

Introduced by

1 A BILL for an Act to amend and reenact section 57-51.2-02 of the North Dakota Century Code,
2 relating to requirements for agreements with the Three Affiliated Tribes for the taxation and
3 regulation of oil and gas exploration and production within the boundaries of the Fort Berthold
4 Indian Reservation; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 57-51.2-02 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **57-51.2-02. Agreement requirements.**

9 An agreement under this chapter is subject to the following:

- 10 1. The only taxes subject to agreement are the state's oil and gas gross production and
11 oil extraction taxes contained in chapters 57-51 and 57-51.1 attributable to production
12 from wells located within the exterior boundaries of the Fort Berthold Reservation.
- 13 2. The state's oil and gas gross production tax under chapter 57-51 must apply to all
14 wells located within the Fort Berthold Reservation.
- 15 3. ~~The state's~~Any state oil extraction tax under chapter 57-51.1 as applied to oil and gas
16 production attributable to trust lands on the Fort Berthold Reservation may not exceed
17 ~~six and one-half percent~~the total state tax rate but may be reduced through negotiation
18 between the governor and the Three Affiliated Tribes.
- 19 4. Any exemptions for oil and gas production from trust lands under chapters 57-51 and
20 57-51.1 do not apply to production within the boundaries of the Fort Berthold
21 Reservation except as otherwise provided in the agreement.
- 22 5. The allocation of revenue from oil and gas production and extraction taxes on the Fort
23 Berthold Reservation must be as follows:

- 1 a. Production attributable to trust lands. All revenues and applicable exemptions
2 from all oil and gas gross production and oil extraction taxes attributable to
3 production from wells drilled on trust lands on the Fort Berthold Reservation
4 before July 1, 2013, must be evenly divided between the tribe and the state. All
5 revenues and applicable exemptions from all oil and gas gross production and
6 extraction taxes attributable to production from wells spud on trust lands on the
7 Fort Berthold Reservation after June 30, 2013, must be divided so the tribe
8 receives eighty percent and the state receives twenty percent.
- 9 b. All other production. The tribe must receive twenty percent of the total oil and gas
10 gross production and extraction taxes collected from all production attributable to
11 nontrust lands on the Fort Berthold Reservation in lieu of the application of the
12 Three Affiliated Tribes' fees and taxes related to production on such lands. The
13 state must receive the remainder.
- 14 c. The state's share of the revenue as divided in subdivisions a and b is subject to
15 distribution among political subdivisions as provided in chapters 57-51 and
16 57-51.1; provided, that the allocation to the political subdivisions must be based
17 on the entire amount shared under subsections a and b, and the allocation to the
18 state general fund must be reduced accordingly; provided further, that the
19 allocation to the tribe must be as determined under the agreement without any
20 reduction under this subsection.
- 21 6. An oil or gas well that is drilled and completed during the time of an agreement under
22 this chapter must be subject to the terms of the agreement for the life of the well and
23 for as long as the agreement remains in effect.
- 24 7. The Three Affiliated Tribes must agree not to impose a tribal tax or any fee on future
25 production of oil and gas on the Fort Berthold Reservation during the term of the
26 agreement, unless otherwise provided in the tax agreement.
- 27 8. To address situations in which the tax commissioner refunds is obligated to refund
28 taxes to a taxpayer, the agreement must allow the tax commissioner to offset future
29 distributions to the tribe.
- 30 9. The tax commissioner must retain authority to administer and enforce chapters 57-51
31 and 57-51.1 as applied to wells subject to any agreement authorized by this chapter.

1 10. An oil or gas well that is drilled and completed during the time an agreement under this
2 chapter is in effect is subject to applicable state regulatory provisions for the life of the
3 well in addition to any other applicable regulatory provisions.

4 11. The federal district court for the western division of North Dakota is the venue for any
5 dispute arising from a revenue-sharing agreement between the state and the Three
6 Affiliated Tribes.

7 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
8 June 30, 2013.