

**FIRST ENGROSSMENT**

**ENGROSSED 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; 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  
21 that would bring the balance in the fund to more than one hundred million dollars  
22 through June 30, 2027, or to more than fifty million dollars after June 30, 2027.

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

1 transfer the amount of the shortfall from the state general fund share of oil extraction  
2 tax collections and deposit that amount in the legacy fund.

3 4. For a county that received less than five million dollars of allocations under  
4 subsection 2 in the most recently completed even-numbered fiscal year before the  
5 start of the biennium, revenues allocated to that county must be distributed by the  
6 state treasurer as follows:

7 a. Forty-five percent must be distributed to the county treasurer and credited to the  
8 county general fund.

9 b. Thirty-five percent must be distributed proportionally to school districts within the  
10 county on the average daily attendance distribution basis for kindergarten  
11 through grade twelve students residing within the county, as certified to the state  
12 treasurer by the county superintendent of schools. However, a hub city school  
13 district must be omitted from distributions under this subdivision.

14 c. Twenty percent must be distributed to the incorporated cities of the county. A hub  
15 city must be omitted from distributions under this subdivision. Distributions  
16 among cities under this subsection must be proportional based upon the  
17 population of each incorporated city according to the last official decennial federal  
18 census. In determining the population of any city in which total employment  
19 increases by more than two hundred percent seasonally due to tourism, the  
20 population of that city for purposes of this subdivision must be increased by eight  
21 hundred percent.

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

24 5. For a county that received five million dollars or more of allocations under subsection 2  
25 in the most recently completed even-numbered fiscal year before the start of the  
26 biennium, revenues allocated to that county must be distributed by the state treasurer  
27 as follows:

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

- 1           (1) The amount distributed from each county to the funding pools under this  
2           subdivision must be proportional to each county's monthly oil and gas gross  
3           production tax revenue collections relative to the combined total monthly oil  
4           and gas gross production tax revenue collections from all the counties that  
5           receive allocations under this subsection.
- 6           (2) The state treasurer shall distribute, to the hub city funding pool, the monthly  
7           amount needed from each county to provide six million six hundred  
8           thousand dollars per fiscal year for the allocations under this paragraph.
- 9           (a) The state treasurer shall allocate monthly amounts from the hub city  
10          funding pool to provide a combined total of twenty-two million dollars  
11          per fiscal year to all the hub cities, which includes the fifteen million  
12          four hundred thousand dollars under paragraph 1 of subdivision b of  
13          subsection 2 and the six million six hundred thousand dollars under  
14          this paragraph. The monthly allocation to each hub city must be  
15          proportional to each hub city's impact percentage score, including  
16          fractional percentage points rounded to the nearest tenth of a percent,  
17          relative to the combined total of all the hub cities' impact percentage  
18          scores.
- 19          (b) The state treasurer shall calculate the impact percentage score for  
20          each hub city by summing the following:
- 21                [1] The percentage of mining, quarrying, and oil and gas extraction  
22                employment relative to the total employment of all industries in  
23                the county in which the hub city is located, based on the most  
24                recent annual data for all ownership types compiled by job  
25                service North Dakota in the quarterly census of employment and  
26                wages, multiplied by forty-five hundredths;
- 27                [2] The average of the percentage of mining, quarrying, and oil and  
28                gas extraction employment relative to the total employment of all  
29                industries in each county for all the counties in the human  
30                service region in which the hub city is located, based on the most  
31                recent annual data for all ownership types compiled by job

1 service North Dakota in the quarterly census of employment and  
2 wages, multiplied by fifteen hundredths;

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

9 [4] The percentage of oil production in the human service region in  
10 which the hub city is located relative to the total oil production in  
11 all the human service regions with hub cities, based on the most  
12 recently available calendar year data compiled by the industrial  
13 commission in a report on the historical barrels of oil produced by  
14 county, multiplied by one-tenth;

15 [5] The percentage change in population from five years prior for the  
16 hub city, based on the most recent actual or estimated census  
17 data published by the United States census bureau, multiplied by  
18 one-tenth; and

19 [6] The percentage change in population from five years prior for the  
20 county in which the hub city is located, based on the most recent  
21 actual or estimated census data published by the United States  
22 census bureau, multiplied by one-tenth.

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

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

29 (a) The state treasurer shall allocate monthly amounts from the hub city  
30 school district funding pool to provide a combined total of three million  
31 dollars per fiscal year to all the hub city school districts, which

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

8 (b) For the purpose of determining the impact percentage score for each  
9 hub city school district, the state treasurer shall use the same impact  
10 percentage score as the corresponding score calculated for each hub  
11 city in paragraph 2.

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

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

29 (b) To each county that received more than ten million dollars but not  
30 exceeding fifteen million dollars of total allocations under subsection 2  
31 in the most recently completed even-numbered fiscal year before the

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

- 1           (1) Sixty percent must be distributed to the county treasurer and credited to the  
2           county general fund.
- 3           (2) Five percent must be distributed proportionally to school districts within the  
4           county on the average daily attendance distribution basis for kindergarten  
5           through grade twelve students residing within the county, as certified to the  
6           state treasurer by the county superintendent of schools. However, a hub city  
7           school district must be omitted from distributions under this subdivision.
- 8           (3) Twenty percent must be distributed to the incorporated cities of the county. A  
9           hub city must be omitted from distributions under this subdivision.  
10          Distributions among cities under this subsection must be proportional based  
11          upon the population of each incorporated city according to the last official  
12          decennial federal census. In determining the population of any city in which  
13          total employment increases by more than two hundred percent seasonally  
14          due to tourism, the population of that city for purposes of this subdivision  
15          must be increased by eight hundred percent.
- 16          (4) Four percent must be allocated among the organized and unorganized  
17          townships of the county. The state treasurer shall allocate the funds  
18          available under this subdivision among townships in proportion to each  
19          township's road miles relative to the total township road miles in the county.  
20          The amount allocated to unorganized townships under this subdivision must  
21          be distributed to the county treasurer and credited to a special fund for  
22          unorganized township roads, which the board of county commissioners shall  
23          use for the maintenance and improvement of roads in unorganized  
24          townships.
- 25          (5) Nine percent must be distributed among hub cities. The state treasurer shall  
26          distribute the funds available under this subdivision in proportion to the  
27          amounts the hub cities receive under paragraph 2 of subdivision a.
- 28          (6) Two percent must be distributed among hub city school districts. The state  
29          treasurer shall distribute the funds available under this subdivision in  
30          proportion to the amounts the hub city school districts receive under  
31          paragraph 3 of subdivision a.



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

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

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

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

11                   b. Four percent of the amount available under this subsection to the abandoned oil  
12                   and gas well plugging and site reclamation fund, but not in an amount exceeding  
13                   seven million five hundred thousand dollars per fiscal year and not in an amount  
14                   that would bring the balance in the fund to more than fifty million dollars.

15                   c. Any remaining revenues pursuant to subsection 3.

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

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

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

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

25                   (1) Monthly amounts to the hub city funding pool to provide fifteen million four  
26                   hundred thousand dollars per fiscal year for the allocations under  
27                   paragraph 2 of subdivision a of subsection 5.

28                   (2) Monthly amounts to the hub city school district funding pool to provide two  
29                   million one hundred thousand dollars per fiscal year for the allocations  
30                   under paragraph 3 of subdivision a of subsection 5.

- 1                   (3) Monthly amounts to the supplemental school district funding pool to provide  
2                   seventy percent of the total amount needed for the allocations under  
3                   paragraph 4 of subdivision a of subsection 5.
- 4                   (4) Any remaining revenue collections to the state for the state's allocations  
5                   pursuant to subsection 3.
- 6                   c. 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                   3. After the allocations under subsections 1 and 2, the amount remaining is allocated first  
9                   to provide for deposit of thirty percent of all revenue collected under this chapter in the  
10                  legacy fund as provided in section 26 of article X of the Constitution of North Dakota  
11                  and the remainder must be allocated to the state general fund. If the amount available  
12                  for a monthly allocation under this subsection is insufficient to deposit thirty percent of  
13                  all revenue collected under this chapter in the legacy fund, the state treasurer shall  
14                  transfer the amount of the shortfall from the state general fund share of oil extraction  
15                  tax collections and deposit that amount in the legacy fund.
- 16                  4. For a county that received less than five million dollars of allocations under  
17                  subsection 2 in the most recently completed even-numbered fiscal year before the  
18                  start of the biennium, revenues allocated to that county must be distributed by the  
19                  state treasurer as follows:
- 20                  a. Forty-five percent must be distributed to the county treasurer and credited to the  
21                  county general fund.
- 22                  b. Thirty-five percent must be distributed proportionally to school districts within the  
23                  county on the average daily attendance distribution basis for kindergarten  
24                  through grade twelve students residing within the county, as certified to the state  
25                  treasurer by the county superintendent of schools. However, a hub city school  
26                  district must be omitted from distributions under this subdivision.
- 27                  c. Twenty percent must be distributed to the incorporated cities of the county. A hub  
28                  city must be omitted from distributions under this subdivision. Distributions  
29                  among cities under this subsection must be proportional based upon the  
30                  population of each incorporated city according to the last official decennial federal  
31                  census. In determining the population of any city in which total employment

1 increases by more than two hundred percent seasonally due to tourism, the  
2 population of that city for purposes of this subdivision must be increased by eight  
3 hundred percent.

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

6 5. For a county that received five million dollars or more of allocations under subsection 2  
7 in the most recently completed even-numbered fiscal year before the start of the  
8 biennium, revenues allocated to that county must be distributed by the state treasurer  
9 as follows:

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

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

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

21 (a) The state treasurer shall allocate monthly amounts from the hub city  
22 funding pool to provide a combined total of twenty-two million dollars  
23 per fiscal year to all the hub cities, which includes the fifteen million  
24 four hundred thousand dollars under paragraph 1 of subdivision b of  
25 subsection 2 and the six million six hundred thousand dollars under  
26 this paragraph. The monthly allocation to each hub city must be  
27 proportional to each hub city's impact percentage score, including  
28 fractional percentage points rounded to the nearest tenth of a percent,  
29 relative to the combined total of all the hub cities' impact percentage  
30 scores.

- 1                   (b) The state treasurer shall calculate the impact percentage score for  
2                   each hub city by summing the following:
- 3                   [1] The percentage of mining, quarrying, and oil and gas extraction  
4                   employment relative to the total employment of all industries in  
5                   the county in which the hub city is located, based on the most  
6                   recent annual data for all ownership types compiled by job  
7                   service North Dakota in the quarterly census of employment and  
8                   wages, multiplied by forty-five hundredths;
- 9                   [2] The average of the percentage of mining, quarrying, and oil and  
10                  gas extraction employment relative to the total employment of all  
11                  industries in each county for all the counties in the human  
12                  service region in which the hub city is located, based on the most  
13                  recent annual data for all ownership types compiled by job  
14                  service North Dakota in the quarterly census of employment and  
15                  wages, multiplied by fifteen hundredths;
- 16                 [3] The percentage of establishments engaged in mining, quarrying,  
17                 and oil and gas extraction relative to the total establishments of  
18                 all industries in the county in which the hub city is located, based  
19                 on the most recent annual data for all ownership types compiled  
20                 by job service North Dakota in the quarterly census of  
21                 employment and wages, multiplied by one-tenth;
- 22                 [4] The percentage of oil production in the human service region in  
23                 which the hub city is located relative to the total oil production in  
24                 all the human service regions with hub cities, based on the most  
25                 recently available calendar year data compiled by the industrial  
26                 commission in a report on the historical barrels of oil produced by  
27                 county, multiplied by one-tenth;
- 28                 [5] The percentage change in population from five years prior for the  
29                 hub city, based on the most recent actual or estimated census  
30                 data published by the United States census bureau, multiplied by  
31                 one-tenth; and

- 1 [6] The percentage change in population from five years prior for the  
2 county in which the hub city is located, based on the most recent  
3 actual or estimated census data published by the United States  
4 census bureau, multiplied by one-tenth.
- 5 (c) For purposes of this paragraph, "human service region" means the  
6 areas designated by the governor's executive order 1978-12 dated  
7 October 5, 1978.
- 8 (3) The state treasurer shall distribute, to the hub city school district funding  
9 pool, the monthly amount needed from each county to provide nine hundred  
10 thousand dollars per fiscal year for the allocations under this paragraph.
- 11 (a) The state treasurer shall allocate monthly amounts from the hub city  
12 school district funding pool to provide a combined total of three million  
13 dollars per fiscal year to all the hub city school districts, which  
14 includes the two million one hundred thousand dollars under  
15 paragraph 2 of subdivision b of subsection 2 and the nine hundred  
16 thousand dollars under this paragraph. The monthly allocation to each  
17 hub city school districts must be proportional to each hub city school  
18 district's impact percentage score, including fractional percentage  
19 points rounded to the nearest tenth of a percent, relative to the  
20 combined total of all the hub cities' impact percentage scores.
- 21 (b) For the purpose of determining the impact percentage score for each  
22 hub city school district, the state treasurer shall use the same impact  
23 percentage score as the corresponding score calculated for each hub  
24 city in paragraph 2.
- 25 (4) The state treasurer shall distribute, to the supplemental school district  
26 funding pool, the monthly amount needed from each county to provide for  
27 thirty percent of the total allocations under this paragraph. To each county  
28 that received more than five million dollars but less than thirty million dollars  
29 of total allocations under subsection 2 in the most recently completed  
30 even-numbered fiscal year before the start of the biennium, the state  
31 treasurer shall allocate a monthly amount from the supplemental school

1 district funding pool which will be added to the distributions to school  
2 districts under paragraph 2 of subdivision b, as follows:

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

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

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

26 (d) To each county that received more than twenty million dollars but not  
27 exceeding twenty-five million dollars of total allocations under  
28 subsection 2 in the most recently completed even-numbered fiscal  
29 year before the start of the biennium, the state treasurer shall allocate  
30 a monthly amount that will provide a total allocation of seven hundred  
31 fifty thousand dollars per fiscal year. The allocation must be distributed

1 to school districts within the county pursuant to paragraph 2 of  
2 subdivision b.

3 (e) To each county that received more than twenty-five million dollars but  
4 not exceeding thirty 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 five hundred  
8 thousand dollars per fiscal year. The allocation must be distributed to  
9 school districts within the county pursuant to paragraph 2 of  
10 subdivision b.

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

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

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

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

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

28 (4) Four percent must be allocated among the organized and unorganized  
29 townships of the county. The state treasurer shall allocate the funds  
30 available under this subdivision among townships in proportion to each  
31 township's road miles relative to the total township road miles in the county.

1                   The amount allocated to unorganized townships under this subdivision must  
2                   be distributed to the county treasurer and credited to a special fund for  
3                   unorganized township roads, which the board of county commissioners shall  
4                   use for the maintenance and improvement of roads in unorganized  
5                   townships.

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

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

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

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

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

18                  1. There is created in the state treasury the energy impact grant fund. The fund consists  
19                  of all moneys allocated to the fund under section 57-51-15. All moneys in the fund are  
20                  appropriated to the state treasurer on a continuing basis for energy impact grants to  
21                  hub cities.

22                  2. Within forty days after the fund receives its statutory limit of oil and gas tax allocations  
23                  for a fiscal year under section 57-51-15 or by August thirty-first of each year,  
24                  whichever is earlier, the state treasurer shall distribute moneys in the fund for grants to  
25                  hub cities as follows:

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

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

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



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

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

6        **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

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

- 10        1. The first ~~two hundred thirty million~~ two hundred fifty million dollars into the state general  
11                    fund;
- 12        2. The next two hundred fifty million dollars into the social service fund;
- 13        3. The next seventy-five million dollars into the budget stabilization fund, but not in an  
14                    amount that would bring the balance in the fund to more than the limit in section  
15                    54-27.2-01;
- 16        4. The next ~~two hundred thirty million~~ two hundred fifty million dollars into the state  
17                    general fund;
- 18        5. The next ten million dollars into the lignite research fund;
- 19        6. The next twenty million dollars into the state disaster relief fund, but not in an amount  
20                    that would bring the unobligated balance in the fund to more than twenty million  
21                    dollars;
- 22        7. The next ~~four hundred million~~ three hundred twenty million dollars into the strategic  
23                    investment and improvements fund;
- 24        8. The next sixty-five million dollars to the public employees retirement fund for the main  
25                    system plan;
- 26        9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount  
27                    necessary to provide for twice the amount of the distributions under subsection 2 of  
28                    section 57-51.1-07.7, into the funds designated for infrastructure development in  
29                    non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty  
30                    percent deposited into the municipal infrastructure fund and fifty percent deposited into  
31                    the county and township infrastructure fund;

- 1        10.    The next one hundred seventy million two hundred fifty thousand dollars or the amount  
2            necessary to provide a total of two hundred thirty million dollars into the funds  
3            designated for infrastructure development in non-oil-producing counties under sections  
4            57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal  
5            infrastructure fund and fifty percent deposited into the county and township  
6            infrastructure fund;
- 7        11.    The next twenty million dollars into the airport infrastructure fund; and
- 8        12.    Any additional revenues into the strategic investment and improvements fund.

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

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

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