

Introduced by

Senators Kannianen, Wardner

Representative Pollert

1 | A BILL for an Act to amend and reenact ~~section~~sections 57-51.1-02 and 57-51.2-01 and
2 | subsection 5 of section 57-51.2-02 of the North Dakota Century Code, relating to the allocation
3 | of revenue from oil and gas production and oil extraction taxes imposed on production and
4 | extraction activity on a reservation in this state; ~~and to provide an effective date for application;~~
5 | and to declare an emergency.

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

7 | **SECTION 1. AMENDMENT.** Section 57-51.1-02 of the North Dakota Century Code is
8 | amended and reenacted as follows:

9 | **57-51.1-02. Imposition of oil extraction tax.**

10 | There is hereby imposed an excise tax, to be known as the "oil extraction tax", upon the
11 | activity in this state of extracting oil from the earth, and every owner, including any royalty
12 | owner, of any part of the oil extracted is deemed for the purposes of this chapter to be engaged
13 | in the activity of extracting that oil.

14 | The rate of tax is five percent of the gross value at the well of the oil extracted. ~~However, if-~~
15 | ~~the average price of a barrel of crude oil exceeds the trigger price of ninety dollars for each-~~
16 | ~~month in any consecutive three-month period, then the rate of tax on oil extracted from all-~~
17 | ~~taxable wells is six percent of the gross value at the well of the oil extracted until the average-~~
18 | ~~price of a barrel of crude oil is less than the trigger price of ninety dollars for each month in any-~~
19 | ~~consecutive three-month period, in which case the rate of tax reverts to five percent of the gross-~~
20 | ~~value at the well of the oil extracted. By December thirty-first of each year, the tax commissioner-~~
21 | ~~shall determine an indexed trigger price under this section by applying to the current trigger-~~
22 | ~~price an adjustment equal to the percentage rate of change of the producer price index for-~~
23 | ~~industrial commodities as calculated and published by the United States department of labor,-~~

~~bureau of labor statistics, for the twelve months ending June thirtieth of that year and the indexed trigger price so determined is the trigger price for the following calendar year.~~
~~For purposes of this section, "average price" of a barrel of crude oil means the monthly average of the daily closing price for a barrel of west Texas intermediate-cushing crude oil, as those prices appear in the Wall Street Journal, midwest edition. When computing the monthly average price, the most recent previous daily closing price must be considered the daily closing price for the days on which the market is closed.~~

SECTION 2. AMENDMENT. Section 57-51.2-01 of the North Dakota Century Code is amended and reenacted as follows:

57-51.2-01. Authority to enter agreements.

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

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

SECTION 3. AMENDMENT. Subsection 5 of section 57-51.2-02 of the North Dakota Century Code is amended and reenacted as follows:

5. The allocation of revenue from oil and gas gross production and oil extraction taxes on the reservation must be as follows:
 - a. Production attributable to trust lands. All~~The~~ tribe must receive eighty percent of the total revenues, and be subject to all applicable exemptions from all oil and gas gross production and oil extraction taxes attributable to production from trust lands on the reservation and on trust properties outside reservation boundaries

1 must be evenly divided between the tribe and the state. The state must receive
2 the remainder.

3 b. All other production. The tribe must receive ~~forty~~twenty percent of the total oil and
4 gas gross production and oil extraction taxes collected, and be subject to all
5 applicable exemptions, from all production attributable to nontrust lands on the
6 reservation in lieu of the application of tribal fees and taxes related to production
7 on such lands. The state must receive the remainder.

8 c. The state's share of the oil and gas gross production tax revenue as divided in
9 subdivisions a and b is subject to distribution among political subdivisions as
10 provided in chapter 57-51.

11 **SECTION 4. ~~EFFECTIVE DATE~~APPLICATION.** ~~This~~Sections 2 and 3 of this Act isare
12 effective for all new oil and gas wells on which drilling first commences after June 30, 2019, and
13 which are the subject of an agreement authorized under this chapter, or the first day of the next
14 succeeding month after the date an agreement authorized under this chapter is executed,
15 whichever occurs later.

16 **SECTION 5. EMERGENCY.** Sections 2 and 3 of this Act are declared to be an emergency
17 measure.