

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1066

Page 17, line 9, after "next" insert "thirty million three hundred seventy-five thousand dollars, or the amount necessary to provide for the distributions under subsection 2 of section 57-51.1-07.7, into the municipal infrastructure fund;

- 8. The next four hundred million dollars into the strategic investment and improvements fund;
- 9. An amount equal to the deposit under subsection 7 into the county and township infrastructure fund;
- 10. The next one hundred sixty-nine million two hundred fifty thousand dollars or the amount necessary to provide a total of"

Page 17, line 9 after "into" insert "the"

Page 17, line 10, after "counties" insert "under sections 57-51.1-07.7 and 57-51.1-07.8"

Page 17, line 13, replace "8." with "11."

Page 17, line 13, replace "fifty" with "twenty"

Page 17, line 14, replace "9." with "12."

Page 20, line 11, after "infrastructure" insert ", excluding fiber optic infrastructure"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

The schedule below compares the 2019-21 biennium oil and gas tax allocation formulas under current law to House Bill No. 1066 and the proposed amendment to House Bill No. 1066 [19.0560.02004].

2019-21 Biennium Oil and Gas Tax Allocation Formulas		
Current Law	House Bill No. 1066 As Introduced	Proposed Amendment [19.0560.02004]
<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>A hub city is based on mining employment.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>A hub city must be located in an oil-producing county.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>A total of \$22 million per year is available for distribution to hub cities, and the allocations are proportional to each hub city's impact percentage score relative to the combined total of all the hub cities' impact percentage scores. The impact percentage scores are based on mining employment, mining establishments, oil production, and population.</li> </ul>	<p><b>Hub city definition</b></p> <ul style="list-style-type: none"> <li>Same as House Bill No. 1066.</li> </ul> <p><b>Hub city and hub city school district allocations</b></p> <ul style="list-style-type: none"> <li>Same as House Bill No. 1066.</li> </ul>

<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Removes allocations to hub cities located in non-oil-producing counties.</li> <li>• A total of \$6 million per year is available for distribution to hub city school districts, and the allocations are based on the same impact percentage scores used for the hub city allocations.</li> </ul>	<ul style="list-style-type: none"> <li>• Same as House Bill No. 1066.</li> <li>• Same as House Bill No. 1066.</li> </ul>
<p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• Eligible counties receive an annual allocation to provide a specific amount for the benefit of the school districts based on prior amounts of oil and gas tax allocations received by the county. The specific amounts range from \$500,000 to \$1.5 million per year.</li> </ul>	<p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• No change to current law.</li> </ul>	<p><b>Supplemental school district allocation</b></p> <ul style="list-style-type: none"> <li>• Same as House Bill No. 1066.</li> </ul>
<p><b>Funding source for hub city, hub city school district, and supplemental school district allocations</b></p> <ul style="list-style-type: none"> <li>• The amounts needed for the allocations are derived from the 1 percent of the 5 percent gross production tax.</li> </ul>	<p><b>Funding source for hub city, hub city school district, and supplemental school district allocations</b></p> <ul style="list-style-type: none"> <li>• The amounts needed for the allocations are derived from the 4 percent of the 5 percent gross production tax, of which 70 percent is from the state share and 30 percent is from the political subdivision share.</li> </ul>	<p><b>Funding source for hub city, hub city school district, and supplemental school district allocations</b></p> <ul style="list-style-type: none"> <li>• Same as House Bill No. 1066.</li> </ul>
<p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>• From the 1 percent of the 5 percent gross production tax, 8 percent is allocated to the North Dakota outdoor heritage fund, up to \$20 million per fiscal year.</li> </ul>	<p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>• No change to current law.</li> </ul>	<p><b>North Dakota outdoor heritage fund allocations</b></p> <ul style="list-style-type: none"> <li>• Same as House Bill No. 1066.</li> </ul>
<p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>• From the 1 percent of the 5 percent 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.</li> </ul>	<p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>• No change to current law.</li> </ul>	<p><b>Abandoned oil and gas well plugging and site reclamation fund allocations</b></p> <ul style="list-style-type: none"> <li>• Same as House Bill No. 1066.</li> </ul>
<p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>• Up to \$5 million per biennium is allocated to the oil and gas impact grant fund.</li> </ul>	<p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>• Removes the allocations to the oil and gas impact grant fund.</li> </ul>	<p><b>Oil and gas impact grant fund allocations</b></p> <ul style="list-style-type: none"> <li>• Same as House Bill No. 1066.</li> </ul>
<p><b>Distributions to political subdivisions</b></p>	<p><b>Distributions to political subdivisions</b></p>	<p><b>Distributions to political subdivisions</b></p>

- The distributions to political subdivisions are based on the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year.
- 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	45%	60%
Cities	20%	20%
Schools	35%	5%
Townships		
Equal		3%
Road miles		3%
Hub cities		9%

- The 9 percent allocation to hub cities is distributed based on mining employment with 60 percent to the hub city with the highest mining employment, 30 percent to the hub city with the second highest mining employment, and 10 percent to the hub city with the third highest mining employment.

**State's share ("buckets") statutory allocations**

- \$200 million - General fund
- \$200 million - Tax relief fund
- \$75 million - Budget stabilization fund
- \$100 million - General fund
- \$3 million - Lignite research fund
- \$97 million - Strategic investment and improvements fund
- Up to \$20 million - State disaster relief fund

- Clarifies the distributions are based on the most recently completed even-numbered fiscal year before the start of the biennium.
- 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	45%	60%
Cities	20%	20%
Schools	35%	5%
Townships		
Equal		
Road miles		4%
Hub cities		9%
Hub schools		2%

- The 9 percent allocation to hub cities and the 2 percent allocation to hub city school districts is distributed proportionally based on the impact percentage scores.
- Provides other minor technical corrections for clarity and consistency.

**State's share ("buckets") statutory allocations**

- \$200 million - General fund
- \$200 million - Tax relief fund
- \$75 million - Budget stabilization fund
- \$200 million - General fund
- \$10 million - Lignite research fund
- Removes the \$97 million allocation to the strategic investment and improvements fund
- Up to \$20 million - State disaster relief fund

- Same as House Bill No. 1066.
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<ul style="list-style-type: none"> <li>• Remainder - Strategic investment and improvements fund</li> </ul>	<ul style="list-style-type: none"> <li>• \$230 million - Equal distributions to the municipal infrastructure fund (\$115 million) and the county and township infrastructure fund (\$115 million)</li> <li>• \$50 million - Airport infrastructure fund</li> <li>• Remainder - Strategic investment and improvements fund</li> </ul> <p><b>Other sections</b></p> <ul style="list-style-type: none"> <li>• Creates a municipal infrastructure fund for grants to cities in non-oil-producing counties, provides reporting requirements, identifies penalties for improper reporting or spending of grant funds, defines eligible uses for essential infrastructure projects, and includes a formula for determining the grants to cities based on population and property tax valuations.</li> <li>• Creates a county and township infrastructure fund for grants to counties and townships in non-oil-producing counties, provides reporting requirements, identifies penalties for improper reporting or spending of grant funds, defines eligible uses for road and bridge infrastructure projects, and includes a formula to provide equal distributions to townships and to provide proportional distributions to counties based on data compiled by the Upper Great Plains Transportation Institute.</li> <li>• Provides an effective date to align with the start of the 2019-21 biennium.</li> </ul>	<ul style="list-style-type: none"> <li>• \$30.4 million - Municipal infrastructure fund</li> <li>• \$400 million - Strategic investment and improvements fund</li> <li>• \$30.4 million - County and township infrastructure fund</li> <li>• \$169.2 million - Equal distributions to the municipal infrastructure fund (\$84.6 million) and the county and township infrastructure fund (\$84.6 million)</li> <li>• \$20 million - Airport infrastructure fund</li> <li>• Remainder - Strategic investment and improvements fund</li> </ul> <p><b>Other sections</b></p> <ul style="list-style-type: none"> <li>• Same as House Bill No. 1066, except limits the allowable use of funds for communications infrastructure.</li> <li>• Same as House Bill No. 1066.</li> <li>• Same as House Bill No. 1066.</li> </ul>
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