Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1466

Introduced by

Representatives Skarphol, Froseth, Wald

Senators Andrist, Wardner

A BILL for an Act to create and enact chapter 17-06 of the North Dakota Century Code, relating to establishment and powers and duties of an oil and gas impact remediation commission; to amend and reenact subsection 1 of section 57-51-15 of the North Dakota Century Code, relating to allocation of oil and gas gross production tax revenues for impact remediation; to provide a continuing appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Chapter 17-06 of the North Dakota Century Code is created and enacted as follows:

17-06-01. Oil and gas impact remediation commission - Staff.

1. The oil and gas impact remediation commission consists of:
   a. One member of the senate and two members of the house of representatives appointed by the chairman of the legislative council. The chairman of the legislative council shall designate one of these individuals to serve as chairman of the commission. Of the members initially appointed, one shall be appointed for an initial term of three years and the others for initial terms of two years.
   b. One representative of the oil and gas industry, one representative of county governments in oil-producing counties, one representative of city governments in oil-producing counties, one representative of school districts in oil-producing counties, and one representative of townships in oil-producing counties, all appointed by the governor from a list of nominees submitted by the North Dakota association of oil and gas producing counties. The governor shall designate three of these individuals to serve an initial term of three years

and the term of the remaining members appointed by the governor is two years.

2. After the initial terms of members, the term of each member is two years. Terms begin on July first. A member may be reappointed but may not serve more than two terms. A vacancy must be filled by the appointing authority for the remainder of the term.

3. The energy development impact office shall provide staff services to the commission.

17-06-02. Powers and duties. The commission:

1. Shall adopt rules to establish up to six regions, each consisting of one or more counties with current oil or gas production or exploration activity. The rules must allow each region to establish a regional impact advisory council to serve in an advisory capacity to the commission and to allocate funds within the region which may be made available for that purpose.

2. May adopt rules to establish procedures and policies for oil and gas development impact assessment and funding priorities from the oil and gas impact remediation commission fund. Development areas must be assigned higher funding priority than production areas.

3. Shall allocate funds directly to oil or gas development or production-impacted political subdivisions.

4. Shall coordinate impact funding efforts of the commission, regional impact advisory councils, and the energy development impact office.

17-06-03. Allocations from oil and gas impact remediation commission fund - Continuing appropriation. Revenues deposited in the oil and gas impact remediation commission fund are appropriated to the commission as a standing and continuing appropriation for purposes of this chapter. The commission may allocate up to ten percent of revenues deposited in the fund to each regional impact advisory council for allocation within that region. The commission may allocate remaining revenues in the oil and gas impact remediation commission fund directly to political subdivisions upon application by political subdivisions demonstrating need for remediation of oil or gas development or production impact.

17-06-04. Assistance of oil and gas division and other state agencies. Upon request of the commission, the oil and gas division and any other state agency shall provide assistance and recommendations to identify and evaluate areas of current and anticipated oil and gas development impact.

SECTION 2. AMENDMENT. Subsection 1 of section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

1. First the tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited ~~with~~ by the state treasurer who shall credit thirty-three and one-third percent of the revenues to deposit the first six million dollars in the oil and gas impact grant fund~~,~~ ~~but not in an amount exceeding six million dollars per biennium, including any amounts otherwise appropriated for oil and gas impact grants for the biennium by the legislative assembly~~ and deposit the remaining revenues in the oil and gas impact remediation commission fund, and who shall credit the remaining sixty-six and two-thirds percent of the revenues under this subsection to the state general fund.

SECTION 3. EFFECTIVE DATE. Section 2 of this Act is effective for taxable events occurring after June 30, 2009.