

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2013

Page 1, line 3, replace "and to provide an exemption" with "to amend and reenact section 15-01-01, subsection 5 of section 57-51-01, and section 57-51-15 of the North Dakota Century Code, relating to oil and gas gross production tax definitions and allocations; to provide for funding repayments; to provide exemptions; to provide for reports; to provide statements of legislative intent; to provide for a legislative management study; and to provide an effective date"

Page 1, line 7, after the first comma insert "the strategic investment and improvements fund,"

Page 1, replace lines 13 through 20 with:

| | | | |
|-----------------------------------------|----------------|------------------|----------------|
| "Salaries and wages | \$6,123,516 | (\$295,046) | \$5,828,470 |
| Operating expenses | 2,019,637 | (266,939) | 1,752,698 |
| Grants | 99,300,000 | (59,300,000) | 40,000,000 |
| Contingencies | 100,000 | 0 | 100,000 |
| Energy infrastructure and impact office | <u>700,000</u> | <u>(479,283)</u> | <u>220,717</u> |
| Total special funds | \$108,243,153 | (\$60,341,268) | \$47,901,885 |
| Full-time equivalent positions | 33.00 | (3.00) | 30.00 |

SECTION 2. HEALTH INSURANCE INCREASE. The appropriation in section 1 of this Act includes \$89,948 from special funds for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 2, replace lines 2 and 3 with:

| | | |
|---------------------------------------|----------|-------------------|
| "Oil and gas impact grants - airports | \$0 | \$25,000,000 |
| Other grants - airports | <u>0</u> | <u>15,000,000</u> |
| Total special funds | \$0 | \$40,000,000" |

Page 3, after line 23, insert:

"SECTION 8. EXEMPTION - FLOOD-IMPACTED POLITICAL SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS. Up to \$1,325,500 appropriated from the general fund in section 10 of chapter 579 of the 2011 Session Laws for flood-impacted political subdivision infrastructure development grants, which was awarded but not yet reimbursed to the city of Minot for a landfill expansion project, is not subject to section 54-44.1-11, and any unexpended funds are available to reimburse the city of Minot during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 9. OIL AND GAS IMPACT GRANT FUND - AIRPORT GRANTS. The grants line item and the total special funds line item in section 1 of this Act include the sum of \$25,000,000 from the oil and gas impact grant fund for grants to airports, for the biennium beginning July 1, 2017, and ending June 30, 2019. Of the \$25,000,000, the board of university and school lands shall award a grant of \$20,000,000 to the Williston airport and a grant of \$5,000,000 to the Dickinson airport. A grant may be awarded to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. Grants awarded but not yet paid under this section are not subject to section 54-44.1-11.

SECTION 10. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - WILLISTON AIRPORT GRANT. The grants line item and the total special funds line item in section 1 of this Act include the sum of \$15,000,000 from the strategic investment and improvements fund for a grant to the Williston airport, for the biennium beginning July 1, 2017, and ending June 30, 2019. A grant may be awarded to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. Grants awarded but not yet paid under this section are not subject to section 54-44.1-11.

SECTION 11. AMENDMENT. Section 15-01-01 of the North Dakota Century Code is amended and reenacted as follows:

15-01-01. Board - Membership - Officers.

The governor, secretary of state, state treasurer, attorney general, and superintendent of public instruction shall constitute the "board of university and school lands". The governor must be the chairman, the secretary of state must be the vice chairman, and the commissioner of university and school lands must be the secretary of the board. In the absence of the commissioner at any meeting of the board, the deputy commissioner of university and school lands shall act as secretary. When acting as the board of university and school lands, the members of the board shall act in person and may not be represented by any assistant, clerk, or deputy. The speaker of the house and the president pro tempore of the senate each shall appoint one individual to advise the board. The individual appointed to advise the board may attend and participate in all meetings of the board, but may not vote.

SECTION 12. AMENDMENT. Subsection 5 of section 57-51-01 of the North Dakota Century Code is amended and reenacted as follows:

5. ~~"Hub city" means, for the period beginning September 1, 2015, and ending August 31, 2017, 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 oil and gas-related employment, according to annual data compiled by job service North Dakota. "Hub city" means, after August 31, 2017, 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 annual data compiled by job service North Dakota.~~

SECTION 13. 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~~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. The state treasurer shall allocate the funding in the following order:
 - a. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city, which is located in a county that received an allocation under subsection 2, a monthly amount that will~~

~~provide a total allocation of three hundred seventy-five thousand dollars per fiscal year for each full or partial percentage point of its private covered employment engaged in oil and gas-related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~To each hub city, which is located in a county that received an allocation under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of three hundred seventy-five thousand dollars per fiscal year for each full or partial percentage point, excluding the first two percentage points, of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota;.

- b. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city, which is located in a county that did not receive an allocation under subsection 2, a monthly amount that will provide a total allocation of two hundred fifty thousand dollars per fiscal year for each full or partial percentage point of its private covered employment engaged in oil and gas-related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~To each hub city, which is located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of two hundred fifty thousand dollars per fiscal year for each full or partial percentage point, excluding the first two percentage points, of its private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota;.
- c. ~~Allocate, for the period beginning September 1, 2015, and ending August 31, 2017, to each hub city school district, which is located in a county that received an allocation under subsection 2, 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 oil and gas-related employment, according to annual data compiled by job service North Dakota and after August 31, 2017, allocate to~~To each hub city school district, which is located in a county that received an allocation under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate 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, excluding the first two percentage points, of the hub city's private covered employment engaged in the mining industry, according to annual data compiled by job service North Dakota; ~~provided that hub~~ Hub city school districts, which are located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal year, must be excluded from the allocations under this subdivision;.
- d. ~~Allocate to~~To each county that received more than five million dollars but less than thirty million dollars of total allocations under

~~subsection 2 in state the most recently completed even-numbered fiscal year 2014, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million five hundred thousand dollars per fiscal year to be added by the state treasurer to be added to the allocations to school districts under subdivision b of subsection 5;~~

- e. ~~Credit revenues to the oil and gas impact grant fund, but not in an amount exceeding one hundred forty million dollars per biennium for the 2015-17 biennium, and not in an amount exceeding one hundred million dollars per biennium thereafter;~~
- f. ~~Credit eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars in a state fiscal year and not in an amount exceeding forty million dollars per biennium;~~
- g. ~~Credit four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars in a state fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars; and~~
- h. ~~Allocate the remaining revenues under subsection 3 as follows:~~
 - (1) To each county that received more than five million dollars but not exceeding ten million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
 - (2) To each county that received more than ten million dollars but not exceeding fifteen million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million two hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
 - (3) To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
 - (4) To each county that received more than twenty million dollars but not exceeding twenty-five million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation

must be distributed to school districts within the county pursuant to subdivision b of subsection 5.

- (5) To each county that received more than twenty-five million dollars but not exceeding thirty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year, the state treasurer shall allocate a monthly amount that will provide a total allocation of five hundred thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to subdivision b of subsection 5.
- e. (1) For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding ten million dollars per biennium. For purposes of this paragraph, "biennium" means the period beginning September first of each odd-numbered calendar year and ending August thirty-first of the following odd-numbered calendar year.
- (2) After August 31, 2019, the state treasurer shall allocate eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars per fiscal year.
- f. (1) For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding four million dollars per fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars.
- (2) After August 31, 2019, the state treasurer shall allocate four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars per fiscal year and not in an amount that would bring the balance in the fund to more than one hundred million dollars.
- g. For the period beginning September 1, 2017, and ending August 31, 2019, the state treasurer shall allocate the remaining revenues in the following order:
 - (1) Up to twenty-five million dollars to the oil and gas impact grant fund.
 - (2) Any remaining revenues under subsection 3.
- h. After August 31, 2019, the state treasurer shall allocate the remaining revenues in the following order:
 - (1) Up to five million dollars per biennium to the oil and gas impact grant fund. For purposes of this paragraph, "biennium" means the period beginning September first of each odd-numbered

calendar year and ending August thirty-first of the following odd-numbered calendar year.

(2) Any remaining revenues under subsection 3.

- i. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
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 five million dollars is allocated to the county.
 - b. Of all annual revenue exceeding five million dollars, thirty 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. For a county that received less than five million dollars of allocations under subsection 2 in ~~state~~the most recently completed even-numbered fiscal year ~~2014~~, revenues allocated to that county must be distributed at least quarterly by the state treasurer as follows:
 - a. Forty-five percent must be distributed to the county treasurer and credited to the county general fund. However, the distribution 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. Thirty-five percent must be distributed 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 distributions under this subdivision.
 - c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions 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. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
5. For a county that received five million dollars or more of allocations under subsection 2 in ~~state~~the most recently completed even-numbered fiscal year ~~2014~~, revenues allocated to that county must be distributed at least quarterly 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 distribution 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 distributed 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 distributions under this subdivision.
 - c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions 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~~One percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. 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.
 - e. ~~Three~~One percent must be allocated 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~~even-numbered fiscal year. The amount available under this subdivision must be allocated 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. Four percent must be allocated among the organized and unorganized townships in all the non-oil-producing counties. The amount available under this subdivision must be allocated 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. For purposes of this subdivision, "non-oil-producing counties" means the counties that received no allocation or a total allocation of less than five million dollars under subsection 2 in the most recently completed even-numbered fiscal year.
 - g. Nine percent must be distributed among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the highest 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 highest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third highest percentage of such allocations. Hub cities, which are located in a county that did not receive an allocation under subsection 2 in the most recently completed even-numbered fiscal year, must be excluded from the allocations under this subsection. If fewer than three hub cities are eligible for the allocations under this subdivision, the state treasurer shall allocate the available funds in proportion to the amounts the eligible hub cities received under subdivision a of subsection 1.
 - h. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
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;
 - b. The county's ending fund balances;
 - c. The amounts allocated under this section to the county's general fund, the amounts expended from these allocations, and the purposes of the expenditures; and
 - d. The amounts allocated under this section to or for the benefit of townships within the county, the amounts expended from these allocations, and the purposes of the expenditures.

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

7. Within thirty days after the end of each fiscal year ended June thirtieth, each school district that has received an allocation under this section shall file a report for the fiscal year ended June thirtieth with the commissioner, in a format prescribed by the commissioner, including:
 - a. The school district's statement of revenue and expenditures;
 - b. The school district's ending fund balances; and
 - c. The amounts allocated under this section to the school district, the amounts expended from these allocations, and the purposes of the expenditures.

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

SECTION 14. DEPARTMENT OF TRUST LANDS - WILLISTON AIRPORT FUNDING REPAYMENTS - DEPOSIT. The city of Williston shall use the proceeds from the sale of the existing Williston airport, excluding any proceeds used to repay the Bank of North Dakota for outstanding loans related to the new airport, for repaying the department of trust lands up to \$27,500,000 for a portion of the state's financial assistance provided for the new Williston airport. The department of trust lands shall deposit any funds received under this section in the strategic investment and improvements fund.

SECTION 15. LEGISLATIVE INTENT - HUB CITY BONDING. It is the intent of the sixty-fifth legislative assembly that during the period beginning July 1, 2017, and ending June 30, 2019, hub cities, as defined in section 57-51-01, not issue any new bonds based on anticipated future hub city oil tax revenue allocations under section 57-51-01.

SECTION 16. LEGISLATIVE INTENT - AGENCY EFFICIENCIES. It is the intent of the sixty-fifth legislative assembly that during the 2017-18 interim, the governor and the commissioner of university and school lands achieve efficiencies and budgetary savings within the department of trust lands through the use of innovative ideas and through alternative solutions relating to information technology.

SECTION 17. LEGISLATIVE INTENT - ENCOURAGEMENT OF ENERGY INFRASTRUCTURE INVESTMENT - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - USE OF TERMS. It is the intent of the sixty-fifth legislative assembly that the state of North Dakota encourage the continued development of energy infrastructure that will help reduce instances of natural gas flaring and increase the market value received for oil and gas produced within the state generally and from state-owned lands specifically which will increase the value of royalties paid to the funds under the control of the board of university and school lands. Consistent with this intent, the commissioner of university and school lands shall continue to interpret the terms "gross production," "market value," and "gross proceeds of sale" in its lease form to mean a value determined at the producing well or associated production facility, or in the surrounding field or area, where the oil and gas was produced, before any post-production activities undertaken by the lessee, operator, or purchaser after the oil and gas has been transported from the producing well and associated production facility. These values must be determined by the amount received by the lessee in an arm's length contract, or in the absence of an arm's length contract, either a comparable sales method or a work-back calculation methodology consistent with state law.

SECTION 18. LEGISLATIVE MANAGEMENT STUDY - OIL AND GAS TAX REVENUE ALLOCATIONS TO HUB CITIES AND HUB CITY SCHOOL DISTRICTS.

1. During the 2017-18 interim, the legislative management shall consider studying oil and gas tax revenue allocations to hub cities and hub city school districts. The study must include consideration of the following:
 - a. The current and historical oil and gas tax revenue allocations to hub cities and hub city school districts.
 - b. Other state funding provided to hub cities and hub city school districts, including grants from the oil and gas impact grant fund, distributions from the strategic investment and improvements fund, state school aid payments, and payments from the state aid distribution fund and highway tax distribution fund.
 - c. Local taxing and revenue levels in hub cities compared to cities in non-oil-producing counties, including mill levies, property tax values, local sales and use taxes, and other revenue sources.
 - d. The appropriate level of oil and gas tax revenue allocations to hub cities and hub city school districts based on infrastructure and other needs.
 - e. The estimated fiscal impact to hub cities, hub city school districts, other political subdivisions, and the state if the oil and gas tax revenue allocation formula would be changed to transition hub cities and hub city school districts from allocations under subsection 1 of section 57-51-15 to allocations under subsections 4 and 5 of section 57-51-15.
 - f. The estimated fiscal impact to hub cities, hub city school districts, other political subdivisions, and the state if the oil and gas tax revenue allocation formula would be changed to discontinue the allocations to hub cities and hub city school districts under subsection 1 of section 57-51-15.
2. The membership of the committee assigned the responsibility of the study must proportionately reflect the state's population distribution between oil-producing counties and non-oil-producing counties and must include members from the finance and taxation committees and the appropriations committees.
3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 19. EFFECTIVE DATE. Sections 12 and 13 of this Act are effective for taxable events occurring after June 30, 2017."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2013 - Department of Trust Lands - House Action

| | Base Budget | Senate Version | House Changes | House Version |
|-----------------------------------------|---------------|----------------|---------------|---------------|
| Salaries and wages | \$6,123,516 | \$6,218,736 | (\$390,266) | \$5,828,470 |
| Operating expenses | 2,019,637 | 1,775,723 | (23,025) | 1,752,698 |
| Capital assets | | 5,250,000 | (5,250,000) | |
| Grants | 99,300,000 | | 40,000,000 | 40,000,000 |
| Energy Infrastructure and Impact Office | 700,000 | 220,717 | | 220,717 |
| Contingencies | 100,000 | 100,000 | | 100,000 |
| Total all funds | \$108,243,153 | \$13,565,176 | \$34,336,709 | \$47,901,885 |
| Less estimated income | 108,243,153 | 13,565,176 | 34,336,709 | 47,901,885 |
| General fund | \$0 | \$0 | \$0 | \$0 |
| FTE | 33.00 | 32.00 | (2.00) | 30.00 |

Department No. 226 - Department of Trust Lands - Detail of House Changes

| | Adjusts Funding for Health Insurance Increases ¹ | Removes Funding for FTE Positions ² | Removes Funding for an Information Technology Project ³ | Adds Funding for Grants ⁴ | Total House Changes |
|-----------------------------------------|-------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------|--------------------------------------|---------------------|
| Salaries and wages | (\$6,636) | (\$383,630) | | | (\$390,266) |
| Operating expenses | | (23,025) | | | (23,025) |
| Capital assets | | | (5,250,000) | | (5,250,000) |
| Grants | | | | 40,000,000 | 40,000,000 |
| Energy Infrastructure and Impact Office | | | | | |
| Contingencies | | | | | |
| Total all funds | (\$6,636) | (\$406,655) | (\$5,250,000) | \$40,000,000 | \$34,336,709 |
| Less estimated income | (6,636) | (406,655) | (5,250,000) | 40,000,000 | 34,336,709 |
| General fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| FTE | 0.00 | (2.00) | 0.00 | 0.00 | (2.00) |

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

² Funding is removed as follows:

- \$200,105 is removed for a geographic information system position, which was added by the Senate. Of the \$200,105, \$177,080 relates to salaries and wages, and \$23,025 relates to operating expenses.
- \$206,550 is removed for a project manager position.

³ One-time funding of \$5.25 million is removed for an information technology project. The Senate added this funding.

⁴ One-time funding of \$25 million is added from the oil and gas impact grant fund for grants to the Williston airport (\$20 million) and the Dickinson airport (\$5 million). One-time funding of \$15 million is added from the strategic investment and improvements fund for a grant to the Williston airport.

This amendment also:

- Identifies the health insurance increase.
- Provides an exemption to allow an unspent grant to a flood-impacted political subdivision to be available in the 2017-19 biennium.
- Identifies \$25 million from the oil and gas impact grant fund for an oil impact grant of \$20 million to the Williston airport and a grant of \$5 million to the Dickinson airport. This funding is available

to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project.

- Identifies \$15 million from the strategic investment and improvements fund for a grant to the Williston airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project.
- Adds two advisory members that are appointed by the Speaker of the House and the President Pro Tempore to the board of university and school lands.
- Amends the oil and gas tax revenue allocation formulas (see the table below) and provides an effective date related to the formula changes.
- Provides that the city of Williston use the proceeds from the sale of the existing airport, up to \$27.5 million, to repay the Department of Trust Lands for the state's financial assistance provided for the new airport.
- Provides a statement of legislative intent that hub cities not issue new bonds during the 2017-19 biennium based on anticipated future hub city oil tax revenue allocations.
- Provides a statement of legislative intent regarding efficiencies within the Department of Trust Lands.
- Provides a statement of legislative intent regarding the calculation of mineral royalties.
- Provides for a Legislative Management study by a committee with proportional geographic representation and members of the Finance and Taxation and Appropriations Committees regarding the oil and gas tax revenue allocations to hub cities and hub city school districts.

Senate Bill No. 2013 - Other Changes - House Action

| Current Law | Proposed Changes |
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| <p>Hub city definition</p> <ul style="list-style-type: none"> •After August 31, 2017, a hub city is based on mining employment. <p>Hub city and hub city school district allocations</p> <ul style="list-style-type: none"> •Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment. •Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment. •Hub city school districts receive an annual allocation of \$125,000 per full or partial percentage point of mining employment, excluding hub city school districts located in non-oil-producing counties. <p>Supplemental school district allocation</p> <ul style="list-style-type: none"> •Eligible counties receive an annual allocation of \$1.5 million for distributions to school districts in the county. <p>North Dakota outdoor heritage fund allocations</p> <ul style="list-style-type: none"> •From the 1 percent of the 5 percent oil and gas gross production tax, 8 percent is allocated to the North Dakota outdoor heritage fund, up to \$20 million per fiscal year. <p>Abandoned oil and gas well plugging and site reclamation fund allocations</p> <ul style="list-style-type: none"> •From the 1 percent of the 5 percent oil and gas gross production tax, 4 percent is allocated to the abandoned oil and gas well plugging and site reclamation fund, up to \$7.5 million per fiscal year. <p>Oil and gas impact grant fund allocations</p> <ul style="list-style-type: none"> •Up to \$100 million per biennium is allocated to the oil and gas impact grant fund. | <p>Hub city definition</p> <ul style="list-style-type: none"> •No change to current law. <p>Hub city and hub city school district allocations</p> <ul style="list-style-type: none"> •Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment exceeding 2 percent. •Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment exceeding 2 percent. •Hub city school districts in oil-producing counties receive an annual allocation of \$125,000 per full or partial percentage point of mining employment exceeding 2 percent. <p>Supplemental school district allocation</p> <ul style="list-style-type: none"> •Changes the annual allocation to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered fiscal year. The specific amounts range from \$500,000 to \$1.5 million per year. <p>North Dakota outdoor heritage fund allocations</p> <ul style="list-style-type: none"> •Decreases the amount allocated to the North Dakota outdoor heritage fund by changing the limit from \$20 million per fiscal year to \$10 million for the 2017-19 biennium. <p>Abandoned oil and gas well plugging and site reclamation fund allocations</p> <ul style="list-style-type: none"> •Decreases the amount allocated to the abandoned oil and gas well plugging and site reclamation fund by changing the limit from \$7.5 million per fiscal year to \$4 million per fiscal year for the 2017-19 biennium. <p>Oil and gas impact grant fund allocations</p> <ul style="list-style-type: none"> •Decreases the allocation to the oil and gas impact grant fund from \$100 million per biennium to \$25 million per biennium for the 2017-19 biennium and provides an allocation of \$5 million per biennium to the oil and gas impact grant fund after the 2017-19 biennium. |

Distributions to political subdivisions

- The distributions to political subdivisions in North Dakota Century Code Sections 57-51-15(4) and 57-51-15(5) are based on the oil and gas tax allocations received by a county in fiscal year 2014.
- From the 4 percent of the 5 percent oil and gas gross production tax, 30 percent of all revenue above \$5 million is allocated to the county with the remaining 70 percent allocated to the state.
- The distributions to political subdivisions are as follows:

| | Counties - Less Than \$5 Million | Counties - \$5 Million Or More |
|------------------------|-------------------------------------------------|-----------------------------------------------|
| County general fund | 45% | 60% |
| Cities | 20% | 20% |
| Schools | 35% | 5% |
| Townships (equal) | | 3% |
| Townships (road miles) | | 3% |
| Hub cities | | 9% |

- From the counties' share in counties that received \$5 million or more of oil and gas tax allocations, 9 percent is distributed to the three hub cities with the highest percentage of mining employment.

Distributions to political subdivisions

- Changes the basis for the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to reflect the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year rather than fiscal year 2014.
- No change to current law.
- The proposed changes to the distributions to political subdivisions are as follows:

| | Counties - Less Than \$5 Million | Counties - \$5 Million Or More |
|------------------------|-------------------------------------------------|-----------------------------------------------|
| County general fund | 45% | 60% |
| Cities | 20% | 20% |
| Schools | 35% | 5% |
| Townships (equal) | | 1% |
| Townships (road miles) | | 1% |
| Townships (non-oil) | | 4% |
| Hub cities | | 9% |

- Clarifies the distribution to hub cities to exclude hub cities that are located in non-oil-producing counties and to provide proportional allocations if less than three hub cities qualify for the distributions.