

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1005

Page 1, line 1, after "treasurer" insert "; and to amend and reenact subdivision b of subsection 2 of section 57-62-02 of the North Dakota Century Code, relating to coal severance tax allocations"

Page 1, replace lines 10 through 14 with:

"Salaries and wages	\$1,427,333	(\$109,535)	\$1,317,798
Operating expenses	200,614	50,646	251,260
Coal severance payments	<u>228,952</u>	<u>(48,952)</u>	<u>180,000</u>
Total general fund	\$1,856,899	(\$107,841)	\$1,749,058
Full-time equivalent positions	8.00	(1.00)	7.00

SECTION 2. HEALTH INSURANCE INCREASE. The salaries and wages line item in section 1 of this Act includes the sum of \$22,898 from the general fund for increases in employee health insurance premiums from \$1,130 to \$1,249 per month."

Page 1, after line 21, insert:

"SECTION 4. AMENDMENT. Subdivision b of subsection 2 of section 57-62-02 of the North Dakota Century Code is amended and reenacted as follows:

- b. If the tipple of a currently active coal mining operation in a county is within fifteen miles [24.14 kilometers] of another county in which no coal is mined, the revenue from the production not exceeding the production limitation in a calendar year which is apportioned from that coal mining operation according to this subsection must be allocated, subject to the definitions of terms and the requirements in paragraph 4, as provided in this subdivision. For purposes of this subdivision, the production limitation is ~~three million eight hundred thousand tons [3447302.02 metric tons] through calendar year 1995, three million six hundred thousand tons [3265865.07 metric tons] in calendar years 1996 and 1997, and three million four hundred thousand tons [3084428.12 metric tons] in calendar years after 1997~~ three million four hundred thousand tons [3084428.12 metric tons] through calendar year 2017 and three million tons [2721554.22 metric tons] after calendar year 2017. Revenue from production exceeding the production limitation in a calendar year from that coal mining operation must be allocated only within the coal-producing county under subdivision a. Allocations under this subdivision must be made as follows:
 - (1) Thirty percent must be paid by the state treasurer to the incorporated cities of the coal-producing county and to any city of a non-coal-producing county when any portion of the city lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county, based upon the population of each incorporated city according to the last official regular or special federal census or

the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to such census.

- (2) Forty percent must be divided by the state treasurer between the general fund of the coal-producing county and the general fund of any non-coal-producing county when any portion of the latter county lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county. The non-coal-producing county portion must be based upon the ratio which the assessed valuation of all quarter sections of land in that county, any portion of which lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation, bears to the combined assessed valuations of all land in the coal-producing county and the quarter sections of land in the non-coal-producing county within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation. The county director of tax equalization of the coal-producing county shall certify to the state treasurer the number of quarter sections of land in the non-coal-producing counties which lie at least in part within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation and their assessed valuations.
- (3) Thirty percent must be apportioned by the state treasurer to school districts within the coal-producing county and to school districts in adjoining non-coal-producing counties when a portion of those school districts' land includes any of the quarter sections of land certified by the director of tax equalization to the state treasurer to be eligible to share county funds as provided for in paragraph 2. The county superintendent of the non-coal-producing counties shall certify to the state treasurer the number of students actually residing on these quarter sections lying outside the coal-producing county and each school district in non-coal-producing counties shall receive a portion of the money under this paragraph based upon the ratio of the number of children residing on quarter sections of that school district within the fifteen-mile [24.14-kilometer] radius of the tipple of a currently active coal mining operation to the total number of schoolchildren from the coal-producing county combined with all the schoolchildren certified to be living on quarter sections within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county.
- (4) For the purposes of this subdivision:
 - (a) The terms "currently active coal mining operation in a county", "currently active coal mining operation in the coal-producing county", and "currently active coal mining operation" mean a coal mining operation that produced more than one hundred fifty thousand tons [136077.71 metric tons] of coal in a coal-producing county during the prior quarterly period.

- (b) The term "coal-producing county" means a county in which more than one hundred fifty thousand tons [136077.71 metric tons] of coal were mined in the prior quarterly period.
 - (c) The term "another county in which no coal is mined" means a county in which not more than seventy-five thousand tons [68038.86 metric tons] of coal were mined in the prior quarterly period.
 - (d) The terms "non-coal-producing county" and "non-coal-producing counties" mean any county in which not more than seventy-five thousand tons [68038.86 metric tons] of coal were mined in the prior quarterly period.
 - (e) In computing each amount to be paid as provided in paragraph 1, 2, or 3 for coal severance tax revenue from coal mined during a monthly period, the state treasurer shall deduct from the allocation the amount of coal severance tax revenue, if any, that the governmental body in the non-coal-producing county received from the coal mined in the non-coal-producing county during the same monthly period.
- (5) The state treasurer shall allocate funds provided by legislative appropriation to cities, the county general fund, and school districts within a coal-producing county according to the allocation method provided in subdivision a in an amount to offset fifty percent of the loss of that county's share of coal severance tax revenue allocated to a non-coal-producing county under this subdivision in the previous calendar year for the payments through calendar year 2018 and to offset thirty percent of the loss of that county's share of coal severance tax revenue allocated to a non-coal-producing county under this subdivision in the previous calendar year for payments after calendar year 2018. The state treasurer shall make the allocation and distribute the funds, within the limits of legislative appropriations, under this paragraph during the first month of each calendar year. The state treasurer shall include in each biennial budget request the amounts estimated to be necessary for the biennium for purposes of this paragraph, based on the allocations under this subdivision in the most recent calendar years."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$1,427,333	(\$109,535)	\$1,317,798
Operating expenses	200,614	50,646	251,260
Coal severance payments	<u>228,952</u>	<u>(48,952)</u>	<u>180,000</u>
Total all funds	\$1,856,899	(\$107,841)	\$1,749,058

Less estimated income	0	0	0
General fund	\$1,856,899	(\$107,841)	\$1,749,058
FTE	8.00	(1.00)	7.00

Department No. 120 - State Treasurer - Detail of House Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Health Insurance Increase ²	Removes 1 FTE Position ³	Reduces Funding for Temporary Staff and an FTE Position ⁴	Adds Funding for Information Technology Costs ⁵	Reduces Funding for Coal Severance Shortfall Payments ⁶
Salaries and wages	\$263	\$22,898	(\$88,000)	(\$44,696)		
Operating expenses					50,646	
Coal severance payments						(48,952)
Total all funds	\$263	\$22,898	(\$88,000)	(\$44,696)	\$50,646	(\$48,952)
Less estimated income	0	0	0	0	0	0
General fund	\$263	\$22,898	(\$88,000)	(\$44,696)	\$50,646	(\$48,952)
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

	Total House Changes
Salaries and wages	(\$109,535)
Operating expenses	50,646
Coal severance payments	(48,952)
Total all funds	(\$107,841)
Less estimated income	0
General fund	(\$107,841)
FTE	(1.00)

¹ Funding is added for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ One FTE position is removed, including \$88,000 from the general fund.

⁴ Funding is reduced for temporary staff and for an FTE position that had duties reassigned.

⁵ Funding is added for operating expenses, primarily related to information technology rate increases.

⁶ Funding is reduced for coal severance tax shortfall payments related to changes in the coal severance tax revenue allocation formula.

This amendment also provides the following:

- Adds a new section to identify the funding increase for health insurance premium increases.
- Adds a new section to change the allocation of coal severance tax revenue by reducing the coal production limitation, from 3.4 million tons to 3 million tons, and by reducing the reimbursement percentage for the coal severance shortfall payments, from 50 percent to 30 percent.