

**FIRST ENGROSSMENT  
with Conference Committee Amendments  
ENGROSSED HOUSE BILL NO. 1377**

Introduced by

Representatives Delzer, Carlson

Senators Holmberg, Wardner

1 A BILL for an Act to create the political subdivision allocation fund; to amend and reenact  
2 sections 15-08.1-08, 57-51.1-07.3, and 57-51.1-07.5 of the North Dakota Century Code, relating  
3 to the unobligated balance of the strategic investment and improvements fund and the state  
4 share of oil and gas tax allocations; to repeal sections 15.1-27-45 and 57-64-05 of the North  
5 Dakota Century Code, relating to the property tax relief sustainability fund; to provide a  
6 continuing appropriation; to provide for a legislative management study; to provide a  
7 moratorium on county road fees; to provide an effective date; and to declare an emergency.

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

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

11 **15-08.1-08. Income - Expenses - Reimbursement - Creation of strategic investment  
12 and improvements fund - Legislative intent - ~~Contingent transfer to legacy fund.~~**

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

1 the subsequent month must be deposited instead into the legacy fund. For purposes of this  
2 section, "unobligated balance in the fund" means the balance in the fund reduced by  
3 appropriations or transfers from the fund authorized by the legislative assembly, guarantee  
4 reserve fund requirements under section 6-09.7-05, and any fund balance designated by the  
5 board of university and school lands relating to potential title disputes related to certain riverbed  
6 leases.

7 **SECTION 2.**

8 **Political subdivision allocation fund - Oil and gas tax revenue allocations to political**  
9 **subdivisions - State treasurer - Continuing appropriation.**

10 There is created in the state treasury the political subdivision allocation fund. The fund  
11 consists of oil and gas tax revenue deposited in the fund pursuant to chapter 57-51.1. All  
12 moneys in the fund are appropriated to the state treasurer on a continuing basis for the purpose  
13 of allocations to political subdivisions in oil-producing counties.

- 14 1. If the balance of the fund exceeds ten million dollars on March first of each  
15 odd-numbered year, within thirty-one days, the state treasurer shall allocate all  
16 moneys in the fund to eligible political subdivisions in oil-producing counties based on  
17 each political subdivision's oil and gas gross production tax allocations under  
18 subsection 4 or subsection 5 of section 57-51-15 in the most recently completed  
19 formula allocation year. The allocation to each eligible political subdivision must be  
20 proportional to each political subdivision's total oil and gas gross production tax  
21 allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently  
22 completed formula allocation year relative to the combined total of all oil and gas gross  
23 production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in  
24 the most recently completed formula allocation year. For purposes of this subsection,  
25 "formula allocation year" means the period beginning September first of an  
26 odd-numbered year and ending August thirty-first of the following even-numbered  
27 year.
- 28 2. If the balance of the fund exceeds ten million dollars on August first of each  
29 odd-numbered year, within thirty-one days, the state treasurer shall allocate all  
30 moneys in the fund to eligible political subdivisions in oil-producing counties based on  
31 each political subdivision's oil and gas gross production tax allocations under

1           subsection 4 or subsection 5 of section 57-51-15 in the most recently completed  
2           formula allocation year. The allocation to each eligible political subdivision must be  
3           proportional to each political subdivision's total oil and gas gross production tax  
4           allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently  
5           completed formula allocation year relative to the combined total of all oil and gas gross  
6           production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in  
7           the most recently completed formula allocation year. For purposes of this subsection,  
8           "formula allocation year" means the period beginning September first of an  
9           odd-numbered year and ending August thirty-first of the following even-numbered  
10           year.

11           **SECTION 3. AMENDMENT.** Section 57-51.1-07.3 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13           **57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.**

14           There is established a special fund in the state treasury to be known as the oil and gas  
15 research fund. Before depositing oil and gas gross production tax and oil extraction tax  
16 revenues in the general fund, ~~property tax relief sustainability fund~~, strategic investment and  
17 improvements fund, or the state disaster relief fund, two percent of the revenues must be  
18 deposited monthly into the oil and gas research fund, up to ten million dollars per biennium. All  
19 moneys deposited in the oil and gas research fund and interest on all such moneys are  
20 appropriated as a continuing appropriation to the council to be used for purposes stated in  
21 chapter 54-17.6.

22           **SECTION 4. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is  
23 amended and reenacted as follows:

24           ~~**57-51.1-07.5. (Effective through June 30, 2015) State share of oil and gas taxes --**~~  
25 ~~**Deposits.**~~

26           ~~From the revenues designated for deposit in the state general fund under chapters 57-51-~~  
27 ~~and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:~~

- 28           1. ~~The first two hundred million dollars into the state general fund;~~
- 29           2. ~~The next three hundred forty-one million seven hundred ninety thousand dollars into~~  
30           ~~the property tax relief fund;~~
- 31           3. ~~The next one hundred million dollars into the state general fund;~~

- 1       4. ~~The next one hundred million dollars into the strategic investment and improvements-~~  
2            ~~fund;~~  
3       5. ~~The next twenty-two million dollars into the state disaster relief fund; and~~  
4       6. ~~Any additional revenues into the strategic investment and improvements fund.~~

5       **(Effective after June 30, 2015)(Effective through June 30, 2017) State share of oil and**  
6       **gas taxes - Deposits.** From the revenues designated for deposit in the state general fund  
7       under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each  
8       biennium as follows:

- 9       1. The first two hundred million dollars into the state general fund;  
10      2. ~~The next three hundred forty-one million seven hundred ninety thousand~~three hundred  
11       million dollars into the ~~property-tax relief sustainability~~ fund;  
12      3. The next one hundred million dollars into the state general fund;  
13      4. The next one hundred million dollars into the strategic investment and improvements  
14       fund;  
15      5. The next twenty-two million dollars into the state disaster relief fund, but not in an  
16       amount that would bring the unobligated balance in the fund to more than twenty-five  
17       million dollars; and  
18      6. ~~Any additional revenues into the strategic investment and improvements fund;~~  
19        a. Seventy percent into the strategic investment and improvements fund; and  
20        b. Thirty percent into the political subdivision allocation fund.

21       **(Effective after June 30, 2017) State share of oil and gas taxes - Deposits.** From the  
22       revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1,  
23       the state treasurer shall deposit the revenues received each biennium as follows:

- 24      1. The first two hundred million dollars into the state general fund;  
25      2. The next three hundred million dollars into the tax relief fund;  
26      3. The next one hundred million dollars into the state general fund;  
27      4. The next one hundred million dollars into the strategic investment and improvements  
28       fund;  
29      5. The next twenty-two million dollars into the state disaster relief fund, but not in an  
30       amount that would bring the unobligated balance in the fund to more than twenty-five  
31       million dollars; and

1       6.   Any additional revenues into the strategic investment and improvements fund.

2       **SECTION 5. LEGISLATIVE MANAGEMENT STUDY - UNIFORM TRUCK PERMITTING.**

3   During the 2015-16 interim, the legislative management shall study truck permitting systems in  
4   oil and gas producing counties. The study must review the North Dakota association of oil and  
5   gas producing counties' uniform county truck permit program, including the system's integration  
6   with the highway patrol's online electronic truck permitting and routing system and the  
7   communications between county representatives and industry representatives regarding road  
8   conditions. The study must evaluate the appropriateness of additional fees assessed by the  
9   board of county commissioners and other local authorities to the oil and gas industry related to  
10  additional road permitting fees and analyze other relevant data regarding uniform truck  
11  permitting fees and procedures. The study must include input from representatives of the North  
12  Dakota petroleum council, representatives of the North Dakota association of oil and gas  
13  producing counties, and other interested persons. The legislative management shall report its  
14  findings and recommendations, if any, together with any legislation required to implement the  
15  recommendations, to the sixty-fifth legislative assembly.

16       **SECTION 6. MORATORIUM ON ADDITIONAL FEES FOR USE OF COUNTY ROADS.** For  
17  the period beginning June 1, 2015, through June 30, 2017, notwithstanding the provisions of  
18  chapter 39-12, the board of county commissioners and other local authorities having control of  
19  roads may not impose any additional fees for the use of county roads, except the fees  
20  established in the North Dakota association of oil and gas producing counties' uniform county  
21  truck permit program, unless an operator, company, or individual requests and agrees to pay  
22  the additional fees. However, the board of county commissioners and other local authorities  
23  may issue penalties to operators, companies, or individuals who violate posted road restrictions.

24       **SECTION 7. REPEAL.** Sections 15.1-27-45 and 57-64-05 of the North Dakota Century  
25  Code are repealed.

26       **SECTION 8. EFFECTIVE DATE.** Sections 1, 2, 3, and 4 of this Act are effective for tax  
27  collections received by the tax commissioner and for royalty, bonus, and other revenues  
28  received for deposit into the strategic investment and improvements fund after June 30, 2015.

29       **SECTION 9. EMERGENCY.** This Act is declared to be an emergency measure.