

**FIRST ENGROSSMENT  
with Senate Amendments  
ENGROSSED HOUSE BILL NO. 1005**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer;  
2 and to amend and reenact subdivision b of subsection 2 of section 57-62-02 of the North  
3 Dakota Century Code, relating to coal severance tax allocations.

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

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
6 as may be necessary, are appropriated out of any moneys in the general fund in the state  
7 treasury, not otherwise appropriated, to the state treasurer for the purpose of defraying the  
8 expenses of the state treasurer, for the biennium beginning July 1, 2017, and ending June 30,  
9 2019, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
10				
11				
12	Salaries and wages	\$1,427,333	(\$111,194)	\$1,316,139
13	Operating expenses	200,614	50,646	251,260
14	Coal severance payments	<u>228,952</u>	<u>(48,952)</u>	<u>180,000</u>
15	Total general fund	\$1,856,899	(\$109,500)	\$1,747,399
16	Full-time equivalent positions	8.00	(1.00)	7.00

17 **SECTION 2. HEALTH INSURANCE INCREASE.** The salaries and wages line item in  
18 section 1 of this Act includes the sum of \$21,239 from the general fund for increases in  
19 employee health insurance premiums from \$1,130 to \$1,241 per month.

20 **SECTION 3. ONE-TIME FUNDING.** The following amounts reflect the one-time funding  
21 items approved by the sixty-fourth legislative assembly for the 2015-17 biennium:

	<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
22			
23	Information technology costs	\$65,699	\$0
24	Property tax relief	233,425,000	0

1	Nonoil transportation funding	<u>7,676,000</u>	<u>0</u>
2	Total general fund	\$241,166,699	\$0

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

5           b. If the tipple of a currently active coal mining operation in a county is within fifteen  
6 miles [24.14 kilometers] of another county in which no coal is mined, the revenue  
7 from the production not exceeding the production limitation in a calendar year  
8 which is apportioned from that coal mining operation according to this subsection  
9 must be allocated, subject to the definitions of terms and the requirements in  
10 paragraph 4, as provided in this subdivision. For purposes of this subdivision, the  
11 production limitation is ~~three million eight hundred thousand tons [3447302.02-~~  
12 ~~metric tons] through calendar year 1995, three million six hundred thousand tons-~~  
13 ~~[3265865.07 metric tons] in calendar years 1996 and 1997, and three million four-~~  
14 ~~hundred thousand tons [3084428.12 metric tons] in calendar years after~~  
15 ~~1997~~three million four hundred thousand tons [3084428.12 metric tons] through  
16 calendar year 2017 and three million tons [2721554.22 metric tons] after calendar  
17 year 2017. Revenue from production exceeding the production limitation in a  
18 calendar year from that coal mining operation must be allocated only within the  
19 coal-producing county under subdivision a. Allocations under this subdivision  
20 must be made as follows:

- 21           (1) Thirty percent must be paid by the state treasurer to the incorporated cities  
22 of the coal-producing county and to any city of a non-coal-producing county  
23 when any portion of the city lies within fifteen miles [24.14 kilometers] of the  
24 tipple of the currently active coal mining operation in the coal-producing  
25 county, based upon the population of each incorporated city according to  
26 the last official regular or special federal census or the census taken in  
27 accordance with the provisions of chapter 40-02 in case of a city  
28 incorporated subsequent to such census.
- 29           (2) Forty percent must be divided by the state treasurer between the general  
30 fund of the coal-producing county and the general fund of any  
31 non-coal-producing county when any portion of the latter county lies within

1                   fifteen miles [24.14 kilometers] of the tipple of the currently active coal  
2                   mining operation in the coal-producing county. The non-coal-producing  
3                   county portion must be based upon the ratio which the assessed valuation  
4                   of all quarter sections of land in that county, any portion of which lies within  
5                   fifteen miles [24.14 kilometers] of the tipple of the currently active coal  
6                   mining operation, bears to the combined assessed valuations of all land in  
7                   the coal-producing county and the quarter sections of land in the  
8                   non-coal-producing county within fifteen miles [24.14 kilometers] of the  
9                   tipple of the currently active coal mining operation. The county director of  
10                  tax equalization of the coal-producing county shall certify to the state  
11                  treasurer the number of quarter sections of land in the non-coal-producing  
12                  counties which lie at least in part within fifteen miles [24.14 kilometers] of  
13                  the tipple of the currently active coal mining operation and their assessed  
14                  valuations.

15                  (3) Thirty percent must be apportioned by the state treasurer to school districts  
16                  within the coal-producing county and to school districts in adjoining  
17                  non-coal-producing counties when a portion of those school districts' land  
18                  includes any of the quarter sections of land certified by the director of tax  
19                  equalization to the state treasurer to be eligible to share county funds as  
20                  provided for in paragraph 2. The county superintendent of the  
21                  non-coal-producing counties shall certify to the state treasurer the number  
22                  of students actually residing on these quarter sections lying outside the  
23                  coal-producing county and each school district in non-coal-producing  
24                  counties shall receive a portion of the money under this paragraph based  
25                  upon the ratio of the number of children residing on quarter sections of that  
26                  school district within the fifteen-mile [24.14-kilometer] radius of the tipple of  
27                  a currently active coal mining operation to the total number of schoolchildren  
28                  from the coal-producing county combined with all the schoolchildren  
29                  certified to be living on quarter sections within fifteen miles [24.14  
30                  kilometers] of the tipple of the currently active coal mining operation in the  
31                  coal-producing county.

- 1                   (4) For the purposes of this subdivision:
- 2                   (a) The terms "currently active coal mining operation in a county",
- 3                                 "currently active coal mining operation in the coal-producing county",
- 4                                 and "currently active coal mining operation" mean a coal mining
- 5                                 operation that produced more than one hundred fifty thousand tons
- 6                                 [136077.71 metric tons] of coal in a coal-producing county during the
- 7                                 prior quarterly period.
- 8                   (b) The term "coal-producing county" means a county in which more than
- 9                                 one hundred fifty thousand tons [136077.71 metric tons] of coal were
- 10                                 mined in the prior quarterly period.
- 11                   (c) The term "another county in which no coal is mined" means a county
- 12                                 in which not more than seventy-five thousand tons [68038.86 metric
- 13                                 tons] of coal were mined in the prior quarterly period.
- 14                   (d) The terms "non-coal-producing county" and "non-coal-producing
- 15                                 counties" mean any county in which not more than seventy-five
- 16                                 thousand tons [68038.86 metric tons] of coal were mined in the prior
- 17                                 quarterly period.
- 18                   (e) In computing each amount to be paid as provided in paragraph 1, 2,
- 19                                 or 3 for coal severance tax revenue from coal mined during a monthly
- 20                                 period, the state treasurer shall deduct from the allocation the amount
- 21                                 of coal severance tax revenue, if any, that the governmental body in
- 22                                 the non-coal-producing county received from the coal mined in the
- 23                                 non-coal-producing county during the same monthly period.
- 24                   (5) The state treasurer shall allocate funds provided by legislative appropriation
- 25                                 to cities, the county general fund, and school districts within a
- 26                                 coal-producing county according to the allocation method provided in
- 27                                 subdivision a in an amount to offset fifty percent of the loss of that county's
- 28                                 share of coal severance tax revenue allocated to a non-coal-producing
- 29                                 county under this subdivision in the previous calendar year for the payments
- 30                                 through calendar year 2018 and to offset thirty percent of the loss of that
- 31                                 county's share of coal severance tax revenue allocated to a non-coal-

1                    producing county under this subdivision in the previous calendar year for  
2                    payments after calendar year 2018. The state treasurer shall make the  
3                    allocation and distribute the funds, within the limits of legislative  
4                    appropriations, under this paragraph during the first month of each calendar  
5                    year. The state treasurer shall include in each biennial budget request the  
6                    amounts estimated to be necessary for the biennium for purposes of this  
7                    paragraph, based on the allocations under this subdivision in the most  
8                    recent calendar years.