

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 a new section to chapter 23-01 and two new subsections
2 to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and
3 gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North
4 Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid
5 program; to provide a continuing appropriation; to provide appropriations; to provide a
6 statement of legislative intent; to provide an effective date; and to declare an emergency.

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

8 **SECTION 1.** A new section to chapter 23-01 of the North Dakota Century Code is created
9 and enacted as follows:

10 **Emergency medical service and fire protection district funding committee - Funding**
11 **assistance requests and approval.**

12 The emergency medical service and fire protection district funding committee consists of
13 two members of the legislative assembly, appointed by the chairman of the legislative
14 management, who shall appoint one of them to serve as chairman; four members, one of whom
15 is a member of the governing body of a city or county in an oil-producing county and one of
16 whom is a member of the governing body of a city or county in a non-oil-producing county,
17 appointed by the president of the North Dakota emergency medical services association and
18 one of whom is a member of the governing body of a city or county in an oil-producing county
19 and one of whom is a member of the governing body of a city or county in a non-oil-producing
20 county, appointed by the president of the North Dakota firefighters association; and one
21 member who is a member of the advisory board appointed by the board of university and school
22 lands to advise on oil and gas impact grant award applications, who shall be appointed by the
23 board of university and school lands. The state department of health shall provide administrative
24 services for the committee.

1 Applications for funding assistance may be submitted to the committee by the governing
2 body of a city or county on behalf of emergency service providers or fire protection districts. The
3 committee shall notify the state treasurer of awarded grants from available funds and the state
4 treasurer shall transfer the grant awards to the recipients.

5 In consideration of circumstances in which a grant award application indicates a need for a
6 staffing increase or other funding need that appears to create an ongoing need for funding
7 assistance, the committee may make a commitment of future grant funding as determined
8 appropriate.

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

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

15 "Hub city school district" means the school district containing the majority of the area
16 within a hub city.

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

19 **57-51-15. Gross production tax allocation.**

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

- 21 1. First the tax revenue collected under this chapter equal to one percent of the gross
22 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
23 state treasurer who shall:
 - 24 a. Allocate to each hub city a monthly amount that will provide a total allocation of
25 fiveseven hundred fifty thousand dollars per fiscal year to each city in an
26 oil-producing county which has a population of seven thousand five hundred or
27 more and more than two percent of its private covered employment engaged in
28 the mining industry, according to data compiled by job service North Dakota. The
29 allocation under this subdivision must be doubled if the city has more than seven
30 and one-half percent for each full or partial percentage point of its private covered

1 employment engaged in the mining industry, according to data compiled by job
2 service North Dakota;

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

7 c. From each allocation to a hub city school district under subdivision b, the state
8 treasurer retain seventy-five percent of the allocation and deposit that amount in
9 a special account established for that school district. Up to fifty percent of the
10 funds deposited in the special account under this subdivision may be released by
11 the state treasurer to the school district to provide equal matching funds for funds
12 provided by the school district for a school construction project. Any funds in the
13 special account that are not committed or expended for school construction
14 projects may be released to the school district by the state treasurer upon
15 application by the school district and approval by the hub city school impact
16 committee for an extraordinary expenditure that would mitigate negative effects of
17 oil development impact affecting that school district. Any unexpended and
18 unobligated funds remaining in the hub city school district's special account at the
19 end of the biennium may be carried over to the ensuing biennium but any funds
20 that would be allocated to that special account under this subdivision during the
21 ensuing biennium, up to the amount carried over, must be withheld and allocated
22 instead under subsection 3.

23 The hub city school impact committee consists of two members of the
24 legislative assembly, appointed by the chairman of the legislative management,
25 who shall appoint one of them to serve as chairman; two members, each of
26 whom is either a school superintendent or school district business manager of a
27 school district in an oil-producing county, appointed by the superintendent of
28 public instruction; and two members who are members of the advisory board
29 appointed by the board of university and school lands to advise on oil and gas
30 impact grant award applications, who shall be appointed by the board of

- 1 university and school lands. The energy infrastructure and impact office shall
2 provide administrative services for the hub city school impact committee;
- 3 d. For each fiscal year beginning after June 30, 2014, adjust the fiscal year dollar
4 amounts in subdivisions a and b as determined for the previous fiscal year by
5 one-third of the percentage change in total tax collections under this chapter
6 during that previous fiscal year;
- 7 e. Credit revenues to the oil and gas impact grant fund, but not in an amount
8 exceeding one hundred ~~five~~ million dollars per biennium;
- 9 f. Allocate one million seven hundred fifty thousand dollars in each fiscal year to be
10 added by the county treasurer to the allocations to school districts under
11 subdivision b of subsection 4 for each county that has exceeded a level of five
12 million dollars of allocations under subsection 2 during the preceding state fiscal
13 year; and
- 14 e-g. Allocate the remaining revenues under subsection 3. If there are no remaining
15 revenues and revenues under this subsection are insufficient to make the
16 allocations and transfers under subdivisions a through f, the state treasurer shall
17 transfer from the strategic investment and improvements fund an amount
18 necessary to fully fund the allocations and transfers under subdivisions a through
19 f.
- 20 2. After deduction of the amount provided in subsection 1, annual revenue collected
21 under this chapter from oil and gas produced in each county must be allocated as
22 follows:
- 23 a. The first ~~two~~five million dollars is allocated to the county.
- 24 b. Of the next ~~one~~four million dollars, seventy-five percent is allocated to the county.
- 25 c. Of the next ~~one~~three million dollars, fifty percent is allocated to the county.
- 26 d. ~~Of the next fourteen million dollars~~all remaining annual revenue, twenty-five
27 percent is allocated to the county.
- 28 e. ~~Of all annual revenue exceeding eighteen million dollars, ten percent is allocated~~
29 ~~to the county.~~
- 30 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first
31 to provide for deposit of thirty percent of all revenue collected under this chapter in the

1 legacy fund as provided in section 26 of article X of the Constitution of North Dakota
2 and the remainder must be allocated to the state general fund. If the amount available
3 for a monthly allocation under this subsection is insufficient to deposit thirty percent of
4 all revenue collected under this chapter in the legacy fund, the state treasurer shall
5 transfer the amount of the shortfall from the state general fund share of oil extraction
6 tax collections and deposit that amount in the legacy fund.

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

12 5. For a county that exceeded a level of five million dollars of allocations under
13 subsection 2 in the most recently completed state fiscal year, revenues allocated to
14 that county under subsections 1 and 2 must be credited by the county treasurer as
15 follows:

16 a. ~~Forty-five~~Sixty percent of all revenues allocated to any county for allocation under
17 ~~this subsection~~ must be credited by the county treasurer to the county general
18 fund. However, the allocation to a county under this subdivision must be credited
19 to the state general fund if during that fiscal year the county does not levy a total
20 of at least ten mills for combined levies for county road and bridge,
21 farm-to-market and federal aid road, and county road purposes.

22 b. ~~Thirty-five~~ percent of all revenues allocated to any county for allocation under this
23 ~~subsection~~ must be apportioned by the county treasurer no less than quarterly to
24 ~~school districts within the county on the average daily attendance distribution~~
25 ~~basis, as certified to the county treasurer by the county superintendent of~~
26 ~~schools. However, no school district may receive in any single academic year an~~
27 ~~amount under this subsection greater than the county average per student cost~~
28 ~~multiplied by seventy percent, then multiplied by the number of students in~~
29 ~~average daily attendance or the number of children of school age in the school~~
30 ~~census for the county, whichever is greater. Provided, however, that in any county~~
31 ~~in which the average daily attendance or the school census, whichever is greater,~~

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

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

- 15 (1) The first three hundred fifty thousand dollars is apportioned entirely among
16 school districts in the county.
- 17 (2) The next three hundred fifty thousand dollars is apportioned seventy five
18 percent among school districts in the county and twenty five percent to the
19 county infrastructure fund.
- 20 (3) The next two hundred sixty two thousand five hundred dollars is
21 apportioned two thirds among school districts in the county and one third to
22 the county infrastructure fund.
- 23 (4) The next one hundred seventy five thousand dollars is apportioned fifty
24 percent among school districts in the county and fifty percent to the county
25 infrastructure fund.
- 26 (5) Any remaining amount is apportioned to the county infrastructure fund
27 except from that remaining amount the following amounts are apportioned
28 among school districts in the county:
- 29 (a) Four hundred ninety thousand dollars, for counties having a
30 population of three thousand or fewer.

- 1 (b) ~~Five hundred sixty thousand dollars, for counties having a population~~
2 ~~of more than three thousand and fewer than six thousand.~~
- 3 (e) ~~Seven hundred thirty-five thousand dollars, for counties having a~~
4 ~~population of six thousand or more.~~
- 5 e. ~~Twenty percent of all revenues allocated to any county for allocation under this~~
6 ~~subsection must be apportioned no less than quarterly by the state treasurer to~~
7 ~~the incorporated cities of the county. A hub city must be omitted from~~
8 ~~apportionment under this subdivision.~~ Apportionment among cities under this
9 subsection must be based upon the population of each incorporated city
10 according to the last official decennial federal census. In determining the
11 population of any city in which total employment increases by more than two
12 hundred percent seasonally due to tourism, the population of that city for
13 purposes of this subdivision must be increased by eight hundred percent. ~~If a city~~
14 ~~receives a direct allocation under subsection 1, the allocation to that city under~~
15 ~~this subsection is limited to sixty percent of the amount otherwise determined for~~
16 ~~that city under this subsection and the amount exceeding this limitation must be~~
17 ~~reallocated among the other cities in the county.~~
- 18 c. Five percent plus any amount allocated to school districts of the county under
19 subdivision f of subsection 1 must be apportioned no less than quarterly by the
20 county treasurer to the school districts of the county on the average daily
21 attendance distribution basis, as certified to the county treasurer by the county
22 superintendent of schools. However, a hub city school district must be omitted
23 from apportionment under this subdivision.
- 24 d. Seven and one-half percent to the organized and unorganized townships of the
25 county in the proportion that township road miles in the township bears to the
26 total township road miles in the county, with the board of county commissioners
27 retaining and using the funds available for the maintenance and improvement of
28 roads in unorganized townships. An organized township is not eligible for an
29 allocation, and must be excluded from the calculation of township road miles, if
30 that township has one hundred thousand dollars or more in reserve funds on

- 1 hand or if that township during that fiscal year is not levying at least ten mills for
2 township purposes.
- 3 e. Two and one-half percent must be allocated by the board of county
4 commissioners to or for the benefit of the county sheriff's department to offset oil
5 and gas development impact causing a need for increased sheriff's department
6 services staff, funding, equipment, coverage, and personnel training.
- 7 f. Two and one-half percent must be deposited by the state treasurer in the
8 oil-producing counties emergency medical service and fire protection district
9 grant fund and available for grants by the emergency medical service and fire
10 protection district funding committee for an extraordinary expenditure that would
11 mitigate negative effects of oil development impact affecting emergency medical
12 services providers providing service in oil-producing counties.
- 13 g. Two and one-half percent must be deposited by the state treasurer in the
14 oil-producing counties emergency medical service and fire protection district
15 grant fund and available for grants by the emergency medical service and fire
16 protection district funding committee for an extraordinary expenditure that would
17 mitigate negative effects of oil development impact affecting fire protection
18 districts providing service in oil-producing counties.
- 19 h. Funds deposited in the oil-producing counties emergency medical service and
20 fire protection district grant fund may be paid out by the state treasurer upon
21 approval by the emergency medical service and fire protection district funding
22 committee for an extraordinary expenditure that would mitigate negative effects of
23 oil development impact affecting emergency medical services providers or fire
24 protection districts. A standing and continuing appropriation is provided to the
25 state treasurer for payment of grant awards under this section.
- 26 5. For a county that did not reach a level of five million dollars of allocations under
27 subsection 2 in the most recently completed state fiscal year, revenues allocated to
28 that county must be credited by the county treasurer as follows:
- 29 a. Forty-five 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 during that fiscal year the county does not levy a total

1 of at least ten mills for combined levies for county road and bridge,
2 farm-to-market and federal aid road, and county road purposes.

3 b. Thirty-five percent must be apportioned by the county treasurer no less than
4 quarterly to school districts within the county on the average daily attendance
5 distribution basis, as certified to the county treasurer by the county
6 superintendent of schools. However, a hub city school district must be omitted
7 from apportionment under this subdivision. The total annual apportionment to
8 school districts under this subsection is limited to one million five hundred
9 thousand dollars.

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

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

24 ~~b. Thirty-five percent of all revenues allocated to the county infrastructure fund~~
25 ~~under subsections 4 and 5 must be allocated by the board of county~~
26 ~~commissioners to or for the benefit of townships in the county on the basis of~~
27 ~~applications by townships for funding to offset oil and gas development impact to~~
28 ~~township roads or other infrastructure needs or applications by school districts for~~
29 ~~repair or replacement of school district vehicles necessitated by damage or~~
30 ~~deterioration attributable to travel on oil and gas development impacted roads. An~~
31 ~~organized township is not eligible for an allocation of funds under this subdivision.~~

1 unless during that fiscal year that township levies at least ten mills for township
2 purposes. For unorganized townships within the county, the board of county
3 commissioners may expend an appropriate portion of revenues under this
4 subdivision to offset oil and gas development impact to township roads or other
5 infrastructure needs in those townships. The amount deposited during each
6 calendar year in the county infrastructure fund which is designated for allocation
7 under this subdivision and which is unexpended and unobligated at the end of
8 the calendar year must be transferred by the county treasurer to the county road
9 and bridge fund for use on county road and bridge projects.

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

19 7.6. Within thirty days after the end of each calendar year, the board of county
20 commissioners of each county that has received an allocation under this section shall
21 file a report for the calendar year with the commissioner, in a format prescribed by the
22 commissioner, including:

- 23 a. The county's statement of revenues and expenditures; and
24 b. The amount available in the county infrastructure fund for allocation allocated to
25 or for the benefit of townships or school districts, the amount allocated to each
26 organized township or school district and the amount expended from each such
27 allocation by that township or school district, the amount expended by the board
28 of county commissioners on behalf of each unorganized township for which an
29 expenditure was made, and the amount available for allocation to or for the
30 benefit of townships or school districts which remained unexpended at the end of
31 the fiscal year.

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

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

6 **57-62-05. Powers and duties of energy infrastructure and impact office director.**

7 The energy infrastructure and impact office director shall:

- 8 1. Develop a plan for the assistance, through financial grants for services and facilities, of
9 counties, cities, school districts, and other political subdivisions in coal development
10 and oil and gas development impact areas.
- 11 2. Establish procedures and provide proper forms to political subdivisions for use in
12 making application for funds for impact assistance as provided in this chapter.
- 13 3. Make grants disbursements to counties, cities, school districts, and other taxing
14 districts for grants awarded by the board of university and school lands pursuant to
15 chapter 15-01, as provided in this chapter and within the appropriations made for such
16 purposes. In determining the amount of impact grants for which political subdivisions
17 are eligible, ~~the consideration must be given to the~~ amount of revenue to which such
18 political subdivisions will be entitled from taxes upon the real property of coal and oil
19 and gas development plants ~~and from other tax or fund distribution formulas provided~~
20 ~~by law must be considered.~~
- 21 4. Receive and review applications for impact assistance pursuant to this chapter.
- 22 5. Make recommendations, not less than once each calendar quarter, to the board of
23 university and school lands on grants to counties, cities, school districts, and other
24 political subdivisions in oil and gas development impact areas based on identified
25 needs, and other sources of revenue available to the political subdivision.
- 26 6. ~~Make recommendations to the board of university and school lands providing for the~~
27 ~~distribution of thirty five percent of moneys available in the oil and gas impact fund to~~
28 ~~incorporated cities with a population of ten thousand or more, based on the most~~
29 ~~recent official decennial federal census, that are impacted by oil and gas development.~~
30 ~~The director may not recommend that an incorporated city receive more than sixty~~
31 ~~percent of the funds available under this subsection.~~

1 7. ~~Make recommendations to the board of university and school lands providing for the~~
2 ~~distribution of sixty-five percent of moneys available in the oil and gas impact fund to~~
3 ~~cities not otherwise eligible for funding under this section, counties, school districts,~~
4 ~~and other political subdivisions impacted by oil and gas development.~~

5 **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general
6 fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the
7 sum as may be necessary, to job service North Dakota for the purpose of upgrading collection
8 and use of employment data to correctly identify all employees who should be included for
9 statistical purposes in oil and gas-related employment, including employees of refineries and
10 gas plants and oil and gas transportation services, for the biennium beginning July 1, 2013, and
11 ending June 30, 2015.

12 **SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the strategic
13 investment and improvements fund in the state treasury, not otherwise appropriated, the sum of
14 \$206,000,000, or so much of the sum as may be necessary, to the state treasurer for the
15 purpose of allocation among oil-producing counties, for the period beginning May 1, 2013, and
16 ending June 30, 2015. The amounts available for allocation under this section must be allocated
17 on May 1, 2013, and May 1, 2014, in the amount of \$103,000,000 each year, among the
18 counties that exceeded a level of \$5,000,000 of allocations under subsection 2 of section
19 57-51-15 in the most recently completed state fiscal year. Projects to be funded under this
20 section must comply with American association of state highway and transportation officials
21 pavement design procedures and department of transportation local government requirements.
22 The allocation shares of the counties that qualify for a share of funds available under this
23 section must be determined by prorating available funds among those counties on the basis of
24 barrels of oil production within the county compared to barrels of oil production among all
25 counties that qualify for a share of funds available under this section in the most recently
26 completed state fiscal year.

27 **SECTION 7. APPROPRIATION.** There is appropriated out of any moneys in the general
28 fund in the state treasury, not otherwise appropriated, the sum of \$250,000,000, or so much of
29 the sum as may be necessary, to the department of transportation for the purpose of allocation
30 in equal amounts in each fiscal year of the biennium among non-oil-producing counties, for the
31 period beginning May 1, 2013, and ending June 30, 2015. Allocations among counties under

1 this section must be prorated among eligible counties on the basis of miles of road in the county
2 road system. A county is not eligible for an allocation of funds under this section if during that
3 fiscal year the county does not levy a total of at least ten mills for combined levies for county
4 road and bridge, farm-to-market and federal aid road, and county road purposes. Projects to be
5 funded under this section must comply with American association of state highway and
6 transportation officials pavement design procedures and department of transportation local
7 government requirements.

8 **SECTION 8. APPROPRIATION.** There is appropriated out of any moneys in the general
9 fund in the state treasury, not otherwise appropriated, the sum of \$17,550,000, or so much of
10 the sum as may be necessary, to the department of transportation for the purpose of allocation
11 in equal amounts in each fiscal year of the biennium among townships in non-oil-producing
12 counties, for the period beginning May 1, 2013, and ending June 30, 2015. Allocations among
13 counties under this section must be prorated among eligible counties on the basis of miles of
14 township roads in the county. The county treasurer shall allocate funds among eligible
15 townships on the basis of miles of township roads in each township as a percentage of the
16 miles of township roads in the county. An organized township is not eligible for an allocation of
17 funds under this subdivision if that township has reserve funds on hand exceeding \$100,000 or
18 if during that fiscal year that township does not levy at least ten mills for township purposes. For
19 unorganized townships within the county, the board of county commissioners may expend an
20 appropriate portion of revenues under this subdivision for township roads or other infrastructure
21 needs in those townships. A township is not eligible for an allocation of funds under this section
22 if the township does not maintain any township roads.

23 **SECTION 9. APPROPRIATION.** There is appropriated out of any moneys in the general
24 fund in the state treasury, not otherwise appropriated, the sum of \$585,000, or so much of the
25 sum as may be necessary, to the upper great plains transportation institute for the purpose of
26 enhanced testing of road substructure and analysis of road quality and lifespan, for the
27 biennium beginning July 1, 2013, and ending June 30, 2015.

28 **SECTION 10. APPROPRIATION.** There is appropriated out of any moneys in the general
29 fund in the state treasury, not otherwise appropriated, the sum of \$6,000,000, or so much of the
30 sum as may be necessary, to the state treasurer as directed by the emergency medical service
31 and fire protection district funding committee for the purpose of grants under section 1 of this

1 Act to emergency medical service providers and fire protection districts providing service in
2 non-oil-producing counties, for the biennium beginning July 1, 2013, and ending June 30, 2015.
3 Allocations of the amount appropriated in this section may not exceed \$3,000,000 for each year
4 of the biennium.

5 **SECTION 11. APPROPRIATION - DEPARTMENT OF TRUST LANDS - OIL AND GAS**

6 **IMPACT GRANT FUND.** There is appropriated out of any moneys in the oil and gas impact
7 grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much
8 of the sum as may be necessary, to the commissioner of university and school lands for the
9 purpose of providing distributions to eligible counties experiencing new oil and gas development
10 activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. As determined by
11 the director of the department of mineral resources, a county is eligible for a distribution under
12 this section if the county produced fewer than 100,000 barrels of oil for the month of November
13 2012 and after November 2012 the number of active oil rigs operating in the county in any one
14 month exceeds four rigs. Upon the determination by the director of the department of mineral
15 resources that a county is eligible for a distribution under this section, the commissioner of
16 university and school lands shall provide \$1,250,000 to the county for defraying expenses
17 associated with oil and gas development impacts in the county. The county, in determining the
18 use of the funds received, shall consider and, to the extent possible, address the needs of other
19 political subdivisions in the county resulting from the impact of oil and gas development.

20 **SECTION 12. LEGISLATIVE INTENT.** It is the intent of the sixty-third legislative assembly
21 that this Act is the initiation of a ten-year plan.

22 **SECTION 13. EFFECTIVE DATE.** Sections 2 and 3 of this Act are effective for taxable
23 events occurring after June 30, 2013.

24 **SECTION 14. EMERGENCY.** Sections 6, 7, and 8 of this Act are declared to be an
25 emergency measure.