

HOUSE BILL NO. 1013

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of
2 university and school lands; to provide for transfers; to provide for distributions from permanent
3 funds; to amend and reenact sections 57-51-01 and 57-51-15 of the North Dakota Century
4 Code, relating to the oil and gas production tax, the oil and gas impact grant fund, and the North
5 Dakota outdoor heritage fund; and to provide an effective date.

6 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

7 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
8 as may be necessary, are appropriated from special funds derived from the state lands
9 maintenance fund and the oil and gas impact grant fund in the state treasury, to the
10 commissioner of university and school lands for the purpose of defraying the expenses of the
11 commissioner of university and school lands, for the biennium beginning July 1, 2015, and
12 ending June 30, 2017, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
13				
14				
15	Salaries and wages	\$5,157,015	\$1,652,075	\$6,809,090
16	Accrued leave payments	108,541	(108,541)	0
17	Operating expenses	1,925,863	244,469	2,170,332
18	Contingencies	200,000	(100,000)	100,000
19	Energy infrastructure and impact office	<u>700,826</u>	<u>93,678,176</u>	<u>94,379,002</u>
20	Total all funds	\$8,092,245	\$95,366,179	\$103,458,424
21	Less estimated income	<u>8,092,245</u>	<u>95,366,179</u>	<u>103,458,424</u>
22	Total general fund	\$0	\$0	\$0
23	Full-time equivalent positions	31.00	5.00	36.00

1 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

2 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
3 items approved by the sixty-third legislative assembly for the 2013-15 biennium and the
4 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

5 <u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
6 Capital assets	\$65,550	\$0
7 Private lands study	50,000	0
8 Oil and gas impact grand fund distributions	<u>239,299,174</u>	<u>94,000,000</u>
9 Total all funds	\$239,414,724	\$94,000,000
10 Less estimated income	<u>239,414,724</u>	<u>94,000,000</u>
11 Total general fund	\$0	\$0

12 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the
13 2017-19 biennium. The department shall report to the appropriations committees of the
14 sixty-fifth legislative assembly on the use of this one-time funding for the biennium beginning
15 July 1, 2015, and ending June 30, 2017.

16 **SECTION 3. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the board of
17 university and school lands, the commissioner of university and school lands may transfer
18 between the various line items in section 1 of this Act, including transfers from the contingencies
19 line item to all other line items. The commissioner shall notify the office of management and
20 budget of each transfer made pursuant to this section.

21 **SECTION 4. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of
22 article IX of the Constitution of North Dakota, the board of university and school lands shall
23 distribute during the biennium beginning July 1, 2015, and ending June 30, 2017, the following
24 amounts, from the permanent funds managed for the benefit of the following entities:

25 Common schools	\$206,134,000
26 North Dakota state university	3,368,000
27 University of North Dakota	2,742,000
28 Youth correctional center	1,372,000
29 School for the deaf	1,180,000
30 State college of science	36,346,138
31 State hospital	36,358,138

1	Veterans' home	35,714,138
2	Valley City state university	570,000
3	North Dakota vision services - school for the blind	35,814,138
4	Mayville state university	382,000
5	Dakota college at Bottineau	35,358,138
6	Dickinson state university	35,358,138
7	Minot state university	<u>35,358,138</u>
8	Total	\$466,054,966

9 **SECTION 5. OIL AND GAS IMPACT GRANT FUND - DISTRIBUTIONS.** The energy

10 infrastructure and impact office line item in section 1 of this Act includes funding of \$94,000,000
11 from the oil and gas impact grant fund for the purpose of distributions to cities located in small
12 oil-producing counties, airports, public institutions of higher education, and schools, for the
13 biennium beginning July 1, 2015, and ending June 30, 2017. Grants awarded under this section
14 are not subject to section 54-44.1-11. The director of the energy infrastructure and impact office
15 may develop procedures and requirements necessary for distribution of funds under this
16 section. The funding provided in this section is considered a one-time funding item. During the
17 biennium beginning July 1, 2015, and ending June 30, 2017, the energy infrastructure and
18 impact office director shall distribute the funds as follows:

- 19 1. \$10,000,000, or so much of the sum as may be necessary, for the purpose of
20 providing distributions to incorporated cities located in the seven smallest oil-producing
21 counties in North Dakota, excluding any city designated as a hub city pursuant to
22 section 57-51-01. The funds must be distributed based on the proportion each
23 incorporated city's population bears to the total population of all incorporated cities in
24 the seven counties. For purposes of this section, the population estimates for 2013, as
25 determined by the North Dakota census office of the North Dakota department of
26 commerce, must be used to determine each incorporated city's population and the
27 total population of all incorporated cities within the seven counties.
- 28 2. \$50,000,000, or so much of the sum as may be necessary, for distributions to airports
29 impacted by oil and gas development.
- 30 3. \$4,000,000, or so much of the sum as may be necessary, for distributions to public
31 institutions of higher education located in oil-producing counties for operating or capital

1 expenses. Notwithstanding the provisions of chapter 57-62, public institutions of higher
2 education are eligible to receive distributions from the oil and gas impact grant fund
3 under this subsection. Distributions to public institutions of higher education under this
4 section may be used for one-time expenditures.

5 4. \$30,000,000, or so much of the sum as may be necessary to school districts for
6 renovation and improvement projects. The funding must be distributed proportionately
7 to the school district's share of oil tax revenues.

8 **SECTION 6. AMENDMENT.** Section 57-51-01 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **57-51-01. (~~Effective for taxable events occurring through June 30, 2015~~) Definitions.**

11 As used in this chapter:

12 1. "Barrel of oil" means forty-two United States gallons of two hundred thirty-one cubic
13 inches per gallon computed at a temperature of sixty degrees Fahrenheit [158.99 liters
14 computed at a temperature of 15.56 degrees Celsius].

15 2. "Commissioner" means the state tax commissioner.

16 3. "Field" means the geographic area underlaid by one or more pools, as defined by the
17 industrial commission.

18 4. "Gas" means natural gas and casinghead gas.

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

23 6. "Hub city school district" means the school district with the highest student enrollment
24 within the city limits of a hub city.

25 7. "Oil" means petroleum, crude oil, mineral oil, and casinghead gasoline.

26 8. "Person" includes partnership, corporation, limited liability company, association,
27 fiduciary, trustee, and any combination of individuals.

28 9. "Posted price" means the price specified in publicly available posted price bulletins or
29 other public notices, net of any adjustments for quality and location.

30 10. "Shallow gas" means gas produced from a gas well completed in or producing from a
31 shallow gas zone, as certified to the tax commissioner by the industrial commission.

- 1 11. "Shallow gas zone" means a strata or formation, including lignite or coal strata or
2 seam, located above the depth of five thousand feet [1524 meters] below the surface,
3 or located more than five thousand feet [1524 meters] below the surface but above the
4 top of the Rierdon formation, from which gas is or may be produced.
- 5 12. "Transportation costs" means the costs incurred for transporting oil established in
6 accordance with the first applicable of the following methods:
- 7 a. Actual costs incurred under the arm's-length contract between the producer and
8 the transporter of oil.
- 9 b. An applicable common carrier rate established and filed with the North Dakota
10 public service commission, or the appropriate federal jurisdictional agency.
- 11 c. When no common carrier rate would be applicable, the transportation costs are
12 those reasonable costs associated with the actual operating and maintenance
13 expenses, overhead costs directly attributable and allocable to the operation and
14 maintenance, and either depreciation and a return on undepreciated capital
15 investment, or a cost equal to a return on the investment in the transportation
16 system, as determined by the commissioner.

17 ~~(Effective for taxable events occurring after June 30, 2015) Definitions.~~ As used in this
18 chapter:

- 19 1. ~~"Barrel of oil" means forty two United States gallons of two hundred thirty one cubic~~
20 ~~inches per gallon computed at a temperature of sixty degrees Fahrenheit [158.99 liters~~
21 ~~computed at a temperature of 15.56 degrees Celsius].~~
- 22 2. ~~"Commissioner" means the state tax commissioner.~~
- 23 3. ~~"Field" means the geographic area underlaid by one or more pools, as defined by the~~
24 ~~industrial commission.~~
- 25 4. ~~"Gas" means natural gas and casinghead gas.~~
- 26 5. ~~"Oil" means petroleum, crude oil, mineral oil, and casinghead gasoline.~~
- 27 6. ~~"Person" includes partnership, corporation, limited liability company, association,~~
28 ~~fiduciary, trustee, and any combination of individuals.~~
- 29 7. ~~"Posted price" means the price specified in publicly available posted price bulletins or~~
30 ~~other public notices, net of any adjustments for quality and location.~~

- 1 8. ~~"Shallow gas" means gas produced from a gas well completed in or producing from a~~
2 ~~shallow gas zone, as certified to the tax commissioner by the industrial commission.~~
- 3 9. ~~"Shallow gas zone" means a strata or formation, including lignite or coal strata or~~
4 ~~seam, located above the depth of five thousand feet [1524 meters] below the surface,~~
5 ~~or located more than five thousand feet [1524 meters] below the surface but above the~~
6 ~~top of the Rierdon formation, from which gas is or may be produced.~~
- 7 10. ~~"Transportation costs" means the costs incurred for transporting oil established in~~
8 ~~accordance with the first applicable of the following methods:~~
- 9 a. ~~Actual costs incurred under the arm's length contract between the producer and~~
10 ~~the transporter of oil.~~
- 11 b. ~~An applicable common carrier rate established and filed with the North Dakota~~
12 ~~public service commission, or the appropriate federal jurisdictional agency.~~
- 13 c. ~~When no common carrier rate would be applicable, the transportation costs are~~
14 ~~those reasonable costs associated with the actual operating and maintenance~~
15 ~~expenses, overhead costs directly attributable and allocable to the operation and~~
16 ~~maintenance, and either depreciation and a return on undepreciated capital~~
17 ~~investment, or a cost equal to a return on the investment in the transportation~~
18 ~~system, as determined by the commissioner.~~

19 **SECTION 7. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **57-51-15. (Effective for taxable events occurring through June 30, 2015) Gross**
22 **production tax allocation.**

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

- 24 1. First the tax revenue collected under this chapter equal to one percent of the gross
25 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
26 state treasurer who shall:
- 27 a. Allocate to each hub city a monthly amount that will provide a total allocation of
28 three hundred seventy-five thousand dollars per fiscal year for each full or partial
29 percentage point of its private covered employment engaged in the mining
30 industry, according to data compiled by job service North Dakota;

- 1 b. Allocate to each hub city school district a monthly amount that will provide a total
2 allocation of one hundred twenty-five thousand dollars per fiscal year for each full
3 or partial percentage point of the hub city's private covered employment engaged
4 in the mining industry, according to data compiled by job service North Dakota;
- 5 c. Credit revenues to the oil and gas impact grant fund, but not in an amount
6 exceeding ~~two hundred forty~~one hundred nineteen million dollars per biennium;
- 7 d. Credit ~~four percent of the amount available under this subsection~~revenues to the
8 North Dakota outdoor heritage fund, but not in an amount exceeding
9 ~~fifteen~~twenty-five million dollars in a state fiscal year and not in an amount
10 exceeding ~~thirty~~fifty million dollars per biennium;
- 11 e. Credit four percent of the amount available under this subsection to the
12 abandoned oil and gas well plugging and site reclamation fund, but not in an
13 amount exceeding five million dollars in a state fiscal year and not in an amount
14 that would bring the balance in the fund to more than seventy-five million dollars;
15 and
- 16 f. Allocate the remaining revenues under subsection 3.
- 17 2. After deduction of the amount provided in subsection 1, annual revenue collected
18 under this chapter from oil and gas produced in each county must be allocated as
19 follows:
 - 20 a. The first five million dollars is allocated to the county.
 - 21 b. Of all annual revenue exceeding five million dollars, twenty-five percent is
22 allocated to the county.
- 23 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first
24 to provide for deposit of thirty percent of all revenue collected under this chapter in the
25 legacy fund as provided in section 26 of article X of the Constitution of North Dakota
26 and the remainder must be allocated to the state general fund. If the amount available
27 for a monthly allocation under this subsection is insufficient to deposit thirty percent of
28 all revenue collected under this chapter in the legacy fund, the state treasurer shall
29 transfer the amount of the shortfall from the state general fund share of oil extraction
30 tax collections and deposit that amount in the legacy fund.

- 1 4. For a county that received less than five million dollars of allocations under
2 subsection 2 in the most recently completed state fiscal year, revenues allocated to
3 that county must be distributed by the state treasurer as follows:
- 4 a. Forty-five percent must be distributed to the county treasurer and credited to the
5 county general fund. However, the allocation to a county under this subdivision
6 must be credited to the state general fund if in a taxable year after 2012 the
7 county is not levying a total of at least ten mills for combined levies for county
8 road and bridge, farm-to-market and federal aid road, and county road purposes.
- 9 b. Thirty-five percent of all revenues allocated to any county for allocation under this
10 subsection must be apportioned by the state treasurer no less than quarterly to
11 school districts within the county, excluding consideration of and allocation to any
12 hub city school district in the county, on the average daily attendance distribution
13 basis, as certified to the state treasurer by the county superintendent of schools.
- 14 c. Twenty percent must be apportioned no less than quarterly by the state treasurer
15 to 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.
- 22 5. For a county that received five million dollars or more of allocations under subsection 2
23 in the most recently completed state fiscal year, revenues allocated to that county
24 must be distributed by the state treasurer as follows:
- 25 a. Sixty percent must be distributed to the county treasurer and credited to the
26 county general fund. However, the allocation to a county under this subdivision
27 must be credited to the state general fund if in a taxable year after 2012 the
28 county is not levying a total of at least ten mills for combined levies for county
29 road and bridge, farm-to-market and federal aid road, and county road purposes.
- 30 b. Five percent must be apportioned by the state treasurer no less than quarterly to
31 school districts within the county on the average daily attendance distribution

1 basis for kindergarten through grade twelve students residing within the county,
2 as certified to the state treasurer by the county superintendent of schools.
3 However, a hub city school district must be omitted from consideration and
4 apportionment under this subdivision.

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

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

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

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

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

- 15 a. The county's statement of revenues and expenditures; and
16 b. The amount allocated to or for the benefit of townships or school districts, the
17 amount allocated to each organized township or school district and the amount
18 expended from each such allocation by that township or school district, the
19 amount expended by the board of county commissioners on behalf of each
20 unorganized township for which an expenditure was made, and the amount
21 available for allocation to or for the benefit of townships or school districts which
22 remained unexpended at the end of the fiscal year.

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

26 ~~(Effective for taxable events occurring after June 30, 2015) Gross production tax~~
27 ~~allocation. The gross production tax must be allocated monthly as follows:~~

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

Sixty-fourth
Legislative Assembly

- 1 a. ~~Allocate five hundred thousand dollars per fiscal year to each city in an~~
2 ~~oil-producing county which has a population of seven thousand five hundred or~~
3 ~~more and more than two percent of its private covered employment engaged in~~
4 ~~the mining industry, according to data compiled by job service North Dakota. The~~
5 ~~allocation under this subdivision must be doubled if the city has more than seven~~
6 ~~and one-half percent of its private covered employment engaged in the mining~~
7 ~~industry, according to data compiled by job service North Dakota;~~
- 8 b. ~~Credit revenues to the oil and gas impact grant fund, but not in an amount~~
9 ~~exceeding one hundred million dollars per biennium;~~
- 10 e. ~~Credit four percent of the amount available under this subsection to the North~~
11 ~~Dakota outdoor heritage fund, but not in an amount exceeding fifteen million~~
12 ~~dollars in a state fiscal year and not in an amount exceeding thirty million dollars~~
13 ~~per biennium;~~
- 14 d. ~~Credit four percent of the amount available under this subsection to the~~
15 ~~abandoned oil and gas well plugging and site reclamation fund, but not in an~~
16 ~~amount exceeding five million dollars in a state fiscal year and not in an amount~~
17 ~~that would bring the balance in the fund to more than seventy-five million dollars;~~
18 ~~and~~
- 19 e. ~~Allocate the remaining revenues under subsection 3.~~
- 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 million dollars is allocated to the county.~~
 - 24 b. ~~Of the next one million dollars, seventy-five percent is allocated to the county.~~
 - 25 e. ~~Of the next one million dollars, fifty percent is allocated to the county.~~
 - 26 d. ~~Of the next fourteen million dollars, twenty-five percent is allocated to the county.~~
 - 27 e. ~~Of all annual revenue exceeding eighteen million dollars, ten percent is allocated~~
28 ~~to the county.~~
- 29 3. ~~After the allocations under subsections 1 and 2, the amount remaining is allocated first~~
30 ~~to provide for deposit of thirty percent of all revenue collected under this chapter in the~~
31 ~~legacy fund as provided in section 26 of article X of the Constitution of North Dakota~~

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

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

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

17 b. Thirty-five percent of all revenues allocated to any county for allocation under this
18 subsection must be apportioned by the county treasurer no less than quarterly to
19 school districts within the county on the average daily attendance distribution
20 basis, as certified to the county treasurer by the county superintendent of
21 schools. However, no school district may receive in any single academic year an
22 amount under this subsection greater than the county average per student cost
23 multiplied by seventy percent, then multiplied by the number of students in
24 average daily attendance or the number of children of school age in the school
25 census for the county, whichever is greater. Provided, however, that in any county
26 in which the average daily attendance or the school census, whichever is greater,
27 is fewer than four hundred, the county is entitled to one hundred twenty percent
28 of the county average per student cost 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. Once this level has been reached
31 through distributions under this subsection, all excess funds to which the school

1 district would be entitled as part of its thirty-five percent share must be deposited
2 instead in the county general fund. The county superintendent of schools of each
3 oil-producing county shall certify to the county treasurer by July first of each year
4 the amount to which each school district is limited pursuant to this subsection. As
5 used in this subsection, "average daily attendance" means the average daily
6 attendance for the school year immediately preceding the certification by the
7 county superintendent of schools required by this subsection.

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

- 10 (1) The first three hundred fifty thousand dollars is apportioned entirely among
11 school districts in the county.
- 12 (2) The next three hundred fifty thousand dollars is apportioned seventy-five
13 percent among school districts in the county and twenty-five percent to the
14 county infrastructure fund.
- 15 (3) The next two hundred sixty-two thousand five hundred dollars is
16 apportioned two-thirds among school districts in the county and one-third to
17 the county infrastructure fund.
- 18 (4) The next one hundred seventy-five thousand dollars is apportioned fifty
19 percent among school districts in the county and fifty percent to the county
20 infrastructure fund.
- 21 (5) Any remaining amount is apportioned to the county infrastructure fund
22 except from that remaining amount the following amounts are apportioned
23 among school districts in the county:
- 24 (a) Four hundred ninety thousand dollars, for counties having a
25 population of three thousand or fewer.
- 26 (b) Five hundred sixty thousand dollars, for counties having a population
27 of more than three thousand and fewer than six thousand.
- 28 (c) Seven hundred thirty-five thousand dollars, for counties having a
29 population of six thousand or more.
- 30 e. Twenty percent of all revenues allocated to any county for allocation under this
31 subsection must be apportioned no less than quarterly by the state treasurer to

1 the incorporated cities of the county. Apportionment among cities under this
2 subsection must be based upon the population of each incorporated city
3 according to the last official decennial federal census. In determining the
4 population of any city in which total employment increases by more than two
5 hundred percent seasonally due to tourism, the population of that city for
6 purposes of this subdivision must be increased by eight hundred percent. If a city
7 receives a direct allocation under subsection 1, the allocation to that city under
8 this subsection is limited to sixty percent of the amount otherwise determined for
9 that city under this subsection and the amount exceeding this limitation must be
10 reallocated among the other cities in the county.

- 11 6. a. Forty-five percent of all revenues allocated to a county infrastructure fund under
12 subsections 4 and 5 must be credited by the county treasurer to the county
13 general fund. However, the allocation to a county under this subdivision must be
14 credited to the state general fund if during that fiscal year the county does not
15 levy a total of at least ten mills for combined levies for county road and bridge,
16 farm to market and federal aid road, and county road purposes.
- 17 b. Thirty-five percent of all revenues allocated to the county infrastructure fund
18 under subsections 4 and 5 must be allocated by the board of county
19 commissioners to or for the benefit of townships in the county on the basis of
20 applications by townships for funding to offset oil and gas development impact to
21 township roads or other infrastructure needs or applications by school districts for
22 repair or replacement of school district vehicles necessitated by damage or
23 deterioration attributable to travel on oil and gas development-impacted roads. An
24 organized township is not eligible for an allocation of funds under this subdivision
25 unless during that fiscal year that township levies at least ten mills for township
26 purposes. For unorganized townships within the county, the board of county
27 commissioners may expend an appropriate portion of revenues under this
28 subdivision to offset oil and gas development impact to township roads or other
29 infrastructure needs in those townships. The amount deposited during each
30 calendar year in the county infrastructure fund which is designated for allocation
31 under this subdivision and which is unexpended and unobligated at the end of

1 the calendar year must be transferred by the county treasurer to the county road
2 and bridge fund for use on county road and bridge projects.

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

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

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

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