

**FIRST ENGROSSMENT  
with House Amendments  
ENGROSSED SENATE BILL NO. 2013**

Introduced by

Appropriations Committee

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 transfers; to provide for distributions from permanent  
3 funds; to amend and reenact section 15-01-01, subsection 5 of section 57-51-01, and section  
4 57-51-15 of the North Dakota Century Code, relating to oil and gas gross production tax  
5 definitions and allocations; to provide for funding repayments; to provide exemptions; to provide  
6 for reports; to provide statements of legislative intent; to provide for a legislative management  
7 study; and to provide an effective date.

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

9 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
10 as may be necessary, are appropriated from special funds derived from the state lands  
11 maintenance fund, the strategic investment and improvements fund, and the oil and gas impact  
12 grant fund in the state treasury, to the commissioner of university and school lands for the  
13 purpose of defraying the expenses of the commissioner of university and school lands, for the  
14 biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
15				
16				
17	Salaries and wages	\$6,123,516	(\$295,046)	\$5,828,470
18	Operating expenses	2,019,637	(266,939)	1,752,698
19	Grants	99,300,000	(59,300,000)	40,000,000
20	Contingencies	100,000	0	100,000
21	Energy infrastructure and impact office	<u>700,000</u>	<u>(479,283)</u>	<u>220,717</u>
22	Total special funds	\$108,243,153	(\$60,341,268)	\$47,901,885
23	Full-time equivalent positions	33.00	(3.00)	30.00

1       **SECTION 2. HEALTH INSURANCE INCREASE.** The appropriation in section 1 of this Act  
2 includes \$89,948 from special funds for increases in employee health insurance premiums from  
3 \$1,130 to \$1,241 per month.

4       **SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**  
5 **SIXTY-SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
6 items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the  
7 2017-19 biennium one-time funding items included in the appropriation in section 1 of this Act:

8 <u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
9 Oil and gas impact grants - airports	\$0	\$25,000,000
10 Other grants - airports	<u>0</u>	<u>15,000,000</u>
11 Total special funds	\$0	\$40,000,000

12 The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for  
13 the 2019-21 biennium. The commissioner of university and school lands shall report to the  
14 appropriations committees of the sixty-sixth legislative assembly on the use of this one-time  
15 funding for the biennium beginning July 1, 2017, and ending June 30, 2019.

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

21       **SECTION 5. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to article IX of the  
22 Constitution of North Dakota, the board of university and school lands shall distribute during the  
23 biennium beginning July 1, 2017, and ending June 30, 2019, the following amounts, from the  
24 permanent funds managed for the benefit of the following entities:

25 Commons schools	\$288,264,000
26 North Dakota state university	4,738,000
27 University of North Dakota	3,662,000
28 Youth correctional center	1,422,000
29 School for the deaf	1,598,000
30 North Dakota state college of science	1,446,286
31 State hospital	1,370,286

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Legislative Assembly

1	Veterans' home	622,286
2	Valley City state university	808,000
3	North Dakota vision services - school for the blind	840,286
4	Mayville state university	542,000
5	Dakota college at Bottineau	186,286
6	Dickinson state university	186,286
7	Minot state university	<u>186,286</u>
8	Total	\$305,872,002

9       **SECTION 6. ONE-TIME ADJUSTMENT TO DISTRIBUTIONS TO STATE INSTITUTIONS.**

10 Pursuant to article IX of the Constitution of North Dakota and in addition to the distributions in  
11 section 4 of this Act, the board of university and school lands shall distribute during the  
12 biennium beginning July 1, 2017, and ending June 30, 2019, the following one-time corrections  
13 resulting from the misallocation of prior mineral revenues, from the permanent funds managed  
14 for the benefit of the following entities:

15	North Dakota state college of science	\$89,698
16	State hospital	89,698
17	Veterans' home	89,698
18	North Dakota vision services - school for the blind	89,698
19	Dakota college at Bottineau	89,698
20	Dickinson state university	89,698
21	Minot state university	89,698
22	Youth correctional center	<u>(621,186)</u>
23	Total	\$6,700

24       **SECTION 7. EXEMPTION - OIL AND GAS IMPACT GRANT FUND.** The amount  
25 appropriated from the oil and gas impact grant fund for the energy infrastructure and impact  
26 office line item in section 1 of chapter 13 of the 2015 Session Laws and for oil and gas impact  
27 grants in section 5 of chapter 463 of the 2015 Session Laws is not subject to section  
28 54-44.1-11. Any money deposited in the fund for taxable events occurring through June 30,  
29 2017, and any unexpended funds from the appropriation are available for grants and  
30 administrative costs associated with the fund during the biennium beginning July 1, 2017, and  
31 ending June 30, 2019.

1       **SECTION 8. EXEMPTION - FLOOD-IMPACTED POLITICAL SUBDIVISION**

2       **INFRASTRUCTURE DEVELOPMENT GRANTS.** Up to \$1,325,500 appropriated from the  
3 general fund in section 10 of chapter 579 of the 2011 Session Laws for flood-impacted political  
4 subdivision infrastructure development grants, which was awarded but not yet reimbursed to the  
5 city of Minot for a landfill expansion project, is not subject to section 54-44.1-11, and any  
6 unexpended funds are available to reimburse the city of Minot during the biennium beginning  
7 July 1, 2017, and ending June 30, 2019.

8       **SECTION 9. OIL AND GAS IMPACT GRANT FUND - AIRPORT GRANTS.** The grants line  
9 item and the total special funds line item in section 1 of this Act include the sum of \$25,000,000  
10 from the oil and gas impact grant fund for grants to airports, for the biennium beginning July 1,  
11 2017, and ending June 30, 2019. Of the \$25,000,000, the board of university and school lands  
12 shall award a grant of \$20,000,000 to the Williston airport and a grant of \$5,000,000 to the  
13 Dickinson airport. A grant may be awarded to the Williston airport only when any related federal  
14 funding is committed and available to be spent on the new airport construction project. Grants  
15 awarded but not yet paid under this section are not subject to section 54-44.1-11.

16       **SECTION 10. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - WILLISTON**

17       **AIRPORT GRANT.** The grants line item and the total special funds line item in section 1 of this  
18 Act include the sum of \$15,000,000 from the strategic investment and improvements fund for a  
19 grant to the Williston airport, for the biennium beginning July 1, 2017, and ending June 30,  
20 2019. A grant may be awarded to the Williston airport only when any related federal funding is  
21 committed and available to be spent on the new airport construction project. Grants awarded  
22 but not yet paid under this section are not subject to section 54-44.1-11.

23       **SECTION 11. AMENDMENT.** Section 15-01-01 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25       **15-01-01. Board - Membership - Officers.**

26       The governor, secretary of state, state treasurer, attorney general, and superintendent of  
27 public instruction shall constitute the "board of university and school lands". The governor must  
28 be the chairman, the secretary of state must be the vice chairman, and the commissioner of  
29 university and school lands must be the secretary of the board. In the absence of the  
30 commissioner at any meeting of the board, the deputy commissioner of university and school  
31 lands shall act as secretary. When acting as the board of university and school lands, the

1 members of the board shall act in person and may not be represented by any assistant, clerk,  
2 or deputy. The speaker of the house and the president pro tempore of the senate each shall  
3 appoint one individual to advise the board. The individual appointed to advise the board may  
4 attend and participate in all meetings of the board, but may not vote.

5 **SECTION 12. AMENDMENT.** Subsection 5 of section 57-51-01 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7 5. "Hub city" means, ~~for the period beginning September 1, 2015, and ending August 31,~~  
8 ~~2017, a city with a population of twelve thousand five hundred or more, according to~~  
9 ~~the last official decennial federal census, which has more than one percent of its~~  
10 ~~private covered employment engaged in oil and gas related employment, according to~~  
11 ~~annual data compiled by job service North Dakota. "Hub city" means, after August 31,~~  
12 ~~2017, a city with a population of twelve thousand five hundred or more, according to~~  
13 ~~the last official decennial federal census, which has more than one percent of its~~  
14 ~~private covered employment engaged in the mining industry, according to annual data~~  
15 ~~compiled by job service North Dakota.~~

16 **SECTION 13. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18 **57-51-15. Gross production tax allocation.**

19 The gross production tax must be allocated monthly as follows:

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

24 a. ~~Allocate, for the period beginning September 1, 2015, and ending August 31,~~  
25 ~~2017, to each hub city, which is located in a county that received an allocation~~  
26 ~~under subsection 2, a monthly amount that will provide a total allocation of three~~  
27 ~~hundred seventy-five thousand dollars per fiscal year for each full or partial~~  
28 ~~percentage point of its private covered employment engaged in oil and~~  
29 ~~gas related employment, according to annual data compiled by job service North~~  
30 ~~Dakota and after August 31, 2017, allocate to~~To each hub city, which is located in  
31 a county that received an allocation under subsection 2 in the most recently

1 completed even-numbered fiscal year, the state treasurer shall allocate a monthly  
2 amount that will provide a total allocation of three hundred seventy-five thousand  
3 dollars per fiscal year for each full or partial percentage point, excluding the first  
4 two percentage points, of its private covered employment engaged in the mining  
5 industry, according to annual data compiled by job service North Dakota;.

6 b. ~~Allocate, for the period beginning September 1, 2015, and ending August 31,~~  
7 ~~2017, to each hub city, which is located in a county that did not receive an~~  
8 ~~allocation under subsection 2, a monthly amount that will provide a total~~  
9 ~~allocation of two hundred fifty thousand dollars per fiscal year for each full or~~  
10 ~~partial percentage point of its private covered employment engaged in oil and~~  
11 ~~gas-related employment, according to annual data compiled by job service North~~  
12 ~~Dakota and after August 31, 2017, allocate to~~ To each hub city, which is located in  
13 a county that did not receive an allocation under subsection 2 in the most  
14 recently completed even-numbered fiscal year, the state treasurer shall allocate a  
15 monthly amount that will provide a total allocation of two hundred fifty thousand  
16 dollars per fiscal year for each full or partial percentage point, excluding the first  
17 two percentage points, of its private covered employment engaged in the mining  
18 industry, according to annual data compiled by job service North Dakota;.

19 c. ~~Allocate, for the period beginning September 1, 2015, and ending August 31,~~  
20 ~~2017, to each hub city school district, which is located in a county that received~~  
21 ~~an allocation under subsection 2, a monthly amount that will provide a total~~  
22 ~~allocation of one hundred twenty-five thousand dollars per fiscal year for each full~~  
23 ~~or partial percentage point of the hub city's private covered employment engaged~~  
24 ~~in oil and gas-related employment, according to annual data compiled by job~~  
25 ~~service North Dakota and after August 31, 2017, allocate to~~ To each hub city  
26 school district, which is located in a county that received an allocation under  
27 subsection 2 in the most recently completed even-numbered fiscal year, the state  
28 treasurer shall allocate a monthly amount that will provide a total allocation of one  
29 hundred twenty-five thousand dollars per fiscal year for each full or partial  
30 percentage point, excluding the first two percentage points, of the hub city's  
31 private covered employment engaged in the mining industry, according to annual

1 data compiled by job service North Dakota, ~~provided that hub.~~ Hub city school  
2 districts, which are located in a county that did not receive an allocation under  
3 subsection 2 in the most recently completed even-numbered fiscal year, must be  
4 excluded from the allocations under this subdivision;

5 d. ~~Allocate to~~To each county that received more than five million dollars but less  
6 than thirty million dollars of total allocations under subsection 2 in ~~state~~the most  
7 recently completed even-numbered fiscal year 2014, the state treasurer shall  
8 allocate a monthly amount that will provide a total allocation of one million five-  
9 hundred thousand dollars per fiscal year ~~to be added by the state treasurer~~be  
10 added to the allocations to school districts under subdivision b of subsection 5;

11 e. ~~Credit revenues to the oil and gas impact grant fund, but not in an amount~~  
12 ~~exceeding one hundred forty million dollars per biennium for the 2015-17-~~  
13 ~~biennium, and not in an amount exceeding one hundred million dollars per~~  
14 ~~biennium thereafter;~~

15 f. ~~Credit eight percent of the amount available under this subsection to the North~~  
16 ~~Dakota outdoor heritage fund, but not in an amount exceeding twenty million-~~  
17 ~~dollars in a state fiscal year and not in an amount exceeding forty million dollars~~  
18 ~~per biennium;~~

19 g. ~~Credit four percent of the amount available under this subsection to the~~  
20 ~~abandoned oil and gas well plugging and site reclamation fund, but not in an~~  
21 ~~amount exceeding seven million five hundred thousand dollars in a state fiscal~~  
22 ~~year and not in an amount that would bring the balance in the fund to more than~~  
23 ~~one hundred million dollars; and~~

24 h. ~~Allocate the remaining revenues under subsection 3~~ as follows:

25 (1) To each county that received more than five million dollars but not  
26 exceeding ten million dollars of total allocations under subsection 2 in the  
27 most recently completed even-numbered fiscal year, the state treasurer  
28 shall allocate a monthly amount that will provide a total allocation of one  
29 million five hundred thousand dollars per fiscal year. The allocation must be  
30 distributed to school districts within the county pursuant to subdivision b of  
31 subsection 5.

1           (2) To each county that received more than ten million dollars but not exceeding  
2           fifteen million dollars of total allocations under subsection 2 in the most  
3           recently completed even-numbered fiscal year, the state treasurer shall  
4           allocate a monthly amount that will provide a total allocation of one million  
5           two hundred fifty thousand dollars per fiscal year. The allocation must be  
6           distributed to school districts within the county pursuant to subdivision b of  
7           subsection 5.

8           (3) To each county that received more than fifteen million dollars but not  
9           exceeding twenty million dollars of total allocations under subsection 2 in  
10          the most recently completed even-numbered fiscal year, the state treasurer  
11          shall allocate a monthly amount that will provide a total allocation of one  
12          million dollars per fiscal year. The allocation must be distributed to school  
13          districts within the county pursuant to subdivision b of subsection 5.

14          (4) To each county that received more than twenty million dollars but not  
15          exceeding twenty-five million dollars of total allocations under subsection 2  
16          in the most recently completed even-numbered fiscal year, the state  
17          treasurer shall allocate a monthly amount that will provide a total allocation  
18          of seven hundred fifty thousand dollars per fiscal year. The allocation must  
19          be distributed to school districts within the county pursuant to subdivision b  
20          of subsection 5.

21          (5) To each county that received more than twenty-five million dollars but not  
22          exceeding thirty million dollars of total allocations under subsection 2 in the  
23          most recently completed even-numbered fiscal year, the state treasurer  
24          shall allocate a monthly amount that will provide a total allocation of five  
25          hundred thousand dollars per fiscal year. The allocation must be distributed  
26          to school districts within the county pursuant to subdivision b of  
27          subsection 5.

28          e. (1) For the period beginning September 1, 2017, and ending August 31, 2019,  
29          the state treasurer shall allocate eight percent of the amount available under  
30          this subsection to the North Dakota outdoor heritage fund, but not in an  
31          amount exceeding ten million dollars per biennium. For purposes of this

1 paragraph, "biennium" means the period beginning September first of each  
2 odd-numbered calendar year and ending August thirty-first of the following  
3 odd-numbered calendar year.

4 (2) After August 31, 2019, the state treasurer shall allocate eight percent of the  
5 amount available under this subsection to the North Dakota outdoor  
6 heritage fund, but not in an amount exceeding twenty million dollars per  
7 fiscal year.

8 f. (1) For the period beginning September 1, 2017, and ending August 31, 2019,  
9 the state treasurer shall allocate four percent of the amount available under  
10 this subsection to the abandoned oil and gas well plugging and site  
11 reclamation fund, but not in an amount exceeding four million dollars per  
12 fiscal year and not in an amount that would bring the balance in the fund to  
13 more than one hundred million dollars.

14 (2) After August 31, 2019, the state treasurer shall allocate four percent of the  
15 amount available under this subsection to the abandoned oil and gas well  
16 plugging and site reclamation fund, but not in an amount exceeding seven  
17 million five hundred thousand dollars per fiscal year and not in an amount  
18 that would bring the balance in the fund to more than one hundred million  
19 dollars.

20 g. For the period beginning September 1, 2017, and ending August 31, 2019, the  
21 state treasurer shall allocate the remaining revenues in the following order:

22 (1) Up to twenty-five million dollars to the oil and gas impact grant fund.

23 (2) Any remaining revenues under subsection 3.

24 h. After August 31, 2019, the state treasurer shall allocate the remaining revenues  
25 in the following order:

26 (1) Up to five million dollars per biennium to the oil and gas impact grant fund.

27 For purposes of this paragraph, "biennium" means the period beginning  
28 September first of each odd-numbered calendar year and ending  
29 August thirty-first of the following odd-numbered calendar year.

30 (2) Any remaining revenues under subsection 3.

- 1           i. For purposes of this subsection, "fiscal year" means the period beginning  
2           September first and ending August thirty-first of the following calendar year.
- 3           2. After deduction of the amount provided in subsection 1, annual revenue collected  
4           under this chapter from oil and gas produced in each county must be allocated as  
5           follows:
- 6           a. The first five million dollars is allocated to the county.  
7           b. Of all annual revenue exceeding five million dollars, thirty percent is allocated to  
8           the county.
- 9           3. After the allocations under subsections 1 and 2, the amount remaining is allocated first  
10          to provide for deposit of thirty percent of all revenue collected under this chapter in the  
11          legacy fund as provided in section 26 of article X of the Constitution of North Dakota  
12          and the remainder must be allocated to the state general fund. If the amount available  
13          for a monthly allocation under this subsection is insufficient to deposit thirty percent of  
14          all revenue collected under this chapter in the legacy fund, the state treasurer shall  
15          transfer the amount of the shortfall from the state general fund share of oil extraction  
16          tax collections and deposit that amount in the legacy fund.
- 17          4. For a county that received less than five million dollars of allocations under  
18          subsection 2 in ~~state~~the most recently completed even-numbered fiscal year ~~2014~~,  
19          revenues allocated to that county must be distributed at least quarterly by the state  
20          treasurer as follows:
- 21          a. Forty-five percent must be distributed to the county treasurer and credited to the  
22          county general fund. However, the distribution to a county under this subdivision  
23          must be credited to the state general fund if in a taxable year after 2012 the  
24          county is not levying a total of at least ten mills for combined levies for county  
25          road and bridge, farm-to-market and federal aid road, and county road purposes.
- 26          b. Thirty-five percent must be distributed to school districts within the county on the  
27          average daily attendance distribution basis for kindergarten through grade twelve  
28          students residing within the county, as certified to the state treasurer by the  
29          county superintendent of schools. However, a hub city school district must be  
30          omitted from distributions under this subdivision.

- 1           c. Twenty percent must be distributed to the incorporated cities of the county. A hub  
2           city must be omitted from distributions under this subdivision. Distributions  
3           among cities under this subsection must be based upon the population of each  
4           incorporated city according to the last official decennial federal census. In  
5           determining the population of any city in which total employment increases by  
6           more than two hundred percent seasonally due to tourism, the population of that  
7           city for purposes of this subdivision must be increased by eight hundred percent.
- 8           d. For purposes of this subsection, "fiscal year" means the period beginning  
9           September first and ending August thirty-first of the following calendar year.
- 10          5. For a county that received five million dollars or more of allocations under subsection 2  
11          in ~~stat~~the most recently completed even-numbered fiscal year 2014, revenues  
12          allocated to that county must be distributed at least quarterly by the state treasurer as  
13          follows:
- 14          a. Sixty percent must be distributed to the county treasurer and credited to the  
15          county general fund. However, the distribution to a county under this subdivision  
16          must be credited to the state general fund if in a taxable year after 2012 the  
17          county is not levying a total of at least ten mills for combined levies for county  
18          road and bridge, farm-to-market and federal aid road, and county road purposes.
- 19          b. Five percent must be distributed to school districts within the county on the  
20          average daily attendance distribution basis for kindergarten through grade twelve  
21          students residing within the county, as certified to the state treasurer by the  
22          county superintendent of schools. However, a hub city school district must be  
23          omitted from distributions under this subdivision.
- 24          c. Twenty percent must be distributed to the incorporated cities of the county. A hub  
25          city must be omitted from distributions under this subdivision. Distributions  
26          among cities under this subsection must be based upon the population of each  
27          incorporated city according to the last official decennial federal census. In  
28          determining the population of any city in which total employment increases by  
29          more than two hundred percent seasonally due to tourism, the population of that  
30          city for purposes of this subdivision must be increased by eight hundred percent.

- 1           d. ~~Three~~One percent must be allocated among the organized and unorganized  
2           townships of the county. The state treasurer shall allocate the funds available  
3           under this subdivision among townships in proportion to each township's road  
4           miles relative to the total township road miles in the county. The amount allocated  
5           to unorganized townships under this subdivision must be distributed to the county  
6           treasurer and credited to a special fund for unorganized township roads, which  
7           the board of county commissioners shall use for the maintenance and  
8           improvement of roads in unorganized townships.
- 9           e. ~~Three~~One percent must be allocated among the organized and unorganized  
10          townships in all the counties that received five million dollars or more of  
11          allocations under subsection 2 in the most recently completed  
12          stateeven-numbered fiscal year. The amount available under this subdivision  
13          must be allocated by the state treasurer in an equal amount to each eligible  
14          organized and unorganized township. The amount allocated to unorganized  
15          townships under this subdivision must be distributed to the county treasurer and  
16          credited to a special fund for unorganized township roads, which the board of  
17          county commissioners shall use for the maintenance and improvement of roads  
18          in unorganized townships.
- 19          f. Four percent must be allocated among the organized and unorganized townships  
20          in all the non-oil-producing counties. The amount available under this subdivision  
21          must be allocated by the state treasurer in an equal amount to each eligible  
22          organized and unorganized township. The amount allocated to unorganized  
23          townships under this subdivision must be distributed to the county treasurer and  
24          credited to a special fund for unorganized township roads which the board of  
25          county commissioners shall use for the maintenance and improvement of roads  
26          in unorganized townships. For purposes of this subdivision, "non-oil-producing  
27          counties" means the counties that received no allocation or a total allocation of  
28          less than five million dollars under subsection 2 in the most recently completed  
29          even-numbered fiscal year.
- 30          g. Nine percent must be distributed among hub cities. Sixty percent of funds  
31          available under this subdivision must be distributed to the hub city receiving the

1 highest percentage of allocations to hub cities under subdivision a of  
2 subsection 1 for the quarterly period, thirty percent of funds available under this  
3 subdivision must be distributed to the hub city receiving the second highest  
4 percentage of such allocations, and ten percent of funds available under this  
5 subdivision must be distributed to the hub city receiving the third highest  
6 percentage of such allocations. Hub cities, which are located in a county that did  
7 not receive an allocation under subsection 2 in the most recently completed  
8 even-numbered fiscal year, must be excluded from the allocations under this  
9 subsection. If fewer than three hub cities are eligible for the allocations under this  
10 subdivision, the state treasurer shall allocate the available funds in proportion to  
11 the amounts the eligible hub cities received under subdivision a of subsection 1.

12 h. For purposes of this subsection, "fiscal year" means the period beginning  
13 September first and ending August thirty-first of the following calendar year.

- 14 6. Within thirty days after the end of each calendar year, the board of county  
15 commissioners of each county that has received an allocation under this section shall  
16 file a report for the calendar year with the commissioner, in a format prescribed by the  
17 commissioner, including:
- 18 a. The county's statement of revenues and expenditures;
  - 19 b. The county's ending fund balances;
  - 20 c. The amounts allocated under this section to the county's general fund, the  
21 amounts expended from these allocations, and the purposes of the expenditures;  
22 and
  - 23 d. The amounts allocated under this section to or for the benefit of townships within  
24 the county, the amounts expended from these allocations, and the purposes of  
25 the expenditures.

26 Within fifteen days after the time when reports under this subsection are due, the  
27 commissioner shall provide the reports to the legislative council compiling the  
28 information from reports received under this subsection.

- 29 7. Within thirty days after the end of each fiscal year ended June thirtieth, each school  
30 district that has received an allocation under this section shall file a report for the fiscal

1 year ended June thirtieth with the commissioner, in a format prescribed by the  
2 commissioner, including:

- 3 a. The school district's statement of revenue and expenditures;
- 4 b. The school district's ending fund balances; and
- 5 c. The amounts allocated under this section to the school district, the amounts  
6 expended from these allocations, and the purposes of the expenditures.

7 Within fifteen days after the time when reports under this subsection are due, the  
8 commissioner shall provide the reports to the legislative council compiling the  
9 information from reports received under this subsection.

10 **SECTION 14. DEPARTMENT OF TRUST LANDS - WILLISTON AIRPORT FUNDING**

11 **REPAYMENTS - DEPOSIT.** The city of Williston shall use the proceeds from the sale of the  
12 existing Williston airport, excluding any proceeds used to repay the Bank of North Dakota for  
13 outstanding loans related to the new airport, for repaying the department of trust lands up to  
14 \$27,500,000 for a portion of the state's financial assistance provided for the new Williston  
15 airport. The department of trust lands shall deposit any funds received under this section in the  
16 strategic investment and improvements fund.

17 **SECTION 15. LEGISLATIVE INTENT - HUB CITY BONDING.** It is the intent of the  
18 sixty-fifth legislative assembly that during the period beginning July 1, 2017, and ending  
19 June 30, 2019, hub cities, as defined in section 57-51-01, not issue any new bonds based on  
20 anticipated future hub city oil tax revenue allocations under section 57-51-01.

21 **SECTION 16. LEGISLATIVE INTENT - AGENCY EFFICIENCIES.** It is the intent of the  
22 sixty-fifth legislative assembly that during the 2017-18 interim, the governor and the  
23 commissioner of university and school lands achieve efficiencies and budgetary savings within  
24 the department of trust lands through the use of innovative ideas and through alternative  
25 solutions relating to information technology.

26 **SECTION 17. LEGISLATIVE INTENT - ENCOURAGEMENT OF ENERGY**  
27 **INFRASTRUCTURE INVESTMENT - COMMISSIONER OF UNIVERSITY AND SCHOOL**  
28 **LANDS - USE OF TERMS.** It is the intent of the sixty-fifth legislative assembly that the state of  
29 North Dakota encourage the continued development of energy infrastructure that will help  
30 reduce instances of natural gas flaring and increase the market value received for oil and gas  
31 produced within the state generally and from state-owned lands specifically which will increase

1 the value of royalties paid to the funds under the control of the board of university and school  
2 lands. Consistent with this intent, the commissioner of university and school lands shall  
3 continue to interpret the terms "gross production," "market value," and "gross proceeds of sale"  
4 in its lease form to mean a value determined at the producing well or associated production  
5 facility, or in the surrounding field or area, where the oil and gas was produced, before any post-  
6 production activities undertaken by the lessee, operator, or purchaser after the oil and gas has  
7 been transported from the producing well and associated production facility. These values must  
8 be determined by the amount received by the lessee in an arm's length contract, or in the  
9 absence of an arm's length contract, either a comparable sales method or a work-back  
10 calculation methodology consistent with state law.

11 **SECTION 18. LEGISLATIVE MANAGEMENT STUDY - OIL AND GAS TAX REVENUE**  
12 **ALLOCATIONS TO HUB CITIES AND HUB CITY SCHOOL DISTRICTS.**

- 13 1. During the 2017-18 interim, the legislative management shall consider studying oil and  
14 gas tax revenue allocations to hub cities and hub city school districts. The study must  
15 include consideration of the following:
- 16 a. The current and historical oil and gas tax revenue allocations to hub cities and  
17 hub city school districts.
  - 18 b. Other state funding provided to hub cities and hub city school districts, including  
19 grants from the oil and gas impact grant fund, distributions from the strategic  
20 investment and improvements fund, state school aid payments, and payments  
21 from the state aid distribution fund and highway tax distribution fund.
  - 22 c. Local taxing and revenue levels in hub cities compared to cities in  
23 non-oil-producing counties, including mill levies, property tax values, local sales  
24 and use taxes, and other revenue sources.
  - 25 d. The appropriate level of oil and gas tax revenue allocations to hub cities and hub  
26 city school districts based on infrastructure and other needs.
  - 27 e. The estimated fiscal impact to hub cities, hub city school districts, other political  
28 subdivisions, and the state if the oil and gas tax revenue allocation formula would  
29 be changed to transition hub cities and hub city school districts from allocations  
30 under subsection 1 of section 57-51-15 to allocations under subsections 4 and 5  
31 of section 57-51-15.

- 1           f. The estimated fiscal impact to hub cities, hub city school districts, other political  
2           subdivisions, and the state if the oil and gas tax revenue allocation formula would  
3           be changed to discontinue the allocations to hub cities and hub city school  
4           districts under subsection 1 of section 57-51-15.
- 5           2. The membership of the committee assigned the responsibility of the study must  
6           proportionately reflect the state's population distribution between oil-producing  
7           counties and non-oil-producing counties and must include members from the finance  
8           and taxation committees and the appropriations committees.
- 9           3. The legislative management shall report its findings and recommendations, together  
10          with any legislation required to implement the recommendations, to the sixty-sixth  
11          legislative assembly.
- 12          **SECTION 19. EFFECTIVE DATE.** Sections 12 and 13 of this Act are effective for taxable  
13          events occurring after June 30, 2017.