

Sixty-third  
Legislative Assembly  
of North Dakota

## ENGROSSED 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; and to amend  
3 and 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; to provide an expiration date; and to declare an emergency.~~

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:

	Base Level	Adjustments or Enhancements	Appropriation
15 <del>Salaries and wages</del>	<del>\$4,145,824</del>	<del>\$1,173,727</del>	<del>\$5,319,551</del>
16 <del>Operating expenses</del>	<del>1,431,096</del>	<del>494,767</del>	<del>1,925,863</del>
17 <del>Capital assets</del>	<del>0</del>	<del>65,550</del>	<del>65,550</del>
18 <del>Grants</del>	<del>99,778,269</del>	<del>(99,778,269)</del>	<del>0</del>
19 <del>Energy infrastructure and impact office</del>	<del>0</del>	<del>224,000,000</del>	<del>224,000,000</del>
20 <del>Contingencies</del>	<del>100,000</del>	<del>100,000</del>	<del>200,000</del>
21 <del>Total special funds</del>	<del>\$105,455,189</del>	<del>\$126,055,775</del>	<del>\$231,510,964</del>
22 <del>Full-time equivalent positions</del>	<del>24.75</del>	<del>6.25</del>	<del>31.00</del>
23 <u>Salaries and wages</u>	<u>\$4,145,824</u>	<u>\$1,011,191</u>	<u>\$5,157,015</u>
24 <u>Accrued leave payments</u>	<u>0</u>	<u>108,541</u>	<u>108,541</u>

1	Operating expenses	1,431,096	544,767	1,975,863
2	Capital assets	0	65,550	65,550
3	Grants	99,778,269	(99,778,269)	0
4	Energy infrastructure and impact office	0	700,826	700,826
5	Contingencies	100,000	100,000	200,000
6	Total special funds	\$105,455,189	(\$97,247,394)	\$8,207,795
7	Full-time equivalent positions	24.75	6.25	31.00

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

**SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

12	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
13	Contingent energy impact grants	\$30,000,000	\$0
14	Contingent energy impact grants -	5,000,000	0
15	new development counties		
16	<del>Energy impact grants - airports</del>	<del>0</del>	<del>60,000,000</del>
17	<del>Energy impact grants - higher education</del>	<del>0</del>	<del>4,000,000</del>
18	<del>Energy impact grants - dust control</del>	<del>0</del>	<del>10,000,000</del>
19	Capital assets	10,000	65,550
20	Private lands study	0	50,000
21	Flood impact grants	30,000,000	0
22	<del>Total all funds</del>	<del>\$65,010,000</del>	<del>\$74,065,550</del>
23	<del>Less estimated income</del>	<del>35,010,000</del>	<del>74,065,550</del>
24	<del>Total general fund</del>	<del>\$30,000,000</del>	<del>\$0</del>
25	Total all funds	\$65,010,000	\$115,550
26	Less estimated income	35,010,000	115,550
27	Total general fund	\$30,000,000	\$0

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

1       **SECTION 3. OIL AND GAS IMPACT GRANTS - EXEMPTION.** Section 54-44.1-11 does  
2 not apply to appropriations made for oil and gas impact grants in House Bill No. 1358, as  
3 approved by the sixty-third legislative assembly, or to the energy infrastructure and impact office  
4 line item in section 1 of this Act.

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

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

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

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

19	Common schools	\$130,326,000
20	North Dakota state university	2,066,000
21	University of North Dakota	1,814,000
22	Youth correctional center	810,000
23	School for the deaf	720,000
24	State college of science	731,428
25	State hospital	803,428
26	Veterans' home	325,428
27	Valley City state university	372,000
28	North Dakota vision services - school for the blind	331,428
29	Mayville state university	236,000
30	Dakota college at Bottineau	49,428
31	Dickinson state university	49,428

1	Minot state university	49,428
2	Total	\$138,683,996

3 ~~— SECTION 7. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR AIRPORTS – 2013-15~~  
4 ~~BIENNIUM. The energy infrastructure and impact office line item in section 1 of this Act includes~~  
5 ~~\$60,000,000 for grants to airports impacted by oil and gas development. The director of the~~  
6 ~~energy infrastructure and impact office shall adopt grant procedures and requirements~~  
7 ~~necessary for distribution of grants under this section, which must include cost share~~  
8 ~~requirements. Cost share requirements must consider the availability of local funds to support~~  
9 ~~the project. Grant funds must be distributed giving priority to projects that have been awarded or~~  
10 ~~are eligible to receive federal funding. Grants distributed pursuant to this section are not to be~~  
11 ~~considered in making grant recommendations under section 57-62-05.~~

12 ~~— SECTION 8. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR HIGHER~~  
13 ~~EDUCATION – 2013-15 BIENNIUM. The energy infrastructure and impact office line item in~~  
14 ~~section 1 of this Act includes \$4,000,000 for grants to public institutions of higher education~~  
15 ~~impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public~~  
16 ~~institutions of higher education are eligible to receive oil and gas impact grants under this~~  
17 ~~section. The director of the energy infrastructure and impact office may develop grant~~  
18 ~~procedures and requirements necessary for distribution of grants under this section.~~

19 ~~— SECTION 9. PILOT PROJECT – DUST CONTROL. The energy infrastructure and impact~~  
20 ~~office line item in section 1 of this Act includes \$3,000,000 for grants of \$1,000,000 each to~~  
21 ~~three counties in oil impacted areas for a pilot project for dust control for the period beginning~~  
22 ~~with the effective date of this Act and ending June 30, 2015. The county commission from each~~  
23 ~~county shall file a report with the department of trust lands by August 1, 2013, regarding any~~  
24 ~~product used to control dust and the success or failure of the product in controlling dust. The~~  
25 ~~director of the energy infrastructure and impact office may develop grant procedures and~~  
26 ~~requirements necessary for distribution of grants under this section. Grants distributed pursuant~~  
27 ~~to this section are not to be considered in making grant recommendations under section~~  
28 ~~57-62-05.~~

29 ~~— SECTION 9. OIL AND GAS IMPACT GRANT DISTRIBUTION FOR DUST CONTROL –~~  
30 ~~CONTINGENCY. The energy infrastructure and impact office line item in section 1 of this Act~~  
31 ~~includes \$7,000,000 for grants to counties in oil impacted areas for dust control for the period~~

~~beginning with the effective date of this Act and ending June 30, 2015. If the pilot project for dust control included in section 9 of this Act identifies products that are successful in controlling dust, the energy infrastructure and impact office may provide grants to other counties in oil impacted areas for dust control. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. Grants distributed pursuant to this section are not to be considered in making grant recommendations under section 57-62-05.~~

**SECTION 7. PRIVATE LAND STUDY - EMERGENCY COMMISSION APPROVAL FOR ADDITIONAL FUNDS.** The operating expenses line item in section 1 of this Act includes the sum of \$50,000 from the strategic investment and improvements fund for a study provided for in House Bill No. 1338, as approved by the sixty-third legislative assembly, of private lands owned adjacent to lands under control of the United States army corps of engineers. If the \$50,000 provided for the study is insufficient, the department of trust lands may seek emergency commission approval for additional funding from the state contingencies appropriation of up to \$50,000 for the biennium beginning July 1, 2013, and ending June 30, 2015.

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

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

~~a. Allocate five hundred thousand dollars per fiscal year to each city in an oil-producing county which has a population of seven thousand five hundred or more and more than two percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota. The allocation under this subdivision must be doubled if the city has more than seven and one-half percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota;~~

~~b. Credit revenues to the oil and gas impact grant fund, but not in an amount exceeding onetwo hundred twenty-four million dollars per biennium; and~~

~~c. Allocate the remaining revenues under subsection 3.~~

1 ~~SECTION 12. AMENDMENT.~~ Subsection 1 of section 57-51-15 of the North Dakota  
2 Century 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 hundred ~~fifty~~ million dollars per biennium; and

15 ~~c.~~ Allocate the remaining revenues under subsection 3.

16 **SECTION 8. AMENDMENT.** Section 57-62-04 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18 **57-62-04. Energy infrastructure and impact office - Appointment of director.**

19 There is hereby created an energy infrastructure and impact office, to be a division within  
20 the office of the commissioner of the board of university and school lands, the director of which  
21 must be appointed by and serve at the pleasure of the board of university and school lands. The  
22 director shall have knowledge of state and local government and shall have experience or  
23 training in the fields of taxation and accounting. The salary of the director must be set by the  
24 commissioner of university and school lands within the limits of legislative appropriations. The  
25 director may employ such other persons as may be necessary and may fix their compensation  
26 within the appropriation made for such purpose. The board of university and school lands shall  
27 fill any vacancy in the position of director in the same manner as listed above and, in addition,  
28 shall serve as an appeals board under rules promulgated by the board of university and school  
29 lands to reconsider grant applications for aid under this chapter which have been denied by the  
30 director. All action by the board of university and school lands, including appointment of a  
31 director, must be by majority vote.

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

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

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

8 **SECTION 9. OIL AND GAS IMPACT GRANT DISTRIBUTION - DUST CONTROL.** If the  
9 dust control pilot project provided for in House Bill No. 1358, as approved by the sixty-third  
10 legislative assembly, is deemed effective by the director of the energy infrastructure and impact  
11 office, the board of university and school lands may approve up to \$3,000,000 of additional oil  
12 and gas impact grants to counties for dust control.

13 **SECTION 10. OIL AND GAS IMPACT GRANT DISTRIBUTION - NEW COUNTIES -**  
14 **OTHER USES.** Notwithstanding any other provisions of this Act, the director of the energy  
15 infrastructure and impact office may include within recommendations to the board of university  
16 and school lands for oil and gas impact grants up to \$5,000,000 of the funds designated for  
17 counties experiencing oil and gas development in House Bill No. 1358, as approved by the  
18 sixty-third legislative assembly, to any eligible political subdivision if, by January 1, 2015, the  
19 funds have not been committed to counties meeting the eligibility requirements for this funding,  
20 under provisions of House Bill No. 1358, as approved by the sixty-third legislative assembly.