

Sixty-second  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1451

Introduced by

Representatives Monson, Carlson, Delzer, Skarphol

Senators Oehlke, Sitte

1 A BILL for an Act to create and enact a new section to chapter 57-51.1 of the North Dakota  
2 Century Code, relating to deposit of oil and gas tax revenue; to amend and reenact sections  
3 ~~6-09.6-01.1, 6-09.6-01.2, 6-09.6-03,~~ 15-08.1-08, ~~15-08.1-09,~~ and 57-51.1-07.3, and ~~61-33-07~~ of  
4 the North Dakota Century Code, relating to the lands and minerals trust fund, legacy fund, state  
5 infrastructure fund, and the oil and gas research fund; to repeal sections 57-51.1-07.2 and  
6 57-51.1-07.4 of the North Dakota Century Code, relating to elimination of the permanent oil tax  
7 trust fund; to provide for ~~a transfer~~transfers; to provide an effective date; and to declare an  
8 emergency.

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

10 **~~SECTION 1. AMENDMENT.~~** ~~Section 6-09.6-01.1 of the North Dakota Century Code is~~  
11 ~~amended and reenacted as follows:~~

12 ~~— 6-09.6-01.1. Developmentally disabled facility loan fund program no. 2.~~

13 ~~— There is hereby created a developmentally disabled facility loan fund program no. 2 for the~~  
14 ~~purpose of making loans to nonprofit corporations, organized in the localities in which facilities~~  
15 ~~are proposed to be located, for project costs, including the cost of real estate, construction,~~  
16 ~~reconstruction, acquisition, furnishings and equipment, and administrative costs related to the~~  
17 ~~establishment thereof, of facilities for developmentally disabled, chronically mentally ill, and~~  
18 ~~physically disabled persons. The loan fund may borrow an amount not to exceed five million~~  
19 ~~dollars from the common schools trust fund to finance the program. The loan must be repaid~~  
20 ~~from any moneys in the lands and minerals trust~~state infrastructure ~~fund not otherwise~~  
21 ~~appropriated. Any interest earned by the loan fund before loans are made must be credited by~~  
22 ~~the Bank to the lands and minerals trust~~state infrastructure ~~fund. The loan fund program must~~  
23 ~~be administered by the Bank of North Dakota in the same manner the Bank administers the~~  
24 ~~program established by sections 6-09.6-01 and 6-09.6-02 through 6-09.6-05, except that all~~

1 ~~payments of principal and interest must be credited by the Bank to the lands and minerals-~~  
2 ~~truststate infrastructure fund after the Bank has deducted a service fee for administering the-~~  
3 ~~program equivalent to an annual fee of one-half of one percent of the principal balance of the-~~  
4 ~~outstanding loans.~~

5 ~~— **SECTION 2. AMENDMENT.** Section 6-09.6-01.2 of the North Dakota Century Code is-~~  
6 ~~amended and reenacted as follows:~~

7 ~~— **6-09.6-01.2. Developmentally disabled facility loan fund program no. 3.**~~

8 ~~— There is hereby created a developmentally disabled facility loan fund program no. 3 for the-~~  
9 ~~purpose of making loans to nonprofit corporations, organized in the localities in which facilities-~~  
10 ~~are proposed to be located, for project costs, including the cost of real estate, construction,-~~  
11 ~~reconstruction, acquisition, furnishings and equipment, and administrative costs related to the-~~  
12 ~~establishment thereof, of facilities for developmentally disabled, chronically mentally ill, and-~~  
13 ~~physically disabled persons. The loan fund may borrow an amount not to exceed four million-~~  
14 ~~nine hundred fifty one thousand one hundred forty five dollars from the common schools trust-~~  
15 ~~fund to finance the program. The loan fund program shall be administered by the Bank of North-~~  
16 ~~Dakota in the same manner the Bank administers the program established by sections-~~  
17 ~~6-09.6-01 and 6-09.6-02 through 6-09.6-05, except that all payments of principal and interest-~~  
18 ~~must be credited by the Bank to the lands and minerals truststate infrastructure fund after the-~~  
19 ~~Bank has deducted a service fee for administering the program equivalent to an annual fee of-~~  
20 ~~one-half of one percent of the principal balance of the outstanding loans.~~

21 ~~— **SECTION 3. AMENDMENT.** Section 6-09.6-03 of the North Dakota Century Code is-~~  
22 ~~amended and reenacted as follows:~~

23 ~~— **6-09.6-03. Amount of loan - Terms and conditions.**~~

24 ~~— Loans in an amount not exceeding three-fourths of project costs, including the cost of-~~  
25 ~~construction, reconstruction, acquisition, furnishings, equipment, and administrative costs-~~  
26 ~~related to the establishment of the project, and the cost or value of real estate upon which the-~~  
27 ~~facility is located, must be made by the Bank of North Dakota from the fund maintained-~~  
28 ~~pursuant to sections 6-09.6-01, 6-09.6-01.1, and 6-09.6-01.2. Such loans must bear interest at-~~  
29 ~~a rate of ten and one-half percent for loans relating to facilities for developmentally disabled-~~  
30 ~~persons and five percent for loans relating to facilities for physically disabled persons and-~~  
31 ~~chronically mentally ill persons and are repayable in the manner prescribed by the Bank of~~

1 ~~North Dakota within a period of not more than twenty-five years. In addition, in consideration of~~  
2 ~~the granting of a loan under this chapter, each nonprofit corporation shall execute a contract~~  
3 ~~with the state to operate the facility in accordance with the standards prescribed for the~~  
4 ~~licensing of the facility by the department of human services. The contract shall also provide~~  
5 ~~that if the use of the facility is discontinued or diverted to purposes other than those proposed in~~  
6 ~~the loan application without the express consent of the department of human services, the full~~  
7 ~~amount of the loan provided under this chapter immediately becomes due and payable. The~~  
8 ~~Bank of North Dakota may annually deduct, as a service fee for administering the revolving fund~~  
9 ~~maintained under section 6-09.6-01, one-half of one percent of the principal balance of the~~  
10 ~~outstanding loans from the revolving fund. Payments of interest and principal on loans made~~  
11 ~~under section 6-09.6-01 must be made to the Bank of North Dakota and credited to the~~  
12 ~~revolving fund. Payments of principal and interest on loans made under sections 6-09.6-01.1~~  
13 ~~and 6-09.6-01.2 must be credited by the Bank to the lands and minerals trust~~state infrastructure  
14 ~~fund after the Bank has deducted a service fee for administering the program equivalent to an~~  
15 ~~annual fee of one-half of one percent of the principal balance of the outstanding loans.~~

16 **SECTION 1. AMENDMENT.** Section 15-08.1-08 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18 **15-08.1-08. Income - Expenses - Reimbursement - Creation of lands and minerals**  
19 **trust~~state infrastructure fund~~ --Legislative intent.**

20 The income derived from the sale, lease, and management of the mineral interests acquired  
21 by the board of university and school lands pursuant to this chapter and other funds as provided  
22 by law must, after deducting the expenses of sale, lease, and management of the property, be  
23 deposited in a fund to be known as the lands and minerals trust~~state infrastructure~~ fund.  
24 Deposits in the lands and minerals trust fund are limited to one hundred fifty million dollars  
25 during a biennium and any amounts exceeding this limitation must be deposited in the legacy  
26 fund. The corpus and interest of ~~such~~the lands and minerals trust fund may be expended as the  
27 legislative assembly may provide ~~for one-time expenditures relating to improving state~~  
28 ~~infrastructure. It is the intent of the legislative assembly that moneys in the fund may be~~  
29 ~~included in draft appropriation acts under section 54-44.1-06 and may be appropriated by the~~  
30 ~~legislative assembly, but only to the extent that the moneys are estimated to be available at the~~  
31 ~~beginning of the biennium in which the appropriations are authorized.~~

1        ~~**SECTION 5. AMENDMENT.** Section 15-08.1-09 of the North Dakota Century Code is~~  
2 ~~amended and reenacted as follows:~~

3        ~~**15-08.1-09. Lands and minerals trust**State infrastructure fund – Continuing~~  
4 ~~**appropriation.**~~

5        ~~— There is appropriated annually the amount necessary to pay from the lands and minerals~~  
6 ~~trust~~state infrastructure fund all principal and interest to the common schools trust fund on any  
7 ~~loans made from the fund to the developmentally disabled loan fund program nos. 2 and 3. This~~  
8 ~~authority is ineffective after all loans are repaid.~~

9        **SECTION 2. AMENDMENT.** Section 57-51.1-07.3 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11        **57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.**

12        There is established a special fund in the state treasury to be known as the oil and gas  
13 research fund. Before depositing oil and gas gross production tax and oil extraction tax  
14 revenues in the general fund, property tax relief sustainability fund, or the permanent oil tax  
15 ~~trust~~state infrastructure fund, two percent of the revenues must be deposited monthly into the oil  
16 and gas research fund, up to four million dollars per biennium. All moneys deposited in the oil  
17 and gas research fund and interest on all such moneys are appropriated as a continuing  
18 appropriation to the council to be used for purposes stated in chapter 54-17.6.

19        **SECTION 3.** A new section to chapter 57-51.1 of the North Dakota Century Code is created  
20 and enacted as follows:

21        **State share of oil and gas taxes - Deposits.**

22        The state treasurer shall deposit the first ~~three~~<sup>two</sup> hundred million dollars of the state  
23 general fund share of revenue derived from taxes imposed on oil and gas under chapters 57-51  
24 and 57-51.1 into the general fund, the next three hundred ~~thirty~~<sup>fifty</sup> million dollars of the state general  
25 fund share of revenue from these taxes into the property tax relief sustainability fund, and any  
26 additional state general fund share of revenue from these taxes into the state infrastructure  
27 fund.

28        ~~**SECTION 8. AMENDMENT.** Section 61-33-07 of the North Dakota Century Code is~~  
29 ~~amended and reenacted as follows:~~

1        ~~**61-33-07. Deposit of income.**~~

2        ~~— All income derived from the lease and management of the lands acquired by the state-~~  
3        ~~engineer and board of university and school lands pursuant to this chapter and not belonging to-~~  
4        ~~other trust funds must be deposited in the lands and minerals truststate infrastructure fund.~~

5        **SECTION 4. REPEAL.** Sections 57-51.1-07.2 and 57-51.1-07.4 of the North Dakota  
6        Century Code are repealed at the end of the biennium beginning July 1, 2009, and ending  
7        June 30, 2011. For purposes of this section, at the end of the biennium means after  
8        cancellation of unexpended appropriations under section 54-44.1-11 but before any transfers to  
9        the budget stabilization fund under section 54-27.2-02.

10       **SECTION 5. ~~TRANSFER~~ TRANSFERS - PERMANENT OIL TAX TRUST FUND TO**  
11       **LEGACY FUND AND GENERAL FUND.** ~~At~~As soon as practicable after the end of the biennium  
12       beginning July 1, 2009, and ending June 30, 2011, the state treasurer shall transfer  
13       \$52,000,000 from the permanent oil tax trust fund to the legacy fund and any remaining balance  
14       in the permanent oil tax trust fund to the state general fund and then shall close out the  
15       permanent oil tax trust fund. For purposes of this section, at the end of the biennium means  
16       after cancellation of unexpended appropriations under section 54-44.1-11 but before any  
17       transfers to the budget stabilization fund under section 54-27.2-02.

18       **SECTION 6. EFFECTIVE DATE.** This Act is effective July 1, 2011.

19       **SECTION 7. EMERGENCY.** This Act is declared to be an emergency measure.