

**SECOND ENGROSSMENT
with Senate Amendments
REENGROSSED HOUSE BILL NO. 1358**

Introduced by

Representatives Skarphol, Brandenburg, Froseth, Rust, Steiner, Glassheim, J. Kelsh
Senators Andrist, Wanzek, Wardner, Murphy, Triplett

1 A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North
2 Dakota Century Code, relating to definitions under the oil and gas gross production tax; to
3 amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the
4 North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third
5 legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code,
6 relating to oil and gas gross production tax allocation and the impact aid program; to provide
7 appropriations; to provide an effective date; and to provide an expiration date.

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

9 **SECTION 1. AMENDMENT.** Paragraph 1 of subdivision f of subsection 1 of section
10 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as
11 approved by the sixty-third legislative assembly, is amended and reenacted as follows:

12 (1) Seventy-five percent of all revenue received by the school district and
13 reported under code 2000 of the North Dakota school district financial
14 accounting and reporting manual, as developed by the superintendent of
15 public instruction in accordance with section 15.1-02-08 and mineral
16 revenue received by the school district by direct allocation from the state
17 treasurer and not reported under code 2000 of the North Dakota school
18 district financial accounting and reporting manual;

19 **SECTION 2.** Two new subsections to section 57-51-01 of the North Dakota Century Code
20 are created and enacted as follows:

21 "Hub city" means a city with a population of twelve thousand five hundred or more,
22 according to the last official decennial federal census, which has more than one
23 percent of its private covered employment engaged in the mining industry, according
24 to data compiled by job service North Dakota.

1 "Hub city school district" means the school district with the highest student enrollment
2 within the city limits of a hub city.

3 **SECTION 3. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **57-51-15. Gross production tax allocation.**

6 The gross production tax must be allocated monthly as follows:

7 1. First the tax revenue collected under this chapter equal to one percent of the gross
8 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
9 state treasurer who shall:

10 a. ~~Allocate to each hub city a monthly amount that will provide a total allocation of~~
11 ~~five~~three hundred ~~seventy-five~~ thousand dollars per fiscal year ~~to each city in an~~
12 ~~oil-producing county which has a population of seven thousand five hundred or~~
13 ~~more and more than two percent of its private covered employment engaged in~~
14 ~~the mining industry, according to data compiled by job service North Dakota. The~~
15 ~~allocation under this subdivision must be doubled if the city has more than seven~~
16 ~~and one-half percent~~ for each full or partial percentage point of its private covered
17 employment engaged in the mining industry, according to data compiled by job
18 service North Dakota;

19 b. Allocate to each hub city school district a monthly amount that will provide a total
20 allocation of one hundred twenty-five thousand dollars per fiscal year for each full
21 or partial percentage point of the hub city's private covered employment engaged
22 in the mining industry, according to data compiled by job service North Dakota;

23 c. Credit revenues to the oil and gas impact grant fund, but not in an amount
24 exceeding ~~one~~two hundred fourteen million dollars per biennium; and

25 e.d. Allocate the remaining revenues under subsection 3.

26 2. After deduction of the amount provided in subsection 1, annual revenue collected
27 under this chapter from oil and gas produced in each county must be allocated as
28 follows:

29 a. The first ~~two~~five million dollars is allocated to the county.

- 1 b. ~~Of the next oneall annual revenue exceeding five million dollars,~~
2 ~~seventy-fivetwenty-five percent is allocated to the county.~~
- 3 e. ~~Of the next one million dollars, fifty percent is allocated to the county.~~
- 4 d. ~~Of the next fourteen million dollars, twenty-five percent is allocated to the county.~~
- 5 e. ~~Of all annual revenue exceeding eighteen million dollars, ten percent is allocated~~
6 ~~to the county.~~
- 7 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first
8 to provide for deposit of thirty percent of all revenue collected under this chapter in the
9 legacy fund as provided in section 26 of article X of the Constitution of North Dakota
10 and the remainder must be allocated to the state general fund. If the amount available
11 for a monthly allocation under this subsection is insufficient to deposit thirty percent of
12 all revenue collected under this chapter in the legacy fund, the state treasurer shall
13 transfer the amount of the shortfall from the state general fund share of oil extraction
14 tax collections and deposit that amount in the legacy fund.
- 15 4. ~~The amount to which each county is entitled under subsection 2 must be allocated~~
16 ~~within the county so the first five million three hundred fifty thousand dollars is~~
17 ~~allocated under subsection 5 for each fiscal year and any amount received by a county~~
18 ~~exceeding five million three hundred fifty thousand dollars is credited by the county~~
19 ~~treasurer to the county infrastructure fund and allocated under subsection 6.~~
- 20 5. For the first five million dollars of annual allocations to a county under subsection 2,
21 revenues allocated to that county must be distributed by the state treasurer as follows:
- 22 a. ~~Forty-five percent of all revenues allocated to any county for allocation under this~~
23 ~~subsection must be credited by the county treasurer to the county general fund.~~
24 However, the allocation to a county under this subdivision must be credited to the
25 state general fund if during that fiscal year in a taxable year after 2012 the county
26 ~~does not levyis not levying~~ a total of at least ten mills for combined levies for
27 county road and bridge, farm-to-market and federal aid road, and county road
28 purposes.
- 29 b. Thirty-five percent of all revenues allocated to any county for allocation under this
30 subsection must be apportioned by the county treasurer no less than quarterly to
31 school districts within the county, excluding consideration of and allocation to any

1 hub city school district in the county, on the average daily attendance distribution
2 basis, as certified to the county treasurer by the county superintendent of
3 schools. However, ~~no school district may receive in any single academic year an~~
4 ~~amount under this subsection greater than the county average per student cost~~
5 ~~multiplied by seventy percent, then multiplied by the number of students in~~
6 ~~average daily attendance or the number of children of school age in the school~~
7 ~~census for the county, whichever is greater. Provided, however, that in any county~~
8 ~~in which the average daily attendance or the school census, whichever is greater,~~
9 ~~is fewer than four hundred, the county is entitled to one hundred twenty percent~~
10 ~~of the county average per student cost multiplied by the number of students in~~
11 ~~average daily attendance or the number of children of school age in the school~~
12 ~~census for the county, whichever is greater. Once this level has been reached~~
13 ~~through distributions under this subsection, all excess funds to which the school~~
14 ~~district would be entitled as part of its thirty-five percent share must be deposited~~
15 ~~instead in the county general fund. The county superintendent of schools of each~~
16 ~~oil-producing county shall certify to the county treasurer by July first of each year~~
17 ~~the amount to which each school district is limited pursuant to this subsection. As~~
18 ~~used in this subsection, "average daily attendance" means the average daily~~
19 ~~attendance for the school year immediately preceding the certification by the~~
20 ~~county superintendent of schools required by this subsection.~~

21 ~~The countywide allocation to school districts under this subdivision is subject~~
22 ~~to the following:~~

- 23 (1) ~~The first three hundred fifty thousand dollars is apportioned entirely among~~
24 ~~school districts in the county.~~
- 25 (2) ~~The next three hundred fifty thousand dollars is apportioned seventy-five~~
26 ~~percent among school districts in the county and twenty-five percent to the~~
27 ~~county infrastructure fund.~~
- 28 (3) ~~The next two hundred sixty-two thousand five hundred dollars is~~
29 ~~apportioned two-thirds among school districts in the county and one-third to~~
30 ~~the county infrastructure fund.~~

- 1 (4) ~~The next one hundred seventy-five thousand dollars is apportioned fifty-~~
2 ~~percent among school districts in the county and fifty percent to the county-~~
3 ~~infrastructure fund.~~
- 4 (5) ~~Any remaining amount is apportioned to the county infrastructure fund-~~
5 ~~except from that remaining amount the following amounts are apportioned-~~
6 ~~among school districts in the county:~~
- 7 (a) ~~Four hundred ninety thousand dollars, for counties having a-~~
8 ~~population of three thousand or fewer.~~
- 9 (b) ~~Five hundred sixty thousand dollars, for counties having a population-~~
10 ~~of more than three thousand and fewer than six thousand.~~
- 11 (c) ~~Seven hundred thirty-five thousand dollars, for counties having a-~~
12 ~~population of six thousand or more.~~
- 13 c. ~~Twenty percent of all revenues allocated to any county for allocation under this-~~
14 ~~subsection must be apportioned no less than quarterly by the state treasurer to~~
15 ~~the incorporated cities of the county. A hub city must be omitted from~~
16 ~~apportionment under this subdivision. Apportionment among cities under this~~
17 ~~subsection must be based upon the population of each incorporated city~~
18 ~~according to the last official decennial federal census. In determining the~~
19 ~~population of any city in which total employment increases by more than two~~
20 ~~hundred percent seasonally due to tourism, the population of that city for~~
21 ~~purposes of this subdivision must be increased by eight hundred percent. ~~If a city-~~~~
22 ~~~~receives a direct allocation under subsection 1, the allocation to that city under-~~~~
23 ~~~~this subsection is limited to sixty percent of the amount otherwise determined for-~~~~
24 ~~~~that city under this subsection and the amount exceeding this limitation must be-~~~~
25 ~~~~reallocated among the other cities in the county.~~~~
- 26 5. For revenues exceeding the first five million dollars of annual allocations to a county
27 under subsection 2, revenues allocated to that county must be distributed by the state
28 treasurer as follows:
- 29 a. Sixty percent must be credited by the county treasurer to the county general
30 fund. However, the allocation to a county under this subdivision must be credited
31 to the state general fund if in a taxable year after 2012 the county is not levying a

- 1 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. Five percent must be apportioned by the state treasurer no less than quarterly to
4 school districts within the county on the average daily attendance distribution
5 basis for kindergarten through grade twelve students residing within the county,
6 as certified to the state treasurer by the county superintendent of schools.
7 However, a hub city school district must be omitted from consideration and
8 apportionment under this subdivision.
- 9 c. Twenty percent must be apportioned no less than quarterly by the state treasurer
10 to the incorporated cities of the county. A hub city must be omitted from
11 apportionment under this subdivision. Apportionment among cities under this
12 subsection must be based upon the population of each incorporated city
13 according to the last official decennial federal census. In determining the
14 population of any city in which total employment increases by more than two
15 hundred percent seasonally due to tourism, the population of that city for
16 purposes of this subdivision must be increased by eight hundred percent.
- 17 d. Ten percent must be apportioned no less than quarterly by the state treasurer to
18 the organized and unorganized townships of the county in the proportion that
19 township road miles in the township bears to the total township road miles in the
20 county, with the board of county commissioners retaining and using the funds
21 available for the maintenance and improvement of roads in unorganized
22 townships.
- 23 e. Five percent must be allocated by the state treasurer among hub cities. The
24 amount available for allocation under this subdivision must be apportioned by the
25 state treasurer no less than quarterly among hub cities, with each hub city
26 receiving an allocation percentage of available funds under this subdivision equal
27 to the percentage of allocations that hub city receives from allocations to hub
28 cities under subdivision a of subsection 1 for the quarterly period.
- 29 ~~6. a. Forty-five percent of all revenues allocated to a county infrastructure fund under~~
30 ~~subsections 4 and 5 must be credited by the county treasurer to the county-~~
31 ~~general fund. However, the allocation to a county under this subdivision must be~~

1 credited to the state general fund if during that fiscal year the county does not
2 levy a total of at least ten mills for combined levies for county road and bridge,
3 farm to market and federal aid road, and county road purposes.

4 b. ~~Thirty five percent of all revenues allocated to the county infrastructure fund
5 under subsections 4 and 5 must be allocated by the board of county
6 commissioners to or for the benefit of townships in the county on the basis of
7 applications by townships for funding to offset oil and gas development impact to
8 township roads or other infrastructure needs or applications by school districts for
9 repair or replacement of school district vehicles necessitated by damage or
10 deterioration attributable to travel on oil and gas development impacted roads. An
11 organized township is not eligible for an allocation of funds under this subdivision
12 unless during that fiscal year that township levies at least ten mills for township
13 purposes. For unorganized townships within the county, the board of county
14 commissioners may expend an appropriate portion of revenues under this
15 subdivision to offset oil and gas development impact to township roads or other
16 infrastructure needs in those townships. The amount deposited during each
17 calendar year in the county infrastructure fund which is designated for allocation
18 under this subdivision and which is unexpended and unobligated at the end of
19 the calendar year must be transferred by the county treasurer to the county road
20 and bridge fund for use on county road and bridge projects.~~

21 e. ~~Twenty percent of all revenues allocated to any county infrastructure fund under
22 subsections 4 and 5 must be allocated by the county treasurer no less than
23 quarterly to the incorporated cities of the county. Apportionment among cities
24 under this subsection must be based upon the population of each incorporated
25 city according to the last official decennial federal census. If a city receives a
26 direct allocation under subsection 1, the allocation to that city under this
27 subsection is limited to sixty percent of the amount otherwise determined for that
28 city under this subsection and the amount exceeding this limitation must be
29 reallocated among the other cities in the county.~~

30 7.6. Within thirty days after the end of each calendar year, the board of county
31 commissioners 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 commissioner, including:

- 3 a. The county's statement of revenues and expenditures; and
4 b. The amount ~~available in the county infrastructure fund for allocation~~allocated to
5 or for the benefit of townships ~~or school districts~~, the amount allocated to each
6 organized township ~~or school district~~ and the amount expended from each such
7 allocation by that township ~~or school district~~, the amount expended by the board
8 of county commissioners on behalf of each unorganized township for which an
9 expenditure was made, and the amount available for allocation to or for the
10 benefit of townships ~~or school districts~~ which remained unexpended at the end of
11 the fiscal year.

12 Within fifteen days after the time when reports under this subsection were due, the
13 commissioner shall provide the reports to the legislative council compiling the
14 information from reports received under this subsection.

15 **SECTION 4. AMENDMENT.** Section 57-62-05 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **57-62-05. Powers and duties of energy infrastructure and impact office director.**

18 The energy infrastructure and impact office director shall:

- 19 1. Develop a plan for the assistance, through financial grants for services and facilities, of
20 counties, cities, school districts, and other political subdivisions in coal development
21 and oil and gas development impact areas.
22 2. Establish procedures and provide proper forms to political subdivisions for use in
23 making application for funds for impact assistance as provided in this chapter.
24 3. Make grants disbursements to counties, cities, school districts, and other taxing
25 districts for grants awarded by the board of university and school lands pursuant to
26 chapter 15-01, as provided in this chapter and within the appropriations made for such
27 purposes. In determining the amount of impact grants for which political subdivisions
28 are eligible, ~~the~~consideration must be given to the amount of revenue to which such
29 political subdivisions will be entitled from taxes upon the real property of coal and oil
30 and gas development plants and from other tax or fund distribution formulas provided
31 by law must be considered.

- 1 4. Receive and review applications for impact assistance pursuant to this chapter.
- 2 5. Make recommendations, not less than once each calendar quarter, to the board of
- 3 university and school lands on grants to counties, cities, school districts, and other
- 4 political subdivisions in oil and gas development impact areas based on identified
- 5 needs, and other sources of revenue available to the political subdivision.
- 6 ~~6. Make recommendations to the board of university and school lands providing for the~~
- 7 ~~distribution of thirty-five percent of moneys available in the oil and gas impact fund to~~
- 8 ~~incorporated cities with a population of ten thousand or more, based on the most~~
- 9 ~~recent official decennial federal census, that are impacted by oil and gas development.~~
- 10 ~~The director may not recommend that an incorporated city receive more than sixty~~
- 11 ~~percent of the funds available under this subsection.~~
- 12 ~~7. Make recommendations to the board of university and school lands providing for the~~
- 13 ~~distribution of sixty-five percent of moneys available in the oil and gas impact fund to~~
- 14 ~~cities not otherwise eligible for funding under this section, counties, school districts,~~
- 15 ~~and other political subdivisions impacted by oil and gas development.~~

16 **SECTION 5. APPROPRIATION - JOB SERVICE NORTH DAKOTA.** There is appropriated
17 out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum
18 of \$120,000, or so much of the sum as may be necessary, to job service North Dakota for the
19 purpose of upgrading collection and use of employment data to correctly identify all employees
20 who should be included for statistical purposes in oil and gas-related employment, including
21 employees of refineries and gas plants and oil and gas transportation services, for the biennium
22 beginning July 1, 2013, and ending June 30, 2015.

23 **SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION.** There is
24 appropriated out of any moneys in the general fund in the state treasury, not otherwise
25 appropriated, the sum of \$160,000,000, or so much of the sum as may be necessary, to the
26 department of transportation for the purpose of allocation as provided in this section among
27 oil-producing counties that received \$5,000,000 or more of allocations under subsection 2 of
28 section 57-51-15 in the state fiscal year ending June 30, 2012, for the biennium beginning
29 July 1, 2013, and ending June 30, 2015.

- 1 1. The sum appropriated in this section must be used to rehabilitate or reconstruct county
2 paved and unpaved roads needed to support oil and gas production and distribution in
3 North Dakota.
 - 4 a. Funding allocations to counties are to be made by the department of
5 transportation based on data supplied by the upper great plains transportation
6 institute.
 - 7 b. Counties identified in the data supplied by the upper great plains transportation
8 institute which received \$5,000,000 or more of allocations under subsection 2 of
9 section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for
10 this funding.
- 11 2. Each county requesting funding under this section for county roads shall submit the
12 request in accordance with criteria developed by the department of transportation.
 - 13 a. The request must include a proposed plan for funding projects that rehabilitate or
14 reconstruct paved and unpaved roads within the county.
 - 15 b. The plan must be based on data supplied by the upper great plains transportation
16 institute, actual road conditions, and integration with state highway and other
17 county road projects.
 - 18 c. Projects funded under this section must comply with the American association of
19 state highway transportation officials (AASHTO) pavement design procedures
20 and the department of transportation local government requirements. Upon
21 completion of major reconstruction projects, the roadway segment must be
22 posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
 - 23 d. Funds may not be used for routine maintenance.
- 24 3. The department of transportation, in consultation with the county, may approve the
25 plan or approve the plan with amendments.
- 26 4. The funding appropriated in this section may be used for:
 - 27 a. Ninety percent of the cost of the approved roadway projects not to exceed the
28 funding available for that county.
 - 29 b. Funding may be used for construction, engineering, and plan development costs.
- 30 5. Upon approval of the plan, the department of transportation shall transfer to the county
31 the approved funding for engineering and plan development costs.

- 1 6. Upon execution of a construction contract by the county, the department of
2 transportation shall transfer to the county the approved funding to be distributed for
3 county and township road rehabilitation and reconstruction projects.
- 4 7. The recipient counties shall report to the department of transportation upon awarding
5 of each contract and upon completion of each project in a manner prescribed by the
6 department.
- 7 8. The funding under this section may be applied to engineering, design, and
8 construction costs incurred on related projects as of January 1, 2013.
- 9 9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent
10 by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and
11 ending June 30, 2017, and may be expended only for purposes authorized by this
12 section.

13 **SECTION 7. APPROPRIATION - DEPARTMENT OF TRANSPORTATION.** There is
14 appropriated out of any moneys in the general fund in the state treasury, not otherwise
15 appropriated, the sum of \$100,000,000, or so much of the sum as may be necessary, to the
16 department of transportation for the purpose of allocation among counties that did not receive
17 \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year
18 ending June 30, 2012, for the biennium beginning July 1, 2013, and ending June 30, 2015. The
19 amounts available for allocation under this section must be allocated in the amount of
20 \$30,000,000 in the first year of the biennium and in the amount of \$70,000,000 in the second
21 year of the biennium.

- 22 1. The sum appropriated in this section must be used to rehabilitate or reconstruct county
23 paved and unpaved roads needed to support economic activity in North Dakota.
 - 24 a. Funding allocations to counties are to be made by the department of
25 transportation based on data supplied by the upper great plains transportation
26 institute.
 - 27 b. Counties identified in the data supplied by the upper great plains transportation
28 institute which did not receive \$5,000,000 or more of allocations under
29 subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012,
30 are eligible for this funding.

- 1 2. Each county requesting funding under this section for county roads shall submit the
2 request in accordance with criteria developed by the department of transportation.
- 3 a. The request must include a proposed plan for funding projects that rehabilitate or
4 reconstruct paved and unpaved roads within the county.
- 5 b. The plan must be based on data supplied by the upper great plains transportation
6 institute, actual road conditions, and integration with state highway and other
7 county road projects.
- 8 c. Projects funded under this section must comply with the American association of
9 state highway transportation officials (AASHTO) pavement design procedures
10 and the department of transportation local government requirements. Upon
11 completion of major reconstruction projects, the roadway segment must be
12 posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
- 13 d. Funds may not be used for routine maintenance.
- 14 3. The department of transportation, in consultation with the county, may approve the
15 plan or approve the plan with amendments.
- 16 4. The funding appropriated in this section may be used for:
17 a. Ninety percent of the cost of the approved roadway projects not to exceed the
18 funding available for that county.
- 19 b. Funding may be used for construction, engineering, and plan development costs.
- 20 5. Upon approval of the plan, the department of transportation shall transfer to the county
21 the approved funding for engineering and plan development costs.
- 22 6. Upon execution of a construction contract by the county, the department of
23 transportation shall transfer to the county the approved funding to be distributed for
24 county and township road rehabilitation and reconstruction projects.
- 25 7. The recipient counties shall report to the department of transportation upon awarding
26 of each contract and upon completion of each project in a manner prescribed by the
27 department.
- 28 8. The funding under this section may be applied to engineering, design, and
29 construction costs incurred on related projects as of January 1, 2013.
- 30 9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent
31 by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and

1 ending June 30, 2017, and may be expended only for purposes authorized by this
2 section.

3 **SECTION 8. APPROPRIATION - STATE TREASURER.** There is appropriated out of any
4 moneys in the general fund in the state treasury, not otherwise appropriated, the sum of
5 \$8,760,000, or so much of the sum as may be necessary, to the state treasurer for allocation to
6 counties for allocation to or for the benefit of townships in oil-producing counties, for the
7 biennium beginning July 1, 2013, and ending June 30, 2015. The funding provided in this
8 section must be distributed in equal amounts in July 2013 and May 2014. The state treasurer
9 shall distribute the funds provided under this section as soon as possible to counties and the
10 county treasurer shall allocate the funds to or for the benefit of townships in oil-producing
11 counties through a distribution of \$15,000 each year to each organized township and a
12 distribution of \$15,000 each year for each unorganized township to the county in which the
13 unorganized township is located. If any funds remain after the distributions provided under this
14 section, the state treasurer shall distribute eighty percent of the remaining funds to counties and
15 cities in oil-producing counties pursuant to the method provided in subsection 4 of section
16 54-27-19 and shall distribute twenty percent of the remaining funds to counties and townships in
17 oil-producing counties pursuant to the method provided in section 54-27-19.1. An organized
18 township is not eligible for an allocation of funds under this subdivision if in a taxable year after
19 2012 that township is not levying at least ten mills for township purposes. For unorganized
20 townships within the county, the board of county commissioners may expend an appropriate
21 portion of revenues under this subdivision for township roads or other infrastructure needs in
22 those townships. A township is not eligible for an allocation of funds under this section if the
23 township does not maintain any township roads. For the purposes of this section, an "oil-
24 producing county" means a county that received an allocation of funding under section 57-51-15
25 of more than \$500,000 but less than \$5,000,000 in the state fiscal year ending June 30, 2012.

26 **SECTION 9. APPROPRIATION - COMMISSIONER OF UNIVERSITY AND SCHOOL**
27 **LANDS - OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in
28 the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of
29 \$5,000,000, or so much of the sum as may be necessary, to the commissioner of university and
30 school lands for the purpose of providing distributions to eligible counties experiencing new oil
31 and gas development activities, for the biennium beginning July 1, 2013, and ending June 30,

1 2015. As determined by the director of the department of mineral resources, a county is eligible
2 for a distribution under this section if the county produced fewer than one hundred thousand
3 barrels of oil for the month of November 2012 and after November 2012 the number of active oil
4 rigs operating in the county in any one month exceeds four rigs. Upon the determination by the
5 director of the department of mineral resources that a county is eligible for a distribution under
6 this section, the commissioner of university and school lands shall provide \$1,250,000 to the
7 county for defraying expenses associated with oil and gas development impacts in the county.
8 The county, in determining the use of the funds received, shall consider and, to the extent
9 possible, address the needs of other political subdivisions in the county resulting from the
10 impact of oil and gas development.

11 **SECTION 10. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S**
12 **OFFICE - OIL AND GAS IMPACT GRANT FUND - REPORT TO BUDGET SECTION.** There is
13 appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not
14 otherwise appropriated, the sum of \$10,000,000, or so much of the sum as may be necessary,
15 to the attorney general's office for the purpose of awarding grants to law enforcement agencies,
16 for crime-related needs of the attorney general's office, and for the development of a uniformed
17 law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending
18 June 30, 2015. The drug and violent crime policy board of the attorney general shall, with
19 approval of the board of university and school lands, grant funds to law enforcement agencies
20 in oil-impacted counties where crime-related activities have increased or in other counties if the
21 crime-related activities in oil-impacted counties originated in any of those counties. The attorney
22 general may spend up to ten percent of the funding provided under this section for defraying the
23 expenses of additional staffing needs or other needs necessary to accomplish the role of the
24 attorney general's office as an assisting agency in ensuring public safety in the affected areas.
25 The attorney general may use up to \$750,000 of the funding provided under this section for the
26 development of a uniformed law enforcement and custody manual. The funding provided in this
27 section is considered a one-time funding item. The attorney general shall report to the budget
28 section after June 30, 2014, on the impact the grant funding has had on crime-related activities.

29 **SECTION 11. APPROPRIATION - AIRPORT GRANTS - COMMISSIONER OF**
30 **UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND.** There is
31 appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not

1 otherwise appropriated, the sum of \$60,000,000, or so much of the sum as may be necessary,
2 to the commissioner of university and school lands for the purpose of awarding grants to
3 airports impacted by oil and gas development, for the biennium beginning July 1, 2013, and
4 ending June 30, 2015. The director of the energy infrastructure and impact office shall adopt
5 grant procedures and requirements necessary for distribution of grants under this section, which
6 must include cost-share requirements. Cost-share requirements must consider the availability of
7 local funds to support the project. Grant funds must be distributed giving priority to projects that
8 have been awarded or are eligible to receive federal funding. Grants distributed pursuant to this
9 section are not to be considered in making grant recommendations under section 57-62-05.
10 Grants awarded under this section are not subject to section 54-44.1-11. The funding provided
11 in this section is considered a one-time funding item.

12 **SECTION 12. APPROPRIATION - HIGHER EDUCATION GRANTS - COMMISSIONER OF**
13 **UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND.** There is
14 appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not
15 otherwise appropriated, the sum of \$4,000,000, or so much of the sum as may be necessary, to
16 the commissioner of university and school lands for the purpose of awarding grants to public
17 institutions of higher education impacted by oil and gas development, for the biennium
18 beginning July 1, 2013, and ending June 30, 2015. Notwithstanding the provisions of chapter
19 57-62, public institutions of higher education are eligible to receive oil and gas impact grants
20 under this section. The director of the energy infrastructure and impact office may develop grant
21 procedures and requirements necessary for distribution of grants under this section. Grants
22 awarded under this section are not subject to section 54-44.1-11. The funding provided in this
23 section is considered a one-time funding item.

24 **SECTION 13. APPROPRIATION - PILOT PROJECT - DUST CONTROL -**
25 **COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT**
26 **FUND.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state
27 treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as may be
28 necessary, to the commissioner of university and school lands for the purpose of awarding
29 grants of \$1,000,000 each to three counties in oil-impacted areas for a pilot project for dust
30 control, for the biennium beginning July 1, 2013, and ending June 30, 2015. The county
31 commission from each county shall file a report with the department of trust lands by August 1,

1 2013, regarding any product used to control dust and the success or failure of the product in
2 controlling dust. The director of the energy infrastructure and impact office may develop grant
3 procedures and requirements necessary for distribution of grants under this section. The
4 department of trust lands shall consult with the state department of health and the industrial
5 commission relating to the use of oilfield-produced saltwater and products previously tested for
6 dust control. Grants distributed pursuant to this section are not to be considered in making grant
7 recommendations under section 57-62-05. Grants awarded under this section are not subject to
8 section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

9 **SECTION 14. EFFECTIVE DATE - EXPIRATION DATE.** Sections 1, 2, and 3 of this Act are
10 effective for taxable events occurring after June 30, 2013, and before July 1, 2015, and are
11 thereafter ineffective.