

**SENATE BILL NO. 2312**

Introduced by

Senators Kannianen, Wardner

Representative Pollert

1 A BILL for an Act to amend and reenact section 57-51.2-01 and subsection 5 of section  
2 57-51.2-02 of the North Dakota Century Code, relating to the allocation of revenue from oil and  
3 gas production and oil extraction taxes imposed on production and extraction activity on a  
4 reservation in this state; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 57-51.2-01 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **57-51.2-01. Authority to enter agreements.**

9 The governor, in consultation with the tax commissioner, may enter separate agreements  
10 with the Three Affiliated Tribes, Standing Rock Sioux Tribe, and Turtle Mountain Band of  
11 Chippewa Indians, relating to taxation and regulation of oil and gas exploration and production  
12 within the exterior boundaries of the Fort Berthold Reservation, that portion of the Standing  
13 ~~Rock Sioux Tribe~~ Reservation located in this state, or Turtle Mountain Band of Chippewa  
14 Indians Reservation and on trust properties outside reservation boundaries. Each tribal  
15 governing body is entitled to enter a separate agreement that conforms with the requirements of  
16 this chapter.

17 ~~Each agreement under this chapter is subject to confirmation by a majority of members~~  
18 ~~elected to the house of representatives and the senate and does not become effective until its~~  
19 ~~confirmation date or the effective date in the agreement, whichever is later. Each agreement~~  
20 ~~presented for confirmation must contain an expiration date not more than sixteen years after its~~  
21 ~~effective date and the expiration date must be March thirty first of an odd-numbered year.~~

22 **SECTION 2. AMENDMENT.** Subsection 5 of section 57-51.2-02 of the North Dakota  
23 Century Code is amended and reenacted as follows:

- 1           5. The allocation of revenue from oil and gas gross production and oil extraction taxes on  
2           the reservation must be as follows:
- 3           a. Production attributable to trust lands. ~~All~~The tribe must receive eighty percent of  
4           the total revenues, and be subject to all applicable exemptions from all oil and  
5           gas gross production and oil extraction taxes attributable to production from trust  
6           lands on the reservation and on trust properties outside reservation boundaries  
7           ~~must be evenly divided between the tribe and the state.~~ The state must receive  
8           the remainder.
- 9           b. All other production. The tribe must receive ~~fifty~~twenty percent of the total oil and  
10          gas gross production and oil extraction taxes collected, and be subject to all  
11          applicable exemptions, from all production attributable to nontrust lands on the  
12          reservation in lieu of the application of tribal fees and taxes related to production  
13          on such lands. The state must receive the remainder.
- 14          c. The state's share of the oil and gas gross production tax revenue as divided in  
15          subdivisions a and b is subject to distribution among political subdivisions as  
16          provided in chapter 57-51.

17          **SECTION 3. EFFECTIVE DATE.** This Act is effective for all new oil and gas wells on which  
18          drilling first commences after June 30, 2019, and which are the subject of an agreement  
19          authorized under this chapter, or the first day of the next succeeding month after the date an  
20          agreement authorized under this chapter is executed, whichever occurs later.