

**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, subsection 2 of section 57-51-15, and
2 subsection 5 of section 57-51.2-02 of the North Dakota Century Code, relating to allocation of
3 revenues from the leasing of federal flood control lands and allocation between counties and
4 the state general fund of oil and gas gross production tax revenues from production within the
5 Fort Berthold Reservation; to provide 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(e)(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(e)(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(e)(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 any 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.~~

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 taxes under this chapter imposed on oil and gas production within the Fort
2 Berthold Reservation, the allocation to the county as determined under this
3 subsection must be based on the entire amount of state and tribal taxes collected
4 on that production, the allocation to the state general fund must be reduced
5 accordingly, and the allocation to the Three Affiliated Tribes of the Fort Berthold
6 Reservation must be as determined under the agreements entered under chapter
7 57-51.2 without any reduction under this subsection.

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

- 10 5. The allocation of revenue from oil and gas production taxes on the Fort Berthold
11 Reservation must be as follows:
- 12 a. Production attributable to trust lands. All revenues and exemptions from all oil
13 and gas gross production and oil extraction taxes attributable to production from
14 trust lands on the Fort Berthold Reservation must be evenly divided between the
15 tribe and the state.
- 16 b. All other production. The tribe must receive twenty percent of the total oil and gas
17 gross production taxes collected from all production attributable to nontrust lands
18 on the Fort Berthold Reservation in lieu of the application of the Three Affiliated
19 Tribes' fees and taxes related to production on such lands. The state must
20 receive the remainder.
- 21 c. The state's share of the revenue as divided in subdivisions a and b is subject to
22 distribution ~~among political subdivisions~~ as provided in chapters 57-51 and
23 57-51.1.

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

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