

February 13, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2323

Introduced by

Senators Bekkedahl, Sorvaag, Hogue

Representatives Lefor, Brandenburg, Richter

1 A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota
2 Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15
3 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax
4 allocations and the state share of oil and gas tax allocations; to provide a continuing
5 appropriation; to provide an exemption; ~~and~~ to provide an effective date; and to provide an
6 expiration date.

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

8 **SECTION 1. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **57-51-15. Gross production tax allocation. (Effective through June 30, ~~2027~~2037)**

11 The gross production tax must be allocated monthly as follows:

- 12 1. The tax revenue collected under this chapter equal to one percent of the gross value
13 at the well of the oil and one-fifth of the tax on gas must be deposited with the state
14 treasurer. The state treasurer shall allocate the funding in the following order:
- 15 a. Eight percent of the amount available under this subsection to the North Dakota
16 outdoor heritage fund, but not in an amount exceeding twenty million dollars per
17 fiscal year.
- 18 b. Four percent of the amount available under this subsection to the abandoned oil
19 and gas well plugging and site reclamation fund, but not in an amount exceeding
20 seven million five hundred thousand dollars per fiscal year and not in an amount

- 1 that would bring the balance in the fund to more than one hundred million dollars
2 through June 30, 2027, or to more than fifty million dollars after June 30, 2027.
- 3 c. Up to twenty million dollars per fiscal year to the energy impact grant fund under
4 section 2 of this Act.
- 5 d. Any remaining revenues pursuant to subsection 3.
- 6 ~~d.e.~~ For purposes of this subsection, "fiscal year" means the period beginning
7 September first and ending August thirty-first of the following calendar year.
- 8 2. The tax revenue collected under this chapter equal to four percent of the gross value
9 at the well of the oil and four-fifths of the tax on gas must be deposited with the state
10 treasurer. The state treasurer shall allocate the funding in the following order:
- 11 a. The first five million dollars of collections received from a county each fiscal year
12 is allocated to the county.
- 13 b. The remaining revenue collections received from a county each fiscal year are
14 allocated thirty percent to the county and seventy percent as follows:
- 15 (1) Monthly amounts to the hub city funding pool to provide fifteen million four
16 hundred thousand dollars per fiscal year for the allocations under
17 paragraph 2 of subdivision a of subsection 5.
- 18 (2) Monthly amounts to the hub city school district funding pool to provide two
19 million one hundred thousand dollars per fiscal year for the allocations
20 under paragraph 3 of subdivision a of subsection 5.
- 21 (3) Monthly amounts to the supplemental school district funding pool to provide
22 seventy percent of the total amount needed for the allocations under
23 paragraph 4 of subdivision a of subsection 5.
- 24 (4) Any remaining revenue collections to the state for the state's allocations
25 pursuant to subsection 3.
- 26 c. For purposes of this subsection, "fiscal year" means the period beginning
27 September first and ending August thirty-first of the following calendar year.
- 28 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first
29 to provide for deposit of thirty percent of all revenue collected under this chapter in the
30 legacy fund as provided in section 26 of article X of the Constitution of North Dakota
31 and the remainder must be allocated to the state general fund. If the amount available

1 for a monthly allocation under this subsection is insufficient to deposit thirty percent of
2 all revenue collected under this chapter in the legacy fund, the state treasurer shall
3 transfer the amount of the shortfall from the state general fund share of oil extraction
4 tax collections and deposit that amount in the legacy fund.

- 5 4. For a county that received less than five million dollars of allocations under
6 subsection 2 in the most recently completed even-numbered fiscal year before the
7 start of the biennium, revenues allocated to that county must be distributed by the
8 state treasurer as follows:
- 9 a. Forty-five percent must be distributed to the county treasurer and credited to the
10 county general fund.
 - 11 b. Thirty-five percent must be distributed proportionally to school districts within the
12 county on the average daily attendance distribution basis for kindergarten
13 through grade twelve students residing within the county, as certified to the state
14 treasurer by the county superintendent of schools. However, a hub city school
15 district must be omitted from distributions under this subdivision.
 - 16 c. Twenty percent must be distributed to the incorporated cities of the county. A hub
17 city must be omitted from distributions under this subdivision. Distributions
18 among cities under this subsection must be proportional based upon the
19 population of each incorporated city according to the last official decennial federal
20 census. In determining the population of any city in which total employment
21 increases by more than two hundred percent seasonally due to tourism, the
22 population of that city for purposes of this subdivision must be increased by eight
23 hundred percent.
 - 24 d. For purposes of this subsection, "fiscal year" means the period beginning
25 September first and ending August thirty-first of the following calendar year.
- 26 5. For a county that received five million dollars or more of allocations under subsection 2
27 in the most recently completed even-numbered fiscal year before the start of the
28 biennium, revenues allocated to that county must be distributed by the state treasurer
29 as follows:

1 a. A portion of the revenues from each county must be distributed to a hub city
2 funding pool, a hub city school district funding pool, and a supplemental school
3 district funding pool as follows:

4 (1) The amount distributed from each county to the funding pools under this
5 subdivision must be proportional to each county's monthly oil and gas gross
6 production tax revenue collections relative to the combined total monthly oil
7 and gas gross production tax revenue collections from all the counties that
8 receive allocations under this subsection.

9 (2) The state treasurer shall distribute, to the hub city funding pool, the monthly
10 amount needed from each county to provide six million six hundred
11 thousand dollars per fiscal year for the allocations under this paragraph.

12 (a) The state treasurer shall allocate monthly amounts from the hub city
13 funding pool to provide a combined total of twenty-two million dollars
14 per fiscal year to all the hub cities, which includes the fifteen million
15 four hundred thousand dollars under paragraph 1 of subdivision b of
16 subsection 2 and the six million six hundred thousand dollars under
17 this paragraph. The monthly allocation to each hub city must be
18 proportional to each hub city's impact percentage score, including
19 fractional percentage points rounded to the nearest tenth of a percent,
20 relative to the combined total of all the hub cities' impact percentage
21 scores.

22 (b) The state treasurer shall calculate the impact percentage score for
23 each hub city by summing the following:

24 [1] The percentage of mining, quarrying, and oil and gas extraction
25 employment relative to the total employment of all industries in
26 the county in which the hub city is located, based on the most
27 recent annual data for all ownership types compiled by job
28 service North Dakota in the quarterly census of employment and
29 wages, multiplied by forty-five hundredths;

30 [2] The average of the percentage of mining, quarrying, and oil and
31 gas extraction employment relative to the total employment of all

1 industries in each county for all the counties in the human
2 service region in which the hub city is located, based on the most
3 recent annual data for all ownership types compiled by job
4 service North Dakota in the quarterly census of employment and
5 wages, multiplied by fifteen hundredths;

6 [3] The percentage of establishments engaged in mining, quarrying,
7 and oil and gas extraction relative to the total establishments of
8 all industries in the county in which the hub city is located, based
9 on the most recent annual data for all ownership types compiled
10 by job service North Dakota in the quarterly census of
11 employment and wages, multiplied by one-tenth;

12 [4] The percentage of oil production in the human service region in
13 which the hub city is located relative to the total oil production in
14 all the human service regions with hub cities, based on the most
15 recently available calendar year data compiled by the industrial
16 commission in a report on the historical barrels of oil produced by
17 county, multiplied by one-tenth;

18 [5] The percentage change in population from five years prior for the
19 hub city, based on the most recent actual or estimated census
20 data published by the United States census bureau, multiplied by
21 one-tenth; and

22 [6] The percentage change in population from five years prior for the
23 county in which the hub city is located, based on the most recent
24 actual or estimated census data published by the United States
25 census bureau, multiplied by one-tenth.

26 (c) For purposes of this paragraph, "human service region" means the
27 areas designated by the governor's executive order 1978-12 dated
28 October 5, 1978.

29 (3) The state treasurer shall distribute, to the hub city school district funding
30 pool, the monthly amount needed from each county to provide nine hundred
31 thousand dollars per fiscal year for the allocations under this paragraph.

- 1 (a) The state treasurer shall allocate monthly amounts from the hub city
2 school district funding pool to provide a combined total of three million
3 dollars per fiscal year to all the hub city school districts, which
4 includes the two million one hundred thousand dollars under
5 paragraph 2 of subdivision b of subsection 2 and the nine hundred
6 thousand dollars under this paragraph. The monthly allocation to each
7 hub city school districts must be proportional to each hub city school
8 district's impact percentage score, including fractional percentage
9 points rounded to the nearest tenth of a percent, relative to the
10 combined total of all the hub cities' impact percentage scores.
- 11 (b) For the purpose of determining the impact percentage score for each
12 hub city school district, the state treasurer shall use the same impact
13 percentage score as the corresponding score calculated for each hub
14 city in paragraph 2.
- 15 (4) The state treasurer shall distribute, to the supplemental school district
16 funding pool, the monthly amount needed from each county to provide for
17 thirty percent of the total allocations under this paragraph. To each county
18 that received more than five million dollars but less than thirty million dollars
19 of total allocations under subsection 2 in the most recently completed
20 even-numbered fiscal year before the start of the biennium, the state
21 treasurer shall allocate a monthly amount from the supplemental school
22 district funding pool which will be added to the distributions to school
23 districts under paragraph 2 of subdivision b, as follows:
- 24 (a) To each county that received more than five million dollars but not
25 exceeding ten million dollars of total allocations under subsection 2 in
26 the most recently completed even-numbered fiscal year before the
27 start of the biennium, the state treasurer shall allocate a monthly
28 amount that will provide a total allocation of one million five hundred
29 thousand dollars per fiscal year. The allocation must be distributed to
30 school districts within the county pursuant to paragraph 2 of
31 subdivision b.

- 1 (b) To each county that received more than ten million dollars but not
2 exceeding fifteen million dollars of total allocations under subsection 2
3 in the most recently completed even-numbered fiscal year before the
4 start of the biennium, the state treasurer shall allocate a monthly
5 amount that will provide a total allocation of one million two hundred
6 fifty thousand dollars per fiscal year. The allocation must be distributed
7 to school districts within the county pursuant to paragraph 2 of
8 subdivision b.
- 9 (c) To each county that received more than fifteen million dollars but not
10 exceeding twenty million dollars of total allocations under subsection 2
11 in the most recently completed even-numbered fiscal year before the
12 start of the biennium, the state treasurer shall allocate a monthly
13 amount that will provide a total allocation of one million dollars per
14 fiscal year. The allocation must be distributed to school districts within
15 the county pursuant to paragraph 2 of subdivision b.
- 16 (d) To each county that received more than twenty million dollars but not
17 exceeding twenty-five million dollars of total allocations under
18 subsection 2 in the most recently completed even-numbered fiscal
19 year before the start of the biennium, the state treasurer shall allocate
20 a monthly amount that will provide a total allocation of seven hundred
21 fifty thousand dollars per fiscal year. The allocation must be distributed
22 to school districts within the county pursuant to paragraph 2 of
23 subdivision b.
- 24 (e) To each county that received more than twenty-five million dollars but
25 not exceeding thirty million dollars of total allocations under
26 subsection 2 in the most recently completed even-numbered fiscal
27 year before the start of the biennium, the state treasurer shall allocate
28 a monthly amount that will provide a total allocation of five hundred
29 thousand dollars per fiscal year. The allocation must be distributed to
30 school districts within the county pursuant to paragraph 2 of
31 subdivision b.

1 b. After the distributions in subdivision a, each county's remaining revenues must be
2 distributed as follows:

3 (1) Sixty percent must be distributed to the county treasurer and credited to the
4 county general fund.

5 (2) Five percent must be distributed proportionally to school districts within the
6 county on the average daily attendance distribution basis for kindergarten
7 through grade twelve students residing within the county, as certified to the
8 state treasurer by the county superintendent of schools. However, a hub city
9 school district must be omitted from distributions under this subdivision.

10 (3) Twenty percent must be distributed to the incorporated cities of the county. A
11 hub city must be omitted from distributions under this subdivision.

12 Distributions among cities under this subsection must be proportional based
13 upon the population of each incorporated city according to the last official
14 decennial federal census. In determining the population of any city in which
15 total employment increases by more than two hundred percent seasonally
16 due to tourism, the population of that city for purposes of this subdivision
17 must be increased by eight hundred percent.

18 (4) Four percent must be allocated among the organized and unorganized
19 townships of the county. The state treasurer shall allocate the funds
20 available under this subdivision among townships in proportion to each
21 township's road miles relative to the total township road miles in the county.
22 The amount allocated to unorganized townships under this subdivision must
23 be distributed to the county treasurer and credited to a special fund for
24 unorganized township roads, which the board of county commissioners shall
25 use for the maintenance and improvement of roads in unorganized
26 townships.

27 (5) Nine percent must be distributed among hub cities. The state treasurer shall
28 distribute the funds available under this subdivision in proportion to the
29 amounts the hub cities receive under paragraph 2 of subdivision a.

30 (6) Two percent must be distributed among hub city school districts. The state
31 treasurer shall distribute the funds available under this subdivision in

1 proportion to the amounts the hub city school districts receive under
2 paragraph 3 of subdivision a.

3 (7) For purposes of this subsection, "fiscal year" means the period beginning
4 September first and ending August thirty-first of the following calendar year.

5 **Gross production tax allocation. (Effective after June 30, ~~2027~~2037)** The gross
6 production tax must be allocated monthly as follows:

7 1. The tax revenue collected under this chapter equal to one percent of the gross value
8 at the well of the oil and one-fifth of the tax on gas must be deposited with the state
9 treasurer. The state treasurer shall allocate the funding in the following order:

10 a. Eight percent of the amount available under this subsection to the North Dakota
11 outdoor heritage fund, but not in an amount exceeding twenty million dollars per
12 fiscal year.

13 b. Four percent of the amount available under this subsection to the abandoned oil
14 and gas well plugging and site reclamation fund, but not in an amount exceeding
15 seven million five hundred thousand dollars per fiscal year and not in an amount
16 that would bring the balance in the fund to more than ~~one hundred million dollars~~
17 ~~through June 30, 2027, or to more than~~ fifty million dollars ~~after June 30, 2027~~.

18 c. ~~Up to twenty million dollars per fiscal year to the energy impact grant fund under~~
19 ~~section 2 of this Act.~~

20 ~~d.~~ Any remaining revenues pursuant to subsection 3.

21 ~~d.e.~~ For purposes of this subsection, "fiscal year" means the period beginning
22 September first and ending August thirty-first of the following calendar year.

23 2. The tax revenue collected under this chapter equal to four percent of the gross value
24 at the well of the oil and four-fifths of the tax on gas must be deposited with the state
25 treasurer. The state treasurer shall allocate the funding in the following order:

26 a. The first five million dollars of collections received from a county each fiscal year
27 is allocated to the county.

28 b. The remaining revenue collections received from a county each fiscal year are
29 allocated thirty percent to the county and seventy percent as follows:

- 1 (1) Monthly amounts to the hub city funding pool to provide fifteen million four
2 hundred thousand dollars per fiscal year for the allocations under
3 paragraph 2 of subdivision a of subsection 5.
- 4 (2) Monthly amounts to the hub city school district funding pool to provide two
5 million one hundred thousand dollars per fiscal year for the allocations
6 under paragraph 3 of subdivision a of subsection 5.
- 7 (3) Monthly amounts to the supplemental school district funding pool to provide
8 seventy percent of the total amount needed for the allocations under
9 paragraph 4 of subdivision a of subsection 5.
- 10 (4) Any remaining revenue collections to the state for the state's allocations
11 pursuant to subsection 3.
- 12 c. For purposes of this subsection, "fiscal year" means the period beginning
13 September first and ending August thirty-first of the following calendar year.
- 14 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first
15 to provide for deposit of thirty percent of all revenue collected under this chapter in the
16 legacy fund as provided in section 26 of article X of the Constitution of North Dakota
17 and the remainder must be allocated to the state general fund. If the amount available
18 for a monthly allocation under this subsection is insufficient to deposit thirty percent of
19 all revenue collected under this chapter in the legacy fund, the state treasurer shall
20 transfer the amount of the shortfall from the state general fund share of oil extraction
21 tax collections and deposit that amount in the legacy fund.
- 22 4. For a county that received less than five million dollars of allocations under
23 subsection 2 in the most recently completed even-numbered fiscal year before the
24 start of the biennium, revenues allocated to that county must be distributed by the
25 state treasurer as follows:
 - 26 a. Forty-five percent must be distributed to the county treasurer and credited to the
27 county general fund.
 - 28 b. Thirty-five percent must be distributed proportionally to school districts within the
29 county on the average daily attendance distribution basis for kindergarten
30 through grade twelve students residing within the county, as certified to the state

- 1 treasurer by the county superintendent of schools. However, a hub city school
2 district must be omitted from distributions under this subdivision.
- 3 c. Twenty percent must be distributed to the incorporated cities of the county. A hub
4 city must be omitted from distributions under this subdivision. Distributions
5 among cities under this subsection must be proportional based upon the
6 population of each incorporated city according to the last official decennial federal
7 census. In determining the population of any city in which total employment
8 increases by more than two hundred percent seasonally due to tourism, the
9 population of that city for purposes of this subdivision must be increased by eight
10 hundred percent.
- 11 d. For purposes of this subsection, "fiscal year" means the period beginning
12 September first and ending August thirty-first of the following calendar year.
- 13 5. For a county that received five million dollars or more of allocations under subsection 2
14 in the most recently completed even-numbered fiscal year before the start of the
15 biennium, revenues allocated to that county must be distributed by the state treasurer
16 as follows:
- 17 a. A portion of the revenues from each county must be distributed to a hub city
18 funding pool, a hub city school district funding pool, and a supplemental school
19 district funding pool as follows:
- 20 (1) The amount distributed from each county to the funding pools under this
21 subdivision must be proportional to each county's monthly oil and gas gross
22 production tax revenue collections relative to the combined total monthly oil
23 and gas gross production tax revenue collections from all the counties that
24 receive allocations under this subsection.
- 25 (2) The state treasurer shall distribute, to the hub city funding pool, the monthly
26 amount needed from each county to provide six million six hundred
27 thousand dollars per fiscal year for the allocations under this paragraph.
- 28 (a) The state treasurer shall allocate monthly amounts from the hub city
29 funding pool to provide a combined total of twenty-two million dollars
30 per fiscal year to all the hub cities, which includes the fifteen million
31 four hundred thousand dollars under paragraph 1 of subdivision b of

1 subsection 2 and the six million six hundred thousand dollars under
2 this paragraph. The monthly allocation to each hub city must be
3 proportional to each hub city's impact percentage score, including
4 fractional percentage points rounded to the nearest tenth of a percent,
5 relative to the combined total of all the hub cities' impact percentage
6 scores.

7 (b) The state treasurer shall calculate the impact percentage score for
8 each hub city by summing the following:

- 9 [1] The percentage of mining, quarrying, and oil and gas extraction
10 employment relative to the total employment of all industries in
11 the county in which the hub city is located, based on the most
12 recent annual data for all ownership types compiled by job
13 service North Dakota in the quarterly census of employment and
14 wages, multiplied by forty-five hundredths;
- 15 [2] The average of the percentage of mining, quarrying, and oil and
16 gas extraction employment relative to the total employment of all
17 industries in each county for all the counties in the human
18 service region in which the hub city is located, based on the most
19 recent annual data for all ownership types compiled by job
20 service North Dakota in the quarterly census of employment and
21 wages, multiplied by fifteen hundredths;
- 22 [3] The percentage of establishments engaged in mining, quarrying,
23 and oil and gas extraction relative to the total establishments of
24 all industries in the county in which the hub city is located, based
25 on the most recent annual data for all ownership types compiled
26 by job service North Dakota in the quarterly census of
27 employment and wages, multiplied by one-tenth;
- 28 [4] The percentage of oil production in the human service region in
29 which the hub city is located relative to the total oil production in
30 all the human service regions with hub cities, based on the most
31 recently available calendar year data compiled by the industrial

1 commission in a report on the historical barrels of oil produced by
2 county, multiplied by one-tenth;

3 [5] The percentage change in population from five years prior for the
4 hub city, based on the most recent actual or estimated census
5 data published by the United States census bureau, multiplied by
6 one-tenth; and

7 [6] The percentage change in population from five years prior for the
8 county in which the hub city is located, based on the most recent
9 actual or estimated census data published by the United States
10 census bureau, multiplied by one-tenth.

11 (c) For purposes of this paragraph, "human service region" means the
12 areas designated by the governor's executive order 1978-12 dated
13 October 5, 1978.

14 (3) The state treasurer shall distribute, to the hub city school district funding
15 pool, the monthly amount needed from each county to provide nine hundred
16 thousand dollars per fiscal year for the allocations under this paragraph.

17 (a) The state treasurer shall allocate monthly amounts from the hub city
18 school district funding pool to provide a combined total of three million
19 dollars per fiscal year to all the hub city school districts, which
20 includes the two million one hundred thousand dollars under
21 paragraph 2 of subdivision b of subsection 2 and the nine hundred
22 thousand dollars under this paragraph. The monthly allocation to each
23 hub city school districts must be proportional to each hub city school
24 district's impact percentage score, including fractional percentage
25 points rounded to the nearest tenth of a percent, relative to the
26 combined total of all the hub cities' impact percentage scores.

27 (b) For the purpose of determining the impact percentage score for each
28 hub city school district, the state treasurer shall use the same impact
29 percentage score as the corresponding score calculated for each hub
30 city in paragraph 2.

1 (4) The state treasurer shall distribute, to the supplemental school district
2 funding pool, the monthly amount needed from each county to provide for
3 thirty percent of the total allocations under this paragraph. To each county
4 that received more than five million dollars but less than thirty million dollars
5 of total allocations under subsection 2 in the most recently completed
6 even-numbered fiscal year before the start of the biennium, the state
7 treasurer shall allocate a monthly amount from the supplemental school
8 district funding pool which will be added to the distributions to school
9 districts under paragraph 2 of subdivision b, as follows:

10 (a) To each county that received more than five million dollars but not
11 exceeding ten million dollars of total allocations under subsection 2 in
12 the most recently completed even-numbered fiscal year before the
13 start of the biennium, the state treasurer shall allocate a monthly
14 amount that will provide a total allocation of one million five hundred
15 thousand dollars per fiscal year. The allocation must be distributed to
16 school districts within the county pursuant to paragraph 2 of
17 subdivision b.

18 (b) To each county that received more than ten million dollars but not
19 exceeding fifteen million dollars of total allocations under subsection 2
20 in the most recently completed even-numbered fiscal year before the
21 start of the biennium, the state treasurer shall allocate a monthly
22 amount that will provide a total allocation of one million two hundred
23 fifty thousand dollars per fiscal year. The allocation must be distributed
24 to school districts within the county pursuant to paragraph 2 of
25 subdivision b.

26 (c) To each county that received more than fifteen million dollars but not
27 exceeding twenty million dollars of total allocations under subsection 2
28 in the most recently completed even-numbered fiscal year before the
29 start of the biennium, the state treasurer shall allocate a monthly
30 amount that will provide a total allocation of one million dollars per

1 fiscal year. The allocation must be distributed to school districts within
2 the county pursuant to paragraph 2 of subdivision b.

3 (d) To each county that received more than twenty million dollars but not
4 exceeding twenty-five million dollars of total allocations under
5 subsection 2 in the most recently completed even-numbered fiscal
6 year before the start of the biennium, the state treasurer shall allocate
7 a monthly amount that will provide a total allocation of seven hundred
8 fifty thousand dollars per fiscal year. The allocation must be distributed
9 to school districts within the county pursuant to paragraph 2 of
10 subdivision b.

11 (e) To each county that received more than twenty-five million dollars but
12 not exceeding thirty million dollars of total allocations under
13 subsection 2 in the most recently completed even-numbered fiscal
14 year before the start of the biennium, the state treasurer shall allocate
15 a monthly amount that will provide a total allocation of five hundred
16 thousand dollars per fiscal year. The allocation must be distributed to
17 school districts within the county pursuant to paragraph 2 of
18 subdivision b.

19 b. After the distributions in subdivision a, each county's remaining revenues must be
20 distributed as follows:

21 (1) Sixty percent must be distributed to the county treasurer and credited to the
22 county general fund.

23 (2) Five percent must be distributed proportionally to school districts within the
24 county on the average daily attendance distribution basis for kindergarten
25 through grade twelve students residing within the county, as certified to the
26 state treasurer by the county superintendent of schools. However, a hub city
27 school district must be omitted from distributions under this subdivision.

28 (3) Twenty percent must be distributed to the incorporated cities of the county. A
29 hub city must be omitted from distributions under this subdivision.
30 Distributions among cities under this subsection must be proportional based
31 upon the population of each incorporated city according to the last official

1 decennial federal census. In determining the population of any city in which
2 total employment increases by more than two hundred percent seasonally
3 due to tourism, the population of that city for purposes of this subdivision
4 must be increased by eight hundred percent.

5 (4) Four percent must be allocated among the organized and unorganized
6 townships of the county. The state treasurer shall allocate the funds
7 available under this subdivision among townships in proportion to each
8 township's road miles relative to the total township road miles in the county.
9 The amount allocated to unorganized townships under this subdivision must
10 be distributed to the county treasurer and credited to a special fund for
11 unorganized township roads, which the board of county commissioners shall
12 use for the maintenance and improvement of roads in unorganized
13 townships.

14 (5) Nine percent must be distributed among hub cities. The state treasurer shall
15 distribute the funds available under this subdivision in proportion to the
16 amounts the hub cities receive under paragraph 2 of subdivision a.

17 (6) Two percent must be distributed among hub city school districts. The state
18 treasurer shall distribute the funds available under this subdivision in
19 proportion to the amounts the hub city school districts receive under
20 paragraph 3 of subdivision a.

21 (7) For purposes of this subsection, "fiscal year" means the period beginning
22 September first and ending August thirty-first of the following calendar year.

23 **SECTION 2.** A new section to chapter 57-51 of the North Dakota Century Code is created
24 and enacted as follows:

25 **Energy impact grant fund - State treasurer - Continuing appropriation.**

- 26 1. There is created in the state treasury the energy impact grant fund. The fund consists
27 of all moneys allocated to the fund under section 57-51-15. All moneys in the fund are
28 appropriated to the state treasurer on a continuing basis for energy impact grants to
29 hub cities.
- 30 2. Within forty days after the fund receives its statutory limit of oil and gas tax allocations
31 for a fiscal year under section 57-51-15 or by August thirty-first of each year.

1 whichever is earlier, the state treasurer shall distribute moneys in the fund for grants to
2 hub cities as follows:

3 a. Seventy-three and eighty-eight hundredths percent of the amount under this
4 subsection to Williston;

5 b. Fifteen and sixty-six hundredths percent of the amount under this subsection to
6 Dickinson; and

7 c. Ten and forty-six hundredths percent of the amount under this subsection to
8 Minot.

9 3. A hub city shall use the grant funding provided under this section for debt repayments
10 related to debt incurred to address impacts from oil and gas development or for other
11 expenses incurred to address impacts from oil and gas development.

12 **SECTION 3. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

15 From the revenues designated for deposit in the state general fund under chapters 57-51
16 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the
17 following order:

18 1. The first ~~two hundred thirty million~~ two hundred fifty million dollars into the state general
19 fund;

20 2. The next two hundred fifty million dollars into the social service fund;

21 3. The next seventy-five million dollars into the budget stabilization fund, but not in an
22 amount that would bring the balance in the fund to more than the limit in section
23 54-27.2-01;

24 4. The next ~~two hundred thirty million~~ two hundred fifty million dollars into the state
25 general fund;

26 5. The next ten million dollars into the lignite research fund;

27 6. The next twenty million dollars into the state disaster relief fund, but not in an amount
28 that would bring the unobligated balance in the fund to more than twenty million
29 dollars;

30 7. The next ~~four hundred million~~ three hundred twenty million dollars into the strategic
31 investment and improvements fund;

- 1 8. The next sixty-five million dollars to the public employees retirement fund for the main
2 system plan;
- 3 9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount
4 necessary to provide for twice the amount of the distributions under subsection 2 of
5 section 57-51.1-07.7, into the funds designated for infrastructure development in
6 non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty
7 percent deposited into the municipal infrastructure fund and fifty percent deposited into
8 the county and township infrastructure fund;
- 9 10. The next one hundred seventy million two hundred fifty thousand dollars or the amount
10 necessary to provide a total of two hundred thirty million dollars into the funds
11 designated for infrastructure development in non-oil-producing counties under sections
12 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal
13 infrastructure fund and fifty percent deposited into the county and township
14 infrastructure fund;
- 15 11. The next twenty million dollars into the airport infrastructure fund; and
- 16 12. Any additional revenues into the strategic investment and improvements fund.

17 **SECTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
18 **DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.**

- 19 1. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the
20 North Dakota outdoor heritage fund, for the period beginning September 1, 2025, and
21 ending August 31, 2027, the state treasurer shall allocate eight percent of the oil and
22 gas gross production tax revenue available under subsection 1 of section 57-51-15 to
23 the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000
24 per fiscal year.
- 25 2. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the
26 oil and gas research fund, for the period beginning August 1, 2025, and ending
27 July 31, 2027, the state treasurer shall allocate two percent of the oil and gas gross
28 production tax and oil extraction tax revenues, up to \$17,500,000, into the oil and gas
29 research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5,
30 57-51.1-07.9, and 57-51.1-07.10.

- 1 **SECTION 5. EFFECTIVE DATE.** Section 1 of this Act is effective for oil and gas gross
- 2 production tax allocations by the state treasurer occurring after August 31, 2025.