grant funds must be distributed giving priority to

1 projects that have been awarded or are eligible to receive federal funding. Grants distributed
2 pursuant to this section are not to be considered in making grant recommendations under
3 section 57-62-05.

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

5 **EDUCATION - 2013-15 BIENNIUM.** The energy infrastructure and impact office line item in
6 section 1 of this Act includes \$4,000,000 for grants to public institutions of higher education
7 impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public
8 institutions of higher education are eligible to receive oil and gas impact grants under this
9 section. The director of the energy infrastructure and impact office may develop grant
10 procedures and requirements necessary for distribution of grants under this section.

11 **SECTION 9. PILOT PROJECT - DUST CONTROL.** The energy infrastructure and impact
12 office line item in section 1 of this Act includes \$3,000,000 for grants of \$1,000,000 each to
13 three counties in oil-impacted areas for a pilot project for dust control for the period beginning
14 with the effective date of this Act and ending June 30, 2015. The county commission from each
15 county shall file a report with the department of trust lands by August 1, 2013, regarding any
16 product used to control dust and the success or failure of the product in controlling dust. The
17 director of the energy infrastructure and impact office may develop grant procedures and
18 requirements necessary for distribution of grants under this section. Grants distributed pursuant
19 to this section are not to be considered in making grant recommendations under section
20 57-62-05.

21 **SECTION 10. OIL AND GAS IMPACT GRANT DISTRIBUTION FOR DUST CONTROL -**

22 **CONTINGENCY.** The energy infrastructure and impact office line item in section 1 of this Act
23 includes \$7,000,000 for grants to counties in oil-impacted areas for dust control for the period
24 beginning with the effective date of this Act and ending June 30, 2015. If the pilot project for
25 dust control included in section 9 of this Act identifies products that are successful in controlling
26 dust, the energy infrastructure and impact office may provide grants to other counties in
27 oil-impacted areas for dust control. The director of the energy infrastructure and impact office
28 may develop grant procedures and requirements necessary for distribution of grants under this
29 section. Grants distributed pursuant to this section are not to be considered in making grant
30 recommendations under section 57-62-05.

1 **SECTION 11. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota Century
2 Code is amended and reenacted as follows:

- 3 1. First the tax revenue collected under this chapter equal to one percent of the gross
4 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
5 state treasurer who shall:
- 6 a. Allocate five hundred thousand dollars per fiscal year to each city in an
7 oil-producing county which has a population of seven thousand five hundred or
8 more and more than two percent of its private covered employment engaged in
9 the mining industry, according to data compiled by job service North Dakota. The
10 allocation under this subdivision must be doubled if the city has more than seven
11 and one-half percent of its private covered employment engaged in the mining
12 industry, according to data compiled by job service North Dakota;
- 13 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
14 exceeding ~~one~~two hundred ~~fourteen~~twenty-four million dollars per biennium; and
15 c. Allocate the remaining revenues under subsection 3.

16 **SECTION 12. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota
17 Century Code is amended and reenacted as follows:

- 18 1. First the tax revenue collected under this chapter equal to one percent of the gross
19 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
20 state treasurer who shall:
- 21 a. Allocate five hundred thousand dollars per fiscal year to each city in an
22 oil-producing county which has a population of seven thousand five hundred or
23 more and more than two percent of its private covered employment engaged in
24 the mining industry, according to data compiled by job service North Dakota. The
25 allocation under this subdivision must be doubled if the city has more than seven
26 and one-half percent of its private covered employment engaged in the mining
27 industry, according to data compiled by job service North Dakota;
- 28 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
29 exceeding one hundred fifty million dollars per biennium; and
30 c. Allocate the remaining revenues under subsection 3.

1 **SECTION 13. AMENDMENT.** Section 57-62-04 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **57-62-04. Energy infrastructure and impact office - Appointment of director.**

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

17 **SECTION 14. EFFECTIVE DATE.** Section ~~40~~¹² of this Act is effective for oil and gas
18 produced after June 30, 2015.

19 **SECTION 15. EXPIRATION DATE.** Section ~~9~~¹¹ of this Act is effective for oil and gas
20 produced through June 30, 2015, and after that date is ineffective.

21 **SECTION 16. EMERGENCY.** The sum of \$10,000,000 included in the energy infrastructure
22 and impact office line item in section 1 of this Act and sections 9 and 10 of this Act are declared
23 to be an emergency measure.