

Introduced by

1 A BILL for an Act to create and enact a new section to chapter 57-62 of the North Dakota
2 Century Code, relating to impact grants; and to amend and reenact subsection 1 of section
3 57-51-15 and sections 57-62-04, 57-62-05, and 57-62-06 of the North Dakota Century Code,
4 relating to the allocation of oil and gas production taxes and the energy development impact
5 office and grants.

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

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

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

NOTE: In subdivision a, the amount of the cap on the oil and gas impact grant fund will be provided at the September 16, 2010, meeting.

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

3 **57-62-04. Energy development impact office - Appointment of director.** There is
4 hereby created an energy development impact office, to be a division within the office of the
5 commissioner of the board of university and school lands, the director of which must be
6 appointed by and serve at the pleasure of the ~~board~~ commissioner of university and school
7 lands. The director shall have knowledge of state and local government and shall have
8 experience or training in the fields of taxation and accounting. The salary of the director must
9 be set by the commissioner of university and school lands within the limits of legislative
10 appropriations. The director may employ such other persons as may be necessary and may fix
11 their compensation within the appropriation made for such purpose. The ~~board~~ commissioner
12 of university and school lands shall fill any vacancy in the position of director ~~in the same~~
13 ~~manner as listed above and, in addition, shall serve as an appeals board under rules~~
14 ~~promulgated by the board of university and school lands to reconsider grant applications for aid~~
15 ~~under this chapter which have been denied by the director. All action by the board of university~~
16 ~~and school lands, including appointment of a director, must be by majority vote.~~

17 **SECTION 3. AMENDMENT.** Section 57-62-05 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **57-62-05. Powers and duties of energy development impact director.** The energy
20 development impact director shall:

- 21 1. Develop a plan for the assistance, through financial grants for services and
22 facilities, of counties, cities, school districts, and other political subdivisions in coal
23 development and oil and gas development impact areas.
- 24 2. Establish procedures and provide proper forms to political subdivisions for use in
25 making application for funds for impact assistance as provided in this chapter.
- 26 3. Make funding award recommendations to the board of university and school lands
27 for grants to counties, cities, school districts, and other taxing districts as provided
28 in this chapter and within the appropriations made for such purposes. ~~In~~
29 ~~determining the amount of impact grants for which political subdivisions are~~
30 ~~eligible, the amount of revenue to which such political subdivisions will be entitled~~

1 ~~from taxes upon the real property of coal and oil and gas development plants and~~
2 ~~from other tax or fund distribution formulas provided by law must be considered.~~

3 **SECTION 4. AMENDMENT.** Section 57-62-06 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **57-62-06. Legislative intent and guidelines on impact grants.** The legislative
6 assembly intends that the moneys appropriated to, and distributed by, the energy development
7 impact office for grants are to be used by grantees to meet initial impacts affecting basic
8 governmental services, and directly necessitated by coal development and oil and gas
9 development impact, and for long-term planning and engineering studies associated with road
10 infrastructure, water, sewer, housing, local services, and other essential needs that are
11 impacted by oil and gas development. As used in this section, "basic governmental services"
12 do not include activities relating to marriage or guidance counseling, services or programs to
13 alleviate other sociological impacts, or services or facilities to meet secondary impacts. All
14 grant applications and presentations to the energy development impact office must be made by
15 an appointed or elected government official.

16 **SECTION 5.** A new section to chapter 57-62 of the North Dakota Century Code is
17 created and enacted as follows:

18 **Impact grants.** The board of university and school lands shall make grants to counties,
19 cities, school districts, and other taxing districts as provided in this chapter and within the
20 appropriations made for such purposes. In determining the amount of an impact grant for which
21 a political subdivision is eligible, the board shall consider the amount of revenue the political
22 subdivision will be entitled to from taxes upon the real property of coal and oil and gas
23 development plants and from other tax or fund distribution formulas under law.