

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1377**

Introduced by

Representatives Delzer, Carlson

Senators Holmberg, Wardner

1 A BILL for an Act to create the political subdivision allocation fund; to amend and reenact
2 sections 15-08.1-08 and 57-51.1-07.5 of the North Dakota Century Code, relating to the
3 unobligated balance of the strategic investment and improvements fund and the state share of
4 oil and gas tax allocations; to provide a continuing appropriation; to provide an effective date;
5 and to declare an emergency.

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

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

9 **15-08.1-08. Income - Expenses - Reimbursement - Creation of strategic investment
10 and improvements fund - Legislative intent –~~Contingent transfer to legacy fund.~~**

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

1 ~~appropriations or transfers from the fund authorized by the legislative assembly, guarantee~~
2 ~~reserve fund requirements under section 6-09.7-05, and any fund balance designated by the~~
3 ~~board of university and school lands relating to potential title disputes related to certain riverbed~~
4 ~~leases.~~

5 **SECTION 2.**

6 **Political subdivision allocation fund - Oil and gas tax revenue allocations to political**
7 **subdivisions - State treasurer - Continuing appropriation.**

8 There is created in the state treasury the political subdivision allocation fund. The fund
9 consists of oil and gas tax revenue deposited in the fund pursuant to chapter 57-51.1. All
10 moneys in the fund are appropriated to the state treasurer on a continuing basis for the purpose
11 of allocations to political subdivisions in oil-producing counties.

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

25 2. If the balance of the fund exceeds ten million dollars on August first of each odd-
26 numbered year, within thirty-one days, the state treasurer shall allocate all moneys in
27 the fund to eligible political subdivisions in oil-producing counties based on each
28 political subdivision's oil and gas gross production tax allocations under subsection 4
29 or subsection 5 of section 57-51-15 in the most recently completed formula allocation
30 year. The allocation to each eligible political subdivision must be proportional to each
31 political subdivision's total oil and gas gross production tax allocation under

1 subsection 4 or subsection 5 of section 57-51-15 in the most recently completed
2 formula allocation year relative to the combined total of all oil and gas gross production
3 tax allocations under subsection 4 and subsection 5 of section 57-51-15 in the most
4 recently completed formula allocation year. For purposes of this subsection, "formula
5 allocation year" means the period beginning September first of an odd-numbered year
6 and ending August thirty-first of the following even-numbered year.

7 **SECTION 3. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 ~~**57-51.1-07.5. (Effective through June 30, 2015) State share of oil and gas taxes --**~~

10 ~~**Deposits.**~~

11 ~~From the revenues designated for deposit in the state general fund under chapters 57-51-~~
12 ~~and 57-51.1, the state treasurer shall deposit the revenues received each 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 thousand dollars into~~
15 ~~the property tax relief fund;~~
- 16 ~~3. The next one hundred million dollars into the state general fund;~~
- 17 ~~4. The next one hundred million dollars into the strategic investment and improvements~~
18 ~~fund;~~
- 19 ~~5. The next twenty two million dollars into the state disaster relief fund; and~~
- 20 ~~6. Any additional revenues into the strategic investment and improvements fund.~~

21 ~~**(Effective after June 30, 2015) State share of oil and gas taxes - Deposits.**~~ From the
22 revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1,
23 the state treasurer shall deposit the revenues received each biennium as follows:

- 24 1. The first two hundred million dollars into the state general fund;
- 25 2. The next three hundred forty one million seven hundred ninety thousand two hundred
26 fifty million dollars into the property tax relief sustainability fund;
- 27 3. The next one hundred million dollars into the state general fund;
- 28 4. The next one hundred million dollars into the strategic investment and improvements
29 fund;

- 1 5. The next twenty-two million dollars into the state disaster relief fund, but not in an
2 amount that would bring the unobligated balance in the fund to more than twenty-five
3 million dollars; and
- 4 6. Any additional revenues ~~into the strategic investment and improvements fund;~~
5 a. Seventy percent into the strategic investment and improvements fund; and
6 b. Thirty percent into the political subdivision allocation fund.

7 **SECTION 4. EFFECTIVE DATE.** This Act is effective for tax collections received by the tax
8 commissioner and for royalty, bonus, and other revenues received for deposit into the strategic
9 investment and improvements fund after June 30, 2015.

10 **SECTION 5. EMERGENCY.** This Act is declared to be an emergency measure.