15.0329.04001
Title.05000

Prepared by the Legislative Council staff for Representative Delzer
February 21, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1176

Page 1, line 1, remove "15.1-27-04.1,"

Page 1, line 1, remove the second comma

Page 1, line 2, remove "mineral revenue received by school districts and"

Page 1, line 3, after the second semicolon insert "to provide exemptions; to provide for reports to the budget section;"

Page 1, remove lines 6 through 23

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 29

Page 5, remove lines 1 through 12

Page 5, line 25, overstrike "one" and insert immediately thereafter "seven and one-half"

Page 8, line 2, remove the overstrike over "~~three hundred seventy-five~~"

Page 8, line 2, remove "five hundred"

Page 8, line 7, remove the overstrike over "~~twenty-five~~"

Page 8, line 7, remove "fifty"

Page 8, line 11, after "Allocate" insert "to each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in state fiscal year 2014"

Page 8, line 11, replace "seven" with "five"

Page 8, line 12, remove "fifty"

Page 8, line 13, remove "for each"

Page 8, remove line 14

Page 8, line 15, remove "in the most recently completed state fiscal year"

Page 8, line 18, overstrike "four" and insert immediately thereafter "eight"

Page 8, line 19, overstrike "fifteen" and insert immediately thereafter "twenty"

Page 8, line 20, overstrike "thirty" and insert immediately thereafter "forty"

Page 9, line 1, replace "sixty" with "thirty"

Page 9, line 12, overstrike "the most recently completed"

Page 9, line 12, after "year" insert "2014"

Page 10, line 8, overstrike "the most recently completed"

Page 10, line 8, after "year" insert "2014"

Page 10, line 10, overstrike "Sixty" and insert immediately thereafter "Sixty-four"

Page 11, line 1, overstrike "Three" and insert immediately thereafter "Two"

Page 11, line 11, overstrike "Three" and insert immediately thereafter "Two"

Page 11, line 21, overstrike "Nine" and insert immediately thereafter "Seven"

Page 18, remove lines 6 through 31

Page 19, replace lines 1 through 31 with:

"**SECTION 3. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - NON-OIL-PRODUCING COUNTIES - EXEMPTION - REPORT TO BUDGET SECTION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $112,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of distributions to non-oil-producing counties, for the biennium beginning July 1, 2015, and ending June 30, 2017. The distributions must be based on county major collector roadway miles as defined by the department of transportation. The distribution to each non-oil-producing county must be proportional to each non-oil-producing county's total county major collector roadway miles relative to the combined total of county major collector roadway miles of all the eligible non-oil-producing counties under this section. For purposes of this section, "non-oil-producing counties" means the forty-three counties that received no allocation of funding or a total allocation under subsection 2 of section 57-51-15 of less than $5,000,000 for the period beginning September 1, 2013, and ending August 31, 2014. The amounts available under this section must be distributed on or after February 1, 2016.

1. a. Each county requesting funding under this section for county road and bridge projects shall submit the request in accordance with criteria developed by the department of transportation. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county which are needed to support economic activity in the state. The plan must meet the following criteria:

(1) Roadways and bridges must provide continuity and connectivity to efficiently integrate and improve major paved and unpaved corridors within the county and across county borders.

(2) Projects must be consistent with the upper great plains transportation institute's estimated road and bridge investment needs for the years 2015 to 2034 and other planning studies.

(3) Upon completion of a major roadway construction or reconstruction project, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.995 kilograms].

(4) Design speed on the roadway must be at least 55 miles per hour [88.51 kilometers per hour], unless the department of transportation provides an exemption.

(5) Projects must comply with the American association of state highway transportation officials pavement design procedures

and standards developed by the department of transportation in conjunction with the local jurisdiction.

(6) Bridges must be designed to meet an HL 93 loading.

b. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding for county and township rehabilitation and reconstruction projects. Counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

c. Funding provided under this section may be used for construction, engineering, and plan development costs, but may not be used for routine maintenance. Funding provided under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2016. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2017, must be continued into the biennium beginning July 1, 2017, and ending June 30, 2019, and may be expended only for the purposes authorized by this section. The funding provided in this section is considered a one-time funding item.

2. The department of transportation shall report to the budget section and to the appropriations committees of the sixty-fifth legislative assembly on the use of this one-time funding, including the amounts distributed to each county, the amounts spent to date, and the amounts anticipated to be continued into the 2017-19 biennium."

Page 20, line 1, after "**FUND**" insert "**- GRANT RECOMMENDATIONS - EXEMPTION - REPORT TO BUDGET SECTION**"

Page 20, line 3, replace "$139,000,000" with "$139,626,588"

Page 20, line 6, after the period insert "The commissioner of the board of university and school lands shall report to the budget section and to the appropriations committees of the sixty-fifth legislative assembly on the use of the funding provided in this section, including the amounts awarded to taxing districts, the amounts spent to date, and the amounts anticipated to be continued into the 2017-2019 biennium. During the biennium beginning July 1, 2015, and ending June 30, 2017, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. $10,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for the distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.

2. $10,000,000, or so much of the sum as may be necessary, for grants to hub cities. A hub city is a city that received an allocation under subdivision a of subsection 1 of section 57-51-15 in state fiscal year 2014. A hub city is eligible to receive grants from the oil and gas impact grant fund only to the extent provided for under this subsection. Of the funding provided in this subsection, a hub city may receive no more than $4,000,000.

3. $20,000,000, or so much of the sum as may be necessary, for grants to school districts impacted by oil and gas development. Grant funds may be used only for purposes relating to renovation and improvement projects. A school district is eligible to receive grants from the oil and gas impact grant fund only to the extent that the amount awarded does not bring the total amount of grants awarded from the oil and gas impact grant fund to the school district for the period beginning July 1, 2011, and ending June 30, 2017, to more than $10,000,000.

4. $500,000, or so much of the sum as may be necessary, to each eligible city. For purposes of this subsection, an "eligible city" means a city in an area impacted by oil and gas development with a population of more than 1,084, but fewer than 1,097 according to the last official decennial federal census.

5. $200,000 or so much of the sum as may be necessary, to each eligible city. For purposes of this subsection, an "eligible city" means a city in an area impacted by oil and gas development with a population of more than 445, but fewer than 475 according to the last official decennial federal census.

6. $100,000 or so much of the sum as may be necessary, to each eligible city. For purposes of this subsection, an "eligible city" means a city in an area impacted by oil and gas development with a population of more than 1,019, but fewer than 1,070 according to the last official decennial federal census."

Page 20, line 7, replace "2" with "1"

Page 20, line 7, replace "3" with "2"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

The schedule below compares 2015 House Bill No. 1176 as introduced [15.0329.04000] to the proposed House changes [15.0329.04001].

House Bill No. 1176	
As Introduced [15.0329.04000]	**Proposed House Changes [15.0329.04001]**
School construction loan payments • Excludes up to 80 percent of the 75 percent of a school district's oil and gas gross production tax distributions that are utilized in the calculation of state school aid payments if the distribution is used to pay eligible school construction loans or bonds.	**School construction loan payments** • No change to current law.
Hub cities and hub city school districts	**Hub cities and hub city school districts**

- Changes the definition of a hub city related to employment percentages from employment in the mining industry to oil and gas-related employment and clarifies that the hub cities' allocation percentages be updated annually.
- Increases the annual amounts allocated to hub cities under North Dakota Century Code Section 57-51-15(1) from $375,000 per percentage point of oil and gas-related employment to $500,000 per percentage point.
- Increases the annual amounts allocated to hub city school districts under Section 57-51-15(1) from $125,000 per percentage point of oil and gas-related employment to $150,000 per percentage point.

Additional school district allocation

- Allocates $1.75 million each fiscal year for each county that received $5 million or more of oil and gas tax collections in the prior state fiscal year for distributions to school districts, excluding hub city school districts.

Oil and gas impact grant fund allocations

- Decreases the oil and gas gross production tax revenue collections allocated to the oil and gas impact grant fund from $240 million per biennium to $140 million per biennium.

North Dakota outdoor heritage fund allocations

- No change to current law.

Allocations and distributions to political subdivisions

- Removes the June 30, 2015, expiration date of the oil and gas gross production tax formula changes made by the 2013 Legislative Assembly in House Bill No. 1358.
- Technical corrections to the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to provide clarity and consistency.
- Provides additional reporting requirements for counties and school districts, including requirements to report revenues and expenditures, ending fund balances, and detailed information on the amounts expended from the allocations.
- Increases the amount allocated to counties related to the 4 percent of the 5 percent oil and gas gross production tax from 25 to 60 percent of all revenue above $5 million.
- No change to current law.
- No change to current law.

- Changes the definition of a hub city related to employment percentages from employment in the mining industry to oil and gas-related employment, increases the required employment percentage from 1 percent to 7.5 percent, and clarifies that the hub cities' allocation percentages be updated annually.
- No change to current law.
- No change to current law.

Additional school district allocation

- Allocates $1.5 million each fiscal year for each county that received more than $5 million, but less than $30 million of oil and gas tax collections in the prior state fiscal year for distributions to school districts, excluding hub city school districts.

Oil and gas impact grant fund allocations

- Decreases the oil and gas gross production tax revenue collections allocated to the oil and gas impact grant fund from $240 million per biennium to $140 million per biennium.

North Dakota outdoor heritage fund allocations

- Increases the amount allocated to the North Dakota outdoor heritage fund from 4 to 8 percent and increases the allocation limit from $15 million per fiscal year to $20 million per fiscal year

Allocations and distributions to political subdivisions

- Removes the June 30, 2015, expiration date of the oil and gas gross production tax formula changes made by the 2013 Legislative Assembly in House Bill No. 1358.
- Technical corrections to the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to provide clarity and consistency.
- Provides additional reporting requirements for counties and school districts, including requirements to report revenues and expenditures, ending fund balances, and detailed information on the amounts expended from the allocations.
- Increases the amount allocated to counties related to the 4 percent of the 5 percent oil and gas gross production tax from 25 to 30 percent of all revenue above $5 million.
- Changes the determination of counties that received $5 million or more from the total allocations received in the most recently completed state fiscal year to the total allocations received in state fiscal year 2014.
- Changes the amounts allocated to political subdivisions within counties that received $5 million or more of oil and gas tax as follows:

	Current Law	Proposed Changes
County general fund	60%	64%
Cities	20%	20%
Schools	5%	5%
Townships (equal)	3%	2%
Townships (road miles)	3%	2%
Hub cities	3%	7%

Other sections	**Other sections**
• Provides funding of $120 million from the general fund to the Department of Transportation for paved and unpaved road and bridge projects in counties that received no allocation or less than $5 million in annual oil tax allocations in state fiscal year 2014. The funding distributions are based on county major collector roadway miles. • Appropriates $139 million ($140 million allocated to the fund less approximately $1 million for administrative costs) from the oil and gas impact grant fund to the Department of Trust Lands for undesignated oil impact grants.	• Provides funding of $112 million from the general fund to the Department of Transportation for paved and unpaved road and bridge projects in counties that received no allocation or less than $5 million in annual oil tax allocations in state fiscal year 2014. The funding distributions are based on county major collector roadway miles. • Appropriates $139.6 million ($140 million allocated to the fund less approximately $400,000 for administrative costs) from the oil and gas impact grant fund to the Department of Trust Lands for oil impact grants. Based on the proposed changes, approximately $98.8 million is undesignated and $40.8 million is designated as follows: $10 million for airports $10 million for hub cities $20 million for school districts $800,000 to certain eligible cities