

Sixty-fifth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1065

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 state treasurer;
2 and to amend and reenact sections 54-11-13 and 57-62-02 of the North Dakota Century Code,
3 relating to the salary of the state treasurer and coal severance tax.

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

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
6 as may be necessary, are appropriated out of any moneys in the general fund in the state
7 treasury not otherwise appropriated, to the state treasurer for the purpose of defraying the
8 expenses of that agency, for the biennium beginning July 1, 2017, and ending June 30, 2019,
9 as follows:

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
12 Salaries and wages	\$1,427,333	(\$44,362)	\$1,382,971
13 Operating expenses	200,614	50,646	251,260
14 Coal severance payments	<u>228,952</u>	<u>(228,952)</u>	<u>0</u>
15 Total general fund	\$1,856,899	(\$222,668)	\$1,634,231
16 Full-time equivalent positions	8.00	0.00	8.00

17 **SECTION 2. ONE-TIME FUNDING.** The following amounts reflect the one-time funding
18 items approved by the sixty-fourth legislative assembly for the 2015-17 biennium:

	<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
20 Information technology costs		\$65,699	\$0
21 Property tax relief		233,425,000	0
22 Nonoil transportation funding		<u>7,676,000</u>	<u>0</u>
23 Total general fund		\$241,166,699	\$0

1 **SECTION 3. AMENDMENT.** Section 54-11-13 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **54-11-13. Salary of state treasurer.**

4 The annual salary of the state treasurer is ~~ninety-six thousand nine hundred seventy-two~~
5 ~~dollars through June 30, 2016, and ninety-nine thousand eight hundred eighty-one~~ one hundred
6 five thousand seven hundred seventy dollars through June 30, 2018, and one hundred six
7 thousand eight hundred twenty-eight dollars thereafter.

8 **SECTION 4. AMENDMENT.** Section 57-62-02 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **57-62-02. Allocation of moneys in coal development fund**

11 Moneys deposited in the coal development fund shall be apportioned monthly by the state
12 treasurer as follows:

- 13 1. Thirty percent must be deposited in a permanent trust fund in the state treasury, to be
14 known as the coal development trust fund, pursuant to section 21 of article X of the
15 Constitution of North Dakota. Those funds held in trust and administered by the board
16 of university and school lands on March 5, 1981, pursuant to section 12, chapter 563,
17 1975 Session Laws; section 12, chapter 560, 1977 Session Laws; or section 13,
18 chapter 626, 1979 Session Laws must also be deposited in the trust fund created
19 pursuant to this subsection. The fund must be held in trust and administered by the
20 board of university and school lands for loans to coal-impacted counties, cities, and
21 school districts as provided in section 57-62-03 and for loans to school districts
22 pursuant to chapter 15.1-36. The board of university and school lands may invest such
23 funds as are not loaned out as provided in this chapter and may consult with the state
24 investment board as provided by law. The income, including interest payments on
25 loans, from the trust must be used first to replace uncollectible loans made from the
26 fund and the balance must be deposited in the school construction assistance loan
27 fund. Loan principal payments must be redeposited in the trust fund. The trust fund
28 must be perpetual and held in trust as a replacement for depleted natural resources
29 subject to the provisions of this chapter and chapter 15.1-36.
- 30 2. Seventy percent must be allocated to the coal-producing counties and must be
31 distributed among such counties in such proportion as the number of tons [metric tons]

of coal severed at each mining operation bears to the total number of tons [metric tons] of coal severed in the state during such monthly period. Allocations under subdivisions a and b must be apportioned by the state treasurer as follows:

a. If the tippie of the currently active coal mining operation in a county is not within fifteen miles [24.14 kilometers] of another county in which no coal is mined, the revenue apportioned according to this subdivision must be allocated as follows:

(1) Thirty percent must be paid by the state treasurer to the incorporated cities of the county based upon the population of each incorporated city according to the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to such census.

(2) Forty percent must be paid to the county treasurer who shall deposit it in the county general fund to be used for general governmental purposes.

(3) Thirty percent must be apportioned by the state treasurer to school districts within the county on the average daily membership basis, as certified to the state treasurer by the county superintendent of schools.

b. If the tippie of a currently active coal mining operation in a county is within fifteen miles [24.14 kilometers] of another county in which no coal is mined, the revenue from the production not exceeding the production limitation in a calendar year which is apportioned from that coal mining operation according to this subsection must be allocated, subject to the definitions of terms and the requirements in paragraph 4, as provided in this subdivision. For purposes of this subdivision, the production limitation is three million eight hundred thousand tons [3447302.02 metric tons] through calendar year 1995, three million six hundred thousand tons [3265865.07 metric tons] in calendar years 1996 and 1997, and three million four hundred thousand tons [3084428.12 metric tons] in calendar years after 1997. Revenue from production exceeding the production limitation in a calendar year from that coal mining operation must be allocated only within the coal-producing county under subdivision a. Allocations under this subdivision must be made as follows:

- (1) Thirty percent must be paid by the state treasurer to the incorporated cities of the coal-producing county and to any city of a non-coal-producing county when any portion of the city lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county, based upon the population of each incorporated city according to the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to such census.
- (2) Forty percent must be divided by the state treasurer between the general fund of the coal-producing county and the general fund of any non-coal-producing county when any portion of the latter county lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county. The non-coal-producing county portion must be based upon the ratio which the assessed valuation of all quarter sections of land in that county, any portion of which lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation, bears to the combined assessed valuations of all land in the coal-producing county and the quarter sections of land in the non-coal-producing county within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation. The county director of tax equalization of the coal-producing county shall certify to the state treasurer the number of quarter sections of land in the non-coal-producing counties which lie at least in part within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation and their assessed valuations.
- (3) Thirty percent must be apportioned by the state treasurer to school districts within the coal-producing county and to school districts in adjoining non-coal-producing counties when a portion of those school districts' land includes any of the quarter sections of land certified by the director of tax equalization to the state treasurer to be eligible to share county funds as provided for in paragraph 2. The county superintendent of the

1 non-coal-producing counties shall certify to the state treasurer the number
2 of students actually residing on these quarter sections lying outside the
3 coal-producing county and each school district in non-coal-producing
4 counties shall receive a portion of the money under this paragraph based
5 upon the ratio of the number of children residing on quarter sections of that
6 school district within the fifteen-mile [24.14-kilometer] radius of the tipple of
7 a currently active coal mining operation to the total number of schoolchildren
8 from the coal-producing county combined with all the schoolchildren
9 certified to be living on quarter sections within fifteen miles [24.14
10 kilometers] of the tipple of the currently active coal mining operation in the
11 coal-producing county.

12 (4) For the purposes of this subdivision:

- 13 (a) The terms "currently active coal mining operation in a county",
14 "currently active coal mining operation in the coal-producing county",
15 and "currently active coal mining operation" mean a coal mining
16 operation that produced more than one hundred fifty thousand tons
17 [136077.71 metric tons] of coal in a coal-producing county during the
18 prior quarterly period.
- 19 (b) The term "coal-producing county" means a county in which more than
20 one hundred fifty thousand tons [136077.71 metric tons] of coal were
21 mined in the prior quarterly period.
- 22 (c) The term "another county in which no coal is mined" means a county
23 in which not more than seventy-five thousand tons [68038.86 metric
24 tons] of coal were mined in the prior quarterly period.
- 25 (d) The terms "non-coal-producing county" and "non-coal-producing
26 counties" mean any county in which not more than seventy-five
27 thousand tons [68038.86 metric tons] of coal were mined in the prior
28 quarterly period.
- 29 (e) In computing each amount to be paid as provided in paragraph 1, 2,
30 or 3 for coal severance tax revenue from coal mined during a monthly
31 period, the state treasurer shall deduct from the allocation the amount

1 of coal severance tax revenue, if any, that the governmental body in
2 the non-coal-producing county received from the coal mined in the
3 non-coal-producing county during the same monthly period.

4 (5) ~~The state treasurer shall allocate funds provided by legislative appropriation~~
5 ~~to cities, the county general fund, and school districts within a~~
6 ~~coal-producing county according to the allocation method provided in~~
7 ~~subdivision a in an amount to offset fifty percent of the loss of that county's~~
8 ~~share of coal severance tax revenue allocated to a non-coal-producing~~
9 ~~county under this subdivision in the previous calendar year. The state~~
10 ~~treasurer shall make the allocation and distribute the funds, within the limits~~
11 ~~of legislative appropriations, under this paragraph during the first month of~~
12 ~~each calendar year. The state treasurer shall include in each biennial~~
13 ~~budget request the amounts estimated to be necessary for the biennium for~~
14 ~~purposes of this paragraph, based on the allocations under this subdivision~~
15 ~~in the most recent calendar years.~~