

**HOUSE BILL NO. 1268
with Senate Amendments
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Sixty-second
Legislative Assembly
of North Dakota

Introduced by

Representatives Keiser, Skarphol

Senators Warner, Lyson

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

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

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

9 **21-06-10. Moneys received through leasing of lands acquired by United States for**
10 **flood control distributed through grants to counties for schools and roads, school**
11 **districts, and townships.**

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

- 20 1. ~~One half must be paid to the school districts in the county which have lost land subject~~
21 ~~to taxation because of the acquisition of lands by the United States for which~~
22 ~~compensation is being provided under 33 U.S.C. 701(c)(3) in proportion to the area of~~
23 ~~these federal lands in each district as that area bears to the total of such lands in all of~~
24 ~~the school districts in the county. If, however, all of the land in a district has been~~

1 ~~acquired by the United States, that district's proportionate share of the funds allocated~~
2 ~~under this subsection must be paid into the county tuition fund and expended~~
3 ~~according to the law governing that fund.~~

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

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

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

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

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

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

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

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

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

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

1 b. For purposes of this subsection only, "annual revenue collected under this
2 chapter from oil and gas produced in each county" means the full amount of tax
3 under this chapter applied to all wells within the county, including any such wells
4 located within the Fort Berthold Reservation. However, this subsection may not
5 be interpreted to reduce any allocation to the Three Affiliated Tribes under
6 chapter 57-51.2 or an agreement under that chapter. Allocations under this
7 subsection to a county from tax applied to wells within the Fort Berthold
8 Reservation are payable solely from the state's share of revenue as allocated
9 under chapter 57-51.2 or any agreement under that chapter.

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

13 **SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure.