STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1176 - Funding Summary

	Base	Final Legislative	Comparison To Base
	Budget	Action	Budget
Department of Trust Lands			
Oil and gas impact grants	_	\$139,300,000	\$139,300,000
Total all funds	\$0	\$139,300,000	\$139,300,000
Less estimated income	0	139,300,000	139,300,000
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00
Department of Transportation Non-oil-producing counties distributions		\$112,000,000	\$112,000,000
Total all funds	\$0	\$112,000,000	\$112,000,000
Less estimated income	0	0	0
General fund	\$0	\$112,000,000	\$112,000,000
FTE	0.00	0.00	0.00
Bill Total			
Total all funds	\$0	\$251,300,000	\$251,300,000
Less estimated income	0	139,300,000	139,300,000
General fund	\$0	\$112,000,000	\$112,000,000
FTE	0.00	0.00	0.00

House Bill No. 1176 - Department of Trust Lands - House Action

This bill 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

House Bill No. 1176 - Department of Trust Lands - Senate Action

	Base	House	Senate	Senate
	Budget	Version	Changes	Version
Oil and gas impact grants		\$139,626,588	(\$326,588)	\$139,300,000
Total all funds	\$0	\$139,626,588	(\$326,588)	\$139,300,000
Less estimated income	0	139,626,588	(326,588)	139,300,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 226 - Department of Trust Lands - Detail of Senate Changes

	Adjusts Funding for Administrative Costs ¹	Total Senate Changes
Oil and gas impact grants	(326,588)	(326,588)
Total all funds Less estimated income General fund	(\$326,588) (326,588) \$0	(\$326,588) (326,588) \$0
FTE	0.00	0.00

¹ The Senate reduced the funding for grants to provide additional funding for administrative costs.

The Senate version provides additional designations for grants from the oil and gas impact grant fund compared to the House version as shown in the schedule below.

House Bill No. 1176 - Department of Trust Lands - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Oil and gas impact grants		\$139,626,588	(\$326,588)	\$139,300,000	\$139,300,000	
Total all funds Less estimated income General fund	\$0 0 \$0	\$139,626,588 139,626,588 \$0	(\$326,588) (326,588) \$0	\$139,300,000 139,300,000 \$0	\$139,300,000 139,300,000 \$0	\$0 0 \$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 226 - Department of Trust Lands - Detail of Conference Committee Changes

	Adjusts Funding for Administrative Costs ¹	Total Conference Committee Changes
Oil and gas impact grants	(326,588)	(326,588)
Total all funds Less estimated income General fund	(\$326,588) (326,588) \$0	(\$326,588) (326,588) \$0
FTE	0.00	0.00

¹ The Conference Committee reduced the funding for grants to provide additional funding for administrative costs, which is the same as the Senate version.

The Conference Committee version provides additional designations for grants from the oil and gas impact grant fund compared to the House and Senate versions as shown in the schedule below.

House Bill No. 1176 - Department of Transportation - House Action

The House version provides \$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.

House Bill No. 1176 - Department of Transportation - Senate Action

The Senate version changes the basis for the distributions from county major collector roadway miles to estimated unmet road and bridge investment needs.

House Bill No. 1176 - Department of Transportation - Conference Committee Action

The Conference Committee version provides for distributing \$56 million based on county major collector roadway miles and \$56 million based on total estimated road and bridge investment needs. The House version was based on county major collector roadway miles, and the Senate version was based on estimated unmet road and bridge investment needs.

House Bill No. 1176 - Other Changes - House Action

This bill provides appropriations to the Department of Trust Lands for oil and gas impact grants and to the Department of Transportation for road projects in non-oil-producing counties and changes the allocation of oil and gas gross production tax revenue as follows:

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, increases the required employment percentage from 1 to 7.5 percent, and clarifies that the hub cities' allocation percentages be updated annually.

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.

Makes 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	House
	Law	Version
County general fund	60%	64%
Cities	20%	20%
Schools	5%	5%
Townships (equal)	3%	2%
Townships (road miles)	3%	2%
Hub cities	9%	7%

House Bill No. 1176 - Other Changes - Senate Action

House Bill No. 1176		
House Version [15.0329.05000]	Senate Version [15.0329.05013]	
Contingent transfers to legacy fund	Contingent transfers to legacy fund	

• Same as current law.

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, increases the required employment percentage from 1 to 7.5 percent, and clarifies that the hub cities' allocation percentages be updated annually.

Additional school district allocation

 Allocates \$1.5 million each fiscal year to 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 North Dakota Century Code 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.

• Removes the contingent transfer of 25 percent of revenue from the strategic investment and improvements to the legacy fund when the unobligated balance of the strategic investment and improvements fund exceeds \$300 million.

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.
- Allocates \$375,000 per full or partial employment percentage point to hub cities located in oil-producing counties.
- Allocates \$250,000 per full or partial employment percentage point to hub cities located in non-oil-producing counties.
- Allocates \$125,000 per full or partial employment percentage point to hub city school districts located in oil-producing counties and excludes hub city school districts located in nonoil-producing counties from allocations.

Additional school district allocation

• Allocates \$1.5 million each fiscal year to 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. (Same as House)

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. (Same as House)

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. (Same as House)

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. (Same as House)
- Technical corrections to the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to provide clarity and consistency. (Same as House)
- 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. (Same as House)

House Bill No. 1176

House Version [15.0329.05000]

- 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
	Law	Changes
County general fund	60%	64%
Cities	20%	20%
Schools	5%	5%
Townships (equal)	3%	2%
Townships (road miles)	3%	2%
Hub cities	9%	7%

Other sections

- 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

Senate Version [15.0329.05013]

- 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. (Same as House)
- 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. (Same as House)
- Uses the following current law percentages for the amounts allocated to political subdivisions within counties that received \$5 million or more of oil and gas tax:

	Current Law
County general fund	60%
Cities	20%
Schools	5%
Townships (equal)	3%
Townships (road miles)	3%
Hub cities	9%

Other sections

- 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 estimated unmet road and bridge investment needs.
- Appropriates \$139.3 million (\$140 million allocated to the fund less approximately \$700,000 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 \$8.5 million is undesignated and \$130.8 million is designated as follows:

\$48 million for airports

\$30 million for school districts

\$10 million for law enforcement agencies

\$10 million for critical access hospitals

\$8 million for certain eligible counties

\$6 million for emergency medical services providers

\$5 million for eligible political subdivisions

\$4 million for nursing homes and hospice programs

\$3 million for fire protection districts

\$2 million for providers serving individuals with developmental disabilities

\$2 million for domestic violence sexual assault organizations

\$2 million local district health units

\$800,000 to certain eligible cities

House Version [15.0329.05000]	Senate Version [15.0329.05013]	Proposed Conference Committee Version [15.0329.05019]
Contingent transfers to legacy fund ◆ Same as current law.	Contingent transfers to legacy fund • Removes the contingent transfer of 25 percent of revenue from the strategic investment and improvements fund to the legacy fund when the unobligated balance of the strategic investment and improvements fund exceeds \$300 million.	Contingent transfers to legacy fund • Removes the contingent transfer of 25 percent of revenue from the strategic investment and improvements fund to the legacy fund when the unobligated balance of the strategic investment and improvements fund exceeds \$300 million. (Same as Senate)
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, increases the required employment percentage from 1 to 7.5 percent, and clarifies that the hub cities' allocation percentages be updated annually.	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.	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 only for the 2015-17 biennium and clarifies that the hub cities' allocation percentages be updated annually.
	 Allocates \$375,000 per full or partial employment percentage point to hub cities located in oil-producing counties. 	 Allocates \$375,000 per full or partial employment percentage point to hub cities located in oil-producing counties based on oil and gas-related employment for the 2015-17 biennium and based on mining employment after the 2015-17 biennium.
	 Allocates \$250,000 per full or partial employment percentage point to hub cities located in non-oil-producing counties. 	 Allocates \$250,000 per full or partial employment percentage point to hub cities located in non-oil-producing counties based on oil and gas-related employment for the 2015-17 biennium and based on mining employment after the 2015-17 biennium.
	 Allocates \$125,000 per full or partial employment percentage point to hub city school districts located in oil-producing counties and excludes hub city school districts located in non-oil-producing counties from allocations. 	 Allocates \$125,000 per full or partial employment percentage point to hub city school districts located in oil-producing counties and excludes hub city school districts located in non-oil-producing counties from allocations based on oil and gas-related employment for the 2015-17 biennium and based on mining employment after the 2015-17 biennium.
Additional school district allocation Allocates \$1.5 million each fiscal year to 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	\$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. (Same as House) Oil and gas impact grant fund allocations • Decreases the oil and gas gross production tax revenue collections allocated to the oil	Additional school district allocation Allocates \$1.5 million each fiscal year to 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. (Same as House and Senate) 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.	and gas impact grant fund from \$240 million per biennium to \$140 million per biennium. (Same as House)	and gas impact grant fund from \$240 million per biennium to \$140 million per biennium for the 2015-17 biennium and decreases the allocation to \$100 million in subsequent bienniums.

House Version [15.0329.05000]

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 North Dakota Century Code 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:

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

Senate Version [15.0329.05013]

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. (Same as House)

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. (Same as House)
- Technical corrections to the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to provide clarity and consistency. (Same as House)
- 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. (Same as House)
- 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. (Same as House)
- 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. (Same as House)
- Uses the following current law percentages for the amounts allocated to political subdivisions within counties that received \$5 million or more of oil and gas tax:

	Current
	Law
County general fund	60%
Cities	20%
Schools	5%
Townships (equal)	3%
Townships (road miles)	3%
Hub cities	9%

Proposed Conference Committee Version [15.0329.05019]

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. (Same as House and Senate)

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. (Same as House and Senate)
- Technical corrections to the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to provide clarity and consistency. (Same as House and Senate)
- 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. (Same as House and Senate)
- 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. (Same as House and Senate)
- 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. (Same as House and Senate)
- Uses the following current law percentages for the amounts allocated to political subdivisions within counties that received \$5 million or more of oil and gas tax (Same as Senate):

	Current
	Law
County general fund	60%
Cities	20%
Schools	5%
Townships (equal)	3%
Townships (road miles)	3%
Hub cities	9%

[15.0329.05000]	[15.0329.05013]	[15.0329.05019]
Other sections	Other sections	Other sections
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.	 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 estimated unmet road and bridge investment needs. 	 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. One-half of the funding distributions are based on county major collector roadway miles and one-half of the distributions are based on data compiled by the Upper Great Plains Transportation Institute related to estimated road and bridge investment needs.
• 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	 Appropriates \$139.3 million (\$140 million allocated to the fund less approximately \$700,000 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 \$8.5 million is undesignated and \$130.8 million is designated as follows: \$48 million for airports \$30 million for school districts \$10 million for critical access hospitals \$8 million for certain eligible counties \$6 million for emergency medical services providers \$5 million for eligible political subdivisions \$4 million for nursing homes and hospice programs \$3 million for providers serving individuals with developmental disabilities \$2 million for domestic violence sexual assault organizations \$2 million local district health units \$800,000 to certain eligible cities 	• Appropriates \$139.3 million (\$140 million allocated to the fund less approximately \$700,000 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 \$6.8 million is undesignated and \$132.5 million is designated as follows: \$48 million for airports \$30 million for school districts \$10 million for critical access hospitals \$8 million for critical access hospitals \$8 million for certain eligible counties \$6 million for emergency medical services providers \$5 million for eligible political subdivisions \$4 million for nursing homes, basic care facilities, and hospice programs \$3 million for fire protection districts \$2 million for providers serving individuals with developmental disabilities \$2 million for domestic violence sexual assault organizations \$2 million local district health units \$1.7 million to an eligible city
		\$800,000 to certain eligible cities

Senate Version

Proposed Conference Committee Version

• Provides for a legislative management study of oil and gas tax allocations.

House Version