

Introduced by

Senators Cook, Holmberg, Wardner

Representatives Belter, Carlson, Delzer

1 A BILL for an Act to amend and reenact section 57-51-15 of the North Dakota Century Code,
2 relating to allocation of gross production taxes; and to provide an effective date.

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

4 **SECTION 1. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-51-15. Gross production tax allocation.**

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

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

11 a. Allocate five hundred 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 of its private covered employment engaged in the mining
17 industry, according to data compiled by job service North Dakota;

18 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
19 exceeding one hundred million dollars per biennium; and

20 c. Allocate the remaining revenues under subsection 3.

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

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

- 1 b. ~~Of the next one million dollars, seventy-five~~ all annual revenue exceeding five
2 million dollars, twenty-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~~ six million ~~three~~ eight hundred fifty thousand dollars is
17 allocated under subsection 5 for each fiscal year and any amount received by a county
18 exceeding ~~five~~ six million ~~three~~ eight hundred fifty thousand dollars is credited by the
19 county treasurer to the county infrastructure fund and allocated under subsection 6.
- 20 5. a. Forty-five percent of all revenues allocated to any county for allocation under this
21 subsection must be credited by the county treasurer to the county general fund.
22 However, the allocation to a county under this subdivision must be credited to the
23 state general fund if during that fiscal year the county does not levy a total of at
24 least ten mills for combined levies for county road and bridge, farm-to-market and
25 federal aid road, and county road purposes.
- 26 b. Thirty-five percent of all revenues allocated to any county for allocation under this
27 subsection must be apportioned by the county treasurer no less than quarterly to
28 school districts within the county on the average daily attendance distribution
29 basis, as certified to the county treasurer by the county superintendent of
30 schools. However, no school district may receive in any single academic year an
31 amount under this subsection greater than the county average per student cost

1 multiplied by seventy percent, then multiplied by the number of students in
2 average daily attendance or the number of children of school age in the school
3 census for the county, whichever is greater. Provided, however, that in any county
4 in which the average daily attendance or the school census, whichever is greater,
5 is fewer than four hundred, the county is entitled to one hundred twenty percent
6 of the county average per student cost multiplied by the number of students in
7 average daily attendance or the number of children of school age in the school
8 census for the county, whichever is greater. Once this level has been reached
9 through distributions under this subsection, all excess funds to which the school
10 district would be entitled as part of its thirty-five percent share must be deposited
11 instead in the county general fund. The county superintendent of schools of each
12 oil-producing county shall certify to the county treasurer by July first of each year
13 the amount to which each school district is limited pursuant to this subsection. As
14 used in this subsection, "average daily attendance" means the average daily
15 attendance for the school year immediately preceding the certification by the
16 county superintendent of schools required by this subsection.

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

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

- 1 (5) Any remaining amount is apportioned to the county infrastructure fund
2 except from that remaining amount the following amounts are apportioned
3 among school districts in the county:
- 4 (a) Four hundred ~~ninetytwo~~ thousand five hundred dollars, for counties
5 having a population of three thousand or fewer.
- 6 (b) ~~FiveFour~~ hundred ~~sixtyseventy-two~~ thousand five hundred dollars, for
7 counties having a population of more than three thousand and fewer
8 than six thousand.
- 9 (c) ~~SevenSix~~ hundred ~~thirty-five~~forty-seven thousand five hundred
10 dollars, for counties having a population of six thousand or more.
- 11 c. Twenty percent of all revenues allocated to any county for allocation under this
12 subsection must be apportioned no less than quarterly by the state treasurer to
13 the incorporated cities of the county. Apportionment among cities under this
14 subsection must be based upon the population of each incorporated city
15 according to the last official decennial federal census. In determining the
16 population of any city in which total employment increases by more than two
17 hundred percent seasonally due to tourism, the population of that city for
18 purposes of this subdivision must be increased by eight hundred percent. If a city
19 receives a direct allocation under subsection 1, the allocation to that city under
20 this subsection is limited to sixty percent of the amount otherwise determined for
21 that city under this subsection and the amount exceeding this limitation must be
22 reallocated among the other cities in the county.
- 23 6. a. Forty-five percent of all revenues allocated to a county infrastructure fund under
24 subsections 4 and 5 must be credited by the county treasurer to the county
25 general fund. However, the allocation to a county under this subdivision must be
26 credited to the state general fund if during that fiscal year the county does not
27 levy a total of at least ten mills for combined levies for county road and bridge,
28 farm-to-market and federal aid road, and county road purposes.
- 29 b. Thirty-five percent of all revenues allocated to the county infrastructure fund
30 under subsections 4 and 5 must be allocated by the board of county
31 commissioners to or for the benefit of townships in the county on the basis of

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

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

- 24 7. Within thirty days after the end of each calendar year, the board of county
25 commissioners of each county that has received an allocation under this section shall
26 file a report for the calendar year with the commissioner, in a format prescribed by the
27 commissioner, including:
28 a. The county's statement of revenues and expenditures; and
29 b. The amount available in the county infrastructure fund for allocation to or for the
30 benefit of townships or school districts, the amount allocated to each organized
31 township or school district and the amount expended from each such allocation

1 by that township or school district, the amount expended by the board of county
2 commissioners on behalf of each unorganized township for which an expenditure
3 was made, and the amount available for allocation to or for the benefit of
4 townships or school districts which remained unexpended at the end of the fiscal
5 year.

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

9 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
10 June 30, 2013.