

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1377

Introduced by

Representatives Delzer, Carlson

Senators Holmberg, Wardner

1 A BILL for an Act to create the ~~next biennium K-12 fund~~political subdivision allocation fund; to
2 amend and reenact sections 15-08.1-08, 57-51.1-07.3, and 57-51.1-07.5 of the North Dakota
3 Century Code, relating to the unobligated balance of the strategic investment and
4 improvements fund and the state share of oil and gas tax allocations; to repeal sections
5 15.1-27-45 and 57-64-05 of the North Dakota Century Code, relating to the property tax relief
6 sustainability fund; to provide a continuing appropriation; to provide for a legislative
7 management study; to provide a moratorium on county road fees; to provide an effective date;
8 and to declare an emergency.

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

10 **SECTION 1. AMENDMENT.** Section 15-08.1-08 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **15-08.1-08. Income - Expenses - Reimbursement - Creation of strategic investment**
13 **and improvements fund - Legislative intent –~~Contingent transfer to legacy fund.~~**

14 The income derived from the sale, lease, and management of the mineral interests acquired
15 by the board of university and school lands pursuant to this chapter and other funds as provided
16 by law must, after deducting the expenses of sale, lease, and management of the property, be
17 deposited in a fund to be known as the strategic investment and improvements fund. The
18 corpus and interest of such trust may be expended as the legislative assembly may provide for
19 one-time expenditures relating to improving state infrastructure or for initiatives to improve the
20 efficiency and effectiveness of state government. It is the intent of the legislative assembly that
21 moneys in the fund may be included in draft appropriation acts under section 54-44.1-06 and
22 may be appropriated by the legislative assembly, but only to the extent that the moneys are
23 estimated to be available at the beginning of the biennium in which the appropriations are
24 authorized. ~~If the unobligated balance in the fund at the end of any month exceeds three~~

1 hundred million dollars, twenty-five percent of any revenues received for deposit in the fund in-
2 the subsequent month must be deposited instead into the legacy fund. For purposes of this
3 section, "unobligated balance in the fund" means the balance in the fund reduced by-
4 appropriations or transfers from the fund authorized by the legislative assembly, guarantee
5 reserve fund requirements under section 6-09.7-05, and any fund balance designated by the
6 board of university and school lands relating to potential title disputes related to certain riverbed-
7 leases.

8 **SECTION 2.**

9 ~~Next biennium K-12 fund~~**Political subdivision allocation fund - Oil and gas tax**
10 **revenue allocations to political subdivisions - State treasurer - Continuing appropriation.**

11 ~~There is created in the state treasury the next biennium K-12 fund. The fund consists of oil-~~
12 ~~and gas tax revenues deposited pursuant to chapter 57-51.1. Moneys in the fund may be spent,~~
13 ~~pursuant to legislative appropriations, for elementary and secondary education purposes. There~~
14 is created in the state treasury the political subdivision allocation fund. The fund consists of oil
15 and gas tax revenue deposited in the fund pursuant to chapter 57-51.1. All moneys in the fund
16 are appropriated to the state treasurer on a continuing basis for the purpose of allocations to
17 political subdivisions in oil-producing counties.

18 1. If the balance of the fund exceeds ten million dollars on March first of each
19 odd-numbered year, within thirty-one days, the state treasurer shall allocate all
20 moneys in the fund to eligible political subdivisions in oil-producing counties based on
21 each political subdivision's oil and gas gross production tax allocations under
22 subsection 4 or subsection 5 of section 57-51-15 in the most recently completed
23 formula allocation year. The allocation to each eligible political subdivision must be
24 proportional to each political subdivision's total oil and gas gross production tax
25 allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently
26 completed formula allocation year relative to the combined total of all oil and gas gross
27 production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in
28 the most recently completed formula allocation year. For purposes of this subsection,
29 "formula allocation year" means the period beginning September first of an
30 odd-numbered year and ending August thirty-first of the following even-numbered
31 year.

1 2. If the balance of the fund exceeds ten million dollars on August first of each
2 odd-numbered year, within thirty-one days, the state treasurer shall allocate all
3 moneys in the fund to eligible political subdivisions in oil-producing counties based on
4 each political subdivision's oil and gas gross production tax allocations under
5 subsection 4 or subsection 5 of section 57-51-15 in the most recently completed
6 formula allocation year. The allocation to each eligible political subdivision must be
7 proportional to each political subdivision's total oil and gas gross production tax
8 allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently
9 completed formula allocation year relative to the combined total of all oil and gas gross
10 production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in
11 the most recently completed formula allocation year. For purposes of this subsection,
12 "formula allocation year" means the period beginning September first of an
13 odd-numbered year and ending August thirty-first of the following even-numbered
14 year.

15 **SECTION 3. AMENDMENT.** Section 57-51.1-07.3 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.**

18 There is established a special fund in the state treasury to be known as the oil and gas
19 research fund. Before depositing oil and gas gross production tax and oil extraction tax
20 revenues in the general fund, ~~property tax relief~~ sustainability fund, strategic investment and
21 improvements fund, or the state disaster relief fund, two percent of the revenues must be
22 deposited monthly into the oil and gas research fund, up to ten million dollars per biennium. All
23 moneys deposited in the oil and gas research fund and interest on all such moneys are
24 appropriated as a continuing appropriation to the council to be used for purposes stated in
25 chapter 54-17.6.

26 **SECTION 4. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 ~~**57-51.1-07.5. (Effective through June 30, 2015) State share of oil and gas taxes --**~~
29 ~~**Deposits.**~~

30 ~~From the revenues designated for deposit in the state general fund under chapters 57-51-~~
31 ~~and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:~~

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- 1 1. The first two hundred million dollars into the state general fund;
- 2 2. The next three hundred forty one million seven hundred ninety thousand dollars into
- 3 the property tax relief fund;
- 4 3. The next one hundred million dollars into the state general fund;
- 5 4. The next one hundred million dollars into the strategic investment and improvements
- 6 fund;
- 7 5. The next twenty two million dollars into the state disaster relief fund; and
- 8 6. Any additional revenues into the strategic investment and improvements fund.

9 **(Effective after June 30, 2015)(Effective through June 30, 2017) State share of oil and**

10 **gas taxes - Deposits.** From the revenues designated for deposit in the state general fund
11 under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each
12 biennium as follows:

- 13 1. The first two hundred million dollars into the state general fund;
- 14 2. The next three hundred forty one million seven hundred ninety thousandthree hundred
15 million dollars into the property tax relief sustainability fundThe next seven hundred
16 twelve million dollars into the next biennium K-12 fund;
- 17 3. The next one hundred million dollars into the state general fund;
- 18 ~~4. The next two hundred fifty million dollars into the property tax relief sustainability fund;~~
- 19 4.5. The next one hundred million dollars into the strategic investment and improvements
20 fund;
- 21 5.6. The next twenty-two million dollars into the state disaster relief fund, but not in an
22 amount that would bring the unobligated balance in the fund to more than twenty-five
23 million dollars; and
- 24 6.7. Any additional revenues ~~into the strategic investment and improvements fund;~~
25 a. Seventy percent into the strategic investment and improvements fund; and
26 b. Thirty percent into the political subdivision allocation fund.

27 **(Effective after June 30, 2017) State share of oil and gas taxes - Deposits.** From the
28 revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1,
29 the state treasurer shall deposit the revenues received each biennium as follows:

- 30 1. The first two hundred million dollars into the state general fund;
- 31 2. The next three hundred million dollars into the tax relief fund;

- 1 3. The next one hundred million dollars into the state general fund;
- 2 4. The next one hundred million dollars into the strategic investment and improvements
- 3 fund;
- 4 5. The next twenty-two million dollars into the state disaster relief fund, but not in an
- 5 amount that would bring the unobligated balance in the fund to more than twenty-five
- 6 million dollars; and
- 7 6. Any additional revenues into the strategic investment and improvements fund.

8 **SECTION 5. LEGISLATIVE MANAGEMENT STUDY - UNIFORM TRUCK PERMITTING.**

9 During the 2015-16 interim, the legislative management shall study truck permitting systems in
10 oil and gas producing counties. The study must review the North Dakota association of oil and
11 gas producing counties' uniform county truck permit program, including the system's integration
12 with the highway patrol's online electronic truck permitting and routing system and the
13 communications between county representatives and industry representatives regarding road
14 conditions. The study must evaluate the appropriateness of additional fees assessed by the
15 board of county commissioners and other local authorities to the oil and gas industry related to
16 additional road permitting fees and analyze other relevant data regarding uniform truck
17 permitting fees and procedures. The study must include input from representatives of the North
18 Dakota petroleum council, representatives of the North Dakota association of oil and gas
19 producing counties, and other interested persons. The legislative management shall report its
20 findings and recommendations, if any, together with any legislation required to implement the
21 recommendations, to the sixty-fifth legislative assembly.

22 **SECTION 6. MORATORIUM ON ADDITIONAL FEES FOR USE OF COUNTY ROADS.** For

23 the period beginning June 1, 2015, through June 30, 2017, notwithstanding the provisions of
24 chapter 39-12, the board of county commissioners and other local authorities having control of
25 roads may not impose any additional fees for the use of county roads, except the fees
26 established in the North Dakota association of oil and gas producing counties' uniform county
27 truck permit program, unless an operator, company, or individual requests and agrees to pay
28 the additional fees. However, the board of county commissioners and other local authorities
29 may issue penalties to operators, companies, or individuals who violate posted road restrictions.

30 **SECTION 7. REPEAL.** Sections 15.1-27-45 and 57-64-05 of the North Dakota Century
31 Code are repealed.

- 1 | **SECTION 8. EFFECTIVE DATE.** ~~This~~Sections 1, 2, 3, and 4 of this Act ~~is~~are effective for
2 | tax collections received by the tax commissioner and for royalty, bonus, and other revenues
3 | received for deposit into the strategic investment and improvements fund after June 30, 2015.
4 | **SECTION 9. EMERGENCY.** This Act is declared to be an emergency measure.