

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2013

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of
2 university and school lands; to provide for distributions from permanent funds; to amend and
3 reenact subsection 1 of section 57-51-15 and section 57-62-04 of the North Dakota Century
4 Code, relating to oil and gas gross production taxes and the energy infrastructure and impact
5 office; to provide an effective date; to provide an expiration date; and to declare an emergency.

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

7 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
8 as may be necessary, are appropriated from special funds derived from the state lands
9 maintenance fund and the oil and gas impact grant fund in the state treasury, to the
10 commissioner of university and school lands for the purpose of defraying the expenses of the
11 commissioner of university and school lands, for the biennium beginning July 1, 2013, and
12 ending June 30, 2015, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
15 Salaries and wages	\$4,145,824	\$1,173,727	\$5,319,551
16 Operating expenses	1,431,096	494,767	1,925,863
17 Capital assets	0	65,550	65,550
18 Grants	99,778,269	(99,778,269)	0
19 Energy infrastructure and impact office	0	224,000,000	224,000,000
20 Contingencies	100,000	100,000	200,000
21 Total special funds	\$105,455,189	\$126,055,775	\$231,510,964
22 Full-time equivalent positions	24.75	6.25	31.00
23 <u>Salaries and wages</u>	<u>\$4,145,824</u>	<u>\$921,833</u>	<u>\$5,067,657</u>
24 <u>Accrued leave payments</u>	<u>0</u>	<u>108,541</u>	<u>108,541</u>

1	Operating expenses	1,431,096	544,767	1,975,863
2	Capital assets	0	65,550	65,550
3	Grants	99,778,269	(99,778,269)	0
4	Energy infrastructure and impact office	0	217,000,000	217,000,000
5	Contingencies	100,000	100,000	200,000
6	Total special funds	\$105,455,189	\$118,962,422	\$224,417,611
7	Full-time equivalent positions	24.75	6.25	31.00

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

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

12	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
13	Contingent energy impact grants	\$30,000,000	\$0
14	Contingent energy impact grants -	5,000,000	0
15	new development counties		
16	Energy impact grants - airports	0	60,000,000
17	Energy impact grants - higher education	0	4,000,000
18	Energy impact grants - dust control	0	10,000,000
19	Energy impact grants - dust control	0	3,000,000
20	Capital assets	10,000	65,550
21	Flood impact grants	30,000,000	0
22	Total all funds	\$65,010,000	\$74,065,550
23	Less estimated income	35,010,000	74,065,550
24	Total general fund	\$30,000,000	\$0
25	Total all funds	\$65,010,000	\$67,065,550
26	Less estimated income	35,010,000	67,065,550
27	Total general fund	\$30,000,000	\$0

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

1 **SECTION 3. OIL AND GAS IMPACT GRANTS - EXEMPTION.** Section 54-44.1-11 does
2 not apply to appropriations made for oil and gas impact grants in section 1 of this Act.

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

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

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

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

17 Common schools	\$130,326,000
18 North Dakota state university	2,066,000
19 University of North Dakota	1,814,000
20 Youth correctional center	810,000
21 School for the deaf	720,000
22 State college of science	731,428
23 State hospital	803,428
24 Veterans' home	325,428
25 Valley City state university	372,000
26 North Dakota vision services - school for the blind	331,428
27 Mayville state university	236,000
28 Dakota college at Bottineau	49,428
29 Dickinson state university	49,428
30 Minot state university	<u>49,428</u>
31 Total	\$138,683,996

1 **SECTION 7. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR AIRPORTS - 2013-15**

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

10 **SECTION 8. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR HIGHER**

11 **EDUCATION - 2013-15 BIENNIUM.** The energy infrastructure and impact office line item in
12 section 1 of this Act includes \$4,000,000 for grants to public institutions of higher education
13 impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public
14 institutions of higher education are eligible to receive oil and gas impact grants under this
15 section. The director of the energy infrastructure and impact office may develop grant
16 procedures and requirements necessary for distribution of grants under this section.

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

29 ~~**SECTION 10. OIL AND GAS IMPACT GRANT DISTRIBUTION FOR DUST CONTROL--**~~

30 ~~**CONTINGENCY.** The energy infrastructure and impact office line item in section 1 of this Act~~
31 ~~includes \$7,000,000 for grants to counties in oil-impacted areas for dust control for the period~~

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

SECTION 10. PRIVATE LAND STUDY - EMERGENCY COMMISSION APPROVAL FOR ADDITIONAL FUNDS. The operating expenses line item in section 1 of this Act includes the sum of \$50,000 from the strategic investment and improvements fund for a study provided for in House Bill No. 1338, as approved by the sixty-third legislative assembly, of private lands owned adjacent to lands under control of the United States army corps of engineers. If the \$50,000 provided for the study is insufficient, the department of trust lands may seek emergency commission approval for additional funding from the state contingencies appropriation of up to \$50,000 for the biennium beginning July 1, 2013, and ending June 30, 2015.

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

1. First the tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the state treasurer who shall:
 - a. Allocate five hundred thousand dollars per fiscal year to each city in an oil-producing county which has a population of seven thousand five hundred or more and more than two percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota. The allocation under this subdivision must be doubled if the city has more than seven and one-half percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota;
 - b. Credit revenues to the oil and gas impact grant fund, but not in an amount exceeding ~~one~~two hundred ~~twenty-four~~seventeen million dollars per biennium; and
 - c. Allocate the remaining revenues under subsection 3.

1 **SECTION 12. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota
2 Century Code is amended and reenacted as follows:

- 3 1. First the tax revenue collected under this chapter equal to one percent of the gross
4 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
5 state treasurer who shall:
- 6 a. Allocate five hundred thousand dollars per fiscal year to each city in an
7 oil-producing county which has a population of seven thousand five hundred or
8 more and more than two percent of its private covered employment engaged in
9 the mining industry, according to data compiled by job service North Dakota. The
10 allocation under this subdivision must be doubled if the city has more than seven
11 and one-half percent of its private covered employment engaged in the mining
12 industry, according to data compiled by job service North Dakota;
- 13 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
14 exceeding one hundred fifty million dollars per biennium; and
- 15 c. Allocate the remaining revenues under subsection 3.

16 **SECTION 13. AMENDMENT.** Section 57-62-04 of the North Dakota Century Code is
17 amended and reenacted as follows:

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

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

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

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

5 **SECTION 16. EMERGENCY.** The sum of ~~\$10,000,000~~\$3,000,000 included in the energy
6 infrastructure and impact office line item in section 1 of this Act and ~~sections 9 and 10~~section 9
7 of this Act are declared to be an emergency measure.