

HOUSE BILL NO. 1408

Introduced by

Representative M. Nelson

1 A BILL for an Act to create and enact a new section to chapter 54-17.7 of the North Dakota
2 Century Code, relating to the creation of a natural gas pipeline infrastructure loan fund; to
3 amend and reenact subsection 2 of section 57-51-05 of the North Dakota Century Code,
4 relating to gross production tax revenue; and to provide for a transfer.

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

6 **SECTION 1.** A new section to chapter 54-17.7 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Natural gas pipeline infrastructure loan fund - Continuing appropriation.**

- 9 1. There is created a natural gas pipeline infrastructure loan fund.
10 2. Revenue to the fund must include moneys received pursuant to revenue transfers
11 from the legacy fund and subsection 2 of section 57-51-05.
12 3. The fund must be maintained as a special fund and all moneys transferred into the
13 fund are appropriated on a continuing basis and must be used and disbursed solely for
14 the purpose of providing interest-free loans for the development of natural gas
15 distribution pipeline infrastructure.
16 4. The authority shall award funds on a continuing basis and award funding priority to
17 pipeline projects that will deliver gas to areas of this state without existing natural gas
18 service or to low-income areas of this state.

19 **SECTION 2. AMENDMENT.** Subsection 2 of section 57-51-05 of the North Dakota Century
20 Code is amended and reenacted as follows:

- 21 2. On oil or gas produced and sold, the gross production tax thereon must be paid by the
22 purchaser, and the purchaser is authorized to deduct in making settlement with the
23 producer or royalty owner, the amount of tax paid; provided, that in the event oil
24 produced is not sold but is retained by the producer, the tax on the oil not sold must be

1 paid by the producer, including the tax due on royalty oil not sold; provided further, that
2 in settlement with the royalty owner the producer has the right to deduct the amount of
3 the tax paid on royalty oil or to deduct therefrom royalty oil equivalent in value at the
4 time the tax becomes due with the amount of the tax paid. Notwithstanding any other
5 provisions of law, revenue derived under this subsection from gas purchased from a
6 producer that received a loan under section 1 of this Act must be deposited in the
7 natural gas pipeline infrastructure loan fund.

8 **SECTION 3. TRANSFER - LEGACY FUND TO NATURAL GAS PIPELINE**

9 **INFRASTRUCTURE LOAN FUND.** The office of management and budget shall transfer the
10 sum of \$100,000,000 from the principal of the legacy fund to the natural gas pipeline
11 infrastructure loan fund during the biennium beginning July 1, 2017, and ending June 30, 2019.