

**HOUSE BILL NO. 1005**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer;  
2 and to amend and reenact subdivision b of subsection 2 of section 57-62-02 of the North  
3 Dakota Century Code, relating to coal severance tax allocations.

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

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
6 as may be necessary, are appropriated out of any moneys in the general fund in the state  
7 treasury, not otherwise appropriated, to the state treasurer for the purpose of defraying the  
8 expenses of the state treasurer, for the biennium beginning July 1, 2017, and ending June 30,  
9 2019, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
<del>Salaries and wages</del>	<del>\$1,427,333</del>	<del>\$0</del>	<del>\$1,427,333</del>
<del>Operating expenses</del>	<del>200,614</del>	<del>0</del>	<del>200,614</del>
<del>Coal severance payments</del>	<del>228,952</del>	<del>0</del>	<del>228,952</del>
<del>Total general fund</del>	<del>\$1,856,899</del>	<del>\$0</del>	<del>\$1,856,899</del>
<del>Full-time equivalent positions</del>	<del>8.00</del>	<del>0.00</del>	<del>8.00</del>
Salaries and wages	\$1,427,333	(\$109,535)	\$1,317,798
Operating expenses	200,614	50,646	251,260
Coal severance payments	228,952	(48,952)	180,000
Total general fund	\$1,856,899	(\$107,841)	\$1,749,058
Full-time equivalent positions	8.00	(1.00)	7.00

22 **SECTION 2. HEALTH INSURANCE INCREASE.** The salaries and wages line item in  
23 section 1 of this Act includes the sum of \$22,898 from the general fund for increases in  
24 employee health insurance premiums from \$1,130 to \$1,249 per month.

1       **SECTION 3. ONE-TIME FUNDING.** The following amounts reflect the one-time funding  
2 items approved by the sixty-fourth legislative assembly for the 2015-17 biennium:

3 <u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
4 Information technology costs	\$65,699	\$0
5 Property tax relief	233,425,000	0
6 Nonoil transportation funding	<u>7,676,000</u>	<u>0</u>
7 Total general fund	\$241,166,699	\$0

8       **SECTION 4. AMENDMENT.** Subdivision b of subsection 2 of section 57-62-02 of the  
9 North Dakota Century Code is amended and reenacted as follows:

10       b. If the tipple of a currently active coal mining operation in a county is within fifteen  
11 miles [24.14 kilometers] of another county in which no coal is mined, the revenue  
12 from the production not exceeding the production limitation in a calendar year  
13 which is apportioned from that coal mining operation according to this subsection  
14 must be allocated, subject to the definitions of terms and the requirements in  
15 paragraph 4, as provided in this subdivision. For purposes of this subdivision, the  
16 production limitation is ~~three million eight hundred thousand tons [3447302.02-~~  
17 ~~metric tons] through calendar year 1995, three million six hundred thousand tons-~~  
18 ~~[3265865.07 metric tons] in calendar years 1996 and 1997, and three million four~~  
19 ~~hundred thousand tons [3084428.12 metric tons] in calendar years after~~  
20 ~~1997~~three million four hundred thousand tons [3084428.12 metric tons] through  
21 calendar year 2017 and three million tons [2721554.22 metric tons] after calendar  
22 year 2017. Revenue from production exceeding the production limitation in a  
23 calendar year from that coal mining operation must be allocated only within the  
24 coal-producing county under subdivision a. Allocations under this subdivision  
25 must be made as follows:

- 26       (1) Thirty percent must be paid by the state treasurer to the incorporated cities  
27 of the coal-producing county and to any city of a non-coal-producing county  
28 when any portion of the city lies within fifteen miles [24.14 kilometers] of the  
29 tipple of the currently active coal mining operation in the coal-producing  
30 county, based upon the population of each incorporated city according to  
31 the last official regular or special federal census or the census taken in

1 accordance with the provisions of chapter 40-02 in case of a city  
2 incorporated subsequent to such census.

3 (2) Forty percent must be divided by the state treasurer between the general  
4 fund of the coal-producing county and the general fund of any  
5 non-coal-producing county when any portion of the latter county lies within  
6 fifteen miles [24.14 kilometers] of the tipple of the currently active coal  
7 mining operation in the coal-producing county. The non-coal-producing  
8 county portion must be based upon the ratio which the assessed valuation  
9 of all quarter sections of land in that county, any portion of which lies within  
10 fifteen miles [24.14 kilometers] of the tipple of the currently active coal  
11 mining operation, bears to the combined assessed valuations of all land in  
12 the coal-producing county and the quarter sections of land in the  
13 non-coal-producing county within fifteen miles [24.14 kilometers] of the  
14 tipple of the currently active coal mining operation. The county director of  
15 tax equalization of the coal-producing county shall certify to the state  
16 treasurer the number of quarter sections of land in the non-coal-producing  
17 counties which lie at least in part within fifteen miles [24.14 kilometers] of  
18 the tipple of the currently active coal mining operation and their assessed  
19 valuations.

20 (3) Thirty percent must be apportioned by the state treasurer to school districts  
21 within the coal-producing county and to school districts in adjoining  
22 non-coal-producing counties when a portion of those school districts' land  
23 includes any of the quarter sections of land certified by the director of tax  
24 equalization to the state treasurer to be eligible to share county funds as  
25 provided for in paragraph 2. The county superintendent of the  
26 non-coal-producing counties shall certify to the state treasurer the number  
27 of students actually residing on these quarter sections lying outside the  
28 coal-producing county and each school district in non-coal-producing  
29 counties shall receive a portion of the money under this paragraph based  
30 upon the ratio of the number of children residing on quarter sections of that  
31 school district within the fifteen-mile [24.14-kilometer] radius of the tipple of

1 a currently active coal mining operation to the total number of schoolchildren  
2 from the coal-producing county combined with all the schoolchildren  
3 certified to be living on quarter sections within fifteen miles [24.14  
4 kilometers] of the tipple of the currently active coal mining operation in the  
5 coal-producing county.

6 (4) For the purposes of this subdivision:

7 (a) The terms "currently active coal mining operation in a county",  
8 "currently active coal mining operation in the coal-producing county",  
9 and "currently active coal mining operation" mean a coal mining  
10 operation that produced more than one hundred fifty thousand tons  
11 [136077.71 metric tons] of coal in a coal-producing county during the  
12 prior quarterly period.

13 (b) The term "coal-producing county" means a county in which more than  
14 one hundred fifty thousand tons [136077.71 metric tons] of coal were  
15 mined in the prior quarterly period.

16 (c) The term "another county in which no coal is mined" means a county  
17 in which not more than seventy-five thousand tons [68038.86 metric  
18 tons] of coal were mined in the prior quarterly period.

19 (d) The terms "non-coal-producing county" and "non-coal-producing  
20 counties" mean any county in which not more than seventy-five  
21 thousand tons [68038.86 metric tons] of coal were mined in the prior  
22 quarterly period.

23 (e) In computing each amount to be paid as provided in paragraph 1, 2,  
24 or 3 for coal severance tax revenue from coal mined during a monthly  
25 period, the state treasurer shall deduct from the allocation the amount  
26 of coal severance tax revenue, if any, that the governmental body in  
27 the non-coal-producing county received from the coal mined in the  
28 non-coal-producing county during the same monthly period.

29 (5) The state treasurer shall allocate funds provided by legislative appropriation  
30 to cities, the county general fund, and school districts within a  
31 coal-producing county according to the allocation method provided in

1 subdivision a in an amount to offset fifty percent of the loss of that county's  
2 share of coal severance tax revenue allocated to a non-coal-producing  
3 county under this subdivision in the previous calendar year for the payments  
4 through calendar year 2018 and to offset thirty percent of the loss of that  
5 county's share of coal severance tax revenue allocated to a non-coal-  
6 producing county under this subdivision in the previous calendar year for  
7 payments after calendar year 2018. The state treasurer shall make the  
8 allocation and distribute the funds, within the limits of legislative  
9 appropriations, under this paragraph during the first month of each calendar  
10 year. The state treasurer shall include in each biennial budget request the  
11 amounts estimated to be necessary for the biennium for purposes of this  
12 paragraph, based on the allocations under this subdivision in the most  
13 recent calendar years.