

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2013

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 distributions from permanent funds; to amend and
3 reenact subsection 1 of section 57-51-15 and section 57-62-04 of the North Dakota Century
4 Code, relating to oil and gas gross production taxes and the energy infrastructure and impact
5 office; to provide an effective date; to provide an expiration date; and to declare an emergency.

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, 2013, and
12 ending June 30, 2015, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
13				
14				
15	Salaries and wages	\$4,145,824	\$1,173,727	\$5,319,551
16	Operating expenses	1,431,096	494,767	1,925,863
17	Capital assets	0	65,550	65,550
18	Grants	99,778,269	(99,778,269)	0
19	Energy infrastructure and impact office	0	224,000,000	224,000,000
20	Contingencies	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>
21	Total special funds	\$105,455,189	\$126,055,775	\$231,510,964
22	Full-time equivalent positions	24.75	6.25	31.00

23 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
24 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time

1 funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and
2 the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

3	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
4	Contingent energy impact grants	\$30,000,000	\$0
5	Contingent energy impact grants -	5,000,000	0
6	new development counties		
7	Energy impact grants - airports	0	60,000,000
8	Energy impact grants - higher education	0	4,000,000
9	Energy impact grants - dust control	0	10,000,000
10	Capital assets	10,000	65,550
11	Flood impact grants	<u>30,000,000</u>	<u>0</u>
12	Total all funds	\$65,010,000	\$74,065,550
13	Less estimated income	<u>35,010,000</u>	<u>74,065,550</u>
14	Total general fund	\$30,000,000	\$0

15 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
16 2015-17 biennium. The department shall report to the appropriations committees of the
17 sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning
18 July 1, 2013, and ending June 30, 2015.

19 **SECTION 3. OIL AND GAS IMPACT GRANTS - EXEMPTION.** Section 54-44.1-11 does
20 not apply to appropriations made for oil and gas impact grants in section 1 of this Act.

21 **SECTION 4. OIL AND GAS IMPACT GRANTS - FLOOD-IMPACTED POLITICAL**
22 **SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS - 2011-13 - EXEMPTION.**

23 Section 54-44.1-11 does not apply to appropriations made by the sixty-second legislative
24 assembly for oil and gas impact grants and flood-impacted political subdivision infrastructure
25 development grants pursuant to chapter 579 of the 2011 Session Laws.

26 **SECTION 5. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the board of
27 university and school lands, the commissioner of university and school lands may transfer
28 between the various line items in section 1 of this Act, including transfers from the contingencies
29 line item to all other line items. The commissioner shall notify the office of management and
30 budget of each transfer made pursuant to this section.

1 **SECTION 6. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of
2 article IX of the Constitution of North Dakota, the board of university and school lands shall
3 distribute during the biennium beginning July 1, 2013, and ending June 30, 2015, the following
4 amounts, from the permanent funds managed for the benefit of the following entities:

5 Common schools	\$130,326,000
6 North Dakota state university	2,066,000
7 University of North Dakota	1,814,000
8 Youth correctional center	810,000
9 School for the deaf	720,000
10 State college of science	731,428
11 State hospital	803,428
12 Veterans' home	325,428
13 Valley City state university	372,000
14 North Dakota vision services - school for the blind	331,428
15 Mayville state university	236,000
16 Dakota college at Bottineau	49,428
17 Dickinson state university	49,428
18 Minot state university	<u>49,428</u>
19 Total	\$138,683,996

20 **SECTION 7. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR AIRPORTS - 2013-15**
21 **BIENNIUM.** The energy infrastructure and impact office line item in section 1 of this Act includes
22 \$60,000,000 for grants to airports impacted by oil and gas development. The director of the
23 energy infrastructure and impact office shall adopt grant procedures and requirements
24 necessary for distribution of grants under this section, which must include cost-share
25 requirements. Cost-share requirements must consider the availability of local funds to support
26 the project. Grant funds must be distributed giving priority to projects that have been awarded or
27 are eligible to receive federal funding. Grants distributed pursuant to this section are not to be
28 considered in making grant recommendations under section 57-62-05.

29 **SECTION 8. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR HIGHER**
30 **EDUCATION - 2013-15 BIENNIUM.** The energy infrastructure and impact office line item in
31 section 1 of this Act includes \$4,000,000 for grants to public institutions of higher education

1 impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public
2 institutions of higher education are eligible to receive oil and gas impact grants under this
3 section. The director of the energy infrastructure and impact office may develop grant
4 procedures and requirements necessary for distribution of grants under this section.

5 **SECTION 9. PILOT PROJECT - DUST CONTROL.** The energy infrastructure and impact
6 office line item in section 1 of this Act includes \$3,000,000 for grants of \$1,000,000 each to
7 three counties in oil-impacted areas for a pilot project for dust control for the period beginning
8 with the effective date of this Act and ending June 30, 2015. The county commission from each
9 county shall file a report with the department of trust lands by August 1, 2013, regarding any
10 product used to control dust and the success or failure of the product in controlling dust. The
11 director of the energy infrastructure and impact office may develop grant procedures and
12 requirements necessary for distribution of grants under this section. Grants distributed pursuant
13 to this section are not to be considered in making grant recommendations under section
14 57-62-05.

15 **SECTION 10. OIL AND GAS IMPACT GRANT DISTRIBUTION FOR DUST CONTROL -**
16 **CONTINGENCY.** The energy infrastructure and impact office line item in section 1 of this Act
17 includes \$7,000,000 for grants to counties in oil-impacted areas for dust control for the period
18 beginning with the effective date of this Act and ending June 30, 2015. If the pilot project for
19 dust control included in section 9 of this Act identifies products that are successful in controlling
20 dust, the energy infrastructure and impact office may provide grants to other counties in
21 oil-impacted areas for dust control. The director of the energy infrastructure and impact office
22 may develop grant procedures and requirements necessary for distribution of grants under this
23 section. Grants distributed pursuant to this section are not to be considered in making grant
24 recommendations under section 57-62-05.

25 **SECTION 11. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota Century
26 Code is amended and reenacted as follows:

- 27 1. First the tax revenue collected under this chapter equal to one percent of the gross
28 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
29 state treasurer who shall:
- 30 a. Allocate five hundred thousand dollars per fiscal year to each city in an
31 oil-producing county which has a population of seven thousand five hundred or

- 1 more and more than two percent of its private covered employment engaged in
2 the mining industry, according to data compiled by job service North Dakota. The
3 allocation under this subdivision must be doubled if the city has more than seven
4 and one-half percent of its private covered employment engaged in the mining
5 industry, according to data compiled by job service North Dakota;
- 6 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
7 exceeding ~~one~~two hundred twenty-four million dollars per biennium; and
- 8 c. Allocate the remaining revenues under subsection 3.

9 **SECTION 12. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota
10 Century Code is amended and reenacted as follows:

- 11 1. First the tax revenue collected under this chapter equal to one percent of the gross
12 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
13 state treasurer who shall:
- 14 a. Allocate five hundred thousand dollars per fiscal year to each city in an
15 oil-producing county which has a population of seven thousand five hundred or
16 more and more than two percent of its private covered employment engaged in
17 the mining industry, according to data compiled by job service North Dakota. The
18 allocation under this subdivision must be doubled if the city has more than seven
19 and one-half percent of its private covered employment engaged in the mining
20 industry, according to data compiled by job service North Dakota;
- 21 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
22 exceeding one hundred fifty million dollars per biennium; and
- 23 c. Allocate the remaining revenues under subsection 3.

24 **SECTION 13. AMENDMENT.** Section 57-62-04 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **57-62-04. Energy infrastructure and impact office - Appointment of director.**

27 There is hereby created an energy infrastructure and impact office, to be a division within
28 the office of the commissioner of the board of university and school lands, the director of which
29 must be appointed by and serve at the pleasure of the board of university and school lands. The
30 director shall have knowledge of state and local government and shall have experience or
31 training in the fields of taxation and accounting. The salary of the director must be set by the

1 commissioner of university and school lands within the limits of legislative appropriations. The
2 director may employ such other persons as may be necessary and may fix their compensation
3 within the appropriation made for such purpose. The board of university and school lands shall
4 fill any vacancy in the position of director in the same manner as listed above ~~and, in addition,~~
5 ~~shall serve as an appeals board under rules promulgated by the board of university and school~~
6 ~~lands to reconsider grant applications for aid under this chapter which have been denied by the~~
7 ~~director.~~ All action by the board of university and school lands, including appointment of a
8 director, must be by majority vote.

9 **SECTION 14. EFFECTIVE DATE.** Section 12 of this Act is effective for oil and gas
10 produced after June 30, 2015.

11 **SECTION 15. EXPIRATION DATE.** Section 11 of this Act is effective for oil and gas
12 produced through June 30, 2015, and after that date is ineffective.

13 **SECTION 16. EMERGENCY.** The sum of \$10,000,000 included in the energy infrastructure
14 and impact office line item in section 1 of this Act and sections 9 and 10 of this Act are declared
15 to be an emergency measure.