

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 transfers; and to provide for distributions from  
3 permanent funds; ~~to amend and reenact sections 57-51-01 and 57-51-15 of the North Dakota~~  
4 ~~Century Code, relating to the oil and gas production tax, the oil and gas impact grant fund, and~~  
5 ~~the North Dakota outdoor heritage fund; and to provide an effective date.~~

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, 2015, and  
12 ending June 30, 2017, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
15 <del>Salaries and wages</del>	<del>\$5,157,015</del>	<del>\$1,652,075</del>	<del>\$6,809,090</del>
16 <del>Accrued leave payments</del>	<del>108,541</del>	<del>(108,541)</del>	<del>0</del>
17 <del>Operating expenses</del>	<del>1,925,863</del>	<del>244,469</del>	<del>2,170,332</del>
18 <del>Contingencies</del>	<del>200,000</del>	<del>(100,000)</del>	<del>100,000</del>
19 <del>Energy infrastructure and impact office</del>	<del>700,826</del>	<del>93,678,176</del>	<del>94,379,002</del>
20 <del>Total all funds</del>	<del>\$8,092,245</del>	<del>\$95,366,179</del>	<del>\$103,458,424</del>
21 <del>Less estimated income</del>	<del>8,092,245</del>	<del>95,366,179</del>	<del>103,458,424</del>
22 <del>Total general fund</del>	<del>\$0</del>	<del>\$0</del>	<del>\$0</del>
23 <del>Full-time equivalent positions</del>	<del>31.00</del>	<del>5.00</del>	<del>36.00</del>
24 <u>Salaries and wages</u>	<u>\$5,157,015</u>	<u>\$834,831</u>	<u>\$5,991,846</u>

Sixty-fourth  
Legislative Assembly

1	Accrued leave payments	108,541	(108,541)	0
2	Operating expenses	1,925,863	(29,491)	1,896,372
3	Contingencies	200,000	(100,000)	100,000
4	Energy infrastructure and impact office	700,826	(327,414)	373,412
5	Total all funds	\$8,092,245	\$269,385	\$8,361,630
6	Less estimated income	8,092,245	269,385	8,361,630
7	Total general fund	\$0	\$0	\$0
8	Full-time equivalent positions	31.00	1.00	32.00

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

**SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium ~~and the 2015-17 one-time funding items included in the appropriation in section 1 of this Act:~~

One-Time Funding Description	2013-15	2015-17
<del>Capital assets</del>	<del>\$65,550</del>	<del>\$0</del>
<del>Private lands study</del>	<del>50,000</del>	<del>0</del>
<del>Oil and gas impact grand fund distributions</del>	<del>239,299,174</del>	<del>94,000,000</del>
<del>Total all funds</del>	<del>\$239,414,724</del>	<del>\$94,000,000</del>
<del>Less estimated income</del>	<del>239,414,724</del>	<del>94,000,000</del>
<del>Total general fund</del>	<del>\$0</del>	<del>\$0</del>

~~The 2015-17 one-time funding amounts are not a part of the entity's base budget for the 2017-19 biennium. The department shall report to the appropriations committees of the sixty-fifth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2015, and ending June 30, 2017.~~

Capital assets	\$65,550	\$0
Private lands study	50,000	0
Oil and gas impact grant fund distributions	239,299,174	0
Total all funds	\$239,414,724	\$0
Less estimated income	239,414,724	0
Total general fund	\$0	\$0

**SECTION 3. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the board of university and school lands, the commissioner of university and school lands may transfer

1 between the various line items in section 1 of this Act, including transfers from the contingencies  
2 line item to all other line items. The commissioner shall notify the office of management and  
3 budget of each transfer made pursuant to this section.

4 **SECTION 4. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of  
5 article IX of the Constitution of North Dakota, the board of university and school lands shall  
6 distribute during the biennium beginning July 1, 2015, and ending June 30, 2017, the following  
7 amounts, from the permanent funds managed for the benefit of the following entities:

8	<del>Common schools</del>	<del>\$206,134,000</del>
9	<del>North Dakota state university</del>	<del>3,368,000</del>
10	<del>University of North Dakota</del>	<del>2,742,000</del>
11	<del>Youth correctional center</del>	<del>1,372,000</del>
12	<del>School for the deaf</del>	<del>1,180,000</del>
13	<del>State college of science</del>	<del>36,346,138</del>
14	<del>State hospital</del>	<del>36,358,138</del>
15	<del>Veterans' home</del>	<del>35,714,138</del>
16	<del>Valley City state university</del>	<del>570,000</del>
17	<del>North Dakota vision services - school for the blind</del>	<del>35,814,138</del>
18	<del>Mayville state university</del>	<del>382,000</del>
19	<del>Dakota college at Bottineau</del>	<del>35,358,138</del>
20	<del>Dickinson state university</del>	<del>35,358,138</del>
21	<del>Minot state university</del>	<del>35,358,138</del>
22	<del>Total</del>	<del>\$466,054,966</del>
23	<u>Common schools</u>	<u>\$206,134,000</u>
24	<u>North Dakota state university</u>	<u>3,368,000</u>
25	<u>University of North Dakota</u>	<u>2,742,000</u>
26	<u>Youth correctional center</u>	<u>1,372,000</u>
27	<u>School for the deaf</u>	<u>1,180,000</u>
28	<u>State college of science</u>	<u>1,066,000</u>
29	<u>State hospital</u>	<u>1,078,000</u>
30	<u>Veterans' home</u>	<u>434,000</u>
31	<u>Valley City state university</u>	<u>570,000</u>

1	<u>North Dakota vision services - school for the blind</u>	<u>534,000</u>
2	<u>Mayville state university</u>	<u>382,000</u>
3	<u>Dakota college at Bottineau</u>	<u>78,000</u>
4	<u>Dickinson state university</u>	<u>78,000</u>
5	<u>Minot state university</u>	<u>78,000</u>
6	<u>Total</u>	<u>\$219,094,000</u>

7 ~~SECTION 5. OIL AND GAS IMPACT GRANT FUND - DISTRIBUTIONS.~~ The energy-  
8 infrastructure and impact office line item in section 1 of this Act includes funding of \$94,000,000-  
9 from the oil and gas impact grant fund for the purpose of distributions to cities located in small  
10 oil-producing counties, airports, public institutions of higher education, and schools, for the  
11 biennium beginning July 1, 2015, and ending June 30, 2017. Grants awarded under this section-  
12 are not subject to section 54-44.1-11. The director of the energy infrastructure and impact office-  
13 may develop procedures and requirements necessary for distribution of funds under this  
14 section. The funding provided in this section is considered a one-time funding item. During the  
15 biennium beginning July 1, 2015, and ending June 30, 2017, the energy infrastructure and  
16 impact office director shall distribute the funds as follows:

- 17 ~~1. \$10,000,000, or so much of the sum as may be necessary, for the purpose of~~  
18 ~~providing distributions to incorporated cities located in the seven smallest oil-producing~~  
19 ~~counties in North Dakota, excluding any city designated as a hub city pursuant to~~  
20 ~~section 57-51-01. The funds must be distributed based on the proportion each~~  
21 ~~incorporated city's population bears to the total population of all incorporated cities in~~  
22 ~~the seven counties. For purposes of this section, the population estimates for 2013, as~~  
23 ~~determined by the North Dakota census office of the North Dakota department of~~  
24 ~~commerce, must be used to determine each incorporated city's population and the~~  
25 ~~total population of all incorporated cities within the seven counties.~~
- 26 ~~2. \$50,000,000, or so much of the sum as may be necessary, for distributions to airports-~~  
27 ~~impacted by oil and gas development.~~
- 28 ~~3. \$4,000,000, or so much of the sum as may be necessary, for distributions to public-~~  
29 ~~institutions of higher education located in oil-producing counties for operating or capital~~  
30 ~~expenses. Notwithstanding the provisions of chapter 57-62, public institutions of higher~~  
31 ~~education are eligible to receive distributions from the oil and gas impact grant fund~~

1 under this subsection. Distributions to public institutions of higher education under this  
2 section may be used for one-time expenditures.

3 ~~4. \$30,000,000, or so much of the sum as may be necessary to school districts for~~  
4 ~~renovation and improvement projects. The funding must be distributed proportionately~~  
5 ~~to the school district's share of oil tax revenues.~~

6 ~~**SECTION 6. AMENDMENT.** Section 57-51-01 of the North Dakota Century Code is~~  
7 ~~amended and reenacted as follows:~~

8 ~~**57-51-01. (Effective for taxable events occurring through June 30, 2015) Definitions.**~~

9 ~~As used in this chapter:~~

10 ~~1. "Barrel of oil" means forty two United States gallons of two hundred thirty one cubic~~  
11 ~~inches per gallon computed at a temperature of sixty degrees Fahrenheit [158.99 liters~~  
12 ~~computed at a temperature of 15.56 degrees Celsius].~~

13 ~~2. "Commissioner" means the state tax commissioner.~~

14 ~~3. "Field" means the geographic area underlaid by one or more pools, as defined by the~~  
15 ~~industrial commission.~~

16 ~~4. "Gas" means natural gas and casinghead gas.~~

17 ~~5. "Hub city" means a city with a population of twelve thousand five hundred or more,~~  
18 ~~according to the last official decennial federal census, which has more than one~~  
19 ~~percent of its private covered employment engaged in the mining industry, according~~  
20 ~~to data compiled by job service North Dakota.~~

21 ~~6. "Hub city school district" means the school district with the highest student enrollment~~  
22 ~~within the city limits of a hub city.~~

23 ~~7. "Oil" means petroleum, crude oil, mineral oil, and casinghead gasoline.~~

24 ~~8. "Person" includes partnership, corporation, limited liability company, association,~~  
25 ~~fiduciary, trustee, and any combination of individuals.~~

26 ~~9. "Posted price" means the price specified in publicly available posted price bulletins or~~  
27 ~~other public notices, net of any adjustments for quality and location.~~

28 ~~10. "Shallow gas" means gas produced from a gas well completed in or producing from a~~  
29 ~~shallow gas zone, as certified to the tax commissioner by the industrial commission.~~

30 ~~11. "Shallow gas zone" means a strata or formation, including lignite or coal strata or~~  
31 ~~seam, located above the depth of five thousand feet [1524 meters] below the surface,~~

1 or located more than five thousand feet [1524 meters] below the surface but above the  
2 top of the Rierdon formation, from which gas is or may be produced.

3 ~~12. "Transportation costs" means the costs incurred for transporting oil established in  
4 accordance with the first applicable of the following methods:~~

5 ~~a. Actual costs incurred under the arm's-length contract between the producer and  
6 the transporter of oil.~~

7 ~~b. An applicable common carrier rate established and filed with the North Dakota  
8 public service commission, or the appropriate federal jurisdictional agency.~~

9 ~~c. When no common carrier rate would be applicable, the transportation costs are  
10 those reasonable costs associated with the actual operating and maintenance  
11 expenses, overhead costs directly attributable and allocable to the operation and  
12 maintenance, and either depreciation and a return on undepreciated capital  
13 investment, or a cost equal to a return on the investment in the transportation  
14 system, as determined by the commissioner.~~

15 ~~**(Effective for taxable events occurring after June 30, 2015) Definitions.** As used in this  
16 chapter:~~

17 ~~1. "Barrel of oil" means forty two United States gallons of two hundred thirty one cubic  
18 inches per gallon computed at a temperature of sixty degrees Fahrenheit [158.99 liters  
19 computed at a temperature of 15.56 degrees Celsius].~~

20 ~~2. "Commissioner" means the state tax commissioner.~~

21 ~~3. "Field" means the geographic area underlaid by one or more pools, as defined by the  
22 industrial commission.~~

23 ~~4. "Gas" means natural gas and casinghead gas.~~

24 ~~5. "Oil" means petroleum, crude oil, mineral oil, and casinghead gasoline.~~

25 ~~6. "Person" includes partnership, corporation, limited liability company, association,  
26 fiduciary, trustee, and any combination of individuals.~~

27 ~~7. "Posted price" means the price specified in publicly available posted price bulletins or  
28 other public notices, net of any adjustments for quality and location.~~

29 ~~8. "Shallow gas" means gas produced from a gas well completed in or producing from a  
30 shallow gas zone, as certified to the tax commissioner by the industrial commission.~~

1 ~~9. "Shallow gas zone" means a strata or formation, including lignite or coal strata or~~  
2 ~~seam, located above the depth of five thousand feet [1524 meters] below the surface,~~  
3 ~~or located more than five thousand feet [1524 meters] below the surface but above the~~  
4 ~~top of the Rierdon formation, from which gas is or may be produced.~~

5 ~~10. "Transportation costs" means the costs incurred for transporting oil established in~~  
6 ~~accordance with the first applicable of the following methods:~~

7 ~~a. Actual costs incurred under the arm's-length contract between the producer and~~  
8 ~~the transporter of oil.~~

9 ~~b. An applicable common carrier rate established and filed with the North Dakota~~  
10 ~~public service commission, or the appropriate federal jurisdictional agency.~~

11 ~~c. When no common carrier rate would be applicable, the transportation costs are~~  
12 ~~those reasonable costs associated with the actual operating and maintenance~~  
13 ~~expenses, overhead costs directly attributable and allocable to the operation and~~  
14 ~~maintenance, and either depreciation and a return on undepreciated capital~~  
15 ~~investment, or a cost equal to a return on the investment in the transportation~~  
16 ~~system, as determined by the commissioner.~~

17 ~~**SECTION 7. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is~~  
18 ~~amended and reenacted as follows:~~

19 ~~**57-51-15. (Effective for taxable events occurring through June 30, 2015) Gross**~~  
20 ~~**production tax allocation.**~~

21 ~~The gross production tax must be allocated monthly as follows:~~

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

25 ~~a. Allocate to each hub city a monthly amount that will provide a total allocation of~~  
26 ~~three hundred seventy-five thousand dollars per fiscal year for each full or partial~~  
27 ~~percentage point of its private covered employment engaged in the mining~~  
28 ~~industry, according to data compiled by job service North Dakota;~~

29 ~~b. Allocate to each hub city school district a monthly amount that will provide a total~~  
30 ~~allocation of one hundred twenty five thousand dollars per fiscal year for each full~~

1 or partial percentage point of the hub city's private covered employment engaged  
2 in the mining industry, according to data compiled by job service North Dakota;

3 ~~\_\_\_\_\_ c. Credit revenues to the oil and gas impact grant fund, but not in an amount~~  
4 ~~exceeding two hundred fortyone hundred nineteen million dollars per biennium;~~

5 ~~\_\_\_\_\_ d. Credit four percent of the amount available under this subsection~~  
6 ~~revenues to the North Dakota outdoor heritage fund, but not in an amount exceeding~~  
7 ~~fifteentwenty-five million dollars in a state fiscal year and not in an amount~~  
8 ~~exceeding thirtyfifty million dollars per biennium;~~

9 ~~\_\_\_\_\_ e. Credit four percent of the amount available under this subsection to the~~  
10 ~~abandoned oil and gas well plugging and site reclamation fund, but not in an~~  
11 ~~amount exceeding five million dollars in a state fiscal year and not in an amount~~  
12 ~~that would bring the balance in the fund to more than seventy-five million dollars;~~  
13 ~~and~~

14 ~~\_\_\_\_\_ f. Allocate the remaining revenues under subsection 3.~~

15 ~~\_\_\_\_\_ 2. After deduction of the amount provided in subsection 1, annual revenue collected~~  
16 ~~under this chapter from oil and gas produced in each county must be allocated as~~  
17 ~~follows:~~

18 ~~\_\_\_\_\_ a. The first five million dollars is allocated to the county.~~

19 ~~\_\_\_\_\_ b. Of all annual revenue exceeding five million dollars, twenty-five percent is~~  
20 ~~allocated to the county.~~

21 ~~\_\_\_\_\_ 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first~~  
22 ~~to provide for deposit of thirty percent of all revenue collected under this chapter in the~~  
23 ~~legacy fund as provided in section 26 of article X of the Constitution of North Dakota~~  
24 ~~and the remainder must be allocated to the state general fund. If the amount available~~  
25 ~~for a monthly allocation under this subsection is insufficient to deposit thirty percent of~~  
26 ~~all revenue collected under this chapter in the legacy fund, the state treasurer shall~~  
27 ~~transfer the amount of the shortfall from the state general fund share of oil extraction~~  
28 ~~tax collections and deposit that amount in the legacy fund.~~

29 ~~\_\_\_\_\_ 4. For a county that received less than five million dollars of allocations under~~  
30 ~~subsection 2 in the most recently completed state fiscal year, revenues allocated to~~  
31 ~~that county must be distributed by the state treasurer as follows:~~

- 1 ~~———— a. — Forty five percent must be distributed to the county treasurer and credited to the~~  
2 ~~county general fund. However, the allocation to a county under this subdivision~~  
3 ~~must be credited to the state general fund if in a taxable year after 2012 the~~  
4 ~~county is not levying a total of at least ten mills for combined levies for county~~  
5 ~~road and bridge, farm-to-market and federal aid road, and county road purposes.~~
- 6 ~~———— b. — Thirty five percent of all revenues allocated to any county for allocation under this~~  
7 ~~subsection must be apportioned by the state treasurer no less than quarterly to~~  
8 ~~school districts within the county, excluding consideration of and allocation to any~~  
9 ~~hub city school district in the county, on the average daily attendance distribution~~  
10 ~~basis, as certified to the state treasurer by the county superintendent of schools.~~
- 11 ~~———— c. — Twenty percent must be apportioned no less than quarterly by the state treasurer~~  
12 ~~to the incorporated cities of the county. A hub city must be omitted from~~  
13 ~~apportionment under this subdivision. Apportionment among cities under this~~  
14 ~~subsection must be based upon the population of each incorporated city~~  
15 ~~according to the last official decennial federal census. In determining the~~  
16 ~~population of any city in which total employment increases by more than two~~  
17 ~~hundred percent seasonally due to tourism, the population of that city for~~  
18 ~~purposes of this subdivision must be increased by eight hundred percent.~~
- 19 ~~———— 5. — For a county that received five million dollars or more of allocations under subsection 2-~~  
20 ~~in the most recently completed state fiscal year, revenues allocated to that county~~  
21 ~~must be distributed by the state treasurer as follows:~~
- 22 ~~———— a. — Sixty percent must be distributed to the county treasurer and credited to the~~  
23 ~~county general fund. However, the allocation to a county under this subdivision~~  
24 ~~must be credited to the state general fund if in a taxable year after 2012 the~~  
25 ~~county is not levying a total of at least ten mills for combined levies for county~~  
26 ~~road and bridge, farm-to-market and federal aid road, and county road purposes.~~
- 27 ~~———— b. — Five percent must be apportioned by the state treasurer no less than quarterly to~~  
28 ~~school districts within the county on the average daily attendance distribution~~  
29 ~~basis for kindergarten through grade twelve students residing within the county,~~  
30 ~~as certified to the state treasurer by the county superintendent of schools.~~

1                   However, a hub city school district must be omitted from consideration and  
2                   apportionment under this subdivision.

3                   ~~c. Twenty percent must be apportioned no less than quarterly by the state~~  
4                   ~~treasurer to the incorporated cities of the county. A hub city must be omitted from~~  
5                   ~~apportionment under this subdivision. Apportionment among cities under this~~  
6                   ~~subsection must be based upon the population of each incorporated city~~  
7                   ~~according to the last official decennial federal census. In determining the~~  
8                   ~~population of any city in which total employment increases by more than two~~  
9                   ~~hundred percent seasonally due to tourism, the population of that city for~~  
10                   ~~purposes of this subdivision must be increased by eight hundred percent.~~

11                   ~~d. Three percent must be apportioned no less than quarterly by the state treasurer~~  
12                   ~~among the organized and unorganized townships of the county. The state~~  
13                   ~~treasurer shall apportion the funds available under this subdivision among~~  
14                   ~~townships in the proportion that township road miles in the township bear to the~~  
15                   ~~total township road miles in the county. The amount apportioned to unorganized~~  
16                   ~~townships under this subdivision must be distributed to the county treasurer and~~  
17                   ~~credited to a special fund for unorganized township roads, which the board of~~  
18                   ~~county commissioners shall use for the maintenance and improvement of roads~~  
19                   ~~in unorganized townships.~~

20                   ~~e. Three percent must be allocated by the state treasurer among the organized and~~  
21                   ~~unorganized townships in all the counties that received five million dollars or~~  
22                   ~~more of allocations under subsection 2 in the most recently completed state fiscal~~  
23                   ~~year. The amount available under this subdivision must be allocated no less than~~  
24                   ~~quarterly by the state treasurer in an equal amount to each eligible organized and~~  
25                   ~~unorganized township. The amount allocated to unorganized townships under~~  
26                   ~~this subdivision must be distributed to the county treasurer and credited to a~~  
27                   ~~special fund for unorganized township roads, which the board of county~~  
28                   ~~commissioners shall use for the maintenance and improvement of roads in~~  
29                   ~~unorganized townships.~~

30                   ~~f. Nine percent must be allocated by the state treasurer among hub cities. The~~  
31                   ~~amount available for allocation under this subdivision must be apportioned by the~~

1 state treasurer no less than quarterly among hub cities. Sixty percent of funds  
2 available under this subdivision must be distributed to the hub city receiving the  
3 greatest percentage of allocations to hub cities under subdivision a of  
4 subsection 1 for the quarterly period, thirty percent of funds available under this  
5 subdivision must be distributed to the hub city receiving the second greatest  
6 percentage of such allocations, and ten percent of funds available under this  
7 subdivision must be distributed to the hub city receiving the third greatest  
8 percentage of such allocations.

9 ~~6.~~ Within thirty days after the end of each calendar year, the board of county  
10 commissioners of each county that has received an allocation under this section shall  
11 file a report for the calendar year with the commissioner, in a format prescribed by the  
12 commissioner, including:

13 ~~a.~~ The county's statement of revenues and expenditures; and

14 ~~b.~~ The amount allocated to or for the benefit of townships or school districts, the  
15 amount allocated to each organized township or school district and the amount  
16 expended from each such allocation by that township or school district, the  
17 amount expended by the board of county commissioners on behalf of each  
18 unorganized township for which an expenditure was made, and the amount  
19 available for allocation to or for the benefit of townships or school districts which  
20 remained unexpended at the end of the fiscal year.

21 Within fifteen days after the time when reports under this subsection were due, the  
22 commissioner shall provide the reports to the legislative council compiling the  
23 information from reports received under this subsection.

24 ~~(Effective for taxable events occurring after June 30, 2015) Gross production tax~~  
25 ~~allocation.~~ The gross production tax must be allocated monthly as follows:

26 ~~1.~~ First the tax revenue collected under this chapter equal to one percent of the gross  
27 value at the well of the oil and one fifth of the tax on gas must be deposited with the  
28 state treasurer who shall:

29 ~~a.~~ Allocate five hundred thousand dollars per fiscal year to each city in an  
30 oil-producing county which has a population of seven thousand five hundred or  
31 more and more than two percent of its private covered employment engaged in

1 the mining industry, according to data compiled by job service North Dakota. The  
2 allocation under this subdivision must be doubled if the city has more than seven  
3 and one-half percent of its private covered employment engaged in the mining  
4 industry, according to data compiled by job service North Dakota;

5 ~~\_\_\_\_\_ b. Credit revenues to the oil and gas impact grant fund, but not in an amount~~  
6 ~~exceeding one hundred million dollars per biennium;~~

7 ~~\_\_\_\_\_ c. Credit four percent of the amount available under this subsection to the North~~  
8 ~~Dakota outdoor heritage fund, but not in an amount exceeding fifteen million~~  
9 ~~dollars in a state fiscal year and not in an amount exceeding thirty million dollars~~  
10 ~~per biennium;~~

11 ~~\_\_\_\_\_ d. Credit four percent of the amount available under this subsection to the~~  
12 ~~abandoned oil and gas well plugging and site reclamation fund, but not in an~~  
13 ~~amount exceeding five million dollars in a state fiscal year and not in an amount~~  
14 ~~that would bring the balance in the fund to more than seventy-five million dollars;~~  
15 ~~and~~

16 ~~\_\_\_\_\_ e. Allocate the remaining revenues under subsection 3.~~

17 ~~\_\_\_\_\_ 2. After deduction of the amount provided in subsection 1, annual revenue collected~~  
18 ~~under this chapter from oil and gas produced in each county must be allocated as~~  
19 ~~follows:~~

20 ~~\_\_\_\_\_ a. The first two million dollars is allocated to the county.~~

21 ~~\_\_\_\_\_ b. Of the next one million dollars, seventy five percent is allocated to the county.~~

22 ~~\_\_\_\_\_ c. Of the next one million dollars, fifty percent is allocated to the county.~~

23 ~~\_\_\_\_\_ d. Of the next fourteen million dollars, twenty-five percent is allocated to the county.~~

24 ~~\_\_\_\_\_ e. Of all annual revenue exceeding eighteen million dollars, ten percent is allocated~~  
25 ~~to the county.~~

26 ~~\_\_\_\_\_ 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first~~  
27 ~~to provide for deposit of thirty percent of all revenue collected under this chapter in the~~  
28 ~~legacy fund as provided in section 26 of article X of the Constitution of North Dakota~~  
29 ~~and the remainder must be allocated to the state general fund. If the amount available~~  
30 ~~for a monthly allocation under this subsection is insufficient to deposit thirty percent of~~  
31 ~~all revenue collected under this chapter in the legacy fund, the state treasurer shall~~

1           ~~transfer the amount of the shortfall from the state general fund share of oil extraction-~~  
2           ~~tax collections and deposit that amount in the legacy fund.~~

3 ~~4. The amount to which each county is entitled under subsection 2 must be allocated-~~  
4           ~~within the county so the first five million three hundred fifty thousand dollars is-~~  
5           ~~allocated under subsection 5 for each fiscal year and any amount received by a county~~  
6           ~~exceeding five million three hundred fifty thousand dollars is credited by the county-~~  
7           ~~treasurer to the county infrastructure fund and allocated under subsection 6.~~

8 ~~5. a. Forty five percent of all revenues allocated to any county for allocation under this-~~  
9           ~~subsection must be credited by the county treasurer to the county general fund.-~~  
10           ~~However, the allocation to a county under this subdivision must be credited to the-~~  
11           ~~state general fund if during that fiscal year the county does not levy a total of at-~~  
12           ~~least ten mills for combined levies for county road and bridge, farm-to-market and~~  
13           ~~federal aid road, and county road purposes.~~

14 ~~b. Thirty five percent of all revenues allocated to any county for allocation under this-~~  
15           ~~subsection must be apportioned by the county treasurer no less than quarterly to~~  
16           ~~school districts within the county on the average daily attendance distribution-~~  
17           ~~basis, as certified to the county treasurer by the county superintendent of~~  
18           ~~schools. However, no school district may receive in any single academic year an~~  
19           ~~amount under this subsection greater than the county average per student cost-~~  
20           ~~multiplied by seventy percent, then multiplied by the number of students in~~  
21           ~~average daily attendance or the number of children of school age in the school-~~  
22           ~~census for the county, whichever is greater. Provided, however, that in any county~~  
23           ~~in which the average daily attendance or the school census, whichever is greater,~~  
24           ~~is fewer than four hundred, the county is entitled to one hundred twenty percent~~  
25           ~~of the county average per student cost multiplied by the number of students in~~  
26           ~~average daily attendance or the number of children of school age in the school-~~  
27           ~~census for the county, whichever is greater. Once this level has been reached-~~  
28           ~~through distributions under this subsection, all excess funds to which the school-~~  
29           ~~district would be entitled as part of its thirty five percent share must be deposited~~  
30           ~~instead in the county general fund. The county superintendent of schools of each~~  
31           ~~oil-producing county shall certify to the county treasurer by July first of each year~~

1                   the amount to which each school district is limited pursuant to this subsection. As  
2                   used in this subsection, "average daily attendance" means the average daily  
3                   attendance for the school year immediately preceding the certification by the  
4                   county superintendent of schools required by this subsection.

5                   — The countywide allocation to school districts under this subdivision is subject  
6                   to the following:

7                   (1) The first three hundred fifty thousand dollars is apportioned entirely among  
8                   school districts in the county:

9                   (2) The next three hundred fifty thousand dollars is apportioned seventy-five  
10                  percent among school districts in the county and twenty-five percent to the  
11                  county infrastructure fund:

12                 (3) The next two hundred sixty-two thousand five hundred dollars is  
13                  apportioned two-thirds among school districts in the county and one-third to  
14                  the county infrastructure fund:

15                 (4) The next one hundred seventy-five thousand dollars is apportioned fifty-  
16                  percent among school districts in the county and fifty percent to the county  
17                  infrastructure fund:

18                 (5) Any remaining amount is apportioned to the county infrastructure fund  
19                  except from that remaining amount the following amounts are apportioned  
20                  among school districts in the county:

21                 (a) Four hundred ninety thousand dollars, for counties having a  
22                  population of three thousand or fewer:

23                 (b) Five hundred sixty thousand dollars, for counties having a population  
24                  of more than three thousand and fewer than six thousand:

25                 (c) Seven hundred thirty-five thousand dollars, for counties having a  
26                  population of six thousand or more:

27                 c. Twenty percent of all revenues allocated to any county for allocation under this  
28                  subsection must be apportioned no less than quarterly by the state treasurer to  
29                  the incorporated cities of the county. Apportionment among cities under this  
30                  subsection must be based upon the population of each incorporated city  
31                  according to the last official decennial federal census. In determining the

1 population of any city in which total employment increases by more than two  
2 hundred percent seasonally due to tourism, the population of that city for  
3 purposes of this subdivision must be increased by eight hundred percent. If a city  
4 receives a direct allocation under subsection 1, the allocation to that city under  
5 this subsection is limited to sixty percent of the amount otherwise determined for  
6 that city under this subsection and the amount exceeding this limitation must be  
7 reallocated among the other cities in the county.

8 ~~6. a. Forty five percent of all revenues allocated to a county infrastructure fund under~~  
9 ~~subsections 4 and 5 must be credited by the county treasurer to the county~~  
10 ~~general fund. However, the allocation to a county under this subdivision must be~~  
11 ~~credited to the state general fund if during that fiscal year the county does not~~  
12 ~~levy a total of at least ten mills for combined levies for county road and bridge,~~  
13 ~~farm to market and federal aid road, and county road purposes.~~

14 ~~b. Thirty five percent of all revenues allocated to the county infrastructure fund~~  
15 ~~under subsections 4 and 5 must be allocated by the board of county~~  
16 ~~commissioners to or for the benefit of townships in the county on the basis of~~  
17 ~~applications by townships for funding to offset oil and gas development impact to~~  
18 ~~township roads or other infrastructure needs or applications by school districts for~~  
19 ~~repair or replacement of school district vehicles necessitated by damage or~~  
20 ~~deterioration attributable to travel on oil and gas development impacted roads. An~~  
21 ~~organized township is not eligible for an allocation of funds under this subdivision~~  
22 ~~unless during that fiscal year that township levies at least ten mills for township~~  
23 ~~purposes. For unorganized townships within the county, the board of county~~  
24 ~~commissioners may expend an appropriate portion of revenues under this~~  
25 ~~subdivision to offset oil and gas development impact to township roads or other~~  
26 ~~infrastructure needs in those townships. The amount deposited during each~~  
27 ~~calendar year in the county infrastructure fund which is designated for allocation~~  
28 ~~under this subdivision and which is unexpended and unobligated at the end of~~  
29 ~~the calendar year must be transferred by the county treasurer to the county road~~  
30 ~~and bridge fund for use on county road and bridge projects.~~

1 ~~\_\_\_\_\_ c. Twenty percent of all revenues allocated to any county infrastructure fund under~~  
2 ~~subsections 4 and 5 must be allocated by the county treasurer no less than~~  
3 ~~quarterly to the incorporated cities of the county. Apportionment among cities~~  
4 ~~under this subsection must be based upon the population of each incorporated~~  
5 ~~city according to the last official decennial federal census. If a city receives a~~  
6 ~~direct allocation under subsection 1, the allocation to that city under this~~  
7 ~~subsection is limited to sixty percent of the amount otherwise determined for that~~  
8 ~~city under this subsection and the amount exceeding this limitation must be~~  
9 ~~reallocated among the other cities in the county.~~

10 ~~\_\_\_\_\_ 7. Within thirty days after the end of each calendar year, the board of county~~  
11 ~~commissioners of each county that has received an allocation under this section shall~~  
12 ~~file a report for the calendar year with the commissioner, in a format prescribed by the~~  
13 ~~commissioner, including:~~

14 ~~\_\_\_\_\_ a. The county's statement of revenues and expenditures; and~~

15 ~~\_\_\_\_\_ b. The amount available in the county infrastructure fund for allocation to or for the~~  
16 ~~benefit of townships or school districts, the amount allocated to each organized~~  
17 ~~township or school district and the amount expended from each such allocation~~  
18 ~~by that township or school district, the amount expended by the board of county~~  
19 ~~commissioners on behalf of each unorganized township for which an expenditure~~  
20 ~~was made, and the amount available for allocation to or for the benefit of~~  
21 ~~townships or school districts which remained unexpended at the end of the fiscal~~  
22 ~~year.~~

23 ~~Within fifteen days after the time when reports under this subsection were due, the~~  
24 ~~commissioner shall provide the reports to the legislative council compiling the~~  
25 ~~information from reports received under this subsection.~~