

Sixty-second  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1268

Introduced by

Representatives Keiser, Skarphol

Senators Warner, Lyson

1 A BILL for an Act to amend and reenact section 21-06-10, subsection 2 of section 57-51-15, and  
2 subsection 5 of section 57-51.2-02 of the ~~of the~~ North Dakota Century Code, relating to  
3 allocation of revenues from the leasing of federal flood control lands and allocation between  
4 counties and the state general fund of oil and gas gross production tax revenues from  
5 production within the Fort Berthold Reservation; ~~and~~ to provide an effective date; and to declare  
6 an emergency.

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

8 **SECTION 1. AMENDMENT.** Section 21-06-10 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **21-06-10. Moneys received through leasing of lands acquired by United States for**  
11 **flood control distributed through grants to counties ~~for schools and roads, school~~**  
12 **districts, and townships.**

13 The state treasurer shall ~~pay~~transfer the moneys allocated to the state under 33 U.S.C.  
14 ~~701(c)(3)~~701c-3 to the oil and gas impact grant fund, to be held in a special account within that  
15 fund and made available through grants by the energy development impact office only for the  
16 benefit of oil and gas development-impacted townships, school districts, or county governments  
17 in the counties ~~entitled to receive them in proportion to the area of the land in the county~~in  
18 which land has been acquired by the United States for which compensation is being provided  
19 under 33 U.S.C. ~~701(c)(3)~~ as that area bears to the total of these federal lands in the state. A  
20 county receiving an allocation under this section shall disburse the moneys received as follows:  
21 ~~1. One-half must be paid to the school districts in the county which have lost land subject~~  
22 ~~to taxation because of the acquisition of lands by the United States for which~~  
23 ~~compensation is being provided under 33 U.S.C. 701(c)(3) in proportion to the area of~~  
24 ~~these federal lands in each district as that area bears to the total of such lands in all of~~

the school districts in the county. If, however, all of the land in a district has been acquired by the United States, that district's proportionate share of the funds allocated under this subsection must be paid into the county tuition fund and expended according to the law governing that fund.

~~2. One quarter must be paid to the county for road purposes to be expended as the county commissioners shall determine.~~

~~3. The final quarter must be allocated among the organized townships, if any, which have lost land subject to taxation because of land acquisitions by the United States for which compensation is being provided under 33 U.S.C. 701(c)(3) and the county for road purposes in proportion to the area of these lands in each township as that area bears to the total area of these federal lands in the county. The county must be allocated a similar proportionate share based on the area of these lands in the county not within an organized township.~~

~~This section applies to all funds heretofore received or to be received by the counties entitled thereto~~  
701c-3. A school district receiving grant funds under this section must deposit the amount received in its general fund any may not transfer the funds received, or other amounts made available by reason of the receipt of grant funds under this section, into its building.

**SECTION 2. AMENDMENT.** Subsection 2 of section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

2. a. After deduction of the amount provided in subsection 1, annual revenue collected under this chapter from oil and gas produced in each county must be allocated as follows:

~~a.~~(1) The first two million dollars must be allocated to the county.

~~b.~~(2) The next one million dollars must be allocated seventy-five percent to the county and twenty-five percent to the state general fund.

~~c.~~(3) The next one million dollars must be allocated fifty percent to the county and fifty percent to the state general fund.

~~d.~~(4) The next fourteen million dollars must be allocated twenty-five percent to the county and seventy-five percent to the state general fund.

1           e.(5) All annual revenue remaining after the allocation in  
2           subdivision d paragraph 4 must be allocated ten percent to the county and  
3           ninety percent to the state general fund.

4           b. ~~For purposes of this subsection only, "annual revenue collected under this~~  
5           ~~chapter from oil and gas produced in each county" means the full amount of tax~~  
6           ~~under this chapter applied to all wells within the county, including any such wells~~  
7           ~~located within the Fort Berthold Reservation. However, this subsection may not~~  
8           ~~be interpreted to reduce any allocation to the Three Affiliated Tribes under~~  
9           ~~chapter 57-51.2 or an agreement under that chapter. Allocations under this~~  
10           ~~subsection to a county from tax applied to wells within the Fort Berthold~~  
11           ~~Reservation are payable solely from the state's share of revenue as allocated~~  
12           ~~under chapter 57-51.2 or any agreement under that chapter.~~For taxes under this  
13           chapter imposed on oil and gas production within the Fort Berthold Reservation,  
14           the allocation to the county as determined under this subsection must be based  
15           on the entire amount of state and tribal taxes collected on that production, the  
16           allocation to the state general fund must be reduced accordingly, and the  
17           allocation to the Three Affiliated Tribes of the Fort Berthold Reservation must be  
18           as determined under the agreements entered under chapter 57-51.2 without any  
19           reduction under this subsection.

20           **SECTION 3. AMENDMENT.** Subsection 5 of section 57-51.2-02 of the North Dakota  
21 Century Code is amended and reenacted as follows:

- 22           5. The allocation of revenue from oil and gas production taxes on the Fort Berthold  
23           Reservation must be as follows:
- 24           a. Production attributable to trust lands. All revenues and exemptions from all oil  
25           and gas gross production and oil extraction taxes attributable to production from  
26           trust lands on the Fort Berthold Reservation must be evenly divided between the  
27           tribe and the state.
- 28           b. All other production. The tribe must receive twenty percent of the total oil and gas  
29           gross production taxes collected from all production attributable to nontrust lands  
30           on the Fort Berthold Reservation in lieu of the application of the Three Affiliated

- 1 Tribes' fees and taxes related to production on such lands. The state must  
2 receive the remainder.
- 3 c. The state's share of the revenue as divided in subdivisions a and b is subject to  
4 distribution ~~among political subdivisions~~ as provided in chapters 57-51 and  
5 57-51.1.

6 **SECTION 4. EFFECTIVE DATE.** ~~This~~ Section 1 of this Act is effective for revenue received  
7 by the state under 33 U.S.C. 701c-3 after the date of the filing of this Act with the secretary of  
8 state. Section 2 of this Act is effective for taxable events occurring after June 30, 2011.

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