

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representative Drovdal

1 A BILL for an Act to amend and reenact subsection 3 of section 57-51-15 of the North Dakota
2 Century Code, relating to apportionment of the oil and gas gross production tax.

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

4 **SECTION 1. AMENDMENT.** Subsection 3 of section 57-51-15 of the North Dakota
5 Century Code is amended and reenacted as follows:

6 3. ~~Forty five~~ Eighty percent of all revenues as may by the legislative assembly be
7 allocated to any county hereunder must be credited by the county treasurer to the
8 county general fund. ~~Thirty five percent of all revenues allocated to any county~~
9 ~~must be apportioned by the county treasurer no less than quarterly to school~~
10 ~~districts within the county on the average daily attendance distribution basis, as~~
11 ~~certified to the county treasurer by the county superintendent of schools. However,~~
12 ~~no school district may receive in any single academic year an amount under this~~
13 ~~subsection greater than the county average per student cost multiplied by seventy~~
14 ~~percent, then multiplied by the number of students in average daily attendance or~~
15 ~~the number of children of school age in the school census for the county,~~
16 ~~whichever is greater. Provided, however, that in any county in which the average~~
17 ~~daily attendance or the school census, whichever is greater, is fewer than four~~
18 ~~hundred, the county is entitled to one hundred twenty percent of the county~~
19 ~~average per student cost multiplied by the number of students in average daily~~
20 ~~attendance or the number of children of school age in the school census for the~~
21 ~~county, whichever is greater. Once this level has been reached through~~
22 ~~distributions under this subsection, all excess funds to which the school district~~
23 ~~would be entitled as part of its thirty five percent share must be deposited instead~~
24 ~~in the county general fund. The county superintendent of schools of each~~

~~oil-producing county shall certify to the county treasurer by July first of each year the amount to which each school district is limited pursuant to this subsection. As used in this subsection, "average daily attendance" means the average daily attendance for the school year immediately preceding the certification by the county superintendent of schools required by this subsection.~~ Twenty percent of all revenues allocated to any county hereunder must be paid no less than quarterly by the state treasurer to the incorporated cities of the county based upon the population of each incorporated city according to the last official decennial federal census. Once this level has been reached through distributions under this subsection, all excess funds to which any city would be entitled except for this limitation must be deposited instead in that county's general fund. Provided, however, that 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 determining the per capita limitation in this section must be increased by adding to the population of the city as determined by the last official decennial federal census a number to be determined as follows:

- a. Seasonal employees of state and federal tourist facilities within five miles [8.05 kilometers] of the city must be included by adding the months all such employees were employed during the prior year and dividing by twelve.
- b. Seasonal employees of all private tourist facilities within the city and seasonal employees employed by the city must be included by adding the months all such employees were employed during the prior year and dividing by twelve.
- c. The number of visitors to the tourist attraction within the city or within five miles [8.05 kilometers] of the city which draws the largest number of visitors annually must be included by taking the smaller of either of the following:
 - (1) The total number of visitors to that tourist attraction the prior year divided by three hundred sixty-five; or
 - (2) Four hundred twenty.

(Effective after July 31, 2008) Apportionment and use of proceeds of tax. The gross production tax provided for in this chapter must be apportioned as follows:

- 1 1. First the tax revenue collected under this chapter equal to one percent of the gross
2 value at the well of the oil and one-fifth of the tax on gas must be deposited with
3 the state treasurer who shall credit thirty-three and one-third percent of the
4 revenues to the oil and gas impact grant fund, but not in an amount exceeding six
5 million dollars per biennium, including any amounts otherwise appropriated for oil
6 and gas impact grants for the biennium by the legislative assembly, and who shall
7 credit the remaining revenues to the state general fund.
- 8 2. The first one million dollars of annual revenue after the deduction of the amount
9 provided for in subsection 1 from oil or gas produced in any county must be
10 allocated to that county. The second one million dollars of annual revenue after
11 the deduction for the amount provided for in subsection 1 from oil and gas
12 produced in any county must be allocated seventy-five percent to that county and
13 twenty-five percent to the state general fund. The third one million dollars of
14 annual revenue after the deduction of the amount provided for in subsection 1 from
15 oil or gas produced in any county must be allocated fifty percent to that county and
16 fifty percent to the state general fund. All annual revenue after the deduction of the
17 amount provided for in subsection 1 above three million dollars from oil or gas
18 produced in any county must be allocated twenty-five percent to that county and
19 seventy-five percent to the state general fund. However, the amount to which each
20 county is entitled pursuant to this subsection must be limited based upon the
21 population of the county according to the last official decennial federal census as
22 follows:
 - 23 a. Counties having a population of three thousand or less shall receive no more
24 than three million nine hundred thousand dollars for each fiscal year;
25 however, a county may receive up to four million nine hundred thousand
26 dollars under this subdivision for each fiscal year if during that fiscal year the
27 county levies a total of at least ten mills for combined levies for county road
28 and bridge, farm-to-market and federal-aid road, and county road purposes.
29 Any amount received by a county exceeding three million nine hundred
30 thousand dollars under this subdivision is not subject to allocation under

subsection 3 but must be credited by the county treasurer to the county general fund.

b. Counties having a population of over three thousand but less than six thousand shall receive no more than four million one hundred thousand dollars for each fiscal year; however, a county may receive up to five million one hundred thousand dollars under this subdivision for each fiscal year if during that fiscal year the county levies 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. Any amount received by a county exceeding four million one hundred thousand dollars under this subdivision is not subject to allocation under subsection 3 but must be credited by the county treasurer to the county general fund.

c. Counties having a population of six thousand or more shall receive no more than four million six hundred thousand dollars for each fiscal year; however, a county may receive up to five million six hundred thousand dollars under this subdivision for each fiscal year if during that fiscal year the county levies a total of ten mills or more for combined levies for county road and bridge, farm-to-market and federal-aid road, and county road purposes. Any amount received by a county exceeding four million six hundred thousand dollars under this subdivision is not subject to allocation under subsection 3 but must be credited by the county treasurer to the county general fund.

Any allocations for any county pursuant to this subsection which exceed the applicable limitation for that county as provided in subdivisions a through c must be deposited instead in the state's general fund.

3. Forty-five percent of all revenues as may by the legislative assembly be allocated to any county hereunder must be credited by the county treasurer to the county general fund. Thirty-five percent of all revenues allocated to any county must be apportioned by the county treasurer no less than quarterly to school districts within the county on the average daily attendance distribution basis, as certified to the county treasurer by the county superintendent of schools. However, no school district may receive in any single academic year an amount under this subsection

greater than the county average per student cost multiplied by seventy percent, then multiplied by the number of students in average daily attendance or the number of children of school age in the school census for the county, whichever is greater. Provided, however, that in any county in which the average daily attendance or the school census, whichever is greater, is fewer than four hundred, the county is entitled to one hundred twenty percent of the county average per student cost multiplied by the number of students in average daily attendance or the number of children of school age in the school census for the county, whichever is greater. Once this level has been reached through distributions under this subsection, all excess funds to which the school district would be entitled as part of its thirty-five percent share must be deposited instead in the county general fund. The county superintendent of schools of each oil-producing county shall certify to the county treasurer by July first of each year the amount to which each school district is limited pursuant to this subsection. As used in this subsection, "average daily attendance" means the average daily attendance for the school year immediately preceding the certification by the county superintendent of schools required by this subsection. Twenty percent of all revenues allocated to any county hereunder must be paid no less than quarterly by the state treasurer to the incorporated cities of the county based upon the population of each incorporated city according to the last official decennial federal census. Once this level has been reached through distributions under this subsection, all excess funds to which any city would be entitled except for this limitation must be deposited instead in that county's general fund. Provided, however, that 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 determining the per capita limitation in this section must be increased by adding to the population of the city as determined by the last official decennial federal census a number to be determined as follows:

- a. Seasonal employees of state and federal tourist facilities within five miles [8.05 kilometers] of the city must be included by adding the months all such employees were employed during the prior year and dividing by twelve.

- 1 b. Seasonal employees of all private tourist facilities within the city and seasonal
- 2 employees employed by the city must be included by adding the months all
- 3 such employees were employed during the prior year and dividing by twelve.
- 4 c. The number of visitors to the tourist attraction within the city or within five
- 5 miles [8.05 kilometers] of the city which draws the largest number of visitors
- 6 annually must be included by taking the smaller of either of the following:
- 7 (1) The total number of visitors to that tourist attraction the prior year
- 8 divided by three hundred sixty-five; or
- 9 (2) Four hundred twenty.