# FIRST ENGROSSMENT

Sixty-fourth Legislative Assembly of North Dakota

#### **ENGROSSED HOUSE BILL NO. 1176**

Introduced by

Representatives Kempenich, Brandenburg, Dockter, Hatlestad, Owens, Streyle, Toman, Trottier

Senators Bowman, O'Connell, Oehlke, Unruh

- A BILL for an Act to amend and reenact sections <u>15-08.1-08</u>, 57-51-01, and 57-51-15 of the
- 2 North Dakota Century Code, relating to the unobligated balance of the strategic investment and
- 3 <u>improvements fund and oil and gas gross production tax definitions and allocations; to provide</u>
- 4 appropriations; to provide exemptions; to provide for reports to the budget section; to provide for
- 5 <u>a legislative management study;</u> and to provide an effective date.

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

SECTION 1. AMENDMENT. Section 15-08.1-08 of the North Dakota Century Code is
 amended and reenacted as follows:

9 15-08.1-08. Income - Expenses - Reimbursement - Creation of strategic investment
 10 and improvements fund - Legislative intent - Contingent transfer to legacy fund.

11 The income derived from the sale, lease, and management of the mineral interests acquired 12 by the board of university and school lands pursuant to this chapter and other funds as provided 13 by law must, after deducting the expenses of sale, lease, and management of the property, be 14 deposited in a fund to be known as the strategic investment and improvements fund. The 15 corpus and interest of such trust may be expended as the legislative assembly may provide for 16 one-time expenditures relating to improving state infrastructure or for initiatives to improve the 17 efficiency and effectiveness of state government. It is the intent of the legislative assembly that 18 moneys in the fund may be included in draft appropriation acts under section 54-44.1-06 and 19 may be appropriated by the legislative assembly, but only to the extent that the moneys are 20 estimated to be available at the beginning of the biennium in which the appropriations are 21 authorized. If the unobligated balance in the fund at the end of any month exceeds three-22 hundred million dollars, twenty-five percent of any revenues received for deposit in the fund in-23 the subsequent month must be deposited instead into the legacy fund. For purposes of this

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1	section,	"unobligated balance in the fund" means the balance in the fund reduced by				
2	appropriations or transfers from the fund authorized by the legislative assembly, guarantee					
3	reserve fund requirements under section 6-09.7-05, and any fund balance designated by the					
4	board of	university and school lands relating to potential title disputes related to certain riverbed				
5	<del>leases.</del>					
6	SEC	TION 2. Section 57-51-01 of the North Dakota Century Code is amended and				
7	reenacte	ed as follows:				
8	57-5	1-01. <del>(Effective for taxable events occurring through June 30, 2015)</del> Definitions.				
9	As u	ised in this chapter:				
10	1.	"Barrel of oil" means forty-two United States gallons of two hundred thirty-one cubic				
11		inches per gallon computed at a temperature of sixty degrees Fahrenheit [158.99 liters				
12		computed at a temperature of 15.56 degrees Celsius].				
13	2.	"Commissioner" means the state tax commissioner.				
14	3.	"Field" means the geographic area underlaid by one or more pools, as defined by the				
15		industrial commission.				
16	4.	"Gas" means natural gas and casinghead gas.				
17	5.	"Hub city" means, for the period beginning September 1, 2015, and ending August 31,				
18		$\underline{2017}$ , a city with a population of twelve thousand five hundred or more, according to				
19		the last official decennial federal census, which has more than one seven and one-half				
20		percent of its private covered employment engaged in the mining industryoil and				
21		gas-related employment, according to annual data compiled by job service North				
22		Dakota. "Hub city" means, after August 31, 2017, a city with a population of twelve				
23		thousand five hundred or more, according to the last official decennial federal census,				
24		which has more than one percent of its private covered employment engaged in the				
25		mining industry, according to annual data compiled by job service North Dakota.				
26	6.	"Hub city school district" means the school district with the highest student enrollment				
27		within the city limits of a hub city.				
28	7.	"Oil" means petroleum, crude oil, mineral oil, and casinghead gasoline.				
29	8.	"Person" includes partnership, corporation, limited liability company, association,				
30		fiduciary, trustee, and any combination of individuals.				

1	9.	"Posted price" means the price specified in publicly available posted price bulletins or
2		other public notices, net of any adjustments for quality and location.
3	10.	"Shallow gas" means gas produced from a gas well completed in or producing from a
4		shallow gas zone, as certified to the tax commissioner by the industrial commission.
5	11.	"Shallow gas zone" means a strata or formation, including lignite or coal strata or
6		seam, located above the depth of five thousand feet [1524 meters] below the surface,
7		or located more than five thousand feet [1524 meters] below the surface but above the
8		top of the Rierdon formation, from which gas is or may be produced.
9	12.	"Transportation costs" means the costs incurred for transporting oil established in
10		accordance with the first applicable of the following methods:
11		a. Actual costs incurred under the arm's-length contract between the producer and
12		the transporter of oil.
13		b. An applicable common carrier rate established and filed with the North Dakota
14		public service commission, or the appropriate federal jurisdictional agency.
15		c. When no common carrier rate would be applicable, the transportation costs are
16		those reasonable costs associated with the actual operating and maintenance
17		expenses, overhead costs directly attributable and allocable to the operation and
18		maintenance, and either depreciation and a return on undepreciated capital
19		investment, or a cost equal to a return on the investment in the transportation
20		system, as determined by the commissioner.
21	<del>(Effe</del>	ective for taxable events occurring after June 30, 2015) Definitions. As used in this
22	chapter:	
23	<del>1.</del>	"Barrel of oil" means forty-two United States gallons of two hundred thirty-one cubic-
24		inches per gallon computed at a temperature of sixty degrees Fahrenheit [158.99 liters-
25		computed at a temperature of 15.56 degrees Celsius].
26	<del>2.</del>	"Commissioner" means the state tax commissioner.
27	<del>3.</del>	"Field" means the geographic area underlaid by one or more pools, as defined by the
28		industrial commission.
29	<del>4.</del>	"Gas" means natural gas and casinghead gas.
30	<del>5.</del>	"Oil" means petroleum, crude oil, mineral oil, and casinghead gasoline.

1	<del>6.</del>	<del>"Per</del>	son" includes partnership, corporation, limited liability company, association,	
2		fiduc	ciary, trustee, and any combination of individuals.	
3	<del>7.</del>	"Posted price" means the price specified in publicly available posted price bulletins		
4		othe	r public notices, net of any adjustments for quality and location.	
5	<del>8.</del>	<del>"Sha</del>	allow gas" means gas produced from a gas well completed in or producing from a	
6		shal	low gas zone, as certified to the tax commissioner by the industrial commission.	
7	<del>9.</del>	<del>"Sha</del>	allow gas zone" means a strata or formation, including lignite or coal strata or	
8		sear	m, located above the depth of five thousand feet [1524 meters] below the surface,	
9		<del>or lo</del>	cated more than five thousand feet [1524 meters] below the surface but above the-	
10		top (	of the Rierdon formation, from which gas is or may be produced.	
11	<del>10.</del>	<del>"Tra</del>	nsportation costs" means the costs incurred for transporting oil established in	
12		acce	ordance with the first applicable of the following methods:	
13		<del>a.</del>	Actual costs incurred under the arm's-length contract between the producer and	
14			the transporter of oil.	
15		<del>b.</del>	An applicable common carrier rate established and filed with the North Dakota-	
16			public service commission, or the appropriate federal jurisdictional agency.	
17		<del>C.</del>	When no common carrier rate would be applicable, the transportation costs are-	
18			those reasonable costs associated with the actual operating and maintenance	
19			expenses, overhead costs directly attributable and allocable to the operation and	
20			maintenance, and either depreciation and a return on undepreciated capital	
21			investment, or a cost equal to a return on the investment in the transportation-	
22			system, as determined by the commissioner.	
23	SEC		<b>3. AMENDMENT.</b> Section 57-51-15 of the North Dakota Century Code is	
24	amende	d and	reenacted as follows:	
25	57-5	51-15.	(Effective for taxable events occurring through June 30, 2015) Gross	
26	product	ion ta	ax allocation.	
27	The	gross	s production tax must be allocated monthly as follows:	
28	1.	First	the tax revenue collected under this chapter equal to one percent of the gross	
29		valu	e at the well of the oil and one-fifth of the tax on gas must be deposited with the	
30		state	e treasurer who shall:	

1	Legislative A	ssembly
1	a.	Allocate, for the period beginning September 1, 2015, and ending August 31,
2		2017, to each hub city, which is located in a county that received an allocation
3		under subsection 2, a monthly amount that will provide a total allocation of three
4		hundred seventy-five thousand dollars per fiscal year for each full or partial
5		percentage point of its private covered employment engaged in the mining-
6		industryoil and gas-related employment, according to annual data compiled by
7		job service North Dakota and after August 31, 2017, allocate to each hub city,
8		which is located in a county that received an allocation under subsection 2, a
9		monthly amount that will provide a total allocation of three hundred seventy-five
10		thousand dollars per fiscal year for each full or partial percentage point of its
11		private covered employment engaged in the mining industry, according to annual
12		data compiled by job service North Dakota;
13	b.	Allocate, for the period beginning September 1, 2015, and ending August 31,
14		2017, to each hub city, which is located in a county that did not receive an
15		allocation under subsection 2, a monthly amount that will provide a total
16		allocation of two hundred fifty thousand dollars per fiscal year for each full or
17		partial percentage point of its private covered employment engaged in oil and
18		gas-related employment, according to annual data compiled by job service North
19		Dakota and after August 31, 2017, allocate to each hub city, which is located in a
20		county that did not receive an allocation under subsection 2, a monthly amount
21		that will provide a total allocation of two hundred fifty thousand dollars per fiscal
22		year for each full or partial percentage point of its private covered employment
23		engaged in the mining industry, according to annual data compiled by job service
24		North Dakota;
25	C.	Allocate, for the period beginning September 1, 2015, and ending August 31,
26		2017, to each hub city school district, which is located in a county that received
27		an allocation under subsection 2, a monthly amount that will provide a total
28		allocation of one hundred twenty-five thousand dollars per fiscal year for each full
29		or partial percentage point of the hub city's private covered employment engaged
30		in the mining industryoil and gas-related employment, according to annual data
31		compiled by job service North Dakota and after August 31, 2017, allocate to each

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1		hub city school district, which is located in a county that received an allocation
2		under subsection 2, a monthly amount that will provide a total allocation of one
3		hundred twenty-five thousand dollars per fiscal year for each full or partial
4		percentage point of the hub city's private covered employment engaged in the
5		mining industry, according to annual data compiled by job service North Dakota,
6		provided that hub city school districts, which are located in a county that did not
7		receive an allocation under subsection 2, must be excluded from the allocations
8		under this subdivision;
9	<u>e.d.</u>	Allocate to each county that received more than five million dollars but less than
10		thirty million dollars of total allocations under subsection 2 in state fiscal year
11		2014 a monthly amount that will provide a total allocation of one million five
12		hundred thousand dollars per fiscal year to be added by the state treasurer to the
13		allocations to school districts under subdivision b of subsection 5;
14	<del>c.<u>d.</u>e.</del>	Credit revenues to the oil and gas impact grant fund, but not in an amount
15		exceeding twoone hundred forty million dollars per biennium for the 2015-17
16		biennium, and not in an amount exceeding one hundred million dollars per
17		biennium thereafter;
18	d. <u>e.</u> f.	Credit foureight percent of the amount available under this subsection to the
19		North Dakota outdoor heritage fund, but not in an amount exceeding
20		fifteentwenty million dollars in a state fiscal year and not in an amount exceeding
21		thirtyforty million dollars per biennium;
22	e. <u>f.</u> g.	Credit four percent of the amount available under this subsection to the
23		abandoned oil and gas well plugging and site reclamation fund, but not in an
24		amount exceeding five million dollars in a state fiscal year and not in an amount
25		that would bring the balance in the fund to more than seventy-five million dollars;
26		and
27	f. <mark>g.</mark> h.	Allocate the remaining revenues under subsection 3.
28	2. Afte	er deduction of the amount provided in subsection 1, annual revenue collected
29	und	er this chapter from oil and gas produced in each county must be allocated as
30	follo	ows:
31	a.	The first five million dollars is allocated to the county.

Sixty-fourth

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1 Of all annual revenue exceeding five million dollars, twenty-fivethirty percent is b. 2 allocated to the county.

3 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first 4 to provide for deposit of thirty percent of all revenue collected under this chapter in the 5 legacy fund as provided in section 26 of article X of the Constitution of North Dakota 6 and the remainder must be allocated to the state general fund. If the amount available 7 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 8 all revenue collected under this chapter in the legacy fund, the state treasurer shall 9 transfer the amount of the shortfall from the state general fund share of oil extraction 10 tax collections and deposit that amount in the legacy fund.

- 11 For a county that received less than five million dollars of allocations under 4. 12 subsection 2 in the most recently completed state fiscal year 2014, revenues allocated 13 to that county must be distributed no less thanat least guarterly by the state treasurer 14 as follows:
- 15 a. Forty-five percent must be distributed to the county treasurer and credited to the 16 county general fund. However, the allocationdistribution to a county under this 17 subdivision must be credited to the state general fund if in a taxable year after 18 2012 the county is not levying a total of at least ten mills for combined levies for 19 county road and bridge, farm-to-market and federal aid road, and county road 20 purposes.
- 21 b. Thirty-five percent of all revenues allocated to any county for allocation under this 22 subsection must be apportioned by the state treasurer no less than-
- 23 quarterlydistributed to school districts within the county, excluding consideration-24 of and allocation to any hub city school district in the county, on the average daily 25 attendance distribution basis for kindergarten through grade twelve students 26 residing within the county, as certified to the state treasurer by the county 27 superintendent of schools. However, a hub city school district must be omitted 28
- 29 Twenty percent must be apportioned no less than guarterly by the state-C. 30 treasurerdistributed to the incorporated cities of the county. A hub city must be 31 omitted from apportionment distributions under this subdivision.

from distributions under this subdivision.

1			ApportionmentDistributions among cities under this subsection must be based
2			upon the population of each incorporated city according to the last official
3			decennial federal census. In determining the population of any city in which total
4			employment increases by more than two hundred percent seasonally due to
5			tourism, the population of that city for purposes of this subdivision must be
6			increased by eight hundred percent.
7	5.	For	a county that received five million dollars or more of allocations under subsection 2
8		in <del>t</del>	he most recently completed state fiscal year 2014, revenues allocated to that
9		COL	unty must be distributed <del>no less than<u>at least quarterly</u> by the state treasurer as</del>
10		folle	ows:
11		a.	SixtySixty-four percent must be distributed to the county treasurer and credited to
12			the county general fund. However, the allocation distribution to a county under this
13			subdivision must be credited to the state general fund if in a taxable year after
14			2012 the county is not levying a total of at least ten mills for combined levies for
15			county road and bridge, farm-to-market and federal aid road, and county road
16			purposes.
17		b.	Five percent must be apportioned by the state treasurer no less than
18			quarterlydistributed to school districts within the county on the average daily
19			attendance distribution basis for kindergarten through grade twelve students
20			residing within the county, as certified to the state treasurer by the county
21			superintendent of schools. However, a hub city school district must be omitted
22			from consideration and apportionmentdistributions under this subdivision.
23		C.	Twenty percent must be apportioned no less than quarterly by the state-
24			treasurerdistributed to the incorporated cities of the county. A hub city must be
25			omitted from apportionmentdistributions under this subdivision.
26			ApportionmentDistributions among cities under this subsection must be based
27			upon the population of each incorporated city according to the last official
28			decennial federal census. In determining the population of any city in which total
29			employment increases by more than two hundred percent seasonally due to
30			tourism, the population of that city for purposes of this subdivision must be
31			increased by eight hundred percent.

1 d. Three <u>Two</u> percent must be apportioned no less than quarterly by the state-2 treasurerallocated among the organized and unorganized townships of the 3 county. The state treasurer shall apportionallocate the funds available under this 4 subdivision among townships in the proportion that township to each township's 5 road miles in the township bearrelative to the total township road miles in the 6 county. The amount apportioned allocated to unorganized townships under this 7 subdivision must be distributed to the county treasurer and credited to a special 8 fund for unorganized township roads, which the board of county commissioners 9 shall use for the maintenance and improvement of roads in unorganized 10 townships.

11 e. Three <u>Two</u> percent must be allocated by the state treasurer among the organized 12 and unorganized townships in all the counties that received five million dollars or 13 more of allocations under subsection 2 in the most recently completed state fiscal 14 year. The amount available under this subdivision must be allocated no less than-15 quarterly by the state treasurer in an equal amount to each eligible organized and 16 unorganized township. The amount allocated to unorganized townships under 17 this subdivision must be distributed to the county treasurer and credited to a 18 special fund for unorganized township roads, which the board of county 19 commissioners shall use for the maintenance and improvement of roads in 20 unorganized townships.

21 f. Nine<u>Seven</u> percent must be allocated by the state treasurer<u>distributed</u> among 22 hub cities. The amount available for allocation under this subdivision must be-23 apportioned by the state treasurer no less than quarterly among hub cities. Sixty 24 percent of funds available under this subdivision must be distributed to the hub 25 city receiving the greatest highest percentage of allocations to hub cities under 26 subdivision a of subsection 1 for the quarterly period, thirty percent of funds 27 available under this subdivision must be distributed to the hub city receiving the 28 second greatest highest percentage of such allocations, and ten percent of funds 29 available under this subdivision must be distributed to the hub city receiving the 30 third greatesthighest percentage of such allocations.

1	6.	With	in thirty days after the end of each calendar year, the board of county		
2		com	commissioners of each county that has received an allocation under this section shall		
3		file a	file a report for the calendar year with the commissioner, in a format prescribed by the		
4		com	missioner, including:		
5		a.	The county's statement of revenues and expenditures; and		
6		b.	The amount allocated to or for the benefit of townships or school districts, the		
7			amount allocated to each organized township or school district and the amount-		
8			expended from each such allocation by that township or school district, the		
9			amount expended by the board of county commissioners on behalf of each		
10			unorganized township for which an expenditure was made, and the amount		
11			available for allocation to or for the benefit of townships or school districts which		
12			remained unexpended at the end of the fiscal year. The county's ending fund		
13			balances;		
14		<u>C.</u>	The amounts allocated under this section to the county's general fund, the		
15			amounts expended from these allocations, and the purposes of the expenditures;		
16			and		
17		<u>d.</u>	The amounts allocated under this section to or for the benefit of townships within		
18			the county, the amounts expended from these allocations, and the purposes of		
19			the expenditures.		
20		With	in fifteen days after the time when reports under this subsection wereare due, the		
21		com	missioner shall provide the reports to the legislative council compiling the		
22		infor	mation from reports received under this subsection.		
23	<u>7.</u>	<u>With</u>	in thirty days after the end of each fiscal year ended June thirtieth, each school		
24		<u>distr</u>	ict that has received an allocation under this section shall file a report for the fiscal		
25		<u>year</u>	rended June thirtieth with the commissioner, in a format prescribed by the		
26		<u>com</u>	missioner, including:		
27		<u>a.</u>	The school district's statement of revenue and expenditures;		
28		<u>b.</u>	The school district's ending fund balances; and		
29		<u>C.</u>	The amounts allocated under this section to the school district, the amounts		
30			expended from these allocations, and the purposes of the expenditures.		

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1		Within fifteen days after the time when reports under this subsection are due, the					
2		commissioner shall provide the reports to the legislative council compiling the					
3		information from reports received under this subsection.					
4	<del>(Eff</del> e	ectiv	e for taxable events occurring after June 30, 2015) Gross production tax				
5	allocatio	<del>on.</del> ⊤	he gross production tax must be allocated monthly as follows:				
6	<del>1.</del>	Firs	t the tax revenue collected under this chapter equal to one percent of the gross-				
7		valu	ie at the well of the oil and one-fifth of the tax on gas must be deposited with the				
8		stat	e treasurer who shall:				
9		<del>a.</del>	Allocate five hundred thousand dollars per fiscal year to each city in an				
10			oil-producing county which has a population of seven thousand five hundred or-				
11			more and more than two percent of its private covered employment engaged in-				
12			the mining industry, according to data compiled by job service North Dakota. The-				
13			allocation under this subdivision must be doubled if the city has more than seven				
14			and one-half percent of its private covered employment engaged in the mining-				
15			industry, according to data compiled by job service North Dakota;				
16		<del>b.</del>	Credit revenues to the oil and gas impact grant fund, but not in an amount				
17			exceeding one hundred million dollars per biennium;				
18		<del>C.</del>	Credit four percent of the amount available under this subsection to the North				
19			Dakota outdoor heritage fund, but not in an amount exceeding fifteen million				
20			dollars in a state fiscal year and not in an amount exceeding thirty million dollars				
21			<del>per biennium;</del>				
22		<del>d.</del>	Credit four percent of the amount available under this subsection to the				
23			abandoned oil and gas well plugging and site reclamation fund, but not in an				
24			amount exceeding five million dollars in a state fiscal year and not in an amount				
25			that would bring the balance in the fund to more than seventy-five million dollars;				
26			and				
27		e.	Allocate the remaining revenues under subsection 3.				
28	<del>2.</del>	Afte	r deduction of the amount provided in subsection 1, annual revenue collected				
29		und	er this chapter from oil and gas produced in each county must be allocated as				
30		folle	<del>WS:</del>				
31		<del>a.</del>	The first two million dollars is allocated to the county.				

1		<del>b.</del>	Of the next one million dollars, seventy-five percent is allocated to the county.
2		<del>c.</del>	Of the next one million dollars, fifty percent is allocated to the county.
3		<del>d.</del>	Of the next fourteen million dollars, twenty-five percent is allocated to the county.
4		e.	Of all annual revenue exceeding eighteen million dollars, ten percent is allocated
5			to the county.
6	<del>3.</del>	Afte	r the allocations under subsections 1 and 2, the amount remaining is allocated first
7		to pi	rovide for deposit of thirty percent of all revenue collected under this chapter in the
8		<del>lega</del>	cy fund as provided in section 26 of article X of the Constitution of North Dakota
9		and	the remainder must be allocated to the state general fund. If the amount available
10		for a	a monthly allocation under this subsection is insufficient to deposit thirty percent of
11		<del>all re</del>	evenue collected under this chapter in the legacy fund, the state treasurer shall
12		tran	sfer the amount of the shortfall from the state general fund share of oil extraction
13		tax (	collections and deposit that amount in the legacy fund.
14	<del>4.</del>	The	amount to which each county is entitled under subsection 2 must be allocated
15		with	in the county so the first five million three hundred fifty thousand dollars is
16		alloc	cated under subsection 5 for each fiscal year and any amount received by a county-
17		exce	eeding five million three hundred fifty thousand dollars is credited by the county-
18		trea	surer to the county infrastructure fund and allocated under subsection 6.
19	<del>5.</del>	<del>a.</del>	Forty-five percent of all revenues allocated to any county for allocation under this-
20			subsection must be credited by the county treasurer to the county general fund.
21			However, the allocation to a county under this subdivision must be credited to the
22			state general fund if during that fiscal year the county does not levy a total of at
23			least ten mills for combined levies for county road and bridge, farm-to-market and
24			federal aid road, and county road purposes.
25		<del>b.</del>	Thirty-five percent of all revenues allocated to any county for allocation under this
26			subsection must be apportioned by the county treasurer no less than quarterly to-
27			school districts within the county on the average daily attendance distribution
28			basis, as certified to the county treasurer by the county superintendent of
29			schools. However, no school district may receive in any single academic year an
30			amount under this subsection greater than the county average per student cost
31			multiplied by seventy percent, then multiplied by the number of students in-

1	average daily attendance or the number of children of school age in the school	
2	census for the county, whichever is greater. Provided, however, that in any county-	
3	in which the average daily attendance or the school census, whichever is greater,	
4	is fewer than four hundred, the county is entitled to one hundred twenty percent	
5	of the county average per student cost multiplied by the number of students in	
6	average daily attendance or the number of children of school age in the school	
7	census for the county, whichever is greater. Once this level has been reached	
8	through distributions under this subsection, all excess funds to which the school	
9	district would be entitled as part of its thirty-five percent share must be deposited	
10	instead in the county general fund. The county superintendent of schools of each	
11	oil-producing county shall certify to the county treasurer by July first of each year	
12	the amount to which each school district is limited pursuant to this subsection. As	
13	used in this subsection, "average daily attendance" means the average daily	
14	attendance for the school year immediately preceding the certification by the	
15	county superintendent of schools required by this subsection.	
16	The countywide allocation to school districts under this subdivision is subject-	
17	to the following:	
18	(1) The first three hundred fifty thousand dollars is apportioned entirely among	
19	school districts in the county.	
20	(2) The next three hundred fifty thousand dollars is apportioned seventy-five	
21	percent among school districts in the county and twenty-five percent to the	
22	county infrastructure fund.	
23	(3) The next two hundred sixty-two thousand five hundred dollars is	
24	apportioned two-thirds among school districts in the county and one-third to-	
25	the county infrastructure fund.	
26	(4) The next one hundred seventy-five thousand dollars is apportioned fifty	
27	percent among school districts in the county and fifty percent to the county	
28	infrastructure fund.	
29	(5) Any remaining amount is apportioned to the county infrastructure fund-	
30	except from that remaining amount the following amounts are apportioned-	
31	among school districts in the county:	

		<del>(a)</del>	Four hundred ninety thousand dollars, for counties having a
			population of three thousand or fewer.
		<del>(b)</del>	Five hundred sixty thousand dollars, for counties having a population
			of more than three thousand and fewer than six thousand.
		<del>(c)</del>	Seven hundred thirty-five thousand dollars, for counties having a
			population of six thousand or more.
	<del>C.</del>	Twenty po	ercent of all revenues allocated to any county for allocation under this
		subsectio	n must be apportioned no less than quarterly by the state treasurer to
		the incorp	orated cities of the county. Apportionment among cities under this
		subsectio	n must be based upon the population of each incorporated city
		according	to the last official decennial federal census. In determining the
		populatio	n of any city in which total employment increases by more than two-
		hundred p	percent seasonally due to tourism, the population of that city for-
		<del>purposes</del>	of this subdivision must be increased by eight hundred percent. If a city-
		receives a	a direct allocation under subsection 1, the allocation to that city under
		this subse	ection is limited to sixty percent of the amount otherwise determined for
		that city u	nder this subsection and the amount exceeding this limitation must be
		reallocate	d among the other cities in the county.
<del>6.</del>	<del>a.</del>	Forty-five	percent of all revenues allocated to a county infrastructure fund under
		subsectio	ns 4 and 5 must be credited by the county treasurer to the county
		general fu	nd. However, the allocation to a county under this subdivision must be-
		credited to	the state general fund if during that fiscal year the county does not
		levy a tota	al of at least ten mills for combined levies for county road and bridge,
		farm-to-m	arket and federal aid road, and county road purposes.
	<del>b.</del>	Thirty-five	percent of all revenues allocated to the county infrastructure fund-
		under sub	sections 4 and 5 must be allocated by the board of county
		commissi	oners to or for the benefit of townships in the county on the basis of
		applicatio	ns by townships for funding to offset oil and gas development impact to
		township	roads or other infrastructure needs or applications by school districts for
		repair or r	eplacement of school district vehicles necessitated by damage or-
		deteriorat	ion attributable to travel on oil and gas development-impacted roads. An-
	<del>6.</del>	<del>6.</del> a.	(b) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c

1			organized township is not eligible for an allocation of funds under this subdivision-
2			unless during that fiscal year that township levies at least ten mills for township
3			purposes. For unorganized townships within the county, the board of county-
4			commissioners may expend an appropriate portion of revenues under this
5			subdivision to offset oil and gas development impact to township roads or other
6			infrastructure needs in those townships. The amount deposited during each
7			calendar year in the county infrastructure fund which is designated for allocation
8			under this subdivision and which is unexpended and unobligated at the end of
9			the calendar year must be transferred by the county treasurer to the county road
10			and bridge fund for use on county road and bridge projects.
11		<del>C.</del>	Twenty percent of all revenues allocated to any county infrastructure fund under-
12			subsections 4 and 5 must be allocated by the county treasurer no less than
13			quarterly to the incorporated cities of the county. Apportionment among cities-
14			under this subsection must be based upon the population of each incorporated
15			city according to the last official decennial federal census. If a city receives a
16			direct allocation under subsection 1, the allocation to that city under this-
17			subsection is limited to sixty percent of the amount otherwise determined for that
18			city under this subsection and the amount exceeding this limitation must be
19			reallocated among the other cities in the county.
20	<del>7.</del>	Wit	hin thirty days after the end of each calendar year, the board of county
21		con	nmissioners of each county that has received an allocation under this section shall
22		file	a report for the calendar year with the commissioner, in a format prescribed by the
23		con	nmissioner, including:
24		<del>a.</del>	The county's statement of revenues and expenditures; and
25		<del>b.</del>	The amount available in the county infrastructure fund for allocation to or for the
26			benefit of townships or school districts, the amount allocated to each organized
27			township or school district and the amount expended from each such allocation-
28			by that township or school district, the amount expended by the board of county-
29			commissioners on behalf of each unorganized township for which an expenditure
30			was made, and the amount available for allocation to or for the benefit of

1	townships or school districts which remained unexpended at the end of the fiscal				
2	<del>year.</del>				
3	Within fifteen days after the time when reports under this subsection were due, the				
4	commissioner shall provide the reports to the legislative council compiling the				
5	information from reports received under this subsection.				
6	SECTION 4. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - NON-OIL-				
7	PRODUCING COUNTIES - EXEMPTION - REPORT TO BUDGET SECTION. There is				
8	appropriated out of any moneys in the general fund in the state treasury, not otherwise				
9	appropriated, the sum of \$112,000,000, or so much of the sum as may be necessary, to the				
10	department of transportation for the purpose of distributions to non-oil-producing counties, for				
11	the biennium beginning July 1, 2015, and ending June 30, 2017. The One-half of the				
12	distributions must be based on county major collector roadway miles as defined by the				
13	department of transportation. The distribution to each non-oil-producing county based on county				
14	major collector roadway miles must be proportional to each non-oil-producing county's total				
15	county major collector roadway miles relative to the combined total of county major collector				
16	roadway miles of all the eligible non-oil-producing counties under this section. One-half of the				
17	distributions must be based on the most recent data compiled by the upper great plains				
18	transportation institute regarding North Dakota's county, township, and tribal road and bridge				
19	infrastructure needs. The distribution to each non-oil-producing county based on total estimated				
20	road and bridge investment needs must be proportional to each non-oil-producing county's total				
21	estimated road and bridge investment needs for the years 2015 to 2034 identified by the upper				
22	great plains transportation institute relative to the combined total estimated road and bridge				
23	investment needs for the years 2015 to 2034 identified by the upper great plains transportation				
24	institute of all the eligible non-oil-producing counties under this subsection. For purposes of this				
25	section, "non-oil-producing counties" means the forty-three counties that received no allocation				
26	of funding or a total allocation under subsection 2 of section 57-51-15 of less than \$5,000,000				
27	for the period beginning September 1, 2013, and ending August 31, 2014. The amounts				
28	available under this section must be distributed on or after February 1, 2016.				
29	1. a. Each county requesting funding under this section for county road and bridge				
30	projects shall submit the request in accordance with criteria developed by the				
31	department of transportation. The request must include a proposed plan for				

1	funding projects that rehabilitate or reconstruct paved and unpaved roads and	
2	bridges within the county which are needed to support economic activity in the	
3	state or which improve traffic safety. The plan must meet the following criteria:	
4	(1) Roadways and bridges must provide continuity and connectivity to efficiently	
5	integrate and improve major paved and unpaved corridors within the county-	
6	and across county borders.	
7	(1) Roadways and bridges must provide at least one of the following:	
8	(a) Continuity and connectivity to efficiently integrate and improve major	
9	paved and unpaved corridors within the county and across county	
10	borders;	
11	(b) Connectivity to significant traffic generators; or	
12	(c) Direct improvement in traffic safety.	
13	(2) Projects must be consistent with the upper great plains transportation	
14	institute's estimated road and bridge investment needs for the years 2015 to	
15	2034 and other planning studies.	
16	(3) Upon completion of a major roadway construction or reconstruction project,	
17	the roadway segment must be posted at a legal load limit of 105,500	
18	pounds [47853.995 kilograms].	
19	(4) Design speed on the roadway must be at least 55 miles per hour	
20	[88.51 kilometers per hour], unless the department of transportation	
21	provides an exemption.	
22	(5) Projects must comply with the American association of state highway	
23	transportation officials pavement design procedures and standards	
24	developed by the department of transportation in conjunction with the local	
25	jurisdiction.	
26	(6) Bridges must be designed to meet an HL 93 loading.	
27	b. The department of transportation, in consultation with the county, may approve	
28	the plan or approve the plan with amendments. Upon approval of the plan, the	
29	department of transportation shall transfer to the county the approved funding for	
30	engineering and plan development costs. Upon execution of a construction	
31	contract by the county, the department of transportation shall transfer to the	

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1			county the approved funding for county and township rehabilitation and	
2			reconstruction projects. Counties shall report to the department of transportation	
3			upon awarding of each contract and upon completion of each project in a manner	
4			prescribed by the department.	
5		C.	Funding provided under this section may be used for construction, engineering,	
6			and plan development costs, but may not be used for routine maintenance.	
7			Funding provided under this section may be applied to engineering, and design,	
8			costs incurred on related projects as of July 1, 2015, and may be applied to	
9			construction costs incurred on related projects as of January 1, 2016. Section	
10			54-44.1-11 does not apply to funding under this section. Any funds not spent by	
11			June 30, 2017, must be continued into the biennium beginning July 1, 2017, and	
12			ending June 30, 2019, and may be expended only for the purposes authorized by	
13			this section. The funding provided in this section is considered a one-time funding	
14			item.	
15	2.	The	e department of transportation shall report to the budget section and to the	
16		арр	propriations committees of the sixty-fifth legislative assembly on the use of this one-	
17		time	e funding, including the amounts distributed to each county, the amounts spent to	
18		date	e, and the amounts anticipated to be continued into the 2017-19 biennium.	
19	SEC	стю	N 5. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT	
20	RECON	<b>IMEN</b>	IDATIONS - EXEMPTION - REPORT TO BUDGET SECTION. There is	
21	appropr	iated	out of any moneys in the oil and gas impact grant fund in the state treasury, not	
22	otherwis	se ap	propriated, the sum of <del>\$139,626,588</del> <u>\$139,300,000</u> , or so much of the sum as may	
23	be necessary, to the board of university and school lands for the purpose of oil and gas impact			
24	grants, f	for the	e biennium beginning July 1, 2015, and ending June 30, 2017. Grants awarded	
25	5 under this section are not subject to section 54-44.1-11. The commissioner of the board of			
26	university and school lands shall report to the budget section and to the appropriations			
27	committ	ees c	of the sixty-fifth legislative assembly on the use of the funding provided in this	
28	section,	inclu	ding the amounts awarded to taxing districts, the amounts spent to date, and the	
29	amounts anticipated to be continued into the 2017-2019 biennium. During the biennium			
30	beginnir	ng Ju	ly 1, 2015, and ending June 30, 2017, the energy infrastructure and impact office	

- director shall include in recommendations to the board of university and school lands on grants
  to eligible entities in oil and gas development impact areas:
- 3 1. \$10,000,000\$48,000,000, or so much of the sum as may be necessary, for grants to 4 airports impacted by oil and gas development. The director of the energy infrastructure 5 and impact office, in consultation with the aeronautics commission, shall adopt grant 6 procedures and requirements necessary for the distribution of grants under this 7 subsection, which must include cost-share requirements. Cost-share requirements 8 must consider the availability of local funds to support the project. Grant funds must be 9 distributed giving priority to projects that have been awarded or are eligible to receive 10 federal funding.
- \$10,000,000, or so much of the sum as may be necessary, for grants to hub cities. A hub city is a city that received an allocation under subdivision a of subsection 1 of section 57-51-15 in state fiscal year 2014. A hub city is eligible to receive grants from the oil and gas impact grant fund only to the extent provided for under this subsection.
   Of the funding provided in this subsection, a hub city may receive no more than \$4,000,000.
- 17 \$20,000,000\$30,000,000, or so much of the sum as may be necessary, for grants to 3. 18 school districts impacted by oil and gas development. Grant funds may be used only 19 for purposes relating to renovation and improvement projects. A school district is 20 eligible to receive grants from the oil and gas impact grant fund only to the extent that 21 the amount awarded does not bring the total amount of grants awarded from the oil 22 and gas impact grant fund to the school district for the period beginning July 1, 2011, 23 and ending June 30, 2017, to more than \$10,000,000. and must be distributed based 24 on oil and gas gross production tax distribution payments to school districts. The 25 distribution to each school district must be proportional to each school district's total 26 distribution payments under subdivision c of subsection 1, subdivision b of 27 subsection 4, or subdivision b of subsection 5 of section 57-51-15, for the period 28 beginning September 1, 2013, and ending August 31, 2014, relative to the combined 29 total of all distribution payments to school districts under subdivision c of subsection 1. 30 subdivision b of subsection 4, and subdivision b of subsection 5 of section 57-51-15, for the period beginning September 1, 2013, and ending August 31, 2014. 31

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1	3.	\$10,000,000, or so much of the sum as may be necessary, for grants to law
2		enforcement agencies impacted by oil and gas development. The director of the
3		energy infrastructure and impact office, in consultation with the drug and violent crime
4		policy board of the attorney general's office, shall adopt grant procedures and
5		requirements necessary for the distribution of grants under this subsection. The grants
6		must be distributed to law enforcement agencies in oil-impacted counties where
7		crime-related activities have increased or in other counties if the crime-related
8		activities in oil-impacted counties originated in any of those counties.
9	4.	Notwithstanding chapter 57-62, \$10,000,000, or so much of the sum as may be
10		necessary, for grants to critical access hospitals in oil-producing counties and in
11		counties contiguous to an oil-producing county to address the effects of oil and
12		gas-related economic development activities. The director of the energy infrastructure
13		and impact office, in consultation with the department of human services, shall adopt
14		grant procedures and requirements necessary for the distribution of grants under this
15		subsection. One-half of the grant funding must be distributed in January of each year
16		of the biennium.
17	5.	Notwithstanding chapter 57-62, \$8,000,000, or so much of the sum as may be
18		necessary, for grants to certain eligible counties. The grants must be distributed in
19		equal amounts to each eligible county. For purposes of this subsection, "eligible
20		counties" means the two counties that received the fifth and sixth highest amount of
21		total allocations under subsection 2 of section 57-51-15, for the period beginning
22		September 1, 2013, and ending August 31, 2014.
23	<u>    6.</u>	Notwithstanding chapter 57-62, \$6,000,000, or so much of the sum as may be
24		necessary, for grants to emergency medical services providers for expenditures that
25		would mitigate negative effects of oil and gas-related development affecting
26		emergency medical services providers providing services in oil-producing counties,
27		including the need for increased emergency medical services providers services, staff,
28		equipment, coverage, and personnel training. The director of the energy infrastructure
29		and impact office may develop grant procedures and requirements necessary for the
30		distribution of grants under this subsection.

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1	7.	\$5,000,000, or so much of the sum as may be necessary, for grants to eligible political
2		subdivisions. For purposes of this subsection, "eligible political subdivisions" means
3		counties, cities, organized townships, or other taxing districts in the seven counties
4		that individually received total allocations of less than \$5,000,000 under subsection 2
5		of section 57-51-15, for the period beginning September 1, 2013, and ending
6		<u>August 31, 2014.</u>
7	8.	Notwithstanding chapter 57-62, \$4,000,000, or so much of the sum as may be
8		necessary, for grants to nursing homes, basic care facilities, and providers of home
9		health services and hospice programs in oil-producing counties to address the effects
10		of oil and gas and related development activities. The director of the energy
11		infrastructure and impact office, in consultation with key stakeholders, shall adopt
12		grant procedures and requirements necessary for the distribution of grants under this
13		subsection. Of the \$4,000,000, up to \$500,000 must be distributed to home health
14		services and hospice programs in the two hub cities as defined under section
15		57-51-01 that received the two highest total allocations under subsection 1 of section
16		57-51-15 for the period beginning September 1, 2013, and ending August 31, 2014.
17		The remaining amount must be distributed to nursing homes and basic care facilities.
18	9.	\$3,000,000, or so much of the sum as may be necessary, for grants to fire protection
19		districts for expenditures that would mitigate negative effects of oil and gas-related
20		development affecting fire protection districts providing services in oil-producing
21		counties, including the need for increased fire protection district services, staff,
22		equipment, coverage, and personnel training. The director of the energy infrastructure
23		and impact office may develop grant procedures and requirements necessary for the
24		distribution of grants under this subsection.
25	10.	Notwithstanding chapter 57-62, \$2,000,000, or so much of the sum as may be
26		necessary, for grants to providers that serve individuals with developmental disabilities
27		located in oil-producing counties to address the effects of oil and gas-related
28		development activities. The director of the energy infrastructure and impact office, in
29		consultation with the department of human services, shall adopt grant procedures and
30		requirements necessary for the distribution of grants under this subsection. The grants
31		must be distributed in January of each year of the biennium, based on the number of

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1		full-time equivalent positions of each provider as determined by the department of
2		human services. When setting rates for the entities receiving grants under this section,
3		the department of human services shall exclude grant income received under this
4		section as an offset to costs.
5	11.	Notwithstanding chapter 57-62, \$2,000,000, or so much of the sum as may be
6		necessary, for grants to domestic violence sexual assault organizations as defined in
7		section 14-07.1-01 that are located in oil-producing counties to address the effects of
8		oil and gas-related development activities. The director of the energy infrastructure
9		and impact office, in consultation with the department of commerce, shall adopt grant
10		procedures and requirements necessary for the distribution of grants under this
11		subsection. The requirements must include required local matching funds of at least
12		two dollars of nonstate funds for each dollar of grant funds.
13	12.	\$2,000,000, or so much of the sum as may be necessary, for grants to local district
14		health units that are located in oil-producing counties to address the effects of oil and
15		gas-related development activities. The director of the energy infrastructure and
16		impact office, in consultation with the state department of health, shall adopt grant
17		procedures and requirements necessary for the distribution of grants under this
18		subsection.
19	13.	\$1,700,000, or so much of the sum as may be necessary, to each eligible city. For
20		purposes of this subsection, an "eligible city" means a city in an area impacted by oil
21		and gas development with a population of more than 1,453, but fewer than 1,603
22		according to the last official decennial federal census.
23	<del>4.<u>14.</u></del>	\$500,000, or so much of the sum as may be necessary, to each eligible city. For
24		purposes of this subsection, an "eligible city" means a city in an area impacted by oil
25		and gas development with a population of more than 1,084, but fewer than 1,097
26		according to the last official decennial federal census.
27	<del>5.<u>15.</u></del>	\$200,000, or so much of the sum as may be necessary, to each eligible city. For
28		purposes of this subsection, an "eligible city" means a city in an area impacted by oil
29		and gas development with a population of more than 445, but fewer than 475
30		according to the last official decennial federal census.

1	<del>6.<u>16.</u></del>	\$100,000, or so much of the sum as may be necessary, to each eligible city. For
2		purposes of this subsection, an "eligible city" means a city in an area impacted by oil
3		and gas development with a population of more than 1,019, but fewer than 1,070
4		according to the last official decennial federal census.
5	SEC	CTION 6. LEGISLATIVE MANAGEMENT STUDY - OIL AND GAS TAX REVENUE
6	ALLOC	ATION FORMULAS. During the 2015-16 interim, the legislative management shall
7	conside	r studying the oil and gas tax revenue allocation formulas. The study must include
8	conside	ration of current and historical allocations to political subdivisions and the appropriate
9	level of	oil and gas tax revenue allocations to political subdivisions based on infrastructure and
10	other ne	eds. The legislative management shall report its findings and recommendations,
11	togethei	with any legislation required to implement the recommendations, to the sixty-fifth
12	legislativ	ve assembly.
13	SEC	CTION 7. EFFECTIVE DATE. Section 1 of this Act is effective for tax collections received
14	by the ta	ax commissioner and for royalty, bonus, and other revenues received for deposit into the
15	<u>strategic</u>	c investment and improvements fund after June 30, 2015. Sections 12 and 23 of this Act
16	are effe	ctive for taxable events occurring after June 30, 2015.