2011 SENATE FINANCE AND TAXATION

SB 2129

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2129
1/10/2011
Job Number 12687

☐ Conference Committee

A. Bitthmiller

Explanation or reason for introduction of bill/resolution:

Relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against allocation reductions

Minutes: No Written Testimony

Chairman Cook opened SB 2129 relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against allocation reductions.

Senator Bowman – During the summer I went to four or five different meetings dealing with oil and oil producing counties and there was some question about the legacy fund and how that was going to affect the allocations to the counties. I said I would simplify that, I'll introduce a bill that said we'll hold our political subdivisions harmless so they will get the same amount based on the same formula and it's all based on production. I had the bill drafted and when you read the opening part holding political subdivisions harmless against allocation reductions, is exactly what I wanted. Now it was brought to my attention that there were some formulas changed in here that shouldn't have been changed. I did not ask for them to be changed. I just wanted to clarify in law that the oil producing counties will get 100% like we've always figured it for them. I've talked to the Tax Department and the Treasurer, and the way to simplify how you allocate the legacy fund is, if you remember by law when we voted on that, 30% of that comes off the top. So at the end of the first year you would take 30% of what we've collected and take that out of the permanent oil trust fund, and transfer it, that's it. You don't have any other transactions, you've met your constitutional requirements of the 30%, you've simplified this so that we don't have to change all of the computer programs that they currently use to distribute this money to these counties because they are all different. So, to keep it simple, this is what I was hoping this bill does. I don't totally understand the language that was written in here, and how it's suppose to work, but I'll need some clarity from council on that and I will be happy to work with anyone to make sure the bill is in the order that I asked it to be.

Chairman Cook asked for testimony in favor of SB 2129. No one came forward.
Chairman Cook asked for testimony opposed to SB 2129.

Sandy Clark, North Dakota Farm Bureau – North Dakota Farm Bureau does stand on opposition to SB2129 not because we have any issue with counties or holding harmless counties, but we had some concerns and some questions about the bill and the manner in which it would proceed. On page 2 when you get to line 9 it says exceeding 18 million dollars, I'm not clear if that is an increase but first of all I want to clarify our understanding of the legacy fund. The way the constitutional amendment read, yes the legacy fund came off the total production, but if you read in the statutes, what goes to the counties is also from the total production, and what goes to common schools trust fund and such is from the total production.Then when you go to line 11 and it says after deduction of the amount allocated the counties, the amount remaining is allocated first provide for deposit of 30%. I would question that that is consistent with what we passed in the constitution. I would think that needs clarification. Then if you go to page 7 on line 24 it says 30% must be allocated and credited to the state's general fund. The way the current law says that $71 million goes to the state's general fund the remainder is in the permanent oil tax trust fund. From Farm Bureau stand point, we'd like to maintain the permanent oil trust fund just because when the legislature takes money out of there, it's very clear where the money has come from and the tax payers are clear where it has come from. If the money just went straight in to the general fund I don't think neither legislators nor taxpayers would know where the money was coming from. In your budgeting process I think that might be easier over the long term. So for those reasons we would stand in opposition to the bill today.

Chairman Cook verified that her concern is that when we all go home 30% of all the money derived from the production and the extraction tax, 30% goes in to the legacy fund. **Sandy Clark** responded "that is correct".

Chairman Cook asked for further testimony opposed to SB 2129.

Robert Harms – I am speaking on my own behalf to oppose SB 2129, I don't have a lot of prepared comments this morning, Sandy and I had visited on the bill a couple of days ago. There is a number of us who have worked hard to get the legacy fund put in place over the last couple biennium's. Many of you have participated in that effort. My overriding concern is just the tenor of the bill its self. That the counties are establishing more of a segregated fund, I think the overriding goal of the legacy fund is to make sure that we set aside part of our oil revenues for future generations, that we didn't spend all of the funds that's coming in to the state under that revenue stream. The biggest concern I've got is the notion that we are cutting out the general fund on page 2. You will be challenged this session trying to figure out a way to cover all of the demands and part of the challenge is going to be, you've got these pockets of money segregated for a variety of good public uses whether it's the resources trust fund, or the permanent oil trust fund, or dozens of funds that have been set up over the years. All are segregated for particular use but not available to the general fund and I think it will impede your ability to meet the overriding needs of the public interest. That is my overriding concern, I'm not entirely certain what the rest of the bill does in terms of the legacy fund, and the language that exists there in those 10 or 11 pages, but I just caution you as to what the bill does, setting up segregated funds that are more and more prominent. It seems like it may not be necessarily good policy for us overall. I urge your caution and careful consideration of the bill.

Ron Ness, North Dakota Petroleum Council – We did visit with the prime sponsor this morning and we have the same concerns he does I think. The legacy fund coalition made it clearly a point of emphasis that we supported insuring that the oil and gas producing counties receive their funding under the intent, and I believe that is what the Attorney General and others ruled. My one comment today would be that something you may want to look at when we created the oil and gas research council in 2003 the oil and gas producing counties at that time were concerned about their level of funding. So what we did is we inserted a word that said the state's share of funding for the oil and gas gross production taxes. All other revenues that come out are the states share. The revenues that go to the counties, cities, and schools are their share. So we inserted that one word and that essentially excluded them from that revenue stream. The tax department may be able to further clarify. Surely the intent of the committee to want to isolate the oil and gas production counties and insure their revenues are held separately which we think is already in practice.

Chairman Cook asked if there is any neutral testimony on SB 2129. He then called upon Kathy Strombeck.

Kathy Strombeck – I am Research Analyst with the Office of Tax Commissioner. I just wanted to make a few points clarifying what I see or what I've heard this morning. First of all I do believe the language on page 2 doesn't change the formula in any way at all. It basically is avoiding referencing exactly what goes to the general fund. The intent of this bill that Senator Bowman said is actually met quite well in this bill, 30% of the gross all paid for by permanent oil tax trust fund. It is 30% measured at the gross level, 30% of gross revenues as the constitutional amendment said, but the source of that revenue is the permanent oil tax trust fund. I do believe there is at least one piece that must happen and that is the reference to 60% of the oil extraction tax shall go to the general fund. That's changed at the end of page 7. The whole bill works quite well in doing what Senator Bowman intended which is to make sure all the distributions are held harmless and that the source of the legacy fund is the permanent oil tax trust fund.

No further action was taken.
Chairman Cook closed hearing on SB 2129.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2129
1/12/2011
Job Number 12785

☐ Conference Committee

A. Rittmiller

Explanation or reason for introduction of bill/resolution:

Minutes:

Chairman Cook opened SB 2129 for discussion.

Senator Dotzenrod – I remember in the last session when we had the bill in, that Representative Skarphol had wanted to put that in, and we struggled with that in our committee and we just thought it seemed too complicated. But in the end we did, basically, what the sponsor wanted with some modifications. And it does appear that did create a better more equitable way for the money to get to the people that needed it. I know I thought there has got to be a simpler way. This is just way too complicated, but in the end, what we did by putting that percentage of employment qualification in there and then allowed the smaller towns in the area to be able to qualify in a different way than the two big cities. It does seem like there is going to be a level of complication and even if we are able to simplify it, I think there are some simplifications though that would be possible. Having said all that, I think when we get down to it we are probably going to have to engage in some of that stuff that seems kind of difficult to work with. But I think it's a worthwhile effort. I think it's worth it to try.

Chairman Cook – I believe that even if we made no changes to policy, we could rewrite existing policy and do the same thing and that would be much simpler.

Vice Chairman Miller – It's just going to keep getting more complex every year, another layer, and to start now would be a prudent thing.

Senator Triplett – As Senator Dotzenrod just said the devil will be in the details in terms of how people will read it and how every individual who's getting something from it now will interpret it. Sometimes our language ends up having unintended consequences and so I'm sure we'll have lots of energetic hearings on your alternate proposal.

Chairman Cook – We have to start with an effort and keep working with Mr. Walstad and see where we get to and we will see what happens.

Vice Chairman Miller – Mr. Chairman, how do you envision it coming together? Do you want to get someone from the Treasurer's Office, Tax Department, Walstad, and a couple of us or something?

Chairman Cook – That's what I would envision happening first, yes. Try to write it out and take the direction from this committee and gradually build on that and see what we end up with.

Chairman Cook went on to say there was a reporting mechanism put in to HB 1304 that was passed last session, and asked that someone from the Tax Department present that report to the committee. That report will is how they can judge if they did good work or what type of changes they need to make to that work.

Chairman Cook – Senator Bowman, the sponsor of the bill, keeps talking about a hold harmless for oil counties. Quite frankly, I don't understand the argument for a hold harmless. If he's trying to see that nothing changes with HB 1304, then it's a fruitless argument because that's going to change every session, whether it goes up or down or distributed differently. We are going to move forward with, what is the best way as we put forth the policy today to distribute to these oil counties.

Senator Triplett – With all due respect to Senator Bowman, the oil producing counties will probably do better and better as time passes because of the impact. Maybe not his particular county, but counties in general I think are looking to get a considerable increase in state support at least over the next several years. So, the price of a hold harmless might be stuck in place which may in the long run be a detriment to the counties.

Chairman Cook – I think the last major piece of philosophical policy decisions that we will have to make as a committee as we move forward or debate is, in the past with HB 1304 we were very careful on how we directed money to individual political subdivisions. We directed money to counties, we required them to get it to get it to townships, and we got it to cities. I have the thought right now, the belief that we need to explore, and move somewhat away from that and start directing money toward problems. I look at road projects and road projects don't stop at a county boarder, or a township boarder. If there is a particular road out there that is a county road and continues in to another county road, and it needs to be fixed, I would like to see money go to a priority road and get it fixed. I don't know how we would do that but I'm not talking about less money going in to the oil producing counties. One of my greatest disappointments in the last two years since we passed HB 1304, all through the interim committee, I never had anybody from a political subdivision step up to the podium and say thank you, and these are the problems we fixed. I don't know of a single thing that has been improved. I know there is a fair amount of dollars out there yet that is unspent and you will see that in the report of HB 1304. Hopefully we can somewhat agree that we might want to get out of the box and just make sure we start focusing on a big picture and focusing on fixing some problems. Then of course we have another issue, and that is flood control money. I believe I sent that bill to the House and that came out of the interim committee. A large amount of federal dollars comes out to the oil patch for land that is under Lake Sakakawea. We need to know where that money is going too. We found out during the interim that one school district out there got twenty some million. This is federal law that requires 75% of the royalties and lease

money for land under Lake Sakakawea to go back to the counties, schools, and townships that lost land. Understand then, if you are a township and you lost 30 sections, you are going to get a real big check compared to a township that lost 6 sections and that real big check only has to fixed roads in 6 sections. I think the main thing is, we make decisions on how we send money, that we are cognizant of all of the money that's going out there from all the different sources. That will not be in the HB 1304 report, that's a whole other report. I think also when we look at HB 1304 we have to look at what we would have liked to see but what we are not getting, because as we move forward we definitely need to address that report requirement and how we might better improve it for the future.

Chairman Cook closed discussion on SB 2129.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2129
1/18/2011
Job Number 13047

☐ Conference Committee

A. Rittmiller

Explanation or reason for introduction of bill/resolution:

Relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against allocation reductions

Minutes: Committee Work

Chairman Cook opened discussion on SB 2129.

Chairman Cook – This is the bill that was trying to keep the legacy fund whole. We talked about simplifying this. I visited with John Walstad and I think I explained this to most of you but I'd like to bring amendments down to this. What we have in century code, right now, we have 3 sections dealing with oil tax. The first section talks about the production tax, the second section of code talks about the extraction tax, and the third section talks about the tribal government tax, or the tax on tribal lands. In all of those chapters, is language referencing how that money is distributed. What I would propose and what I suggested to John, and he thinks that this is probably the right way to go, is that we create a fourth chapter that deals simply with the distribution. So all of the distribution language, in the first three chapters of code, will come out and those three chapters will just end with the revenue being distributed into the permanent oil trust fund. The fourth chapter is where we need to have the amendments that show how that money is distributed. I think it's safe to say, that all of this discussion that we are going to have regarding oil tax policy this session, unless there is some bill that comes forward that changes the tax rate, which I don't anticipate. All of our discussions are going to deal with distribution. If we get them all in to that last chapter we can just work on that and I'd like to amend this bill to accomplish that. Anyone have any serious objections to that?

Senator Dotzenrod – Those folks, from the oil country, really were not happy with the way things were. They wanted some caps taken off; they wanted a way to get money to the smaller cities instead of just two big cities. I was under the impression when we left at the end of last session, HB 1304, really was kind of an overhaul. It appears that HB 1304, in the principals that are in that are probably fairly solid and I don't know if we are going to be doing minor changes to what we did in HB 1304. Have you heard from Representative Skarphol or any others that they've got some changes coming? I suppose, if we did what you are suggesting, that bill would really; the distribution part of it would become the vehicle where those things would take place. I have been curious, since the session started, if we

were going to have some major redirecting or changes of some caps. We will still have some caps in some places.

Chairman Cook – I think as far as this committee, we will see. It will be after crossover. I haven't seen any bills come in to the Senate dealing with the HB 1304 distribution. I know there are a lot of them over in the House. I think that when you look back last session, HB 1304 was a product of the oil producing counties. I think, that even within those oil producing counties, you have to sanction, as far as how that money is distributed. So you have a debate within those counties, I think, on what HB 1304 means. We let them have their fight in front of us and the only real finger prints the state, as a whole, put on in policy was as attested that anything over $18 million was 10%. We removed the caps but they wanted the caps removed at 25%. The governor's bills, we have to synchronize them into this. I think if we send them this one at crossover, then we will see what they send over to us. Then we will have to put our finger prints on it. There is going to be some discussion, I'm sure, about more involvement in getting the State and the Department of Transportation involved in decisions on how roads get fixed and bring some expertise to the table, more so than just money. Then, maybe, we can get more roads fixed for the money, the right roads.

Chairman Cook will get those amendments drafted.

Chairman Cook – Maybe there is some need for us to discuss, any way that we can make it clear that permanent oil trust money can only be spent unless it's through a legislative appropriation. Those are the only issues out there, that I know are floating out there, that we need to talk about.

Chairman Cook closed discussion on SB 2129.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2129
2/16/2011
Job Number 14633

☐ Conference Committee

A. Rittmiller

Explanation or reason for introduction of bill/resolution:

Relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against allocation reductions

Minutes: Committee Work

Chairman Cook opened discussion on SB 2129.

John Walstad, Legislative Council went through the proposed amendments.

Senator Hogue – Do we need any language to authorize the treasurer to transfer it in to the legacy fund, or does she by virtue of the constitutional amendment, does she have that authority already?

John Walstad, Legislative Council – I believe that language is necessary and I believe that it's in the bill as Senator Bowman introduced it.

Brief discussion followed on where the amendments will be added and how that may or may not affect the language as currently written.

Senator Hogue – I like this amendment because I think it creates better transparency in the budgeting process, where did this money come from, it's come from oil and gas revenue and if you automatically put it in the general fund you don't know whether it came from sales tax or individual income tax. Right now, the Tax Commissioner is projecting for the first time our revenues from oil and a gas tax is going to exceed our sales tax.

Chairman Cook – I like it in the permanent trust fund like you said so we can actually see how much money is coming in also.

Senator Triplett – I will move the amendments.

Seconded by **Senator Dotzenrod**.

Chairman Cook – Discussion? All in favor of the motion to approve these amendments signify by saying yea. Opposed? (7-0-0)

Vice Chairman Miller – I'll move a Do Pass as Amended.

Seconded by **Senator Triplett**.

Carried by **Senator Dotzenrod**.

FISCAL NOTE

Requested by Legislative Council
04/22/2011

Amendment to: Engrossed SB 2129

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB 2129 with Conference Committee Amendments clarifies the legislative intent regarding transfers of oil and gas taxes to the legacy fund.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of Engrossed SB 2129 with Conference Committee Amendments clarifies that gross production tax revenue that is distributed to the counties, cities, school districts and infrastructure funds is not reduced by the transfers to the legacy fund. It also allows for a transfer of state general fund revenues from the oil extraction tax to the legacy fund in the event of a temporary cashflow shortfall of gross production tax revenue.

Section 2 of Engrossed SB 2129 with Conference Committee Amendments clarifies that oil extraction tax distributions to school funds and water funds are not reduced by the transfers to the legacy fund. The bill clarifies that the entire thirty percent distribution to the legacy fund comes from the state's share of oil tax revenues.

This is consistent with the interpretation that was assumed in the executive budget revenue forecast, and therefore Engrossed SB 2129 with Conference Committee amendments does not have any additional fiscal impact.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency*

and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	04/22/2011

FISCAL NOTE

Requested by Legislative Council
03/17/2011

Amendment to: Engrossed SB 2129

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB 2129 with House amendments clarifies the legislative intent regarding transfers of oil and gas taxes to the legacy fund.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of Engrossed SB 2129 with House amendments clarifies that gross production tax revenue that is distributed to the counties, cities, school districts and infrastructure funds is not reduced by the transfers to the legacy fund. It also allows for a transfer of state general fund revenues from the oil extraction tax to the legacy fund in the event of a temporary cashflow shortfall of gross production tax revenue.

Section 2 of Engrossed SB 2129 with House amendments clarifies that oil extraction tax distributions to school funds and water funds are not reduced by the transfers to the legacy fund. The bill clarifies that the entire thirty percent distribution to the legacy fund comes from the state's share of oil tax revenues.

This is consistent with the interpretation that was assumed in the executive budget revenue forecast, and therefore Engrossed SB 2129 with House amendments does not have any additional fiscal impact.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency*

and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	701.328.3402	**Date Prepared:**	03/18/2011

FISCAL NOTE

Requested by Legislative Council
02/18/2011

Amendment to: SB 2129

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB 2129 clarifies the legislative intent regarding transfers of oil and gas taxes to the legacy fund.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of Engrossed SB 2129 clarifies that gross production tax revenue that is distributed to the counties, cities, school districts and infrastructure funds is not reduced by the transfers to the legacy fund.

Section 2 of Engrossed SB 2129 clarifies that oil extraction tax distributions to school funds and water funds are not reduced by the transfers to the legacy fund.

According to the provisions of Engrossed SB 2129, all of the state's share of both oil taxes is originally transferred to the permanent oil tax trust fund. Section 3 provides for the transfer of $71 million from the permanent oil tax trust fund to the state general fund each biennium, as funds become available.

The bill clarifies that the entire thirty percent distribution to the legacy fund comes from the state's share of oil tax revenues. This is the interpretation that was assumed in the executive budget revenue forecast, and therefore Engrossed SB 2129 does not have any additional fiscal impact.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency*

and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	02/22/2011

FISCAL NOTE

Requested by Legislative Council
01/06/2011

Bill/Resolution No.: SB 2129

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2129 clarifies the legislative intent regarding transfers of oil and gas taxes to the legacy fund.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of SB 2129 clarifies that gross production tax revenue that is distributed to the counties, cities, school districts and infrastructure funds are not reduced by the transfers to the legacy fund.

Section 2 of SB 2129 clarifies that oil extraction tax distributions to school funds and water funds are not reduced by the transfers to the legacy fund.

The bill clarifies that the entire thirty percent distribution to the legacy fund comes from the state general fund/permanent oil tax trust fund. This is the interpretation that was assumed in the executive budget revenue forecast, and therefore SB 2129 does not have a fiscal impact.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	**Agency:**	Office of Tax Commissioner
Phone Number:	328-3402	**Date Prepared:**	01/07/2011

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Prepared by the Legislative Council staff for
Senator Cook
February 15, 2011

2-16-11
1 of 2

PROPOSED AMENDMENTS TO SENATE BILL NO. 2129

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "57-51.1-07" insert ", 57-51.1-07.2, and 57-51.1-07.3"

Page 1, line 3, after "against" insert "related"

Page 1, line 3, after "reductions" insert "and oil and gas gross production and oil extraction tax deposits in the permanent oil tax trust fund"

Page 1, line 21, overstrike "state general" and insert immediately thereafter "permanent oil tax trust"

Page 2, line 15, replace "state general" with "permanent oil tax trust"

Page 2, line 24, overstrike "state general" and insert immediately thereafter "permanent oil tax trust"

Page 4, line 30, overstrike "state general" and insert immediately thereafter "permanent oil tax trust"

Page 7, line 24, overstrike "state's general" and insert immediately thereafter "permanent oil tax trust"

Page 7, line 24, overstrike "for general"

Page 7, line 25, overstrike "state purposes"

Page 7, after line 25, insert:

"**SECTION 3. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

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

The state treasurer shall deposit ~~seventy-one million dollars of~~ revenue derived from taxes imposed on oil and gas in the permanent oil tax trust fund as directed under chapters 57-51 and 57-51.1 ~~into the general fund. Revenue exceeding~~. As funds become available in the permanent oil tax trust fund, the state treasurer shall transfer a total of seventy-one million dollars ~~must be deposited by the state treasurer in~~ each biennium from the permanent oil tax trust fund to the state general fund. Interest earnings of the permanent oil tax trust fund must be credited to the general fund. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

~~If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil~~

~~tax trust fund is not increased or decreased merely because of changes in the distribution formulas.~~

2.12

SECTION 4. AMENDMENT. Section 57-51.1-07.3 of the North Dakota Century Code is amended and reenacted as follows:

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

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

Renumber accordingly

Date: 2-16-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2129

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Triplett Seconded By Senator Dotzenrod

Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman			Jim Dotzenrod		
Joe Miller – Vice Chairman			Connie Triplett		
Randy Burckhard					
David Hogue					
Dave Oehlke					

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Verbal vote

Date: 2-16-11
Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2129

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Miller Seconded By Senator Triplett

Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman	X		Jim Dotzenrod	X	
Joe Miller – Vice Chairman	X		Connie Triplett	X	
Randy Burckhard	X				
David Hogue	X				
Dave Oehlke	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Dotzenrod

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2129: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2129 was placed on the Sixth order on the calendar.

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "57-51.1-07" insert ", 57-51.1-07.2, and 57-51.1-07.3"

Page 1, line 3, after "against" insert "related"

Page 1, line 3, after "reductions" insert "and oil and gas gross production and oil extraction tax deposits in the permanent oil tax trust fund"

Page 1, line 21, overstrike "state general" and insert immediately thereafter "permanent oil tax trust"

Page 2, line 15, replace "state general" with "permanent oil tax trust"

Page 2, line 24, overstrike "state general" and insert immediately thereafter "permanent oil tax trust"

Page 4, line 30, overstrike "state general" and insert immediately thereafter "permanent oil tax trust"

Page 7, line 24, overstrike "state's general" and insert immediately thereafter "permanent oil tax trust"

Page 7, line 24, overstrike "for general"

Page 7, line 25, overstrike "state purposes"

Page 7, after line 25, insert:

"**SECTION 3. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

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

The state treasurer shall deposit ~~seventy-one million dollars of~~ revenue derived from taxes imposed on oil and gas in the permanent oil tax trust fund as directed under chapters 57-51 and 57-51.1 ~~into the general fund. Revenue exceeding~~. As funds become available in the permanent oil tax trust fund, the state treasurer shall transfer a total of seventy-one million dollars ~~must be deposited by the state treasurer in~~ each biennium from the permanent oil tax trust fund to the state general fund. Interest earnings of the permanent oil tax trust fund must be credited to the general fund. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

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

SECTION 4. AMENDMENT. Section 57-51.1-07.3 of the North Dakota Century Code is amended and reenacted as follows:

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

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

Renumber accordingly

2011 HOUSE FINANCE AND TAXATION

SB 2129

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2129
March 7, 2011
#15013

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against related allocation reductions and oil and gas gross production and oil extraction tax deposits in the permanent oil tax trust fund; and to provide an effective date.

Minutes: *See attached proposed amendments #1and #2.*

Senator Bill Bowman: Introduced bill. We had quite a few meetings with the oil and gas producing counties in the last two years. When they started talking about the legacy fund there was a lot of confusion over whether that was going to be based on 30% from the top which the law says and then are the oil producing counties going to get short changed on that 30% and nobody wanted that. The only thing this bill does is clarify the law that the legacy fund will get 100% of the 30% and the counties will get the share they've always got and the general fund will get their $71 million which they currently get. If there is an adjustment of any of these funds it will be done in the permanent oil trust fund.

Representative Dave Weiler: Was there any discussion in the Senate to eliminate the permanent oil trust fund?

Senator Bowman: No.

Representative Dave Weiler: We obviously don't need that anymore because we have the legacy fund which is a true savings account instead of the not so permanent trust fund.

Senator Bowman: I've been here quite a few years and permanent oil doesn't mean permanent it means general. There still has to be a fund to deposit this money in so that it can go back out to the counties and to the legacy fund.

Carlee McLeod, Tax Commissioner's Office: "Positively Neutral." Please refer to attached proposed amendments #1.

Vice Chairman Craig Headland: How does this work for the bill we passed in the House that eliminates permanent oil trust fund?

Carlee McLeod: That's an excellent question. We aren't exactly sure but the money does not go to the permanent oil trust fund first and then to the distribution. We still do the distribution and it would be just where we put that money at the end. I would assume that since that is a change to the funds that the money would also flow to the general fund and then this bill would be changed accordingly.

Ryan Rauschenberger, Office of State Tax Commissioner: Neutral. Please refer to attached proposed amendment #2.

Chairman Wesley R. Belter: No further testimony. Closed hearing on SB 2129.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2129
March 7, 2011
#15028

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against related allocation reductions and oil and gas gross production and oil extraction tax deposits in the permanent oil tax trust fund; and to provide an effective date.

Minutes: *No attachments.*

Chairman Wesley R. Belter: We have two sets of amendments, one from the Treasurer's Office and one from the Tax Department. What are your wishes on this bill?

Representative Dave Weiler: I've requested some information from Ron Ness and a few others. I'd kind of like to get a handle on this 30% that is coming from off the top. I would like to get an idea of whether it is really coming off the top or if it coming off the top along with the foundation aide, the water resources trust fund, and the other groups that get their money. I wasn't able to get the information I needed yet so if we could have a little more time.

Representative Shirley Meyer: When you read the Attorney General's opinion it says the 30% comes off the top before anything else. This bill just clarifies that and holds the counties harmless. They predicted it could be up to three or four months but with the projection it is just going to be one month that they would be short of money. Currently, all the production taxes are based on 100% of production and when you take 30% of those dollars away there is going to be a gap there. The Attorney General's opinion goes into that in quite detail.

Chairman Wesley R. Belter: I will hold this bill for further information.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2129
March 15, 2011
#15440

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against related allocation reductions and oil and gas gross production and oil extraction tax deposits in the permanent oil tax trust fund; and to provide an effective date.

Minutes: *See attached amendments.*

Representative Dave Weiler: Distributed and reviewed amendments. If you recall on SB 2129 there was some concern among a few of us on the constitutionality of part of this bill. There was also concern that the counties may be attempting to come in and take money off the top. For the legacy fund they get 30% of all oil tax in a given biennium and if there was a billion dollars collected we just wanted to make sure the legacy fund was going to get $300,000,000. When I first read the bill there was concern that the counties were going to get their money first and then after what was left over was going to be 30% to the legacy fund which would have been unconstitutional. With Representative Owens' help we met with the Deputy Treasurer and a couple members of legislative council and our concerns were alleviated. We had to make a few minor changes. 30% will go to the legacy fund and I believe 20% goes to the counties and that comes out at the same time. The counties are going to get what they've always gotten and the legacy fund will get what it's supposed to get and the schools and the water resources trust fund will get what they are supposed to get. The bill as it came to us didn't have any problems with it as far as what this committee was concerned about but after discussion with the treasurer and legislative council who drafted the bill determined that a few changes needed to be made. Part of this is also removing the permanent oil tax trust fund. We had these amendments drafted to take this out to align with house bill dealing with removing the oil trust fund.

Representative Mark S. Owens: Just to clarify there is conflict between section 24 and 26 of article 10 of the constitution. Now that we have the legacy fund and you just take it off the top and you have the $100,000,000 or the 20% going into the one fund and you have the rest going in...and this is out of the gross production tax and that's where it all filtered down to the counties. During the testimony of this bill the statement was made that while we can do all this the first month the 30% to the legacy fund would be short but we could make that up in future months. However, if the gross production tax drops off we hit the

trigger or whatever happens all of a sudden you wouldn't have that money to make up. The required constitution deposits into the legacy fund and any delay also delays the interest that the legacy fund is supposed to earn. If you take it off the top the amount going to the counties is reduced. That causes a slight problem with the calculation as well based on the requirements of what is currently in statute and in the constitution. So they fixed this and adjusted the part about the permanent oil trust fund and get rid of that. As far as the money they still pay the counties first except for that first month so we don't delay there is only 50% coming out of extraction tax by statute that has to go somewhere. The other 50% just goes to the general fund. On the bottom of page 1 of the amendment this allows them to take the money out of that other portion that they need just to finish off that 30% if we ever hit that problem of not having enough money. That way the constitution and the requirements of the legacy fund are met on the day they are supposed to be met. It doesn't affect the counties share and everybody is happy.

Representative Shirley Meyer: The 60% extraction tax is where we get the $2.8 million we are going to be short?

Representative Mark S. Owens: That's what that allows the first month. They would be able to pull the remainder of the portion from the $2.8 million that normally goes to the general fund.

Representative Shirley Meyer: This provision would allow that to happen if our oil production drops off, correct?

Representative Mark S. Owens: It is my understanding based on the conversation that really only happens at the beginning as long as we're maintaining our current income or we're growing. It would be if we had the sudden downfall in the taxes collected that it would happen again and that's when you would see it.

Representative Shirley Meyer: This will happen whenever it drops below. Currently, with the prices going up say they drop off this will still be in place for us to make up that funding.

Representative Mark S. Owens: This section guarantees that what would happen is the amount of money that would normally go into the general fund would be reduced in order to guarantee the constitutional deposits of the legacy fund of 30% off the top.

Representative Dave Weiler: This is the way that Walstad explained it to us. He said when the legacy fund gets their portion we pretend that the counties never got their money first. When the counties get their money first we pretend that the legacy never got their money first. He said it all works out. It is guaranteed that the counties are going to get their portion and so is the legacy fund.

Representative Patrick Hatlestad: If the oil income was $1,000 the legacy fund gets 30% of $1,000? The counties get 20% of $1,000 so that top number stays the same for those two?

Representative Mark S. Owens: That was the simple solution I was looking for when I went in the meeting. Thanks to the formula it got very complicated after that because that

is only a portion of the counties first bite of the apple, the counties get two bites of the apple. Because you take that 30% out when we are dealing with just the gross production tax that 20% is secure but normally then they would take the 80% and it would be distributed between cities and everything and now that's been reduced to 50%. That's where they were getting their lost revenues. We are taking the gross production tax and we're doing it just as we would normally where they get the 20% then you divide it up and then they take the 30% after the tax from the counties but then the difference of what that 30% would have been off the top and the difference of what the legacy fund is getting from there they are pulling from the extra 50% out of the general fund from the extraction tax to put in there. It is smoke and mirrors.

Chairman Wesley R. Belter: I handed out amendments from Ryan Rauschenberger to replace the amendments that were handed out on Monday. The amendments handed out on Monday accidentally removed schools from reporting requirements. Do we need this new amendment?

Representative Shirley Meyer: I think you need to incorporate both these amendments.

Representative Mark S. Owens: The amendment they gave us before they included all the stuff about over-striking school districts and now they've given us the same amendment again just with this section removed and saying they made a mistake in giving us the first amendment. We haven't adopted that first amendment yet so it's not an issue yet. These are changes that they wanted from the office of the state tax commissioner's office and they accidentally included school districts earlier and now they say they shouldn't have included them.

Chairman Wesley R. Belter: They removed them in the first amendment.

Representative Mark S. Owens: They were including it in the amendment to strike it and now they removed it out of this amendment so it will stay in law.

Chairman Wesley R. Belter: Do we have a conflict between the March 9 and this amendment?

Representative Mark S. Owens: In my opinion, no sir. There is no conflict between the two as they are addressing two completely different issues.

Chairman Wesley R. Belter: We better make sure that there is not a conflict there. If you would be willing to do that I would appreciate it.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2129
March 15, 2011
#15471

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against related allocation reductions and oil and gas gross production and oil extraction tax deposits in the permanent oil tax trust fund; and to provide an effective date.

Minutes: *No attachments.*

Chairman Wesley R. Belter: We had two amendments so Representative Weiler would you address the issue?

Representative Dave Weiler: We discussed the amendments that Representative Owens and I passed out this morning. If anybody has any questions Carlee McLeod from the Treasurer's Office is here and she would be happy to answer any of the technical questions on the amendments and if not we can move forward.

Chairman Wesley R. Belter: My understanding is that we need to put both of these amendments on this bill.

Representative Dave Weiler: That is correct. We need to put on proposed amendments from March 9 and the amendments Representative Owens and I distributed this morning.

Representative Shirley Meyer: On page 2 of your amendments line 18, "as long as the state treasurer can take the amount of shortfalls" she is just taking it from the general fund? Once the money is given to the general fund they are not earmarked.

Carlee McLeod, Deputy State Treasurer: We will probably make up the shortfall payment before it goes into the general fund for a matter of efficiency. We will do the full reconciliation each month and if there's not enough out of production we will take from the extraction before we place the excess into the general. That is just a procedural issue and this language allows that.

Representative Dave Weiler: I would move the amendments. Can we move them both at the same time?

Chairman Wesley R. Belter: Yes. Ok, there's a motion to move the amendments. Is there a second?

Representative Mark S. Owens: Seconded.

A voice vote was taken: MOTION CARRIED.

Representative Dave Weiler: I move a DO PASS AS AMENDED.

Representative Shirley Meyer: Seconded.

A roll call vote was taken: YES 14 NO 0 ABSENT 0
MOTION CARRIED FOR DO PASS AS AMENDED.

Representative Dave Weiler will carry SB 2129.

Prepared by the Office of State Tax Commissioner
March 9, 2011

* PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 2129

Page 6, line 4, overstrike "sixty" and insert immediately thereafter "thirty" and overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 6, overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 7 overstrike "showing" and insert immediately thereafter "including"

Page 6, line 8, overstrike "The amount received by the county in its own behalf, the amount of those funds"

Page 6, overstrike lines 9 through 10

Page 6, line 11, overstrike "amount of those funds unexpended at the end of the fiscal year" and insert immediately thereafter "The county's statement of revenues and expenditures"

Page 6, line 20, overstrike "sixty" and insert immediately thereafter "fifteen"

Page 6, line 21, overstrike "a report" and insert immediately thereafter "the reports"

Page 6, overstrike lines 23 through 25

Renumber accordingly

all added to L.C. amdmt.

P. 6, Line 6 ~~after~~ overstrike the first "tax"

p. 6, line 6 overstrike the 2d "tax"

P. 6 line 21 overstrike "tax"

11.0008.02001
Title.

Prepared by the Legislative Council staff for
Representative Weiler
March 14, 2011

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2129

Page 1, line 1, replace the first comma with "and"

Page 1, line 1, remove ", 57-51.1-07.2, and"

Page 1, line 2, remove "57-51.1-07.3"

Page 1, remove line 4

Page 1, line 5, remove "fund"

Page 1, line 9, overstrike "**Apportionment and use of proceeds of**" and insert immediately thereafter "**Gross production**"

Page 1, line 9, after "**tax**" insert "**allocation**"

Page 1, line 10, overstrike "provided for in this chapter"

Page 1, line 10, overstrike "apportioned" and insert immediately thereafter "allocated monthly"

Page 1, line 14, overstrike "Credit thirty-three and one-third percent of the revenues to the oil and gas impact"

Page 1, overstrike line 15

Page 1, line 16, overstrike "b."

Page 1, line 22, overstrike "and"

Page 1, after line 22, insert:

"b. Allocate thirty-three and one-third percent of the revenues to the oil and gas impact grant fund, but not in an amount exceeding eight million dollars per biennium; and"

Page 1, line 23, overstrike "Credit" and insert immediately thereafter "Allocate"

Page 1, line 23, overstrike "to the"

Page 1, line 23, remove "permanent oil tax trust"

Page 1, line 23, overstrike "fund" and insert immediately thereafter "under subsection 3"

Page 2, line 14, replace "f." with "3."

Page 2, line 14, replace "deduction of the amount allocated to counties" with "the allocations"

Page 2, line 14, replace "this subsection" with "subsections 1 and 2"

Page 2, line 18, replace "permanent oil tax trust" with "state general"

Page 2, line 18, after the underscored period insert "If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund."

Page 2, line 19, overstrike "3." and insert immediately thereafter "4."

Page 2, line 21, overstrike "4" and insert immediately thereafter "5"

Page 2, line 23, overstrike "5" and insert immediately thereafter "6"

Page 2, line 24, overstrike "4." and insert immediately thereafter "5."

Page 2, line 27, remove the overstrike over "~~state general~~"

Page 2, line 27, remove "permanent oil tax trust"

Page 4, line 18, overstrike "5" and insert immediately thereafter "6"

Page 4, line 30, overstrike "5." and insert immediately thereafter "6."

Page 4, line 31, overstrike "3" and insert immediately thereafter "4"

Page 4, line 31, overstrike "4" and insert immediately thereafter "5"

Page 5, line 2, remove the overstrike over "~~state general~~"

Page 5, line 2, remove "permanent oil tax trust"

Page 5, line 6, overstrike "3" and insert immediately thereafter "4"

Page 5, line 6, overstrike "4" and insert immediately thereafter "5"

Page 5, line 23, overstrike "3" and insert immediately thereafter "4"

Page 5, line 23, overstrike "4" and insert immediately thereafter "5"

Page 5, line 27, overstrike "4" and insert immediately thereafter "5"

Page 6, line 4, overstrike "6." and insert immediately thereafter "7."

Page 7, line 26, remove the overstrike over "~~state's general~~"

Page 7, line 26, remove "permanent oil tax"

Page 7, line 27, remove "trust"

Page 7, remove lines 28 and 29

Page 8, remove lines 1 through 27

Renumber accordingly

Date: 3-15-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2129

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendments March 14 2001 + March 9 Tax Comm.

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Weiler Seconded By Rep. Owens

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter			Scot Kelsh		
Vice Chair. Craig Headland			Shirley Meyer		
Glen Froseth			Lonny B. Winrich		
Bette Grande			Steven L. Zaiser		
Patrick Hatlestad					
Mark S. Owens					
Roscoe Streyle					
Wayne Trottier					
Dave Weiler					
Dwight Wrangham					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

VOICE VOTE

MOTION CARRIED

11.0008.02002
Title.03000

Adopted by the Finance and Taxation Committee

March 15, 2011

VR
3/15/11
1 of 3

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2129

Page 1, line 1, replace the first comma with "and"

Page 1, line 1, remove ", 57-51.1-07.2, and"

Page 1, line 2, remove "57-51.1-07.3"

Page 1, remove line 4

Page 1, line 5, remove "fund"

Page 1, line 9, overstrike "**Apportionment and use of proceeds of**" and insert immediately thereafter "**Gross production**"

Page 1, line 9, after "**tax**" insert "**allocation**"

Page 1, line 10, overstrike "provided for in this chapter"

Page 1, line 10, overstrike "apportioned" and insert immediately thereafter "allocated monthly"

Page 1, line 14, overstrike "Credit thirty-three and one-third percent of the revenues to the oil and gas impact"

Page 1, overstrike line 15

Page 1, line 16, overstrike "b."

Page 1, line 22, overstrike "and"

Page 1, after line 22, insert:

"b. Allocate thirty-three and one-third percent of the revenues to the oil and gas impact grant fund, but not in an amount exceeding eight million dollars per biennium; and"

Page 1, line 23, overstrike "Credit" and insert immediately thereafter "Allocate"

Page 1, line 23, overstrike "to the"

Page 1, line 23, remove "permanent oil tax trust"

Page 1, line 23, overstrike "fund" and insert immediately thereafter "under subsection 3"

Page 2, line 14, replace "f." with "3."

Page 2, line 14, replace "deduction of the amount allocated to counties" with "the allocations"

Page 2, line 14, replace "this subsection" with "subsections 1 and 2"

Page 2, line 18, replace "permanent oil tax trust" with "state general"

Page 2, line 18, after the underscored period insert "If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund."

Page 2, line 19, overstrike "3." and insert immediately thereafter "4."

Page 2, line 21, overstrike "4" and insert immediately thereafter "5"

Page 2, line 23, overstrike "5" and insert immediately thereafter "6"

Page 2, line 24, overstrike "4." and insert immediately thereafter "5."

Page 2, line 27, remove the overstrike over "~~state general~~"

Page 2, line 27, remove "permanent oil tax trust"

Page 4, line 18, overstrike "5" and insert immediately thereafter "6"

Page 4, line 30, overstrike "5." and insert immediately thereafter "6."

Page 4, line 31, overstrike "3" and insert immediately thereafter "4"

Page 4, line 31, overstrike "4" and insert immediately thereafter "5"

Page 5, line 2, remove the overstrike over "~~state general~~"

Page 5, line 2, remove "permanent oil tax trust"

Page 5, line 6, overstrike "3" and insert immediately thereafter "4"

Page 5, line 6, overstrike "4" and insert immediately thereafter "5"

Page 5, line 23, overstrike "3" and insert immediately thereafter "4"

Page 5, line 23, overstrike "4" and insert immediately thereafter "5"

Page 5, line 27, overstrike "4" and insert immediately thereafter "5"

Page 6, line 4, overstrike "6." and insert immediately thereafter "7."

Page 6, line 4, overstrike "sixty" and insert immediately thereafter "thirty"

Page 6, line 4, overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 6, overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 6, overstrike the first "tax"

Page 6, line 6, overstrike the second "tax"

Page 6, line 7, overstrike "showing" and insert immediately thereafter "including"

Page 6, line 8, overstrike "The amount received by the county in its own behalf, the amount of those funds"

Page 6, overstrike lines 9 and 10

Page 6, line 11, overstrike "amount of those funds unexpended at the end of the fiscal year" and insert immediately thereafter "The county's statement of revenues and expenditures"

Page 6, line 20, overstrike "sixty" and insert immediately thereafter "fifteen"

Page 6, line 21, overstrike "tax"

Page 6, line 21, overstrike "a report" and insert immediately thereafter "the reports"

Page 6, overstrike lines 23 through 25

Page 7, line 26, remove the overstrike over "~~state's general~~"

Page 7, line 26, remove "permanent oil tax"

Page 7, line 27, remove "trust"

Page 7, remove lines 28 and 29

Page 8, remove lines 1 through 27

Renumber accordingly

Date: 3-15-11
Roll Call Vote # 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2129

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Weiler Seconded By Rep. Meyer

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Scot Kelsh	✓	
Vice Chair. Craig Headland	✓		Shirley Meyer	✓	
Glen Froseth	✓		Lonny B. Winrich	✓	
Bette Grande	✓		Steven L. Zaiser	✓	
Patrick Hatlestad	✓				
Mark S. Owens	✓				
Roscoe Streyle	✓				
Wayne Trottier	✓				
Dave Weiler	✓				
Dwight Wrangham	✓				

Total (Yes) 14 No Ø

Absent Ø

Floor Assignment Rep. Weiler

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2129, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2129 was placed on the Sixth order on the calendar.

Page 1, line 1, replace the first comma with "and"

Page 1, line 1, remove ", 57-51.1-07.2, and"

Page 1, line 2, remove "57-51.1-07.3"

Page 1, remove line 4

Page 1, line 5, remove "fund"

Page 1, line 9, overstrike "**Apportionment and use of proceeds of**" and insert immediately thereafter "**Gross production**"

Page 1, line 9, after "**tax**" insert "**allocation**"

Page 1, line 10, overstrike "provided for in this chapter"

Page 1, line 10, overstrike "apportioned" and insert immediately thereafter "allocated monthly"

Page 1, line 14, overstrike "Credit thirty-three and one-third percent of the revenues to the oil and gas impact"

Page 1, overstrike line 15

Page 1, line 16, overstrike "b."

Page 1, line 22, overstrike "and"

Page 1, after line 22, insert:

"b. Allocate thirty-three and one-third percent of the revenues to the oil and gas impact grant fund, but not in an amount exceeding eight million dollars per biennium; and"

Page 1, line 23, overstrike "Credit" and insert immediately thereafter "Allocate"

Page 1, line 23, overstrike "to the"

Page 1, line 23, remove "permanent oil tax trust"

Page 1, line 23, overstrike "fund" and insert immediately thereafter "under subsection 3"

Page 2, line 14, replace "f." with "3."

Page 2, line 14, replace "deduction of the amount allocated to counties" with "the allocations"

Page 2, line 14, replace "this subsection" with "subsections 1 and 2"

Page 2, line 18, replace "permanent oil tax trust" with "state general"

Page 2, line 18, after the underscored period insert "If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the

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

Page 2, line 19, overstrike "3." and insert immediately thereafter "4."

Page 2, line 21, overstrike "4" and insert immediately thereafter "5"

Page 2, line 23, overstrike "5" and insert immediately thereafter "6"

Page 2, line 24, overstrike "4." and insert immediately thereafter "5."

Page 2, line 27, remove the overstrike over "~~state general~~"

Page 2, line 27, remove "permanent oil tax trust"

Page 4, line 18, overstrike "5" and insert immediately thereafter "6"

Page 4, line 30, overstrike "5." and insert immediately thereafter "6."

Page 4, line 31, overstrike "3" and insert immediately thereafter "4"

Page 4, line 31, overstrike "4" and insert immediately thereafter "5"

Page 5, line 2, remove the overstrike over "~~state general~~"

Page 5, line 2, remove "permanent oil tax trust"

Page 5, line 6, overstrike "3" and insert immediately thereafter "4"

Page 5, line 6, overstrike "4" and insert immediately thereafter "5"

Page 5, line 23, overstrike "3" and insert immediately thereafter "4"

Page 5, line 23, overstrike "4" and insert immediately thereafter "5"

Page 5, line 27, overstrike "4" and insert immediately thereafter "5"

Page 6, line 4, overstrike "6." and insert immediately thereafter "7."

Page 6, line 4, overstrike "sixty" and insert immediately thereafter "thirty"

Page 6, line 4, overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 6, overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 6, overstrike the first "tax"

Page 6, line 6, overstrike the second "tax"

Page 6, line 7, overstrike "showing" and insert immediately thereafter "including"

Page 6, line 8, overstrike "The amount received by the county in its own behalf, the amount of those funds"

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Page 6, line 11, overstrike "amount of those funds unexpended at the end of the fiscal year" and insert immediately thereafter "The county's statement of revenues and expenditures"

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Page 7, remove lines 28 and 29

Page 8, remove lines 1 through 27

Renumber accordingly

2011 SENATE FINANCE AND TAXATION

CONFERENCE COMMITTEE

SB 2129

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2129
4/11/2011
Job Number 16490

☒ Conference Committee

A. Bitthiller

Explanation or reason for introduction of bill/resolution:

Relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against allocation reductions

Minutes: Conference Committee

Senator Burckhard opened discussion on SB 2129.

Senator Burckhard – The first thing I would like to do is have the House list the amendments to the bill.

Representative Weiler – I'm going to attempt to go through some of the outline of what the House amendments do, however, it should be noted that John Walstad from Legislative Council is here to answer any questions that any House member is unable to answer. Basically what the amendments do, if you recall the concern that there was coming into this session is that the 30% off the top for the legacy fund, there were people that were looking out for the legacy fund making sure that the legacy fund does indeed get 30% off the top, and off the top means off the top. There are other concerns among specifically the counties that are suppose to get a certain dollar amount statutorily and there's an impact grant fund that is suppose to get $8 million and they wanted to make sure that the 30% that was going to the legacy fund off the top was not going to affect the money that they were getting. To make a long story short, the bill with the House amendments does exactly that. It holds the counties harmless. On the bottom of page 1 and the top of page 2, this is I believe money that's allocated to the oil and gas producing counties, subsection a, the first $2 million is allocated to the counties, the next $1 million, and so on and so on and that's what the counties were concerned with that they were not going to lose out on that, any portion of that money. Basically what the amendments do is they assure that the counties are held harmless and that the legacy fund is getting 30% of the total which is what the constitutional amendment says that it does. When I asked John Walstad how they are exactly handling this in the bill, his explanation was, when the 30% going to the legacy fund is taken out we are just going to pretend that the counties don't exist and when the counties are getting the money that they are suppose to get we are just going to pretend that the legacy fund....something like that. The way that it is in here it does make sense and John's probably going to have to come up and explain that if anyone wants that explained in detail. Where the counties are being held harmless and where the legacy fund is being held

harmless is from the portion of the money that goes to the general fund at the end if the legacy fund or the counties are short of money, they are going to receive money from the general fund. One other thing that I will mention in here, we did remove some language pertaining to the permanent oil trust fund which in HB 1451 which the House passed removed basically the language dealing with the permanent oil trust fund and the purpose of that was to have all the money go to the general fund instead of the permanent oil trust fund because we felt that it's just a more open way of doing things. It's a more open way of accounting for the money and the permanent oil trust fund was just basically being used as a general fund too. When we removed that in HB 1451 we felt that we should probably remove the language in these sections as well pertaining to the permanent oil trust fund.

John Walstad, Legislative Council – Representative Weiler's explanation was sound. When we are doing the legacy fund part we are pretending the counties don't exist and when we are doing the county part we are pretending the legacy fund doesn't exist and when we decide what comes off the top, well, everything comes off the top except the general fund. General fund is the loser. The counties are going to get their share and though current law wasn't changed at all, the legacy fund will get 30% of total collections without reduction for what goes out to counties, it's 30% of the grand total, the constitutional trust funds that come out of the extraction tax side that is much easier. The extraction tax part is a lot easier to deal with because it doesn't have the allocations that go to counties that are variable depending on how much is produced in each county and so on. I think the math all works properly and I don't believe that the House version is a vast difference from what the Senate approved.

Representative Trottier – The counties will get their money first? That was a concern I remember.

John Walstad, Legislative Council – That is correct. They are the first thing listed in statute that the payment goes to the counties. Then the payment is determined for the legacy fund but going back and using the full amount before the amount that came off for counties.

Senator Miller – Just to explain probably more so why we are in conference committee than anything is because we have this HB 1451 floating around out there that's changed pretty substantially in Senate Appropriations. I think there is still a good desire amongst many Senators that we would like to see something done along that path or we just need to iron some things out before we can pursue that elimination of the permanent oil trust fund since there is a good deal of language in this bill we kind of have to keep this around. That is the largest reason it came to conference more so than anything.

Representative Weiler – We can certainly wait awhile for this one, however is there ever the chance to do an amendment with something contingent upon, in other words in HB 1451 if in the end they keep the language about the permanent oil trust fund and that language stays in law, can we have something on this bill that says if that language stays then we have this language asserted back in here that says the language of the permanent oil trust fund stays?

Brief discussion followed as to how that could work if at all.

Carlee McLeod, Deputy State Treasurer – The law as written right now says state general fund. I think the permanent oil was inserted in the first half of the session but throughout the distribution it says state general fund. The section of code that deals with the permanent oil trust fund is in HB 1451 and tells us what to do with that state general fund share money so no matter what you do with HB 1451 the general fund language that's in this bill right now will work. There won't be a conflict because it's the state general fund share that then HB 1451 starts pulling apart. Either you put it in the permanent oil or you put it somewhere else.

Senator Miller – The change in the permanent oil trust fund, putting that in here was totally unneeded.

Carlee McLeod, Deputy State Treasurer – That's correct.

Senator Miller – If we take and put all the oil tax money in the general fund as it comes in and then allocate to the legacy fund are we going to have an issue with our budget stabilization fund? Are we going to be out of whack there?

Carlee McLeod, Deputy State Treasurer – That's a good question, I think the way the mechanism is now, it's considered a state fund share but it doesn't actually go to the state fund it then is divvied up prior to being put in the general fund so I don't believe that it's been considered as part of what would need to be factored in for the stabilization fund.

Representative Weiler – If I'm on the same wave length here the money that's allocated to the legacy fund goes straight to the legacy fund. All the money doesn't go to the general fund. It never is part of the general fund; it automatically immediately goes to the legacy fund.

Representative Weiler – Carlee, there were a couple points that you in the meeting that we had in the House side, there was a couple points that you had brought up in the bill. Could you just quickly for the Senators in the room kind of clarify what a few of the changes that were made?

Carlee McLeod, Deputy State Treasurer – On page 1 of the first engrossment with House amendments we had requested the change to switch the order of that first subsection which is the first 1% of the 5% tax. We asked for the amounts to the impact fund to be placed after the distribution to the cities because with the increase from $8 million to $100 million in the Lands Department budget we wouldn't have been able to pay the cities each fiscal year. We probably would have had enough money remaining only to make that payment near to the end of the biennium so that is the first change on page 1. Page 2 subsection 3 is where the provision is that would make sure we can satisfy the constitutional provision while holding the counties harmless and it says that if after we make the deductions that pay the counties if we are short we will be able to take that from the state general fund share of the extraction portion. Using current fiscal year information we would have only been short 1 month, the first month and it would have been about a $2.8 million difference, but rather than wait until the following month to make that up we could just go into the extraction share which is generally a pretty equal tax to the gross production tax.

Representative Weiler – Is that the first month every biennium or is that the first month when the legacy fund goes into effect July 1st?

Carlee McLeod, Deputy State Treasurer – That is the first month each fiscal year. The distribution formula resets it's self each fiscal year. So the production for July is the first production month, the distribution month that corresponds is September and it would be each September that we would be short. Those were the only major changes.

Senator Miller – I think we've got some good clarification here but I think we are going to have at least 1 more meeting on this. I think overall this is okay the way it is.

Representative Weiler – I think the way it's been explained to us is that if we leave the language about the permanent oil trust fund in here or whether we take it out and take no further action it would be fixed anyway, but if you guys are comfortable, I'm certainly comfortable with waiting until close to the end of session when we finally learn of what's going to happen with the language of the permanent oil trust fund and then we can meet again and decide what we want to do there.

Senator Burckhard closed discussion on SB 2129.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2129
4/15/2011
Job Number 16633

☒ Conference Committee

A. Bittmiller

Explanation or reason for introduction of bill/resolution:

Relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against allocation reductions

Minutes: Conference Committee

Senator Burckhard opened discussion on SB 2129.

Representative Weiler – Briefly, the option exists by where we could pass this out as is because I believe we have agreed to everything. The only difference is what do we do with the wording of the permanent oil trust fund and of course that is tied to HB 1451. We have the option of passing it out as it is and it could be rectified by Legislative Council and we would not have to meet, however, because they are meeting this afternoon, we've got next week yet, I believe that maybe we should just hold off on this decision until we find out what happens there and then come in and get it corrected and passed out.

Senator Burckhard closed discussion on SB 2129.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2129
4/16/2011
Job Number 16691

☒ Conference Committee

A. Bitkmiller

Explanation or reason for introduction of bill/resolution:

Relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against allocation reductions

Minutes: Conference Committee

(Senator Cook sat in for Senator Burckhard, and Senator Oehlke sat in for Senator Miller)

Senator Cook opened discussion on SB 2129.

Senator Cook – Let the record show Representative Weiler and Representative Trottier are not present.

Senator Cook closed discussion on SB 2129.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2129
4/21/2011
Job Number 16830

☒ Conference Committee

A. Rittmiller

Explanation or reason for introduction of bill/resolution:

Relating to legacy fund deposits of oil and gas tax collections and holding political subdivisions harmless against allocation reductions

Minutes: Conference Committee

Senator Burckhard opened discussion on SB 2129.

Senator Dotzenrod gave an explanation on what is happening with HB 1451.

Representative Weiler explained that if they decide not to get rid of the permanent oil trust fund this bill can be rectified by Legislative Council.

Senator Cook – I just talked to Mr. Knutson in Legislative Council as to whether or not these 2 bills are in sync and he said it's perfectly alright to go ahead and accede to the House amendments and pass this one out that this time. I would suggest though that if you accede that you accede and further amend. One page 2 line 19 change "deposited in" to "allocated to". That is at the request of the Treasurer's Office.

Senator Miller – I will move that we accede to the House amendments and further amend with that change.

Seconded by **Representative Trottier**.

Senator Burckhard – Ask the clerk to take the roll. (6-0-0)

Carried by **Senator Dotzenrod**.

11.0008.02003
Title.04000

Adopted by the Conference Committee

April 21, 2011

4-21-11
1 of 3

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2129

That the House recede from its amendments as printed on pages 790-792 of the Senate Journal and pages 998-1000 of the House Journal and that Engrossed Senate Bill No. 2129 be amended as follows:

Page 1, line 1, replace the first comma with "and"

Page 1, line 1, remove ", 57-51.1-07.2, and"

Page 1, line 2, remove "57-51.1-07.3"

Page 1, remove line 4

Page 1, line 5, remove "fund"

Page 1, line 9, overstrike "**Apportionment and use of proceeds of**" and insert immediately thereafter "**Gross production**"

Page 1, line 9, after "**tax**" insert "**allocation**"

Page 1, line 10, overstrike "provided for in this chapter"

Page 1, line 10, overstrike "apportioned" and insert immediately thereafter "allocated monthly"

Page 1, line 14, overstrike "Credit thirty-three and one-third percent of the revenues to the oil and gas impact"

Page 1, overstrike line 15

Page 1, line 16, overstrike "b."

Page 1, line 22, overstrike "and"

Page 1, after line 22, insert:

"b. Allocate thirty-three and one-third percent of the revenues to the oil and gas impact grant fund, but not in an amount exceeding eight million dollars per biennium; and"

Page 1, line 23, overstrike "Credit" and insert immediately thereafter "Allocate"

Page 1, line 23, overstrike "to the"

Page 1, line 23, remove "permanent oil tax trust"

Page 1, line 23, overstrike "fund" and insert immediately thereafter "under subsection 3"

Page 2, line 14, replace "f." with "3."

Page 2, line 14, replace "deduction of the amount allocated to counties" with "the allocations"

Page 2, line 14, replace "this subsection" with "subsections 1 and 2"

Page 2, line 18, replace "deposited in" with "allocated to"

Page 2, line 18, replace "permanent oil tax trust" with "state general"

Page 2, line 18, after the underscored period insert "If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund."

Page 2, line 19, overstrike "3." and insert immediately thereafter "4."

Page 2, line 21, overstrike "4" and insert immediately thereafter "5"

Page 2, line 23, overstrike "5" and insert immediately thereafter "6"

Page 2, line 24, overstrike "4." and insert immediately thereafter "5."

Page 2, line 27, remove the overstrike over "~~state general~~"

Page 2, line 27, remove "permanent oil tax trust"

Page 4, line 18, overstrike "5" and insert immediately thereafter "6"

Page 4, line 30, overstrike "5." and insert immediately thereafter "6."

Page 4, line 31, overstrike "3" and insert immediately thereafter "4"

Page 4, line 31, overstrike "4" and insert immediately thereafter "5"

Page 5, line 2, remove the overstrike over "~~state general~~"

Page 5, line 2, remove "permanent oil tax trust"

Page 5, line 6, overstrike "3" and insert immediately thereafter "4"

Page 5, line 6, overstrike "4" and insert immediately thereafter "5"

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Page 5, line 23, overstrike "4" and insert immediately thereafter "5"

Page 5, line 27, overstrike "4" and insert immediately thereafter "5"

Page 6, line 4, overstrike "6." and insert immediately thereafter "7."

Page 6, line 4, overstrike "sixty" and insert immediately thereafter "thirty"

Page 6, line 4, overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 6, overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 6, overstrike the first "tax"

Page 6, line 6, overstrike the second "tax"

Page 6, line 7, overstrike "showing" and insert immediately thereafter "including"

Page 6, line 8, overstrike "The amount received by the county in its own behalf, the amount of those funds"

Page 6, overstrike lines 9 and 10

Page 6, line 11, overstrike "amount of those funds unexpended at the end of the fiscal year" and insert immediately thereafter "The county's statement of revenues and expenditures"

Page 6, line 20, overstrike "sixty" and insert immediately thereafter "fifteen"

Page 6, line 21, overstrike "tax"

Page 6, line 21, overstrike "a report" and insert immediately thereafter "the reports"

Page 6, overstrike lines 23 through 25

Page 7, line 26, remove the overstrike over "~~state's general~~"

Page 7, line 26, remove "permanent oil tax"

Page 7, line 27, remove "trust"

Page 7, remove lines 28 and 29

Page 8, remove lines 1 through 27

Renumber accordingly

2011 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: Finance and Taxation

Bill/Resolution No. SB 2129 as (re) engrossed

Date: 4-21-11

Roll Call Vote #: 1

Action Taken

- ☐ SENATE accede to House amendments
- ☐ SENATE accede to House amendments and further amend
- ☐ HOUSE recede from House amendments
- ☒ HOUSE recede from House amendments and amend as follows

Senate/House Amendments on SJ/HJ page(s) 790 - 792

☐ Unable to agree, recommends that the committee be discharged and a new committee be appointed

((Re) Engrossed) SB 2129 was placed on the Seventh order of business on the calendar

Motion Made by: Senator Miller Seconded by: Representative Trottier

Senators				Yes	No	Representatives				Yes	No
Senator Burckhard	X	X	X	X		Representative Weiler	X	X	X	X	
Senator Miller	X	X	X	X		Representative Trottier	X	X	X	X	
Senator Dotzenrod	X	X	X	X		Representative Wanzek	X	X	X	X	

Vote Count: Yes 6 No 0 Absent 0

Senate Carrier Senator Dotzenrod House Carrier Rep Weiler

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Senator Burckhard sat in for Senator Miller on 4-16-11

Senator Oehlke sat in for Senator Miller on 4-16-11

Rep Weiler and Rep Trottier were not present 4-16-11

REPORT OF CONFERENCE COMMITTEE

SB 2129, as engrossed: Your conference committee (Sens. Burckhard, Miller, Dotzenrod and Reps. Weiler, Trottier, Winrich) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 790-792, adopt amendments as follows, and place SB 2129 on the Seventh order:

That the House recede from its amendments as printed on pages 790-792 of the Senate Journal and pages 998-1000 of the House Journal and that Engrossed Senate Bill No. 2129 be amended as follows:

Page 1, line 1, replace the first comma with "and"

Page 1, line 1, remove ", 57-51.1-07.2, and"

Page 1, line 2, remove "57-51.1-07.3"

Page 1, remove line 4

Page 1, line 5, remove "fund"

Page 1, line 9, overstrike "**Apportionment and use of proceeds of**" and insert immediately thereafter "**Gross production**"

Page 1, line 9, after "**tax**" insert "**allocation**"

Page 1, line 10, overstrike "provided for in this chapter"

Page 1, line 10, overstrike "apportioned" and insert immediately thereafter "allocated monthly"

Page 1, line 14, overstrike "Credit thirty-three and one-third percent of the revenues to the oil and gas impact"

Page 1, overstrike line 15

Page 1, line 16, overstrike "b."

Page 1, line 22, overstrike "and"

Page 1, after line 22, insert:

"b. Allocate thirty-three and one-third percent of the revenues to the oil and gas impact grant fund, but not in an amount exceeding eight million dollars per biennium; and"

Page 1, line 23, overstrike "Credit" and insert immediately thereafter "Allocate"

Page 1, line 23, overstrike "to the"

Page 1, line 23, remove "permanent oil tax trust"

Page 1, line 23, overstrike "fund" and insert immediately thereafter "under subsection 3"

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Page 2, line 14, replace "this subsection" with "subsections 1 and 2"

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Page 2, line 18, replace "permanent oil tax trust" with "state general"

Page 2, line 18, after the underscored period insert "If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund."

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Page 5, line 2, remove the overstrike over "~~state general~~"

Page 5, line 2, remove "permanent oil tax trust"

Page 5, line 6, overstrike "3" and insert immediately thereafter "4"

Page 5, line 6, overstrike "4" and insert immediately thereafter "5"

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Page 7, line 27, remove "trust"

Page 7, remove lines 28 and 29

Page 8, remove lines 1 through 27

Renumber accordingly

Engrossed SB 2129 was placed on the Seventh order of business on the calendar.

2011 TESTIMONY

SB 2129

#1

Proposed Amendments to Engrossed SB 2129

Page 1, Line 14, overstrike "Credit thirty-three and one-third percent of the revenues to the oil and gas impact".

Page 1, remove lines 15.

Page 1, line 16, overstrike "b."

Page 1, line 22, overstrike "and"

Page 1, after line 22, insert "b. Credit thirty-three and one-third percent of the revenues to the oil and gas impact grant fund, but not in an amount exceeding eight million dollars per biennium; and"

Renumber accordingly.

#2

Prepared by the Office of State Tax Commissioner
March 4, 2011

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 2129

Page 6, line 4, overstrike "sixty" and insert immediately thereafter "thirty" and overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 6, overstrike "fiscal" and insert immediately thereafter "calendar"

Page 6, line 7 overstrike "showing" and insert immediately thereafter "including"

Page 6, line 8, overstrike "The amount received by the county in its own behalf, the amount of those funds"

Page 6, overstrike lines 9 through 10

Page 6, line 11, overstrike "amount of those funds unexpended at the end of the fiscal year" and insert immediately thereafter "The county's statement of revenues and expenditures"

Page 6, line 13, overstrike "or school districts"

Page 6, line 14, overstrike "or school districts"

Page 6, line 15, overstrike "or school districts"

Page 6, line 18, overstrike "or school districts"

Page 6, line 20, overstrike "sixty" and insert immediately thereafter "fifteen"

Page 6, line 21, overstrike "a report" and insert immediately thereafter "the reports" and overstrike "compiling the"

Page 6, line 22, overstrike "information from reports received under this subsection" and insert immediately thereafter "and the infrastructure development office"

Page 6, overstrike lines 23 through 25

Renumber accordingly