FIRST ENGROSSMENT

Sixty-fourth Legislative Assembly of North Dakota

ENGROSSED HOUSE BILL NO. 1176

Introduced by

Representatives Kempenich, Brandenburg, Dockter, Hatlestad, Owens, Streyle, Toman, Trottier

Senators Bowman, O'Connell, Oehlke, Unruh

- A BILL for an Act to amend and reenact sections <u>15-08.1-08</u>, 57-51-01, and 57-51-15 of the
- 2 North Dakota Century Code, relating to the unobligated balance of the strategic investment and
- 3 improvements fund and oil and gas gross production tax definitions and allocations; to provide
- 4 appropriations; to provide exemptions; to provide for reports to the budget section; and to
- 5 provide an effective date.

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

SECTION 1. AMENDMENT. Section 15-08.1-08 of the North Dakota Century Code is
 amended and reenacted as follows:

9 15-08.1-08. Income - Expenses - Reimbursement - Creation of strategic investment
 10 and improvements fund - Legislative intent - Contingent transfer to legacy fund.

11 The income derived from the sale, lease, and management of the mineral interests acquired 12 by the board of university and school lands pursuant to this chapter and other funds as provided 13 by law must, after deducting the expenses of sale, lease, and management of the property, be 14 deposited in a fund to be known as the strategic investment and improvements fund. The 15 corpus and interest of such trust may be expended as the legislative assembly may provide for 16 one-time expenditures relating to improving state infrastructure or for initiatives to improve the 17 efficiency and effectiveness of state government. It is the intent of the legislative assembly that 18 moneys in the fund may be included in draft appropriation acts under section 54-44.1-06 and 19 may be appropriated by the legislative assembly, but only to the extent that the moneys are 20 estimated to be available at the beginning of the biennium in which the appropriations are 21 authorized. If the unobligated balance in the fund at the end of any month exceeds three-22 hundred million dollars, twenty-five percent of any revenues received for deposit in the fund in-23 the subsequent month must be deposited instead into the legacy fund. For purposes of this

15.0329.05013

1	section, "unobligated balance in the fund" means the balance in the fund reduced by						
2	appropriations or transfers from the fund authorized by the legislative assembly, guarantee						
3	reserve	reserve fund requirements under section 6-09.7-05, and any fund balance designated by the					
4	board of	funiversity and school lands relating to potential title disputes related to certain riverbed					
5	leases.						
6	SEC	CTION 2. Section 57-51-01 of the North Dakota Century Code is amended and					
7	reenacte	ed as follows:					
8	57-5	51-01. (Effective for taxable events occurring through June 30, 2015) Definitions.					
9	As ι	used in this chapter:					
10	1.	"Barrel of oil" means forty-two United States gallons of two hundred thirty-one cubic					
11		inches per gallon computed at a temperature of sixty degrees Fahrenheit [158.99 liters					
12		computed at a temperature of 15.56 degrees Celsius].					
13	2.	"Commissioner" means the state tax commissioner.					
14	3.	"Field" means the geographic area underlaid by one or more pools, as defined by the					
15		industrial commission.					
16	4.	"Gas" means natural gas and casinghead gas.					
17	5.	"Hub city" means a city with a population of twelve thousand five hundred or more,					
18		according to the last official decennial federal census, which has more than one seven-					
19		and one-half percent of its private covered employment engaged in the mining-					
20		industryoil and gas-related employment, according to annual data compiled by job					
21		service North Dakota.					
22	6.	"Hub city school district" means the school district with the highest student enrollment					
23		within the city limits of a hub city.					
24	7.	"Oil" means petroleum, crude oil, mineral oil, and casinghead gasoline.					
25	8.	"Person" includes partnership, corporation, limited liability company, association,					
26		fiduciary, trustee, and any combination of individuals.					
27	9.	"Posted price" means the price specified in publicly available posted price bulletins or					
28		other public notices, net of any adjustments for quality and location.					
29	10.	"Shallow gas" means gas produced from a gas well completed in or producing from a					
30		shallow gas zone, as certified to the tax commissioner by the industrial commission.					

1	11.	"Shallow gas zone" means a strata or formation, including lignite or coal strata or					
2		seam, located above the depth of five thousand feet [1524 meters] below the surface,					
3		or located more than five thousand feet [1524 meters] below the surface but above the					
4		top of the Rierdon formation, from which gas is or may be produced.					
5	12.	"Transportation costs" means the costs incurred for transporting oil established in					
6		accordance with the first applicable of the following methods:					
7		a. Actual costs incurred under the arm's-length contract between the producer and					
8		the transporter of oil.					
9		b. An applicable common carrier rate established and filed with the North Dakota					
10		public service commission, or the appropriate federal jurisdictional agency.					
11		c. When no common carrier rate would be applicable, the transportation costs are					
12		those reasonable costs associated with the actual operating and maintenance					
13		expenses, overhead costs directly attributable and allocable to the operation and					
14		maintenance, and either depreciation and a return on undepreciated capital					
15		investment, or a cost equal to a return on the investment in the transportation					
16		system, as determined by the commissioner.					
17	(Eff e	ective for taxable events occurring after June 30, 2015) Definitions. As used in this					
18	chapter:						
19	1.	"Barrel of oil" means forty-two United States gallons of two hundred thirty-one cubic-					
20		inches per gallon computed at a temperature of sixty degrees Fahrenheit [158.99 liters-					
21		computed at a temperature of 15.56 degrees Celsius].					
22	2.	"Commissioner" means the state tax commissioner.					
23	3.	"Field" means the geographic area underlaid by one or more pools, as defined by the					
24		industrial commission.					
25	4.	"Gas" means natural gas and casinghead gas.					
26	5.	"Oil" means petroleum, crude oil, mineral oil, and casinghead gasoline.					
27	6.	"Person" includes partnership, corporation, limited liability company, association,					
28		fiduciary, trustee, and any combination of individuals.					
29	7.	"Posted price" means the price specified in publicly available posted price bulletins or					
30		other public notices, net of any adjustments for quality and location.					

1	8.	"Sha	allow gas" means gas produced from a gas well completed in or producing from a			
2		shal	llow gas zone, as certified to the tax commissioner by the industrial commission.			
3	9.	"Sha	allow gas zone" means a strata or formation, including lignite or coal strata or			
4		sea	m, located above the depth of five thousand feet [1524 meters] below the surface,			
5		or l c	ocated more than five thousand feet [1524 meters] below the surface but above the			
6		top-	of the Rierdon formation, from which gas is or may be produced.			
7	10.	"Tra	nsportation costs" means the costs incurred for transporting oil established in			
8		acco	ordance with the first applicable of the following methods:			
9		a.	Actual costs incurred under the arm's-length contract between the producer and			
10			the transporter of oil.			
11		b.	An applicable common carrier rate established and filed with the North Dakota			
12			public service commission, or the appropriate federal jurisdictional agency.			
13		C.	When no common carrier rate would be applicable, the transportation costs are			
14			those reasonable costs associated with the actual operating and maintenance			
15			expenses, overhead costs directly attributable and allocable to the operation and			
16			maintenance, and either depreciation and a return on undepreciated capital-			
17			investment, or a cost equal to a return on the investment in the transportation			
18			system, as determined by the commissioner.			
19	SECTION 3. AMENDMENT. Section 57-51-15 of the North Dakota Century Code is					
20	amende	d and	reenacted as follows:			
21	57-5	51-15	. (Effective for taxable events occurring through June 30, 2015) Gross			
22	product	ion t	ax allocation.			
23	The	gros	s production tax must be allocated monthly as follows:			
24	1.	Firs	t the tax revenue collected under this chapter equal to one percent of the gross			
25		valu	e at the well of the oil and one-fifth of the tax on gas must be deposited with the			
26		state	e treasurer who shall:			
27		a.	Allocate to each hub city, which is located in a county that received an allocation			
28			under subsection 2, a monthly amount that will provide a total allocation of three			
29			hundred seventy-five thousand dollars per fiscal year for each full or partial			
30			percentage point of its private covered employment engaged in the mining			

1		industryoil and gas-related employment, according to annual data compiled by
2		job service North Dakota;
3	b.	Allocate to each hub city, which is located in a county that did not receive an
4		allocation under subsection 2, a monthly amount that will provide a total
5		allocation of two hundred fifty thousand dollars per fiscal year for each full or
6		partial percentage point of its private covered employment engaged in oil and
7		gas-related employment, according to annual data compiled by job service North
8		Dakota;
9	C.	_Allocate to each hub city school district, which is located in a county that received
10		an allocation under subsection 2, a monthly amount that will provide a total
11		allocation of one hundred twenty-five thousand dollars per fiscal year for each full
12		or partial percentage point of the hub city's private covered employment engaged
13		in the mining industry<u>oil</u> and gas-related employment , according to <u>annual</u> data
14		compiled by job service North Dakota, provided that hub city school districts,
15		which are located in a county that did not receive an allocation under
16		subsection 2, must be excluded from the allocations under this subdivision;
17	<u>e.d.</u>	Allocate to each county that received more than five million dollars but less than
18		thirty million dollars of total allocations under subsection 2 in state fiscal year
19		2014 a monthly amount that will provide a total allocation of one million five
20		hundred thousand dollars per fiscal year to be added by the state treasurer to the
21		allocations to school districts under subdivision b of subsection 5;
22	c.<u>d.</u>e.	Credit revenues to the oil and gas impact grant fund, but not in an amount
23		exceeding twoone hundred forty million dollars per biennium;
24	d.<u>e.</u>f.	Credit foureight percent of the amount available under this subsection to the
25		North Dakota outdoor heritage fund, but not in an amount exceeding
26		fifteentwenty million dollars in a state fiscal year and not in an amount exceeding
27		thirtyforty million dollars per biennium;
28	e.<u>f.</u>g.	Credit four percent of the amount available under this subsection to the
29		abandoned oil and gas well plugging and site reclamation fund, but not in an
30		amount exceeding five million dollars in a state fiscal year and not in an amount

1			that would bring the balance in the fund to more than seventy-five million dollars;
2			and
3	f.]. h.	Allocate the remaining revenues under subsection 3.
4	2.	Afte	er deduction of the amount provided in subsection 1, annual revenue collected
5		und	er this chapter from oil and gas produced in each county must be allocated as
6		follo	ows:
7		a.	The first five million dollars is allocated to the county.
8		b.	Of all annual revenue exceeding five million dollars, twenty-fivethirty percent is
9			allocated to the county.
10	3.	Afte	er the allocations under subsections 1 and 2, the amount remaining is allocated first
11		to p	rovide for deposit of thirty percent of all revenue collected under this chapter in the
12		lega	acy fund as provided in section 26 of article X of the Constitution of North Dakota
13		and	the remainder must be allocated to the state general fund. If the amount available
14		for a	a monthly allocation under this subsection is insufficient to deposit thirty percent of
15		all r	evenue collected under this chapter in the legacy fund, the state treasurer shall
16		tran	sfer the amount of the shortfall from the state general fund share of oil extraction
17		tax	collections and deposit that amount in the legacy fund.
18	4.	For	a county that received less than five million dollars of allocations under
19		sub	section 2 in the most recently completed state fiscal year 2014, revenues allocated
20		to th	nat county must be distributed no less than<u>at least quarterly</u> by the state treasurer
21		as f	ollows:
22		a.	Forty-five percent must be distributed to the county treasurer and credited to the
23			county general fund. However, the allocation <u>distribution</u> to a county under this
24			subdivision must be credited to the state general fund if in a taxable year after
25			2012 the county is not levying a total of at least ten mills for combined levies for
26			county road and bridge, farm-to-market and federal aid road, and county road
27			purposes.
28		b.	Thirty-five percent of all revenues allocated to any county for allocation under this-
29			subsection must be apportioned by the state treasurer no less than
30			quarterlydistributed to school districts within the county, excluding consideration-
31			of and allocation to any hub city school district in the county, on the average daily

1			attendance distribution basis for kindergarten through grade twelve students				
2			residing within the county, as certified to the state treasurer by the county				
3			superintendent of schools. However, a hub city school district must be omitted				
4			from distributions under this subdivision.				
5		C.	Twenty percent must be apportioned no less than quarterly by the state				
6			treasurer <u>distributed</u> to the incorporated cities of the county. A hub city must be				
7			omitted from apportionmentdistributions under this subdivision.				
8			ApportionmentDistributions among cities under this subsection must be based				
9			upon the population of each incorporated city according to the last official				
10			decennial federal census. In determining the population of any city in which total				
11			employment increases by more than two hundred percent seasonally due to				
12			tourism, the population of that city for purposes of this subdivision must be				
13			increased by eight hundred percent.				
14	5.	For	a county that received five million dollars or more of allocations under subsection 2				
15		in tl	he most recently completed state fiscal year 2014, revenues allocated to that				
16		cou	county must be distributed no less than<u>at least quarterly</u> by the state treasurer as				
17		follo	follows:				
18		a.	SixtySixty-four percent must be distributed to the county treasurer and credited to				
19			the county general fund. However, the allocation distribution to a county under this				
20			subdivision must be credited to the state general fund if in a taxable year after				
21			2012 the county is not levying a total of at least ten mills for combined levies for				
22			county road and bridge, farm-to-market and federal aid road, and county road				
23			purposes.				
24		b.	Five percent must be apportioned by the state treasurer no less than				
25			quarterlydistributed to school districts within the county on the average daily				
26			attendance distribution basis for kindergarten through grade twelve students				
27			residing within the county, as certified to the state treasurer by the county				
28			superintendent of schools. However, a hub city school district must be omitted				
29			from consideration and apportionmentdistributions under this subdivision.				
30		C.	Twenty percent must be apportioned no less than quarterly by the state				
31			treasurerdistributed to the incorporated cities of the county. A hub city must be				

1		omitted from apportionmentdistributions under this subdivision.
2		ApportionmentDistributions among cities under this subsection must be based
3		upon the population of each incorporated city according to the last official
4		decennial federal census. In determining the population of any city in which total
5		employment increases by more than two hundred percent seasonally due to
6		tourism, the population of that city for purposes of this subdivision must be
7		increased by eight hundred percent.
8	d.	Three Two percent must be apportioned no less than quarterly by the state-
9		treasurerallocated among the organized and unorganized townships of the
10		county. The state treasurer shall apportionallocate the funds available under this
11		subdivision among townships in the proportion that township to each township's
12		road miles in the township bearrelative to the total township road miles in the
13		county. The amount apportionedallocated to unorganized townships under this
14		subdivision must be distributed to the county treasurer and credited to a special
15		fund for unorganized township roads, which the board of county commissioners
16		shall use for the maintenance and improvement of roads in unorganized
17		townships.
18	e.	Three <u>Two</u> percent must be allocated by the state treasurer among the organized

- ercent must be allocated by the state treasurer among the organized 10 19 and unorganized townships in all the counties that received five million dollars or 20 more of allocations under subsection 2 in the most recently completed state fiscal 21 year. The amount available under this subdivision must be allocated no less than-22 quarterly by the state treasurer in an equal amount to each eligible organized and 23 unorganized township. The amount allocated to unorganized townships under 24 this subdivision must be distributed to the county treasurer and credited to a 25 special fund for unorganized township roads, which the board of county 26 commissioners shall use for the maintenance and improvement of roads in 27 unorganized townships.
- 28f.NineSevenpercent must be allocated by the state treasurerdistributedamong29hub cities. The amount available for allocation under this subdivision must be30apportioned by the state treasurer no less than quarterly among hub cities. Sixty31percent of funds available under this subdivision must be distributed to the hub

1		city receiving the greatesthighest percentage of allocations to hub cities under
2		subdivision a of subsection 1 for the quarterly period, thirty percent of funds
3		available under this subdivision must be distributed to the hub city receiving the
4		second greatesthighest percentage of such allocations, and ten percent of funds
5		available under this subdivision must be distributed to the hub city receiving the
6		third greatesthighest percentage of such allocations.
7	6.	Within thirty days after the end of each calendar year, the board of county
8		commissioners of each county that has received an allocation under this section shall
9		file a report for the calendar year with the commissioner, in a format prescribed by the
10		commissioner, including:
11		a. The county's statement of revenues and expenditures; and
12		b. The amount allocated to or for the benefit of townships or school districts, the
13		amount allocated to each organized township or school district and the amount
14		expended from each such allocation by that township or school district, the
15		amount expended by the board of county commissioners on behalf of each
16		unorganized township for which an expenditure was made, and the amount
17		available for allocation to or for the benefit of townships or school districts which
18		remained unexpended at the end of the fiscal year. The county's ending fund
19		balances;
20		c. The amounts allocated under this section to the county's general fund, the
21		amounts expended from these allocations, and the purposes of the expenditures;
22		and
23		d. The amounts allocated under this section to or for the benefit of townships within
24		the county, the amounts expended from these allocations, and the purposes of
25		the expenditures.
26		Within fifteen days after the time when reports under this subsection wereare due, the
27		commissioner shall provide the reports to the legislative council compiling the
28		information from reports received under this subsection.
29	<u>7.</u>	Within thirty days after the end of each fiscal year ended June thirtieth, each school
30		district that has received an allocation under this section shall file a report for the fiscal

1	year ended June thirtieth with the commissioner, in a format prescribed by the						
2	commissioner, including:						
3		<u>a.</u>	The school district's statement of revenue and expenditures;				
4		<u>b.</u>	The school district's ending fund balances; and				
5		<u>C.</u>	The amounts allocated under this section to the school district, the amounts				
6			expended from these allocations, and the purposes of the expenditures.				
7		Wit	hin fifteen days after the time when reports under this subsection are due, the				
8		<u>con</u>	missioner shall provide the reports to the legislative council compiling the				
9		info	rmation from reports received under this subsection.				
10	(Eff	ectiv	e for taxable events occurring after June 30, 2015) Gross production tax				
11	allocati	on. T	he gross production tax must be allocated monthly as follows:				
12	1.	Firs	t the tax revenue collected under this chapter equal to one percent of the gross-				
13		valu	e at the well of the oil and one-fifth of the tax on gas must be deposited with the				
14		stat	e treasurer who shall:				
15		a.	Allocate five hundred thousand dollars per fiscal year to each city in an				
16			oil-producing county which has a population of seven thousand five hundred or				
17			more and more than two percent of its private covered employment engaged in				
18			the mining industry, according to data compiled by job service North Dakota. The				
19			allocation under this subdivision must be doubled if the city has more than seven				
20			and one-half percent of its private covered employment engaged in the mining-				
21			industry, according to data compiled by job service North Dakota;				
22		b.	Credit revenues to the oil and gas impact grant fund, but not in an amount				
23			exceeding one hundred million dollars per biennium;				
24		C.	Credit four percent of the amount available under this subsection to the North-				
25			Dakota outdoor heritage fund, but not in an amount exceeding fifteen million				
26			dollars in a state fiscal year and not in an amount exceeding thirty million dollars				
27			per biennium;				
28		d.	Credit four percent of the amount available under this subsection to the				
29			abandoned oil and gas well plugging and site reclamation fund, but not in an				
30			amount exceeding five million dollars in a state fiscal year and not in an amount				

1			that would bring the balance in the fund to more than seventy-five million dollars;					
2			and					
3		e.	Allocate the remaining revenues under subsection 3.					
4	2.	Afte	fter deduction of the amount provided in subsection 1, annual revenue collected					
5		und	er this chapter from oil and gas produced in each county must be allocated as-					
6		follo	ws:					
7		a.	The first two million dollars is allocated to the county.					
8		b.	Of the next one million dollars, seventy-five percent is allocated to the county.					
9		C.	Of the next one million dollars, fifty percent is allocated to the county.					
10		d.	Of the next fourteen million dollars, twenty-five percent is allocated to the county.					
11		e.	Of all annual revenue exceeding eighteen million dollars, ten percent is allocated					
12			to the county.					
13	3.	Afte	r the allocations under subsections 1 and 2, the amount remaining is allocated first					
14		to p	rovide for deposit of thirty percent of all revenue collected under this chapter in the					
15		lega	legacy fund as provided in section 26 of article X of the Constitution of North Dakota					
16		and	the remainder must be allocated to the state general fund. If the amount available					
17		for a	a monthly allocation under this subsection is insufficient to deposit thirty percent of					
18		all r e	evenue collected under this chapter in the legacy fund, the state treasurer shall-					
19		tran	sfer the amount of the shortfall from the state general fund share of oil extraction					
20		tax (collections and deposit that amount in the legacy fund.					
21	4.	The	amount to which each county is entitled under subsection 2 must be allocated					
22		with	in the county so the first five million three hundred fifty thousand dollars is					
23		allo	cated under subsection 5 for each fiscal year and any amount received by a county-					
24		exce	eeding five million three hundred fifty thousand dollars is credited by the county-					
25		trea	surer to the county infrastructure fund and allocated under subsection 6.					
26	5.	a.	Forty-five percent of all revenues allocated to any county for allocation under this-					
27			subsection must be credited by the county treasurer to the county general fund.					
28			However, the allocation to a county under this subdivision must be credited to the					
29			state general fund if during that fiscal year the county does not levy a total of at					
30			least ten mills for combined levies for county road and bridge, farm-to-market and					
31			federal aid road, and county road purposes.					

1	b.	Thir	ty-five percent of all revenues allocated to any county for allocation under this					
2		subs	subsection must be apportioned by the county treasurer no less than quarterly to					
3		sche	school districts within the county on the average daily attendance distribution					
4		basi	s, as certified to the county treasurer by the county superintendent of					
5		sche	ools. However, no school district may receive in any single academic year an					
6		ame	unt under this subsection greater than the county average per student cost					
7		mult	iplied by seventy percent, then multiplied by the number of students in					
8		aver	age daily attendance or the number of children of school age in the school					
9		cent	sus for the county, whichever is greater. Provided, however, that in any county-					
10		in w	hich the average daily attendance or the school census, whichever is greater,					
11		is fe	wer than four hundred, the county is entitled to one hundred twenty percent					
12		of th	e county average per student cost multiplied by the number of students in-					
13		aver	age daily attendance or the number of children of school age in the school					
14		cens	sus for the county, whichever is greater. Once this level has been reached					
15		thro	through distributions under this subsection, all excess funds to which the school					
16		distr	district would be entitled as part of its thirty-five percent share must be deposited					
17		inste	ead in the county general fund. The county superintendent of schools of each					
18		oil- p	oil-producing county shall certify to the county treasurer by July first of each year-					
19		the a	amount to which each school district is limited pursuant to this subsection. As					
20		usee	t in this subsection, "average daily attendance" means the average daily					
21		atter	ndance for the school year immediately preceding the certification by the					
22		cour	nty superintendent of schools required by this subsection.					
23			The countywide allocation to school districts under this subdivision is subject-					
24		to th	e following:					
25		(1)	The first three hundred fifty thousand dollars is apportioned entirely among					
26			school districts in the county.					
27		(2)	The next three hundred fifty thousand dollars is apportioned seventy-five					
28			percent among school districts in the county and twenty-five percent to the					
29			county infrastructure fund.					

1			(3)	The n	ext two hundred sixty-two thousand five hundred dollars is		
2				appor	tioned two-thirds among school districts in the county and one-third to		
3				the county infrastructure fund.			
4			(4)	The n	ext one hundred seventy-five thousand dollars is apportioned fifty-		
5				perce	nt among school districts in the county and fifty percent to the county-		
6				infras	tructure fund.		
7			(5)	Any re	emaining amount is apportioned to the county infrastructure fund-		
8				excep	t from that remaining amount the following amounts are apportioned		
9				amon	g school districts in the county:		
10				(a)	Four hundred ninety thousand dollars, for counties having a		
11					population of three thousand or fewer.		
12				(b)	Five hundred sixty thousand dollars, for counties having a population		
13					of more than three thousand and fewer than six thousand.		
14				(c)	Seven hundred thirty-five thousand dollars, for counties having a		
15					population of six thousand or more.		
16		C.	Twe	enty per	cent of all revenues allocated to any county for allocation under this-		
17			sub	section	must be apportioned no less than quarterly by the state treasurer to		
18			the	incorpe	rated cities of the county. Apportionment among cities under this-		
19			sub	section	must be based upon the population of each incorporated city-		
20			acc	ording t	to the last official decennial federal census. In determining the		
21			рор	ulation	of any city in which total employment increases by more than two-		
22			hun	dred pe	ercent seasonally due to tourism, the population of that city for		
23			pur	ooses c	f this subdivision must be increased by eight hundred percent. If a city		
24			rece	eives a	direct allocation under subsection 1, the allocation to that city under-		
25			this	subsec	tion is limited to sixty percent of the amount otherwise determined for		
26			that	city un	der this subsection and the amount exceeding this limitation must be		
27			real	located	among the other cities in the county.		
28	6.	a.	For	t y-five p	percent of all revenues allocated to a county infrastructure fund under-		
29			sub	section	s 4 and 5 must be credited by the county treasurer to the county		
30			gen	eral fur	nd. However, the allocation to a county under this subdivision must be		
31			cree	dited to	the state general fund if during that fiscal year the county does not		

1			levy a total of at least ten mills for combined levies for county road and bridge,
2			farm-to-market and federal aid road, and county road purposes.
3		b.	Thirty-five percent of all revenues allocated to the county infrastructure fund
4			under subsections 4 and 5 must be allocated by the board of county
5			commissioners to or for the benefit of townships in the county on the basis of
6			applications by townships for funding to offset oil and gas development impact to
7			township roads or other infrastructure needs or applications by school districts for
8			repair or replacement of school district vehicles necessitated by damage or
9			deterioration attributable to travel on oil and gas development-impacted roads. An
10			organized township is not eligible for an allocation of funds under this subdivision-
11			unless during that fiscal year that township levies at least ten mills for township
12			purposes. For unorganized townships within the county, the board of county-
13			commissioners may expend an appropriate portion of revenues under this
14			subdivision to offset oil and gas development impact to township roads or other
15			infrastructure needs in those townships. The amount deposited during each-
16			calendar year in the county infrastructure fund which is designated for allocation-
17			under this subdivision and which is unexpended and unobligated at the end of
18			the calendar year must be transferred by the county treasurer to the county road-
19			and bridge fund for use on county road and bridge projects.
20		C.	Twenty percent of all revenues allocated to any county infrastructure fund under-
21			subsections 4 and 5 must be allocated by the county treasurer no less than
22			quarterly to the incorporated cities of the county. Apportionment among cities-
23			under this subsection must be based upon the population of each incorporated
24			city according to the last official decennial federal census. If a city receives a
25			direct allocation under subsection 1, the allocation to that city under this-
26			subsection is limited to sixty percent of the amount otherwise determined for that
27			city under this subsection and the amount exceeding this limitation must be
28			reallocated among the other cities in the county.
29	7.	Wit	hin thirty days after the end of each calendar year, the board of county-
30		con	nmissioners of each county that has received an allocation under this section shall

1	file a	report for the calendar year with the commissioner, in a format prescribed by the
2	com	missioner, including:
3	a.	The county's statement of revenues and expenditures; and
4	b.	The amount available in the county infrastructure fund for allocation to or for the
5		benefit of townships or school districts, the amount allocated to each organized-
6		township or school district and the amount expended from each such allocation-
7		by that township or school district, the amount expended by the board of county-
8		commissioners on behalf of each unorganized township for which an expenditure-
9		was made, and the amount available for allocation to or for the benefit of
10		townships or school districts which remained unexpended at the end of the fiscal
11		year.
12	With	in fifteen days after the time when reports under this subsection were due, the
13	com	missioner shall provide the reports to the legislative council compiling the
14	infor	mation from reports received under this subsection.
15	SECTION	4. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - NON-OIL-
16	PRODUCING	COUNTIES - EXEMPTION - REPORT TO BUDGET SECTION. There is
17	appropriated of	out of any moneys in the general fund in the state treasury, not otherwise
18	appropriated,	the sum of \$112,000,000, or so much of the sum as may be necessary, to the
19	department of	f transportation for the purpose of distributions to non-oil-producing counties, for
20	the biennium	beginning July 1, 2015, and ending June 30, 2017. The distributions must be
21	based on cou	nty major collector roadway miles as defined by the department of
22	transportation	estimated unmet road and bridge investment needs. The distribution to each non-
23	oil-producing	county must be proportional to each non-oil-producing county's total county major-
24	collector road	way milesestimated unmet road and bridge investment needs relative to the
25	combined tota	I of county major collector roadway milesestimated unmet road and bridge
26	investment ne	eeds of all the eligible non-oil-producing counties under this section. For purposes
27	of this section	, "estimated unmet road and bridge investment needs" means a county's total
28	estimated roa	d and bridge investment needs for the years 2015 to 2034, identified in the most
29	recently comp	leted report by the upper great plains transportation institute less the amount
30	distributed to	the county under subsection 2 of section 2 of Senate Bill No. 2103, as approved
31	by the sixty-fo	urth legislative assembly. For purposes of this section, "non-oil-producing

1	counties" means	s the forty-three counties that received no allocation of funding or a total
2	allocation under	subsection 2 of section 57-51-15 of less than \$5,000,000 for the period
3	beginning Septe	ember 1, 2013, and ending August 31, 2014. The amounts available under this
4	section must be	distributed on or after February 1, 2016.
5	1. a. E	ach county requesting funding under this section for county road and bridge
6	р	rojects shall submit the request in accordance with criteria developed by the
7	d	epartment of transportation. The request must include a proposed plan for
8	fu	unding projects that rehabilitate or reconstruct paved and unpaved roads and
9	b	ridges within the county which are needed to support economic activity in the
10	S	tate <u>or which improve traffic safety</u> . The plan must meet the following criteria:
11	(1	Boadways and bridges must provide continuity and connectivity to efficiently
12		integrate and improve major paved and unpaved corridors within the county
13		and across county borders.
14	(1) Roadways and bridges must provide at least one of the following:
15		(a) Continuity and connectivity to efficiently integrate and improve major
16		paved and unpaved corridors within the county and across county
17		borders;
18		(b) Connectivity to significant traffic generators; or
19		(c) Direct improvement in traffic safety.
20	(2	Projects must be consistent with the upper great plains transportation
21		institute's estimated road and bridge investment needs for the years 2015 to
22		2034 and other planning studies.
23	(3	B) Upon completion of a major roadway construction or reconstruction project,
24		the roadway segment must be posted at a legal load limit of 105,500
25		pounds [47853.995 kilograms].
26	(4	Design speed on the roadway must be at least 55 miles per hour
27		[88.51 kilometers per hour], unless the department of transportation
28		provides an exemption.
29	(5	5) Projects must comply with the American association of state highway
30		transportation officials pavement design procedures and standards

1			developed by the department of transportation in conjunction with the local
2			jurisdiction.
3			(6) Bridges must be designed to meet an HL 93 loading.
4		b.	The department of transportation, in consultation with the county, may approve
5			the plan or approve the plan with amendments. Upon approval of the plan, the
6			department of transportation shall transfer to the county the approved funding for
7			engineering and plan development costs. Upon execution of a construction
8			contract by the county, the department of transportation shall transfer to the
9			county the approved funding for county and township rehabilitation and
10			reconstruction projects. Counties shall report to the department of transportation
11			upon awarding of each contract and upon completion of each project in a manner
12			prescribed by the department.
13		C.	Funding provided under this section may be used for construction, engineering,
14	I		and plan development costs, but may not be used for routine maintenance.
15			Funding provided under this section may be applied to engineering, and design,
16			costs incurred on related projects as of July 1, 2015, and may be applied to
17			construction costs incurred on related projects as of January 1, 2016. Section
18			54-44.1-11 does not apply to funding under this section. Any funds not spent by
19			June 30, 2017, must be continued into the biennium beginning July 1, 2017, and
20			ending June 30, 2019, and may be expended only for the purposes authorized by
21			this section. The funding provided in this section is considered a one-time funding
22			item.
23	2.	The	department of transportation shall report to the budget section and to the
24		appr	opriations committees of the sixty-fifth legislative assembly on the use of this one-
25		time	funding, including the amounts distributed to each county, the amounts spent to
26		date	, and the amounts anticipated to be continued into the 2017-19 biennium.
27	SEC		I 5. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT
28	RECOM	MEN	DATIONS - EXEMPTION - REPORT TO BUDGET SECTION. There is
29	appropri	ated	out of any moneys in the oil and gas impact grant fund in the state treasury, not
30	otherwis	e app	propriated, the sum of \$139,626,588 <u>\$139,300,000</u> , or so much of the sum as may
31	be nece	ssary,	, to the board of university and school lands for the purpose of oil and gas impact

1 grants, for the biennium beginning July 1, 2015, and ending June 30, 2017. Grants awarded 2 under this section are not subject to section 54-44.1-11. The commissioner of the board of 3 university and school lands shall report to the budget section and to the appropriations 4 committees of the sixty-fifth legislative assembly on the use of the funding provided in this 5 section, including the amounts awarded to taxing districts, the amounts spent to date, and the 6 amounts anticipated to be continued into the 2017-2019 biennium. During the biennium 7 beginning July 1, 2015, and ending June 30, 2017, the energy infrastructure and impact office 8 director shall include in recommendations to the board of university and school lands on grants 9 to eligible entities in oil and gas development impact areas:

- 10 1. \$10,000,000\$48,000,000, or so much of the sum as may be necessary, for grants to 11 airports impacted by oil and gas development. The director of the energy infrastructure 12 and impact office, in consultation with the aeronautics commission, shall adopt grant 13 procedures and requirements necessary for the distribution of grants under this 14 subsection, which must include cost-share requirements. Cost-share requirements 15 must consider the availability of local funds to support the project. Grant funds must be 16 distributed giving priority to projects that have been awarded or are eligible to receive 17 federal funding.
- 18
 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.
- 24 3. \$20,000,000 and a so much of the sum as may be necessary, for grants to 25 school districts impacted by oil and gas development. Grant funds may be used only 26 for purposes relating to renovation and improvement projects. A school district is-27 eligible to receive grants from the oil and gas impact grant fund only to the extent that 28 the amount awarded does not bring the total amount of grants awarded from the oil 29 and gas impact grant fund to the school district for the period beginning July 1, 2011, 30 and ending June 30, 2017, to more than \$10,000,000, and must be distributed based 31 on oil and gas gross production tax distribution payments to school districts. The

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1		distribution to each school district must be proportional to each school district's total
2		distribution payments under subdivision b of subsection 1, subdivision b of
3		subsection 4, or subdivision b of subsection 5 of section 57-51-15, for the period
4		beginning September 1, 2013, and ending August 31, 2014, relative to the combined
5		total of all distribution payments to school districts under subdivision b of subsection 1,
6		subdivision b of subsection 4, and subdivision b of subsection 5 of section 57-51-15,
7		for the period beginning September 1, 2013, and ending August 31, 2014.
8	3.	\$10,000,000, or so much of the sum as may be necessary, for grants to law
9		enforcement agencies impacted by oil and gas development. The director of the
10		energy infrastructure and impact office, in consultation with the drug and violent crime
11		policy board of the attorney general's office, shall adopt grant procedures and
12		requirements necessary for the distribution of grants under this subsection. The grants
13		must be distributed to law enforcement agencies in oil-impacted counties where
14		crime-related activities have increased or in other counties if the crime-related
15		activities in oil-impacted counties originated in any of those counties.
16	4.	Notwithstanding chapter 57-62, \$10,000,000, or so much of the sum as may be
17		necessary, for grants to critical access hospitals in oil-producing counties and in
18		counties contiguous to an oil-producing county to address the effects of oil and
19		gas-related economic development activities. The director of the energy infrastructure
20		and impact office, in consultation with the department of human services, shall adopt
21		grant procedures and requirements necessary for the distribution of grants under this
22		subsection. One-half of the grant funding must be distributed in January of each year
23		of the biennium.
24	5.	Notwithstanding chapter 57-62, \$8,000,000, or so much of the sum as may be
25		necessary, for grants to certain eligible counties. The grants must be distributed in
26		equal amounts to each eligible county. For purposes of this subsection, "eligible
27		counties" means the two counties that received the fifth and sixth highest amount of
28		total allocations under subsection 2 of section 57-51-15, for the period beginning
29		September 1, 2013, and ending August 31, 2014.
30	6.	Notwithstanding chapter 57-62, \$6,000,000, or so much of the sum as may be
31		necessary, for grants to emergency medical services providers for expenditures that

		-
1		would mitigate negative effects of oil and gas-related development affecting
2		emergency medical services providers providing services in oil-producing counties,
3		including the need for increased emergency medical services providers services, staff,
4		equipment, coverage, and personnel training. The director of the energy infrastructure
5		and impact office may develop grant procedures and requirements necessary for the
6		distribution of grants under this subsection.
7	7.	\$5,000,000, or so much of the sum as may be necessary, for grants to eligible political
8		subdivisions. For purposes of this subsection, "eligible political subdivisions" means
9		counties, cities, organized townships, or other taxing districts in the seven counties
10		that individually received total allocations of less than \$5,000,000 under subsection 2
11		of section 57-51-15, for the period beginning September 1, 2013, and ending
12		<u>August 31, 2014.</u>
13	8.	Notwithstanding chapter 57-62, \$4,000,000, or so much of the sum as may be
14		necessary, for grants to nursing homes and to providers of home health services and
15		hospice programs in oil-producing counties and in counties contiguous to an
16		oil-producing county to address the effects of oil and gas and related development
17		activities. The director of the energy infrastructure and impact office, in consultation
18		with the department of human services, shall adopt grant procedures and
19		requirements necessary for the distribution of grants under this subsection. Of the
20		\$4,000,000, up to \$750,000 must be distributed to home health services and hospice
21		programs, and the remaining amount must be distributed to nursing homes.
22	9.	\$3,000,000, or so much of the sum as may be necessary, for grants to fire protection
23		districts for expenditures that would mitigate negative effects of oil and gas-related
24		development affecting fire protection districts providing services in oil-producing
25		counties, including the need for increased fire protection district services, staff,
26		equipment, coverage, and personnel training. The director of the energy infrastructure
27		and impact office may develop grant procedures and requirements necessary for the
28		distribution of grants under this subsection.
29	10	Notwithstanding chapter 57-62, \$2,000,000, or so much of the sum as may be
30		necessary, for grants to nursing homes, basic care facilities, and providers that serve
31		individuals with developmental disabilities located in oil-producing counties to address

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1		the effects of oil and gas-related development activities. The director of the energy
2		infrastructure and impact office, in consultation with the department of human
3		services, shall adopt grant procedures and requirements necessary for the distribution
4		of grants under this subsection. The grants must be distributed in January of each
5		year of the biennium, based on the number of full-time equivalent positions of each
6		nursing home, facility, or provider as determined by the department of human services.
7		When setting rates for the entities receiving grants under this section, the department
8		of human services shall exclude grant income received under this section as an offset
9		to costs.
10	11.	Notwithstanding chapter 57-62, \$2,000,000, or so much of the sum as may be
11		necessary, for grants to domestic violence sexual assault organizations as defined in
12		section 14-07.1-01 that are located in oil-producing counties to address the effects of
13		oil and gas-related development activities. The director of the energy infrastructure
14		and impact office, in consultation with the department of commerce, shall adopt grant
15		procedures and requirements necessary for the distribution of grants under this
16		subsection. The requirements must include required local matching funds of at least
17		two dollars of nonstate funds for each dollar of grant funds.
18	12.	\$2,000,000, or so much of the sum as may be necessary, for grants to local district
19		health units that are located in oil-producing counties to address the effects of oil and
20		gas-related development activities. The director of the energy infrastructure and
21		impact office, in consultation with the state department of health, shall adopt grant
22		procedures and requirements necessary for the distribution of grants under this
23		subsection.
24	4 <u>.13.</u>	\$500,000, or so much of the sum as may be necessary, to each eligible city. For
25		purposes of this subsection, an "eligible city" means a city in an area impacted by oil
26		and gas development with a population of more than 1,084, but fewer than 1,097
27	1	according to the last official decennial federal census.
28	5.<u>14.</u>	\$200,000, or so much of the sum as may be necessary, to each eligible city. For
29		purposes of this subsection, an "eligible city" means a city in an area impacted by oil
30		and gas development with a population of more than 445, but fewer than 475
31		according to the last official decennial federal census.

1 6.<u>15.</u> \$100,000, or so much of the sum as may be necessary, to each eligible city. For 2 purposes of this subsection, an "eligible city" means a city in an area impacted by oil 3 and gas development with a population of more than 1,019, but fewer than 1,070 4 according to the last official decennial federal census. 5 SECTION 6. EFFECTIVE DATE. Section 1 of this Act is effective for tax collections received 6 by the tax commissioner and for royalty, bonus, and other revenues received for deposit into the 7 strategic investment and improvements fund after June 30, 2015. Sections 42 and 23 of this Act 8 are effective for taxable events occurring after June 30, 2015.