Sixty-third
Legislative Assembly
of North Dakota

SECOND ENGROSSMENT
with Conference Committee Amendments
REENGROSSED HOUSE BILL NO. 1358

Introduced by

Representatives Skarphol, Brandenburg, Froseth, Rust, Steiner, Glassheim, J. Kelsh

Senators Andrist, Wanzek, Wardner, Murphy, Triplett

A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide for reports to the budget section; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Two new subsections to section 57-51-01 of the North Dakota Century Code are created and enacted as follows:

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

<u>"Hub city school district" means the school district with the highest student enrollment within the city limits of a hub city.</u>

SECTION 2. AMENDMENT. Section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

57-51-15. Gross production tax allocation.

The gross production tax must be allocated monthly as follows:

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

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

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

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

~~c.~~d. Allocate the remaining revenues under subsection 3.

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

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

b. Of ~~the next one~~all annual revenue exceeding five million dollars, ~~seventy-five~~twenty-five percent is allocated to the county.

~~c. Of the next one million dollars, fifty percent is allocated to the county.~~

~~d. Of the next fourteen million dollars, twenty-five percent is allocated to the county.~~

~~e. Of all annual revenue exceeding eighteen million dollars, ten percent is allocated to the county.~~

3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of

all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.

4. ~~The amount to which each county is entitled under subsection 2 must be allocated within the county so the first five million three hundred fifty thousand dollars is allocated under subsection 5 for each fiscal year and any amount received by a county exceeding five million three hundred fifty thousand dollars is credited by the county treasurer to the county infrastructure fund and allocated under subsection 6.~~

~~5.~~ For a county that received less than five million dollars of allocations under subsection 2 in the most recently completed state fiscal year, revenues allocated to that county must be distributed by the state treasurer as follows:

a. Forty-five percent ~~of all revenues allocated to any county for allocation under this subsection~~ must be ~~credited by~~distributed to the county treasurer and credited to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if ~~during that fiscal year~~in a taxable year after 2012 the county ~~does not levy~~is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.

b. Thirty-five percent of all revenues allocated to any county for allocation under this subsection must be apportioned by the ~~county~~state treasurer no less than quarterly to school districts within the county, excluding consideration of and allocation to any hub city school district in the county, on the average daily attendance distribution basis, as certified to the ~~county~~state treasurer by the county superintendent of schools. ~~However, no school district may receive in any single academic year an amount under this subsection greater than the county average per student cost multiplied by seventy percent, then multiplied by the number of students in average daily attendance or the number of children of school age in the school census for the county, whichever is greater. Provided, however, that in any county in which the average daily attendance or the school census, whichever is greater, is fewer than four hundred, the county is entitled to one hundred twenty percent of the county average per student cost multiplied by~~

~~the number of students in average daily attendance or the number of children of school age in the school census for the county, whichever is greater. Once this level has been reached through distributions under this subsection, all excess funds to which the school district would be entitled as part of its thirty-five percent share must be deposited instead in the county general fund. The county superintendent of schools of each oil-producing county shall certify to the county treasurer by July first of each year the amount to which each school district is limited pursuant to this subsection. As used in this subsection, "average daily attendance" means the average daily attendance for the school year immediately preceding the certification by the county superintendent of schools required by this subsection.~~

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

~~(1) The first three hundred fifty thousand dollars is apportioned entirely among school districts in the county.~~

~~(2) The next three hundred fifty thousand dollars is apportioned seventy-five percent among school districts in the county and twenty-five percent to the county infrastructure fund.~~

~~(3) The next two hundred sixty-two thousand five hundred dollars is apportioned two-thirds among school districts in the county and one-third to the county infrastructure fund.~~

~~(4) The next one hundred seventy-five thousand dollars is apportioned fifty percent among school districts in the county and fifty percent to the county infrastructure fund.~~

~~(5) Any remaining amount is apportioned to the county infrastructure fund except from that remaining amount the following amounts are apportioned among school districts in the county:~~

~~(a) Four hundred ninety thousand dollars, for counties having a population of three thousand or fewer.~~

~~(b) Five hundred sixty thousand dollars, for counties having a population of more than three thousand and fewer than six thousand.~~

~~(c) Seven hundred thirty-five thousand dollars, for counties having a population of six thousand or more.~~

c. Twenty percent ~~of all revenues allocated to any county for allocation under this subsection~~ must be apportioned no less than quarterly by the state treasurer to the incorporated cities of the county. A hub city must be omitted from apportionment under this subdivision. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent. ~~If a city receives a direct allocation under subsection 1, the allocation to that city under this subsection is limited to sixty percent of the amount otherwise determined for that city under this subsection and the amount exceeding this limitation must be reallocated among the other cities in the county.~~

5. For a county that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year, revenues allocated to that county must be distributed by the state treasurer as follows:

a. Sixty percent must be distributed to the county treasurer and credited to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if in a taxable year after 2012 the county is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.

b. Five percent must be apportioned by the state treasurer no less than quarterly to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from consideration and apportionment under this subdivision.

c. Twenty percent must be apportioned no less than quarterly by the state treasurer to the incorporated cities of the county. A hub city must be omitted from apportionment under this subdivision. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.

d. Three percent must be apportioned no less than quarterly by the state treasurer among the organized and unorganized townships of the county. The state treasurer shall apportion the funds available under this subdivision among townships in the proportion that township road miles in the township bears to the total township road miles in the county. The amount apportioned to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

e. Three percent must be allocated by the state treasurer among the organized and unorganized townships in all the counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year. The amount available under this subdivision must be allocated no less than quarterly by the state treasurer in an equal amount to each eligible organized and unorganized township. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

f. Nine percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second greatest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third greatest percentage of such allocations.

~~6.~~ ~~a.~~ ~~Forty-five percent of all revenues allocated to a county infrastructure fund under subsections 4 and 5 must be credited by the county treasurer to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if during that fiscal year the county does not levy a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.~~

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

~~c.~~ ~~Twenty percent of all revenues allocated to any county infrastructure fund under subsections 4 and 5 must be allocated by the county treasurer no less than quarterly to the incorporated cities of the county. Apportionment among cities under this subsection must be based upon the population of each incorporated~~

~~city according to the last official decennial federal census. If a city receives a direct allocation under subsection 1, the allocation to that city under this subsection is limited to sixty percent of the amount otherwise determined for that city under this subsection and the amount exceeding this limitation must be reallocated among the other cities in the county.~~

~~7.~~6. Within thirty days after the end of each calendar year, the board of county commissioners of each county that has received an allocation under this section shall file a report for the calendar year with the commissioner, in a format prescribed by the commissioner, including:

a. The county's statement of revenues and expenditures; and

b. The amount ~~available in the county infrastructure fund for allocation~~allocated to or for the benefit of townships or school districts, the amount allocated to each organized township or school district and the amount expended from each such allocation by that township or school district, the amount expended by the board of county commissioners on behalf of each unorganized township for which an expenditure was made, and the amount available for allocation to or for the benefit of townships or school districts which remained unexpended at the end of the fiscal year.

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

SECTION 3. AMENDMENT. Section 57-62-05 of the North Dakota Century Code is amended and reenacted as follows:

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

The energy infrastructure and impact office director shall:

1. Develop a plan for the assistance, through financial grants for services and facilities, of counties, cities, school districts, and other political subdivisions in coal development and oil and gas development impact areas.

2. Establish procedures and provide proper forms to political subdivisions for use in making application for funds for impact assistance as provided in this chapter.

3. Make grants disbursements to counties, cities, school districts, and other taxing districts for grants awarded by the board of university and school lands pursuant to chapter 15-01, as provided in this chapter and within the appropriations made for such purposes. In determining the amount of impact grants for which political subdivisions are eligible, ~~the~~consideration must be given to the amount of revenue to which such political subdivisions will be entitled from taxes upon the real property of coal and oil and gas development plants and from other tax or fund distribution formulas provided by law ~~must be considered~~.
4. Receive and review applications for impact assistance pursuant to this chapter.
5. Make recommendations, not less than once each calendar quarter, to the board of university and school lands on grants to counties, cities, school districts, and other political subdivisions in oil and gas development impact areas based on identified needs, and other sources of revenue available to the political subdivision.
~~6.~~ ~~Make recommendations to the board of university and school lands providing for the distribution of thirty-five percent of moneys available in the oil and gas impact fund to incorporated cities with a population of ten thousand or more, based on the most recent official decennial federal census, that are impacted by oil and gas development. The director may not recommend that an incorporated city receive more than sixty percent of the funds available under this subsection.~~
~~7.~~ ~~Make recommendations to the board of university and school lands providing for the distribution of sixty-five percent of moneys available in the oil and gas impact fund to cities not otherwise eligible for funding under this section, counties, school districts, and other political subdivisions impacted by oil and gas development.~~

SECTION 4. APPROPRIATION - JOB SERVICE NORTH DAKOTA. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $120,000, or so much of the sum as may be necessary, to job service North Dakota for the purpose of upgrading collection and use of employment data to correctly identify all employees who should be included for statistical purposes in oil and gas-related employment, including employees of refineries and gas plants and oil and gas transportation services, for the biennium beginning July 1, 2013, and ending June 30, 2015.

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

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support oil and gas production and distribution in North Dakota.
   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.
   b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.
2. Each county requesting funding under this section for county road and bridge projects shall submit the request in accordance with criteria developed by the department of transportation.
   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.
   b. The plan must be based on data supplied by the upper great plains transportation institute, actual road and bridge conditions, and integration with state highway and other county projects.
   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
   d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
4. The funding appropriated in this section may be used for:
   a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.
   b. Funding may be used for construction, engineering, and plan development costs.
5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.
6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.
7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.
8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.
9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.
10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $120,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of allocation among counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012, for the biennium beginning July 1, 2013, and ending June 30, 2015. The amounts available for allocation under this section must be distributed on or after February 1, 2014.

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support economic activity in North Dakota.
   a. To be eligible to receive an allocation under this section, a county may not have received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 during the state fiscal year ending June 30, 2012.
   b. Allocations among eligible counties under this section must be based on the miles of roads defined by the department of transportation as county major collector roadways in each county.
   c. The department of transportation may use data supplied by the upper great plains transportation institute in determining the projects to receive funding under this section.
2. Each county requesting funding under this section shall submit the request in accordance with criteria developed by the department of transportation.
   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.
   b. The plan must be based on actual road and bridge conditions and the integration of projects with state highway and other county projects.
   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
   d. Funds may not be used for routine maintenance.
3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
4. The funding appropriated in this section may be used for:
   a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 7. APPROPRIATION - STATE TREASURER. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $8,760,000, or so much of the sum as may be necessary, to the state treasurer for allocation to counties for allocation to or for the benefit of townships in oil-producing counties, for the biennium beginning July 1, 2013, and ending June 30, 2015. The funding provided in this section must be distributed in equal amounts in July 2013 and May 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of $15,000 each year to each organized township and a distribution of $15,000 each year for each unorganized township to the county in which the unorganized township is located. For unorganized townships within the county, the board of county commissioners may expend an appropriate portion of revenues under this subdivision for township roads or other infrastructure needs in those townships. A township is not eligible for an allocation of funds under this section if the township does not maintain any township roads. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 but less than $5,000,000 in the state fiscal year ending June 30, 2012.

SECTION 8. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $2,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering a grant program for nursing homes, basic care facilities, and providers that serve individuals with developmental disabilities located in oil-producing counties to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of commerce shall allocate funding in January of each year of the biennium, based on the number of full-time equivalent positions of each nursing home, facility, or provider as determined by the department of human services. When setting rates for the entities receiving grants under this section, the department of human services shall exclude grant income received under this section as an offset to costs. This funding is considered one-time funding for the 2013-15 biennium. The department of commerce shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 for the preceding state fiscal year.

SECTION 9. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT RECOMMENDATIONS. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $239,299,174, or so much of the sum as may be necessary, to the board of university and school lands for the purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending June 30, 2015.

Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. $5,000,000, or so much of the sum as may be necessary, for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this subsection if the county produced fewer than 100,000 barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.
2. $60,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.
3. $4,000,000, or so much of the sum as may be necessary, for grants to public institutions of higher education impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this subsection. The director of the energy

infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this subsection.

4. $3,000,000, or so much of the sum as may be necessary, for grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control. The county commission from each county awarded a grant shall file a report with the director of the energy infrastructure and impact office by January 1, 2014, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The director of the energy infrastructure and impact office shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control.

5. $7,000,000, or so much of the sum as may be necessary, to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.

6. $7,000,000, or so much of the sum as may be necessary, for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties, including need for increased emergency medical services providers services, staff, funding, equipment, coverage, and personnel training. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this subsection.

7. $3,500,000, or so much of the sum as may be necessary, for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties, including need for increased fire protection districts services, staff, funding, equipment, coverage, and personnel training.

8. $14,000,000, or so much of the sum as may be necessary, for grants to hub cities. A hub city as defined in section 57-51-01 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 allocation provided for in this subsection, $2,000,000 is available for grants to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, $7,000,000 is available for grants to the hub city receiving the second greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, and $5,000,000 is available for grants to the hub city receiving the third greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15.

SECTION 10. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,600,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $4,800,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year.

SECTION 11. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S OFFICE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,600,000, or so much of the sum as may be necessary, to the attorney general's office for the purpose of awarding grants to law enforcement agencies, for crime-related needs of the attorney general's office, and for the development of a uniform law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending June 30, 2015. The drug and violent crime policy board of the attorney general shall, with approval of the board of university and school lands, grant funds to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those counties. The attorney general may spend up to ten percent of the funding provided under this section for defraying the expenses of additional staffing needs or other needs necessary to accomplish the role of the attorney general's office as an assisting agency in ensuring public safety in the affected areas. The funding provided in this section is considered a one-time funding item. The attorney general shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding, including the impact the grant funding has had on crime-related activities.

SECTION 12. HUB CITIES - REPORT TO BUDGET SECTION. A representative of a hub city as defined in section 57-51-01 shall report to the budget section annually on the use of funding received from allocations under section 57-51-15.

SECTION 13. EFFECTIVE DATE - EXPIRATION DATE. Sections 1 and 2 of this Act are effective for taxable events occurring after June 30, 2013, and before July 1, 2015, and are thereafter ineffective.