

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, 57-51.1-07.3, and 61-33-07 of the~~
 4 ~~North Dakota Century Code, relating to the lands and minerals trust fund and the oil and gas~~
 5 ~~research fund; to repeal sections 57-51.1-07.2 and 57-51.1-07.4 of the North Dakota Century~~
 6 ~~Code, relating to elimination of the permanent oil tax trust fund; to provide for a transfer; to~~
 7 ~~provide an effective date; and to declare an emergency.~~for an Act to amend and reenact
 8 sections 15-08.1-08 and 57-51.1-07.2 of the North Dakota Century Code, relating to the lands
 9 and minerals trust fund and the permanent oil tax trust fund; to provide an effective date; and to
 10 declare an emergency.

11 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

12 ~~— SECTION 1. AMENDMENT. Section 6-09.6-01.1 of the North Dakota Century Code is~~
 13 ~~amended and reenacted as follows:~~
 14 ~~— 6-09.6-01.1. Developmentally disabled facility loan fund program no. 2.~~
 15 ~~— There is hereby created a developmentally disabled facility loan fund program no. 2 for the~~
 16 ~~purpose of making loans to nonprofit corporations, organized in the localities in which facilities~~
 17 ~~are proposed to be located, for project costs, including the cost of real estate, construction,~~
 18 ~~reconstruction, acquisition, furnishings and equipment, and administrative costs related to the~~
 19 ~~establishment thereof, of facilities for developmentally disabled, chronically mentally ill, and~~
 20 ~~physically disabled persons. The loan fund may borrow an amount not to exceed five million~~
 21 ~~dollars from the common schools trust fund to finance the program. The loan must be repaid~~
 22 ~~from any moneys in the lands and minerals trust~~state infrastructure ~~fund not otherwise~~
 23 ~~appropriated. Any interest earned by the loan fund before loans are made must be credited by~~
 24 ~~the Bank to the lands and minerals trust~~state infrastructure ~~fund. The loan fund program must~~

1 be administered by the Bank of North Dakota in the same manner the Bank administers the
2 program established by sections 6-09.6-01 and 6-09.6-02 through 6-09.6-05, except that all
3 payments of principal and interest must be credited by the Bank to the lands and minerals
4 truststate infrastructure fund after the Bank has deducted a service fee for administering the
5 program equivalent to an annual fee of one-half of one percent of the principal balance of the
6 outstanding loans.

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

9 — **6-09.6-01.2. Developmentally disabled facility loan fund program no. 3.**

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

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

25 — **6-09.6-03. Amount of loan – Terms and conditions.**

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

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

18 ~~— **SECTION 4. AMENDMENT.** Section 15-08.1-08 of the North Dakota Century Code is~~
19 ~~amended and reenacted as follows:~~

20 ~~— **15-08.1-08. Income – Expenses – Reimbursement – Creation of lands and minerals**~~
21 ~~**truststate infrastructure fund – Legislative intent.**~~

22 ~~— The income derived from the sale, lease, and management of the mineral interests acquired~~
23 ~~by the board of university and school lands pursuant to this chapter and other funds as provided~~
24 ~~by law must, after deducting the expenses of sale, lease, and management of the property, be~~
25 ~~deposited in a fund to be known as the lands and minerals truststate infrastructure fund. The~~
26 ~~corpus and interest of such trust may be expended as the legislative assembly may provide for~~
27 ~~one-time expenditures relating to improving state infrastructure. It is the intent of the legislative~~
28 ~~assembly that moneys in the fund may be included in draft appropriation acts under section~~
29 ~~54-44.1-06 and may be appropriated by the legislative assembly, but only to the extent that the~~
30 ~~moneys are estimated to be available at the beginning of the biennium in which the~~
31 ~~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 6. 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 or the permanent oil tax trust~~state infrastructure fund, ~~two percent~~
15 ~~of the revenues must be deposited monthly into the oil and gas research fund, up to four million~~
16 ~~dollars per biennium. All moneys deposited in the oil and gas research fund and interest on all~~
17 ~~such moneys are appropriated as a continuing appropriation to the council to be used for~~
18 ~~purposes stated in chapter 54-17.6.~~

19 — ~~**SECTION 7.** 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 hundred million dollars of the state general~~
23 ~~fund share of revenue derived from taxes imposed on oil and gas under chapters 57-51 and~~
24 ~~57-51.1 into the general fund, the next three hundred million dollars of the state general fund~~
25 ~~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 9. 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 10. TRANSFER.** At the end of the biennium beginning July 1, 2009, and ending-~~
11 ~~June 30, 2011, the state treasurer shall transfer any remaining balance in the permanent oil tax-~~
12 ~~trust fund to the state general fund. For purposes of this section, at the end of the biennium-~~
13 ~~means after cancellation of unexpended appropriations under section 54-44.1-11 but before any-~~
14 ~~transfers to the budget stabilization fund under section 54-27.2-02.~~

15 ~~— **SECTION 11. EFFECTIVE DATE.** This Act is effective July 1, 2011.~~

16 ~~— **SECTION 12. EMERGENCY.** This Act is declared to be an emergency measure.~~

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

19 **15-08.1-08. Income - Expenses - Reimbursement - Creation of lands and minerals**
20 **trust.**

21 The income derived from the sale, lease, and management of the mineral interests acquired
22 by the board of university and school lands pursuant to this chapter and other funds as provided
23 by law must, after deducting the expenses of sale, lease, and management of the property, be
24 deposited in a fund to be known as the lands and minerals trust fund. Deposits in the lands and
25 minerals trust fund are limited to one hundred fifty million dollars during a biennium and any
26 amounts exceeding this limitation must be deposited in the permanent oil tax trust fund. The
27 corpus and interest of ~~such~~ the lands and minerals trust fund may be expended as the legislative
28 assembly may provide.

29 **SECTION 2. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest** ~~Adjustment of~~
2 ~~distribution formula.~~

3 The state treasurer shall deposit ~~seventy-one million dollars~~the first two hundred million
4 dollars of the state general fund share of revenue derived from taxes imposed on oil and gas
5 under chapters 57-51 and 57-51.1 into the general fund, the next three hundred eighty-five
6 million dollars of the state general fund share of revenue from these taxes into the property tax
7 relief sustainability fund, and any additional state general fund share of revenue from these
8 taxes into the permanent oil tax trust fund. ~~Revenue exceeding seventy-one million dollars must~~
9 ~~be deposited by the state treasurer in the permanent oil tax trust fund. Interest earnings of the~~
10 ~~permanent oil tax trust fund must be credited to the general fund.~~ The principal of the
11 permanent oil tax trust fund may not be expended except upon a two-thirds vote of the
12 members elected to each house of the legislative assembly.

13 ~~— If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after~~
14 ~~June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in~~
15 ~~this section by the same percentage increase or decrease in the amount of revenue allocable to~~
16 ~~the general fund after the change in the allocation formula, and transfers to the permanent oil~~
17 ~~tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the~~
18 ~~transfers to the permanent oil tax trust fund is not increased or decreased merely because of~~
19 ~~changes in the distribution formulas.~~

20 **SECTION 3. EFFECTIVE DATE.** This Act is effective July 1, 2011.

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