2013 HOUSE FINANCE AND TAXATION

HB 1358

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1358
February 4, 2013
Job 18220

☐ Conference Committee

Kristi Hetzler

Explanation or reason for introduction of bill/resolution:

A Bill relating to definitions under the oil and gas gross production tax; relating to oil and gas gross production tax allocation and the impact aid program.

Minutes:

Attached testimony #1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15

Chairman Belter: Opened hearing on HB 1358.

Representative Skarphol: (Ended at 43:45) Introduced bill. Reviewed entire bill. See attached testimony #1. Distribution formula (3:53) Increase in revenue is appropriate as we move forward. HB 1358 enables communities and counties and various entities out there to adequately and independently deal with the reconstruction of the destruction of these communities. Amendment that is not quite ready (5:44) Overview of section 1, emergency medical service and fire protection district funding committee - funding assistance requests and approval (7:04). Page 2, lines 5-8, consideration of circumstances, the distribution formula works with this. Section 2 is creating the hub cities, does not require those cities to be in oil country. Hub city means population of 12,500 (10:38). There are communities that should qualify but do not because of this language so the amendment that is being prepared does state mining industries shall include oil and gas refineries as qualifying entities. Mandan would not qualify under this description because their refinery is oil and gas but listed as manufacturing under job service statistics. (11:24) Hub city school district means the school district containing the majority of the area within a hub city. Section 3 indicates how these hub cities would be compensated. Refers to handout, we may need the opportunity to adjust these figures once the new categorization figure is in place. (16:01) We need to use a formula based model to address the needs of the hub cities. (20:04) Page 4, subsection e, reducing the demands on impact fund. There are no limitations on this bill that can ask for or receive money from this impact fund; it would be up to the advisory committee to decide whether or not the revenue their receiving from the formula should be sufficient to meet their needs. Subsection f addresses education in oil and gas counties. The existing formula still applies to those counties that do not receive in excess of 5 million. It only applies to counties that receive in excess. There is an error line 11 that is being corrected that will read subsection c, not b. Subsection g (23:31) is to ensure that there is enough money. Section 3, subsection 2 allocated money. Subsection 4, on page 5 (27:55). There is $100,000 limitation in saved monies however it should indicate money that has not been specifically saved for a certain project. So if a county saved over $100, for a new building of some sort they should not be penalized for having saved that munch in funds. Subsection 5 (32:07) counties that did not reach a level of five million dollars of allocation. Pg 10 filing a report. Pg 11, the language changes between lines 13 and 20. Subsection 6 deleted because under the current the impact fund is required to distribute percentages of impact fund of various size communities. I want it to be unencumbered. Sections 5 and 6 (34:10) allocations and distribution. Section 7, there is an amendment to this (36:36). Section 10 (39:52) non county ems. Section 11 (40:59). Section 12, 10 years will be the minimum amount of time it will take.

Chairman Belter: We will listen to other testimony and then come back.

Representative Brandenburg: Supports HB 1358

Representative Steiner: Supports HB 1358

Representative Kempenich: Me too.

Chairman Belter: I had a question on Section 6 where the allocation is made based on the amount of oil production, my concern is that you can have oil production in one county that causes a great deal of cost to the adjoining county because of the traffic flow, do you think that is covered?

Representative Skarphol: That is exactly why I did not put any provisions on the oil impact fund.

Chairman Belter: In Section 9 you have the Great Plains transportation institute, do you have some authority to Great Plains, it is really an engineering issue that should be done by the State Highway Dept.?

Representative Skarphol: This applies to county roads, the state highway dept, I believe has enough responsibilities with regards to state highways and this would give us a blueprint for what needs to be fixed down the road. (48:00)

Representative Kelsh: Under Section 2 when you talk about a HUB city and you said you have an amendment being prepared; will that amendment also include support industries?

Representative Skarphol: Absolutely that would be included, anything, just so there is a scientific way to make that determination, not an objective measurement.

Representative Haak: When you're talking about forming this committee why is it appointed by the chairman of legislative management rather than the Governor?

Representative Skarphol: When we're appointing legislatures I think it is the proper entity if we appoint someone other than legislatures then I think it should be under the Governor.

Representative Klein: With all this money going out on roads, is there anything in here to assure that we have enough people out there to inspect to make sure we are getting what we are paying for?

Representative Skarphol: I think the counties have acted very responsibly, (an example, 50:58).

Representative Klein: Do the counties hire engineers to see what is going on and check on this compaction, is there an ongoing system that does that?

Representative Skarphol: I will let some of the county commissioners that are here to testify answer that one.

Vice Chairman Headland: Section 7 references $250 million of general fund expenditures, fiscal the note seems to differ from that a little bit. What am I missing here?

Representative Skarphol: You have the advantage of seeing the fiscal note, I have not, and I believe the cost on this is $964 million total, some special, and some general funds.

Representative Marie Strinden: I assume that if the counties are asking for exorbitant amount money to build roads that the oversight community would be able to not grant them the funds, correct? Do they ask for the funds or get the bids first?

Representative Skarphol: This formula does not have an oversight committee over the distribution of dollars to political subdivisions, it an automatic process. The oversight comes from the county or the city officials that receive the money.

Representative Kelsh: You had mentioned that no county that's currently receiving under $5 million; nothing will change under the new formula? Under Bottineau County, it looks like they were under $5 million yet is that a special case.

Representative Skarphol: I apologize that I forgot to mention that a county can transition from an under $5 million category but only on an annual basis. There is no intent anywhere on this bill that makes the States Treasures office distribute money to townships. Township money distribution must lie with the counties.

Vice Chairman Headland: In a case where a township is highly indebted to a county, is a county going to have the ability to apply that towards the debt and not pass it on towards the township?

Representative Skarphol: I did not address that in the bill. Every township in every county that is going to receive money in this must have a 10 mil level for roads.

Chairman Belter: Further testimony in support of 1358?

Dan Brosz, President of the North Dakota Association of Oil and Gas Producing Counties: See attached testimony #2. Also attached testimony from Kimberly Steffan, City Auditor for the city of Ray #3.

David Hynek, County Commissioner from Mountrail County: See attached testimony #4. (ended 1:12)

Representative Sukut: See attached testimony #5. (ended at 1:14)

Ward Koeser, Mayor of Williston: See attached testimony #6. (Ended at 1:20:21) Also see attached testimony #7.

Curt Zimbelman, Mayor of Minot: See attached testimony #8 and handouts #9 and #10. (Ended at 1:27:24)

Shawn Kessel, City Administrator for Dickinson: See attached testimony #11. (Ended at 1:33:04)

Brent Sanford, Mayor of Watford City: See attached testimony #12. (Ended at 1:40:38)

Roger Chinn, President of the North Dakota Association of Counties: See attached testimony #13. (Ended at 1:43:14)

Steve Holen, Superintendent of Schools for McKenzie County: See attached testimony #14 and also testimony #15 from Ben Schafer, Superintendent of Ray Public Schools. (Ended at 1:50:24)

Dan k, Chairman of Williams County: See attached testimony booklet #16. (Ended at 1:56:08)

Ron Ness, President of North Dakota Petroleum: Strongly support HB 1358.

Steve McNally, General Manager Hess based in Minot: Supports HB 1358 Discussed workforce and long term development.

Mark, Superintendent of Schools in Minot: Supports 1358. Although Minot is not in one of the heavy oil producing counties, we are still feeling the impact.

Troy Kunz, Township Chairperson Mountrail County: Includes 50 townships. Increase costs of maintenance and construction and repairs we have not been able to keep pace with our needs.

Curt Halmrast, President of North Dakota Emergency Medical Services Association and Paramedic with Oakes Ambulance: See attached testimony #17.

Shane Goettle: See attached testimony #18 from Mark Bragg, President of Bakken Housing Partners.(2:03)

Viola LaFountaine, Superintendent of Williston Public School: See attached testimony #19.

Bruce Strinden, Member of the ND County Commissioner's Assoc and Morton County Commission: Supports HB 1358

Representative Skarphol: I fully support the Airport money that was proposed in the Governor's budget, the only question is whether it should be incorporated into this or in budget for the airport aeronautics commission. As for the $15 million dollars for the city of Minot for some impact, I do not have any issues with that. My concern is that we don't skew a formula that is attempting to become more refined and do a better job of distributing the dollars. (ended 2:09)

Chairman Belter: Any further testimony on 1358? Closed.

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1358
February 5, 2013
Job #18334

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to definitions under the oil and gas gross production tax; relating to oil and gas gross production tax allocation and the impact aid program.

Minutes:

Attached amendments #1

Representative Skarphol: See attached amendments #1. The EMS services across the state have a pretty good organization that has been working cooperatively in trying to come up with a state wide plan for covering EMS costs. After the bill presentation, Ken Tuppa who represents that group came to me and asked about some potential changes in this bill and I felt they were appropriate. We are going to have to reconcile things because there is also $6.6 million for non-oil county EMS in the health department budget. The number that I agreed to is to include $7.5 million for non-oil counties but we will define non-oil counties as any county who receives less than $5 million in revenue. There are seven oil counties that will not be included in the new methodology for distributing the money and therefore would not receive any EMS money from the formula distribution. For purposes of the EMS distribution of $7.5 million that I've agreed to with Mr. Tuppa that money will be distributed by that mechanism that has been in place over this biennium that distributed $3 million to EMS in this biennium. In the next biennium it would be $7.5 million and it would be distributed to those counties that receive less than $5 million in oil revenue. There would be 43 counties in that category. That amendment is forthcoming.

Chairman Belter: That $7.5 million will go to where?

Representative Skarphol: It will go to the non-oil counties and they will be defined for purposes of this distribution as counties that receive less than $5 million in oil revenue. In the event that a county transitions from less than to more than they will be excluded in that next fiscal year for that distribution.

Representative Froseth: How does that figure out dollar-wise?

Representative Skarphol: The only thing that changes is that any county that receives less than $5 million will have it distributed based on the existing formula. Once they hit that $5 million they will shift to the formula of 60% county, 20% city, 7 ½ township, 5 schools, 2 ½, 2 ½, and 2 ½ percent.

Chairman Belter: The $5 million is what?

Representative Skarphol: That's the threshold that determines which formula you're going to use.

Chairman Belter: The 5$ million is oil revenue?

Representative Skarphol: It is oil revenue going to the county. Both the governor's proposal and this proposal give the first $5 million of the $.04 of the 5% tax. The first penny goes to the state of that 5% tax the next $.04 is a source of the revenue that goes to the political subdivisions out of the formula. Once the county gets $5 million revenue generated 100% of that money goes to the county. The next $4 million under this proposal ¾ goes to the county. Under the governor's proposal only 25% goes to the county. In order to adequately address the EMS statewide we have a funding mechanism for the 10 largest oil counties that will get their distribution from the formula. The balance of the counties, 43 counties, will get virtually nothing for EMS unless we appropriate money for them. In this biennium they've had $3 million and are asking for $15 and then lowered it to $12 then the governor said $6 million. I'm suggesting we can do better. Mr. Tuppa said that since they had that organization and capability he asked that they be allowed to distribute that money based on the analysis they do and since there's consensus among the EMS services that it is being done right then why should we change that. For the counties that well receive revenue and fairly substantial amounts on a county by county basis we need to have a mechanism that gives them the opportunity to be able to hire full time staff in some of those communities and commit to that over future biennium on the opinions of this committee.

Chairman Belter: When you're talking about full time staff are you talking about oil counties or non-oil counties?

Representative Skarphol: Oil counties. There is an understanding that if the revenue declines the commitment goes away.

Chairman Belter: What is the mechanism that controls the number of cities that get money for full time ambulance service?

Representative Skarphol: The committee.

Chairman Belter: I don't question the need but my concern is that strategically I don't want to get in the situation where there are too many ambulance crews. Not every city needs an ambulance service full time.

Representative Skarphol: I would agree with you and maybe the appropriate thing to do is say that no more than 70% of the revenue flowing into a county may be used for full time ambulance services or 80% or some kind of limitation that should be put on as to how much revenue can be committed on a full time basis in order to ensure that a portion of the revenue that is retained for these entities that don't have full time people working for them.

Representative Hatlestad: The extra million dollars is to take care of those seven tail end oil counties that may or may not need money, is that the idea?

Representative Skarphol: From the perspective of Mr. Tuppa the 6.6 he felt was appropriate for the non -oil counties and he asked that the $900,000 be added to take care of those other seven counties so in reality it's a little over $100,000 a county.

Representative Zaiser: Who's going to determine at what level the money goes away?

Representative Skarphol: I would submit to you what will happen is that if a county has declining production it will become fairly obvious that the money is going away because the 2 ½% would not be sufficient to cover the costs. Unless there are some changes to the amendment to that committee created in section 1 and it deletes the non-oil EMS and the non-oil fire department members and it increases the EMS and fire department members from oil country to maintain a size of the committee. I asked Mr. Walstad to make an advisory group to this committee so that there is that linkage and that advice from that committee on this advisory committee but the responsibility for making that decision will lie on this committee as to committing to the long term or full time employment of various entities. On page 2 line 1 after "application for funding assistance" add "from the oil producing counties emergency medical service and fire protection district grant funds" because of the fact that the non-oil producing counties aren't going to be involved and we wanted to distinguish that was the money reserved for oil counties emergency medical and fire departments. Representative Skarphol reviewed the attached amendment **#1**.

Representative Schmidt: On page 13 line 17 would that still have the same change you had before?

Representative Skarphol: I would ask that it be done, uncommitted reserve fund.

Vice Chairman Headland: On the $8,760,000 that is going to the townships that are in those oil producing counties that don't produce oil, that is the number it takes to get them equal to the number that was distributed to the non-oil townships.

Representative Skarphol: The $17,550,000 was intended to fund non-oil townships but when SB 2176 was passed and funded non-oil townships this amount could have gone away except for the fact that we have this group of townships that haven't been addressed in any scenario. There are 339 townships involved in that and if you divide that $8,760,000 you get $25,840.00 for the biennium.

Vice Chairman Headland: I just wanted to be clear if it was your intent to provide additional money to all townships but it was just to cover things that have already been covered so I got it.

Representative Skarphol: There were 339 that were missed by either Senate Bill 2176 or the distribution formula changed in this one.

Vice Chairman Headland: I don't see it on the amendment but it was your intent to take out "and fire protection districts" on page 14 line one.

Representative Skarphol: Yes it was.

Vice Chairman Headland: So that needs to be on the next draft?

Representative Skarphol: Yes.

Chairman Belter: We will be awaiting more amendments from you.

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1358
February 13, 2013
Job #18878

☐ Conference Committee

Committee Clerk Signature	Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to definitions under the oil and gas gross production tax; relating to oil and gas gross production tax allocation and the impact aid program.

Minutes:

Attached amendments #1 and 2, testimony #3.

Representative Drovdal: Representative Skarphol presented his ninth set of amendments to reflect how he would really like the bill to end up. **Made a motion to move the amendments 8009.**

Representative Hatlestad: Seconded.

Representative Drovdal: This last set of amendments addresses the oil and gas producing townships in counties that receive less than $5 million and they were left out last time so this bill would put them back in it. They will get the same amount of money as other townships around North Dakota. It adds a couple city officials to the boards that he wants to create. It also adjusts for some money that is in some other bills.

VOICE VOTE: MOTION CARRIED.

Chairman Belter: I have amendments also. Distributed 8011 amendments and reviewed. This bill has the chairman of legislative management who can appoint two designees and the minority leader in the house and the senate can appoint a designee. We would end up with a seven member legislative committee to oversee this. The rest of the non-legislative committee stays intact just like it is but when it comes time to voting on how the money is to be spent at the recommendation of this committee it is only the seven legislators that vote. Over the years I never liked non-legislative committees voting to spend money and so my intent is to have legislative oversight and legislators who make the final vote on how this money is appropriated based on the recommendations of this committee. Another change is that in the bill there is $585,000 appropriated for the Upper Great Plains Transportation Institute to oversee the engineering evaluation of projects and I changed it to it being the Department of Transportation.

Representative Klein: Part of my concern is going back and I kept asking the question, does the counties and townships have the capability to see what we're spending money on to test and check it? I think it should really come under the DOT instead of turning it over to another agency that isn't used to what our standards are and how to check for it.

Representative Hatlestad: I'm going to disagree with that situation. I think DOT has plenty of work to do on its own. The Upper Great Plains has been doing surveys to determine what roads should be prioritized and I think they should be the ones that help determine the priority and testing. I don't think DOT should be involved.

Representative Zaiser: Beyond the testing and detail work, would the DOT be in charge of setting priorities as Representative Hatlestad talked about?

Chairman Belter: I think the way that Representative Skarphol has written this bill follows the recommendations of the transportation institute. My intent is not to take anything away from the Upper Great Plains. My issue is that I don't see any reason why the transportation institute should be out testing the quality of roads. It seems to me we are creating duplications. I don't think we should have two engineering departments testing the roads.

Representative Zaiser: It would seem to me then that if we had both the Upper Great Plains and the DOT and sometimes the county road department that aren't we doing a lot of redundancy there?

Chairman Belter: I would not dispute the duplication but we've empowered the transportation institute to study the overall transportation system in the west and it's their responsibility to set up priorities and my amendments don't upset that plan. Why would we want to duplicate the testing of the roads? I think that should be the function of the DOT and I think the transportation institute is to do the planning.

Vice Chairman Headland: I certainly agree that we should have legislative elected officials overseeing the spending of state dollars. **Made a motion to move these amendments.**

Representative Klein: Seconded.

Representative Zaiser: Your amendment puts the DOT where the Upper Great Plains Institute was?

Chairman Belter: In section 10 dealing with the enhanced road and subsurface analysis of road quality and life span is where the DOT comes in.

Representative Zaiser: Just there?

Chairman Belter: Yes that is my intent.

Representative Hatlestad: I read this differently. My feeling was the Upper Great Plains working with the counties had gone out and from the counties got a priority of what roads should be enhanced. Then the Upper Great Plains would go out and test the substructure and road quality to determine how much work would have to be done on specific roads. Then DOT could come in and review that suggestion along with the county and then anybody else interested would know how much rebuilding would have to be done on feeder roads.

Chairman Belter: As I understand it it's the Upper Great Plains Transportation Institute that studies the road system and tries to make a decision on priorities and then structure them. Information from counties indicates roads that are being put in will be built to 105,000 pounds so once Great Plains Transportation Institute determines the priorities. It's just an engineering element that I'm changing here and I think the DOT has the capabilities to do these things.

Representative Froseth: The Great Plains Transportation doesn't do any of the engineering?

Chairman Belter: To the best of my knowledge Great Plains doesn't do any of the engineering they will determine the standards.

Representative Dockter: The DOT goes out and does all the testing and then follows through and does the whole project, is that correct? That's why I like this amendment because DOT is going to the road project so why not have them do all the testing and everything to coordinate because they will actually be the project manager of all the roads.

Chairman Belter: They will certainly be project managers on any state roads. I'm not sure how it works with the counties; I think they oversee their own engineering.

Representative Drovdal: The reason they are building 105,000 pound roads is because the oil rigs move from one section to the other and the trucks follow them so every road is used at 105,000 pounds. If the amendment is to have the DOT as advisory on the county roads is great but if they start taking over the counties then I would have a problem with that.

Representative Klein: I see the DOT as our road experts. We don't want to set up another road system. I think the DOT should take care of our roads.

Representative Zaiser: On page 1 line 14 it talks about the chairman of the legislative management shall either run this or appoint somebody, is that overloading the chairman with responsibilities? Shouldn't somebody from the west be more involved in that?

Chairman Belter: The chairman of legislative management can do what they want; they can appoint themselves to that or appoint their designee to serve as chair.

VOICE VOTE: MOTION CARRIED TO ADOPT AMENDMENTS 8011.

Representative Froseth: Did we ever approve Skarphol's amendments?

Representative Klein: I think they were 8005 and it was my understanding that these amendments took care of the 8005 amendment.

John Walstad, Legislative Council: 8011 amendments took care of everything up to this. I would reconsider 8009 because 8011 takes care of all this.

Vice Chairman Headland: Made a motion to reconsider 8009 amendments whereby we adopted the amendments.

Representative Owens: Seconded.

VOICE VOTE: MOTION CARRIED.

Chairman Belter: We have the amended bill before us with the 8011 amendments. What are the committee's wishes?

Representative Klein: Made a motion for a Do Pass as Amended and Re-refer to Appropriations.

Representative Schmidt: Seconded.

ROLL CALL VOTE: 14 YES 0 NO 0 ABSENT

Representative Drovdal will carry this bill.

Additional testimony was handed out showing the oil and gas tax and coal tax collections and distributions from 1976-2012. See attached testimony #3.

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
Bill/Resolution No.: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(409,900,000)		
Expenditures						
Appropriations	$133,775,000	$103,000,000	$140,510,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$86,500,000	
School Districts		$30,500,000	
Townships			

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

HB 1358 changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and schools, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities and producing counties. The amount shown for schools is the maximum allowed in the provisions of Section 3; not all of the revenue may be utilized. All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds for purposes of 1A). These represent the first tier of distribution changes; there are other allocations that are dependent upon actions not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 10 are appropriations, and the total amounts are shown in 1A above. It is assumed the intent in Sections 7 and 8 are to split the appropriation equally among the current and next biennium; however it could possibly be interpreted to split the appropriation equally into three fiscal years (FY 13, FY 14 and FY 15).

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Date Prepared: 02/01/2013

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Prepared by the Legislative Council staff for
Representative Belter
February 12, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 1, after "23-01" insert ", a new section to chapter 52-04,"

Page 1, line 1, replace "two" with "three"

Page 1, line 12, after "of" insert "the chairman of the legislative management, or the chairman's designee;"

Page 1, line 14, remove ", who shall appoint one of them to serve as chairman"

Page 1, line 14, after the underscored semicolon insert "the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees;"

Page 1, line 14, after "four" insert "nonvoting"

Page 1, line 14, replace the second "one" with "two"

Page 1, line 15, replace "is" with "are"

Page 1, line 15, remove "and one of"

Page 1, line 16, remove "whom is a member of the governing body of a city or county in a non-oil producing county"

Page 1, line 18, replace "one" with "two"

Page 1, line 18, replace "is" with "are"

Page 1, remove line 19

Page 1, line 20, remove "county"

Page 1, line 20, after "one" insert "nonvoting"

Page 1, line 23, after the underscored period insert "The chairman of the legislative management shall designate the chairman from among the voting members of the committee."

Page 1, line 24, after the underscored period insert "The emergency medical services advisory council established under section 23-46-02 shall provide advisory assistance to the emergency medical service and fire protection district funding committee as requested."

Page 2, line 1, after "assistance" insert "from the oil-producing counties emergency medical service and fire protection district grant fund or funds provided by legislative appropriation"

Page 2, line 2, after "emergency" insert "medical"

Page 2, line 2, after "districts" insert "providing service in one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. Funding under this section may be provided only for that portion of the service area of emergency medical service providers or fire protection districts within one or more oil-producing counties that

2 of 4

received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 2, line 8, after the underscored period insert "The committee shall develop policies of best practices for efficient and effective use of grant award funds for full-time, part-time, and volunteer staffing of emergency medical service and fire protection district service providers.

SECTION 2. A new section to chapter 52-04 of the North Dakota Century Code is created and enacted as follows:

Contribution and wage report - Employee occupational and geographic code.

An employer's quarterly contribution and wage report must contain, for each individual performing covered employment during the calendar quarter, the individual's occupational code and the geographic code for the place where the individual performed work within the state."

Page 2, line 9, replace "Two" with "Three"

Page 2, after line 17, insert:

""Private covered employment engaged in the mining industry", for purposes of data compiled by job service North Dakota, must include employment by an oil refinery or a facility processing oil or gas, or both, in this state."

Page 3, line 23, after the first "of" insert "the chairman of the legislative management, or the chairman's designee;"

Page 3, line 24, remove the second underscored comma

Page 3, line 25, remove "who shall appoint one of them to serve as chairman"

Page 3, line 25, after the underscored semicolon insert "the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees;"

Page 3, line 25, after "two" insert "nonvoting"

Page 3, line 28, after "two" insert "nonvoting"

Page 4, line 1, after the underscored period insert "The chairman of the legislative management shall designate the chairman from among the voting members of the committee."

Page 4, line 11, replace "b" with "c"

Page 4, line 11, replace "exceeded a level of" with "received"

Page 4, line 12, after "dollars" insert "or more"

Page 5, line 12, replace "exceeded a level of" with "received"

Page 5, line 12, after "dollars" insert "or more"

Page 5, line 19, overstrike "during that fiscal year" and insert immediately thereafter "in a taxable year after 2012"

3 of 4

Page 5, line 19, overstrike "does not levy" and insert immediately thereafter "is not levying"

Page 7, line 21, replace "attendance" with "membership"

Page 7, line 21, after "basis" insert "for kindergarten through grade twelve"

Page 7, line 30, after "in" insert "uncommitted"

Page 8, line 1, replace "during that fiscal year" with "in a taxable year after 2012"

Page 8, line 20, replace "may" with "shall"

Page 8, line 24, after "districts" insert "providing service in counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year"

Page 8, line 24, remove "A standing and continuing appropriation is provided to the"

Page 8, remove line 25

Page 8, line 31, replace "during that fiscal year" with "in a taxable year after 2012"

Page 8, line 31, replace "does not levy" with "is not levying"

Page 12, line 18, replace "exceeded a level of" with "received"

Page 12, line 18, after "$5,000,000" insert "or more"

Page 12, line 28, replace "$250,000,000" with "$170,000,000"

Page 12, line 30, remove "non-oil-producing"

Page 12, line 30, after "counties" insert "that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 12, line 31, after the period insert "The amounts available for allocation under this section must be allocated in the amount of $45,000,000 on or before May 1, 2013, and in the amount of $125,000,000 on or before May 1, 2014."

Page 13, line 9, replace "$17,550,000" with "$8,760,000"

Page 13, line 10, remove "department of transportation for the purpose of allocation"

Page 13, remove line 11

Page 13, line 12, replace "counties" with "state treasurer for allocation to counties for allocation to or for the benefit of townships in oil-producing counties"

Page 13, line 12, remove "Allocations among"

Page 13, remove lines 13 through 15

Page 13, line 16, replace "miles of township roads in the county." with "The funding provided in this section must be distributed in equal amounts on or before May 1, 2013, and May 1, 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of $15,000 each year to each organized township and a distribution of $15,000 each year for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this section, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities in oil-producing counties pursuant to the method provided in subsection 4 of section 54-27-19 and shall distribute twenty percent of the remaining funds to counties and townships in oil-producing counties pursuant to the method provided in section 54-27-19.1."

Page 13, line 17, after "has" insert "uncommitted"

Page 13, line 18, replace "during that fiscal year" with "in a taxable year after 2012"

Page 13, line 18, replace "does not levy" with "is not levying"

Page 13, line 22, after the period insert "For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 but less than $5,000,000 for the preceding state fiscal year."

Page 13, line 25, replace "upper great plains transportation institute" with "department of transportation"

Page 13, line 29, replace "$6,000,000" with "$6,250,000"

Page 13, line 30, replace "treasurer as directed" with "department of health for allocations"

Page 13, line 30, after "medical" remove "service"

Page 13, line 31, replace "and fire protection district funding committee" with "services advisory council"

Page 13, line 31, remove "grants under section 1 of this"

Page 14, line 1 replace " Act" with "state financial assistance under chapter 23-46"

Page 14, line 1, remove "and fire protection districts providing service in"

Page 14, line 2, replace "non-oil-producing counties" with "for that portion of the emergency medical service provider's service area in counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 14, line 3, replace "$3,000,000" with "$3,125,000"

Page 14, line 23, after the boldfaced period insert "Section 2 of this Act becomes effective July 1, 2015."

Page 14, line 23, replace the second "2" with "3"

Page 14, line 23, replace "3" with "4"

Page 14, line 25, replace "6, 7, and 8" with "7, 8, and 9"

Renumber accordingly

Date: 2-13-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment 2-9-13 Skarphol 8009

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Drovdal Seconded By Rep. Hatlestad

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley Belter			Rep. Scot Kelsh		
Vice Chairman Craig Headland			Rep. Steve Zaiser		
Rep. Matthew Klein			Rep. Jessica Haak		
Rep. David Drovdal			Rep. Marie Strinden		
Rep. Glen Froseth					
Rep. Mark Owens					
Rep. Patrick Hatlestad					
Rep. Wayne Trottier					
Rep. Jason Dockter					
Rep. Jim Schmidt					

Total (Yes) ______ No ______

Absent ______

Floor Assignment ______

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

Verbal Vote
Motion Carried.

Date: 2-13-13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment 2-12-13 Belter 8011
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Headland Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley Belter			Rep. Scot Kelsh		
Vice Chairman Craig Headland			Rep. Steve Zaiser		
Rep. Matthew Klein			Rep. Jessica Haak		
Rep. David Drovdal			Rep. Marie Strinden		
Rep. Glen Froseth					
Rep. Mark Owens					
Rep. Patrick Hatlestad					
Rep. Wayne Trottier					
Rep. Jason Dockter					
Rep. Jim Schmidt					

Total (Yes) No

Absent

Floor Assignment

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

Voice Vote
Motion Carried.

Date: 2-13-13
Roll Call Vote #: 3

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

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 adopt. amend. 8009

Motion Made By Rep. Headland Seconded By Rep. Owens

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley Belter			Rep. Scot Kelsh		
Vice Chairman Craig Headland			Rep. Steve Zaiser		
Rep. Matthew Klein			Rep. Jessica Haak		
Rep. David Drovdal			Rep. Marie Strinden		
Rep. Glen Froseth					
Rep. Mark Owens					
Rep. Patrick Hatlestad					
Rep. Wayne Trottier					
Rep. Jason Dockter					
Rep. Jim Schmidt					

Total (Yes) ______ No ______

Absent ______

Floor Assignment ______

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

Verbal Vote
Motion carried.

Date: 2-13-13
Roll Call Vote #: 4

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended 8011 ☐ Adopt Amendment

☒ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Klein Seconded By Rep. Schmidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley Belter	√		Rep. Scot Kelsh	√	
Vice Chairman Craig Headland	√		Rep. Steve Zaiser	√	
Rep. Matthew Klein	√		Rep. Jessica Haak	√	
Rep. David Drovdal	√		Rep. Marie Strinden	√	
Rep. Glen Froseth	√				
Rep. Mark Owens	√				
Rep. Patrick Hatlestad	√				
Rep. Wayne Trottier	√				
Rep. Jason Dockter	√				
Rep. Jim Schmidt	√				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Drovdal

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

REPORT OF STANDING COMMITTEE

HB 1358: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1358 was placed on the Sixth order on the calendar.

Page 1, line 1, after "23-01" insert ", a new section to chapter 52-04,"

Page 1, line 1, replace "two" with "three"

Page 1, line 12, after "of" insert "the chairman of the legislative management, or the chairman's designee;"

Page 1, line 14, remove ", who shall appoint one of them to serve as chairman"

Page 1, line 14, after the underscored semicolon insert "the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees;"

Page 1, line 14, after "four" insert "nonvoting"

Page 1, line 14, replace the second "one" with "two"

Page 1, line 15, replace "is" with "are"

Page 1, line 15, remove "and one of"

Page 1, line 16, remove "whom is a member of the governing body of a city or county in a non-oil producing county"

Page 1, line 18, replace "one" with "two"

Page 1, line 18, replace "is" with "are"

Page 1, remove line 19

Page 1, line 20, remove "county"

Page 1, line 20, after "one" insert "nonvoting"

Page 1, line 23, after the underscored period insert "The chairman of the legislative management shall designate the chairman from among the voting members of the committee."

Page 1, line 24, after the underscored period insert "The emergency medical services advisory council established under section 23-46-02 shall provide advisory assistance to the emergency medical service and fire protection district funding committee as requested."

Page 2, line 1, after "assistance" insert "from the oil-producing counties emergency medical service and fire protection district grant fund or funds provided by legislative appropriation"

Page 2, line 2, after "emergency" insert "medical"

Page 2, line 2, after "districts" insert "providing service in one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. Funding under this section may be provided only for that portion of the service area of emergency medical service providers or fire protection districts within one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 2, line 8, after the underscored period insert "The committee shall develop policies of best practices for efficient and effective use of grant award funds for full-time, part-time, and volunteer staffing of emergency medical service and fire protection district service providers.

SECTION 2. A new section to chapter 52-04 of the North Dakota Century Code is created and enacted as follows:

Contribution and wage report - Employee occupational and geographic code.

An employer's quarterly contribution and wage report must contain, for each individual performing covered employment during the calendar quarter, the individual's occupational code and the geographic code for the place where the individual performed work within the state."

Page 2, line 9, replace "Two" with "Three"

Page 2, after line 17, insert:

""Private covered employment engaged in the mining industry", for purposes of data compiled by job service North Dakota, must include employment by an oil refinery or a facility processing oil or gas, or both, in this state."

Page 3, line 23, after the first "of" insert "the chairman of the legislative management, or the chairman's designee;"

Page 3, line 24, remove the second underscored comma

Page 3, line 25, remove "who shall appoint one of them to serve as chairman"

Page 3, line 25, after the underscored semicolon insert "the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees;"

Page 3, line 25, after "two" insert "nonvoting"

Page 3, line 28, after "two" insert "nonvoting"

Page 4, line 1, after the underscored period insert "The chairman of the legislative management shall designate the chairman from among the voting members of the committee."

Page 4, line 11, replace "b" with "c"

Page 4, line 11, replace "exceeded a level of" with "received"

Page 4, line 12, after "dollars" insert "or more"

Page 5, line 12, replace "exceeded a level of" with "received"

Page 5, line 12, after "dollars" insert "or more"

Page 5, line 19, overstrike "during that fiscal year" and insert immediately thereafter "in a taxable year after 2012"

Page 5, line 19, overstrike "does not levy" and insert immediately thereafter "is not levying"

Page 7, line 21, replace "attendance" with "membership"

Page 7, line 21, after "basis" insert "for kindergarten through grade twelve"

Page 7, line 30, after "in" insert "uncommitted"

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Page 8, line 20, replace "may" with "shall"

Page 8, line 24, after "districts" insert "providing service in counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year"

Page 8, line 24, remove "A standing and continuing appropriation is provided to the"

Page 8, remove line 25

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Page 13, line 9, replace "$17,550,000" with "$8,760,000"

Page 13, line 10, remove "department of transportation for the purpose of allocation"

Page 13, remove line 11

Page 13, line 12, replace "counties" with "state treasurer for allocation to counties for allocation to or for the benefit of townships in oil-producing counties"

Page 13, line 12, remove "Allocations among"

Page 13, remove lines 13 through 15

Page 13, line 16, replace "miles of township roads in the county." with "The funding provided in this section must be distributed in equal amounts on or before May 1, 2013, and May 1, 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of $15,000 each year to each organized township and a distribution of $15,000 each year for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this section, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities in oil-producing counties pursuant to the method provided in subsection 4 of section 54-27-19 and shall distribute twenty percent of the remaining funds to counties and townships in oil-producing counties pursuant to the method provided in section 54-27-19.1."

Page 13, line 17, after "has" insert "uncommitted"

Page 13, line 18, replace "during that fiscal year" with "in a taxable year after 2012"

Page 13, line 18, replace "does not levy" with "is not levying"

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Page 14, line 3, replace "$3,000,000" with "$3,125,000"

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Page 14, line 23, replace the second "2" with "3"

Page 14, line 23, replace "3" with "4"

Page 14, line 25, replace "6, 7, and 8" with "7, 8, and 9"

Renumber accordingly

2013 HOUSE APPROPRIATIONS

HB 1358

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1358
2/18/13
Job 19108

☐ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 23-01, a new section to chapter 52-04, and three new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes:

You may make reference to "attached testimony."

Rep. David Drovdal, District 39: Began introduction of the bill.

Chairman Delzer: Do you have a list of the oil-producing counties that produce over $5M in revenue?

Rep. Drovdal: It's ten out of the seventeen oil-producing counties: Billings, Bottineau, Bowman, Burke, Divide, Dunn, McKenzie, Mountrail, Stark, and Williams. I can provide you with a copy. Resumed introduction of the bill with Section 2.

2:26
Chairman Delzer: Currently there is nothing like what you're setting up? Does Job Service have a mining component now?

Rep. Drovdal: I am not aware of one. Resumed introduction of the bill with Section 4. It allows the hub cities $750,000 for each percentage or fraction of citizens employed in the mining industry.

3:00
Chairman Delzer: How do you get that number?

Rep. Drovdal: That will be out of the Job Service report. There is money in this bill for them to create that report.

Chairman Delzer: They don't create that report until after 2015, do they?

Rep. Drovdal: We do have a number available to us now provided by Job Service. I'm not sure where they got that number.

Chairman Delzer: The first distribution would go off that number, the one we currently have. Do you have those numbers for those cities?

Rep. Drovdal: Correct. Currently the percentage of employment in Williston is 40%; Dickinson, 17%; and Minot, 4%. We believe that when the new report comes out, we will probably have 2% in Mandan, and that will be the qualifying hub cities. The other cities probably will rise when the new statistics come out.

Chairman Delzer: And it's $750,000 per point? So if it goes to 4.1, they get five times the $750,000?

Rep. Drovdal: That is correct.

Chairman Delzer: Do you have a breakdown in the dollars that all of these get?

Rep. Drovdal: I have the current percentage points and a flow chart showing the amounts. It shows Williston at $40 million, Dickinson at $12.75 million, Minot at $3 million. I will furnish that to you. Resumed introduction of bill with information about hub city school districts.

Chairman Delzer: So Williston's school district would get...

4:59
Rep. Drovdal: Williston's school district would get a total of $10 million, divided among three areas. They'd have a $2,500,000 grant to the school; $3,375,000 matching funds for school construction; and $3,375,000 into a fund for extraordinary expenses caused by the oil and gas industry development. Dickinson would get $1,060,000 total into the three accounts. Dickinson would get $4,250,000 into the three accounts; Minot would get $1,000,000 into the different accounts. Those details are on the same sheet which lists the cities. Mandan is not listed, though we do expect them to come on board.

Chairman Delzer: Why would Mandan come on board and not Bismarck?

Rep. Drovdal: Bismarck has a percentage of employment in there, but we do not believe it would qualify, and Bismarck is not in an oil-producing county.

Chairman Delzer: But you're not limiting things to a certain percentage before they get anything, right?

Rep. Drovdal: It would be hub cities in oil-producing counties.

Chairman Delzer: If you're putting Mandan in, it cannot be because Morton County is not an oil-producing county.

6:39
Rep. Skarphol: The hub city formula was designed to be based on the percentage of employment related to mining as defined in Job Service statistics. If you look at Section 3, the green language, it says private covered employment engaged in the mining industry must include employment from and an oil refinery. Mandan's oil refinery is classified as manufacturing. From my perspective and from the perspective of those who worked on this bill, we felt that refining oil and gas probably was related to oil and gas. We wanted it included. Mandan is included by that language. We did not preclude anybody from being included because if the community goes into the business of manufacturing frack tanks, and a community is large enough to be a hub city and they have 1% of their employment related to that particular industry, we did not think it was appropriate to preclude them.

Chairman Delzer: Isn't coal considered mining?

Rep. Skarphol: That's why there is an appropriation for Job Service to more adequately refine the categories to more accurate define what is oil and gas.

Rep. Dosch: In Bismarck, 80% of the growth in employment we've seeing is an indirect result of oil and gas industry in our state. That's one issue you also have to take a look at.

Rep. Drovdal: Continuing on, with Section 4 and following.

11:25
Chairman Delzer: Is there anything in here about when you shift from exploration to production so that we don't in essence create ultra-rich counties?

Rep. Drovdal: It's called the legislature. You'll notice in the records that once we've switched from exploration to production, the legislature has changed that allocation back to a lower percentage. The last I show is 1980 when it dropped from 35% down to its current 11.5% of the 5% production tax. There is no sunset on the bill. Continued bill explanation.

14:45
Chairman Delzer: Was there any discussion about the other bills adding money to firemen or to EMS? Was there any discussion about total dollars?

Rep. Drovdal: We only discussed what bills we had in front of us. Gave example.

15:44
Rep. Drovdal: Continued bill explanation, through Section 10.

17:35
Chairman Delzer: Organized and unorganized?

Rep. Drovdal: Organized and unorganized townships. Those organized townships have to have less than $100,000 of uncommitted reserves before they qualify.

Chairman Delzer: That's for the seven counties that are below $5 million?

Rep. Drovdal: I believe all the counties have to have an uncommitted reserve of $100,000 or less before they qualify.

Chairman Delzer: Number 9 is for the seven counties.

Rep. Drovdal: Yes, Number 9 is for the seven counties.

Chairman Delzer: Did you have a number of townships, or how did you come up with the 8.5?

Rep. Drovdal: There was a number, but I don't recall.

Rep. Skarphol: It's based on having the same distribution to those townships that were received by the townships in SB 2176. That calculation was done by Legislative Council. They did not receive anything in SB 2176, and they would not have received anything under this bill unless we specifically addressed them.

Chairman Delzer: SB 2012 also has $10 million in there for this same, but that's for all the counties, even the five above. We need to have those numbers right; we need to get that number. We've asked the treasurer's office to try to get those for us.

19:14
Rep. Drovdal: Continued bill explanation, beginning with Section 10. In the last amendment we put on, we took out the Upper Great Plains Transportation Institute and put in the North Dakota Department of Transportation. So I don't know if the $585,000 needs to be appropriated, but we did not take it out of the bill yet because we were not sure. Continued bill explanation, beginning with Section 11.

19:47
Chairman Delzer: Did you ask how much is in health department budget already?

Rep. Drovdal: We did not. Continued bill explanation, beginning with Section 12.

20:35
Chairman Delzer: I read that as being out of the impact grant money. But that grant money will in all likelihood already be granted out, will it not?

Rep. Drovdal: I guess I thought it was $5 million additional, according the summary I received.

Chairman Delzer: If you read the first line, it says, "Appropriated out of any monies in the oil and gas impact grant fund not otherwise appropriated the sum of $5 million." So I don't see that as over and above the $150; I see that as part of the $150.

Rep. Drovdal: On my sheet it showed as additional, but you read the language better than I do.

Chairman Delzer: Last session, we had it straight out of the general fund.

21:20
Rep. Kempenich: The governor added that oil impact, and it all depends on what you want to take out of the strategic investment money. The governor on the other side was talking 214, so it's all relative of what number you want to use.

21:38
Rep. Drovdal: Resumed explanation of bill, Sections 13, 14, and 15.

22:10
Chairman Delzer: That's the reason I asked. Section 2 is the one that does the Job Service mining deal, which doesn't become effective until July 1, 2015.

Rep. Skarphol: That is the effective date of the new classifications created by Job Service. Currently, Job Service has job classifications related to oil and gas that are referred to as mining; oil and gas is not a separate category. With this proposal, there is a hope we can more adequately refine those numbers. Gave example. In subsequent sessions, if that $750,000 or $250,000 needs to be adjusted, that would be appropriate.

Chairman Delzer: In other words, for the first two years of the bill, it will work off the first numbers you have currently.

Rep. Drovdal: That's correct. Mandan is not included on this sheet because we are using existing numbers.

Chairman Delzer: This is very complicated. There is a lot we'll have to look at. We're going to need to get your numbers fastened around.

23:48
Rep. Drovdal: I appreciate the time and the effort. You have quite a challenge looking at this one and matching this up to a number of other bills that have the same issues in them. You know as well as I do that this is important. North Dakota is giving about 25% of the first 5% back in taxes. Wyoming through Colorado are giving 35% to 63%. It jumps us up close to those areas.

Rep. Skarphol: Rep. Drovdal is off a little bit. In 2012, the amount of revenue that went back to the political subdivisions from oil and gas was 7.7%, according to legislative council, versus 35.6% for coal. It has been on a steady decline recently. In 2011, it was at 12%. If it continues that way, the golden goose will start to go away.

Chairman Delzer: How could they be below 10% going back? That's a discussion we can have later.

Rep. Drovdal: He is correct, but I believe that included all tax dollars.

Rep. Skarphol: I'm talking strictly all oil and gas taxes, production and extraction. This formula comes only out of the production tax and only out of 80% of the production tax.

Therefore, you would have $0.065 versus $0.05 that we do not get anything from as political subdivisions.

Rep. Kempenich: This bill is approximately $1.1 billion total with everything that is going back?

Rep. Drovdal: The figure we were given to start with was $964 million. The amendments may have taken it over a billion, but there is $585,000 that could be taken out of there.

Chairman Delzer: We'll get those numbers; there will be a fiscal note on this. We'll need to make sure everyone has a copy of this, and the information that you have for each city and school district and stuff. We'll have to look hard at the EMS. If there is $6 million in the health department, $1.25 in HB 1145, there's $6.25 here plus 2.5%. We're talking $15 million, $20 million going out on EMS and $15 million, $20 million going on out on the fire, and I don't know who they can really spend that much.

27:09
Rep. Glassheim: Was there any discussion as to why it was a good idea to have so many legislators on the advisory committees?

Rep. Drovdal: We're the ones responsible for the money to the taxpayers. I think the reason to put them in there was that we took the responsibility that we have a guardian of the tax payers' dollars.

Rep. Kempenich: Wouldn't you say this is the cost of doing business?

Rep. Drovdal: This bill is for the cost of doing business; that is correct.

Rep. Skarphol: In my discussions with Mr. Tupa, who represents the EMS services across the state, he fully understands that these things have to be reconciled. But if this formula is going to deliver money to the EMS, it was most logical to have the linkage created to ensure that the EMS dollars distributed statewide had an overall view from one place. He's fully amendable to taking that $6 million out of the health department.

Chairman Delzer: Can Legislative Counsel put together a sheet for the way the bills currently sit for all the fire and EMS money? Both sides of the legislature.

Rep. Hawken: Was there ever a sales tax impact give back? Fargo did it for years, and we didn't get extra money back.

Rep. Skarphol: Fargo's sales tax did not destroy the streets. In the case of western North Dakota, our communities and infrastructure are being destroyed by the effects of this.

Rep. Nelson: This is very complex. It would be nice to have a marked up copy with the various colors.

Chairman Delzer: We'll make sure everyone has a marked up copy. We'll try to get these other things laid out side by side so that people can look and see what we're doing.

Rep. Nelson: On that note, this is happening much too often, at least at this end of the table, for us to make good decisions. We should have the same information that the committee has. I don't know why this is occurring.

Chairman Delzer: First place, these went on the calendar on the 6th order on Thursday. The fiscal notes are requested after they go on the calendar. So we haven't received the fiscal notes yet. That is a real problem for us. We've talked to council about trying to speed that up. We'll also need to have a discussion with leadership. This session, we ended up with more bills than normal coming out of policy committees. We need to have more time in the appropriation committee with the money bills that come out so that we can make sure they all fit together right. We need to ask to maybe move that up to give us one more week between there. I know that's a little detriment to the policy committees. If we had most of the big ones earlier, we could deal with a few of these others later with an extension of the time.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1358
February 25, 2013
Job 19453

☐ Conference Committee

Explanation or reason for introduction of bill/resolution:

Relating to definitions under the oil and gas gross production tax; relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes:

Chairman Delzer called the committee to order. Amendment .09006 is being handed out.

Rep. Skarphol went through the amendment.

Chairman Delzer clarified that the bill being worked was the first engrossment, version .09000.

Rep. Williams: Is District 1 an elementary or high school district?

Chairman Delzer: District 1 is Williston High School, the city of Williston school district. District 8 is the rural K-8.

Rep. Nelson: Does that also count students that are homeschooled?

Rep. Skarphol: I can't answer that. I don't think they get any state dollars.

Rep. Nelson: They don't under the formula, but this isn't the formula.

Chairman Delzer: This would be what was going to the school districts to try to cover that. I doubt they would get any, because I don't think they're counted as enrolled in any of those schools.

Rep. Nelson: I would agree with you if it said attendance, but doesn't with the wording change, doesn't membership open it up a little bit?

Chairman Delzer: But it would be of the school district, which I don't believe they are considered part of.

Rep. Sanford: The money that is distributed is part of the local in lieu of in the formula, so ¾ of that would be counted as local contribution and the ¼ would be outside that?

Rep. Skarphol: Under current statutes, that's exactly right.

Rep. Sanford: And that would be the same with 1319?

Rep. Skarphol: Yes.

Rep. Nelson (23:00): Which counties would that include, or how many?

Chairman Delzer: This is the oil producing counties

Rep. Nelson: Does the $500,000 exclude any of the oil producing counties?

Rep. Skarphol: It excludes 7. If that doesn't recognize what the LTC and DD folks desire, we can adjust that on the other side. It would be the 10 counties receiving more than $500,000.

Chairman Delzer: It's 13, because four receive less than $500,000. We'll get a list.

Rep. Kempenich (26:20): Is the department going to put some type of allocation in place?

Chairman Delzer: They are going to figure out the right way to do it. This is in reference to HB 1433, which we will take up next.

Rep. Skarphol moved amendment .09006.

Rep. Kempenich seconded.

Rep. Hawken (27:56): I'm having a hard time following the money. There is $454 million that's coming out of oil and gas, $136 million out of general funds, and $108 out of some other special funds.

Chairman Delzer: Some out of the strategic investment fund.

Rep. Hawken: I'd like to see a breakdown of where the dollars come from. It's not adding up.

Chairman Delzer: Do you have the updated version?

Rep. Glassheim: Does the 2/14 Fiscal Note apply at all to this?

Chairman Delzer: I would say it's going to be considerably different.

Voice Vote: Motion carried.

Rep. Skarphol (31:20) walked through the bill.

Chairman Delzer: This comes out of the oil production tax.

Rep. Skarphol: Yes. The money to fund this model comes out of the one cent that the state receives out of the five cents in the production tax.

Chairman Delzer: Williston gets $30M per year. What about Minot?

Rep. Skarphol: Minot gets $3M, Dickinson $12.75M, Mandan $1.5M per year.

Chairman Delzer (40:35): Any of this that they receive would have to come off of their imputed at the 75?

Rep. Skarphol: The $2.5M for sure, with the exception of the building.

Chairman Delzer: I would think the extraordinary conditions would have to be considered.

Rep. Skarphol: If we want to make sure of that, I can make sure that is included. There was no intent to try to avoid that requirement.

Chairman Delzer: It's the same split except it's a smaller dollar figure for the other 3. This is for two years; after two years it has to be looked at or it would go to the point of whatever hub cities would come into play from Job Service.

Rep. Skarphol: That's why I asked that we consider tightening up that language. If we leave everything and just let Job Service statistics be the determining factor, it could exaggerate the amount of money flowing to those cities.

Chairman Delzer (50:50): Can you give us approximately what each percent amounts to in dollars?

Rep. Skarphol: The 2.5% referenced for EMS is, in total for those 10 counties, about $7M each, about $14M per biennium. In the last grant round, EMS services applied for $65M, and were granted $16M. This formula will distribute $14M in two years. That dramatically reduces a demand on the impact fund.

Chairman Delzer: Each percentage amounts to about $2.8M.

Rep. Skarphol: I can provide some really good numbers in terms of dollars going to political subdivisions based on the projections that were used in helping the Governor develop his budget recommendation.

Chairman Delzer (54:00): If this goes forward, there is supposed to be some adjustment in the health department budget too on EMS.

Rep. Skarphol: If this goes forward, there is $6M in the health department budget to come out.

Rep. Streyle (57:55): There is one city that is more adversely affected by this pretty big change.

Rep. Skarphol: I understand that Rep. Streyle has something that he's trying to deal with. We can discuss it. I suggested to him that there is a better avenue than here to do it.

Rep. Kempenich (1:00:20): Dunn county bid out this year, hoping that money would show up. If you don't keep this up it gets to be cumbersome.

Chairman Delzer: These are one time appropriations.

Rep. Skarphol: For some level of reassurance, look at page 13, line 20.

Chairman Delzer: If we're talking pavement, are we giving them enough money that they are going to pave every road in their counties?

Rep. Skarphol: Absolutely not, but if they reconstruct a gravel road, if they are visionary enough, they would insist on the type of compaction that is required.

Chairman Delzer: But there is nothing in here that prohibits them from using this money on gravel roads?

Rep. Skarphol: Nothing at all.

Rep. Grande: I thought we had paid for and there were studies done on using different type of surface spray to compact these roads so they wouldn't break down as quickly? Do we have those results?

Rep. Kempenich: The Senate has put in some money to further this along.

Chairman Delzer: There is also some money sitting in SB 2012 as it comes across to us.

Rep. Hawken (1:10:10): You said it was a two year, but in one of the last sections it says it's a 10 year initiative.

Chairman Delzer: The 10 year is on the formula portions of it; the two year is for the appropriations. They are not continuing appropriation.

Rep. Skarphol: Rep. Streyle and I have been struggling with some issues. He provided some information regarding Minot. Minot has an AA2 rating; Williston has just been downgraded to BBB+. Explanation of ratings. Williston did not ask me for $30M. The reason I picked that number was just because of the fact that in preparing their budget the community of Williston has been struggling with how to meet the anticipated expenses and they were $30M short.

Rep. Streyle: Are we doing amendments now or tomorrow?

Chairman Delzer: We can keep discussing or start amending.

Rep. Nelson: I think Rep. Skarphol showed the need and the impact for every one of these areas that are being addressed. I'm having a hard time understanding why Mandan qualifies as a hub city. That refinery was built in a time when there was little or no growth in the state. I don't know of a road being impacted currently.

Rep. Skarphol: There is still substantial activity and truck traffic at that facility. I don't have an issue with any community over 12,500 being a hub city.

Chairman Delzer: Are we doing something different in this bill though that creates them being a hub city where they are currently not? Are we changing language?

Rep. Skarphol: We are giving special consideration because of the fact that they have an oil and gas refinery.

Rep. Nelson: There is no question that it meets the definition but it's established.

Rep. Streyle: I have an amendment on the impact grant fund portion. I intend to support this bill. The problem I have is that we just picked out a piece. The Job Service data is the major flaw in this formula. If you look at the Job Service data for Minot, it's 890 jobs. If you look at what the city knows of employment, it's 2901 jobs. Basing a funding model on flawed data isn't appropriate.

Chairman Delzer: Does anyone else intend to offer amendments when we take this up? We'll sit on this for now.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1358
2/26/13
19455

☐ Conference Committee

Jeanette Cook

Relating to the definitions under the oil and gas gross production tax.

Minutes:

Attachments 1-4

Chairman Delzer called the committee to order and brought up HB 1358. He asked Allen Knudson to go over the Information provided to the committee.

Allen Knudson reviewed 13.9571.05000. See attachment #1.

Chairman Delzer: Is this all based on between 800,000 to 830,000 barrels of oil per day at $70 a barrel?

Allen Knudson: I believe that it was 830,000 - 850,000 a day by the end of the biennium.

Chairman Delzer: Is the money $70-$75 or is it $75-$80? I ask that because if the number of barrels goes up by 200,000 barrels per day, and the price stays the same, these numbers get quite a bit larger for the counties through the formula.

Allen Knudson: It is $75 -$80.

Allen Knudson finished his review of 13.9571.05000. (6:25)
Allen Knudson continued with review of 13.9592.02000. See attachment #2. He stated that the projections are very rough. The numbers could vary significantly based on actual production and price levels.

Rep. Skarphol: With reference to the counties, in the whole bill you're talking about $342M and that is excepting the direct appropriation to counties? Is this just formula change?

Allen Knudson: This is just the formula change. The appropriations are not included in these numbers. He resumed presentation of Attachment 2.

Rep. Skarphol: Could we have some idea the dollar amount that 1% generates?

Allen Knudson: For the first year of the biennium it is about $212M, and it is $$228M the second.

Rep. Skarphol: The $99M, $33M, and $35M that are referred to on the left, is that a biannual figure?

Allen Knudson: Yes.

Rep. Skarphol: So, $440 M in the first penny, and we are going to appropriate roughly $150M out of it for those hub cities.

Allen Knudson: And then the oil and gas impact grant fund gets $150 million.

Chairman Delzer: And 30% of everything goes to the Legacy Fund.

Allen Knudson: Resumed presentation of Attachment 2. 10:20

Chairman Delzer: Remember that these are rough numbers and can change.

Rep. Skarphol: Are you using the numbers that Kathy Strombeck provided the Governor for his budget?

Allen Knudson: We got the numbers from the tax department, I'm not sure if they are the same numbers that the Governor used.

Rep. Skarphol: What gross number did you use for Williams County? Using my numbers from the net result of the formula increase, we increased the amount by 111.6%. This would seem to reflect substantially more.

Allen Knudson: For Williams County it was $172 M.

Rep. Skarphol: Then they are the same.

Allen Knudson resumed discussion of Attachment 2.

Chairman Delzer: Is that the one that you figure it is over $5M because not all of these are over $5M?

Allen Knudson: There will be seven counties that would be under the $5M.

Allen Knudson presented Attachment 3, 13.9600.01000. These are the numbers that are based on each county. We received these numbers from the tax department. The funding for each county might be allocated under the formula. It is an ANNUAL number for 2014.

Chairman Delzer: There are two counties missing.

Allen Knudson: We did not get numbers for McLean County and Mercer County.

Chairman Delzer: Rep. Skarphol, this is listed out by counties on the EMS and fire protection. Are the sheriffs also through the granting systems or is that a direct grant?

Rep. Skarphol: It is a direct grant.

Rep. Delzer: The EMS and fire protection both go to that committee that is set up in, and it wouldn't necessarily go to the counties in that shape?

Rep. Skarphol: It would be intended, to the extent that it is appropriate, that the money be distributed within those counties. There are EMS districts that cross county lines. We wouldn't see a dramatic redistribution of that money from one county to another.

Rep. Skarphol: With regards to Williams and Stark Counties, when you reflect the number that is in bold print for Williams County at $91M, that is including the hub city change, correct?

Allen Knudson: Right, that is the hub city, the hub school district, and the additional $1.75 million to the school districts in those counties that are over $5M.

Rep. Sanford: Regarding school districts, I'm assuming the use of these funds is across the spectrum from construction to operation ....

Chairman Delzer: Was 25% of it a grant?

Rep. Skarphol: That is only for the hub cities. In the case of the other county distributions it is a full-fledged grant. It is computed.

Rep. Sanford: Has any analysis been done on what happens to equity formulas with this distribution?

Chairman Delzer: I would say no, that's not been done; it would probably have to be done in the second half if both bills go forward.

Rep. Skarphol: I repeat; 75% of what they get is imputed. If HB 1319 goes forward, only 25% of the money allocated here would affect equity.

Chairman Delzer: Further questions on these? We have the amended bill before us.

Rep. Streyle: I have an amendment to offer. Amendment .09003 and Attachment 4 were passed out.

Chairman Delzer: Is this off the engrossed bill after we adopted the amendments, or is this before that?

Rep. Streyle: This would be before that. He explained the amendment .09003.

Chairman Delzer: Which section are you trying to change?

Rep. Streyle: It's just earmarking a portion of the grant fund. Right now in 1358 the grant fund is wide open for anyone to grant to. This would take 25% of it, and earmark it to hub cities.

Chairman Delzer: You're doing it in the one where they put $5M away for growth, instead of in the section that deals with...

Rep. Streyle: This is how the amendment was written by Council. There is $5M there for the eligible counties. This would just put the $37.5 M in there. Current law is 35%, and this is 25% of that, leaving the balance of $112.5 M to be granted to any political subdivision.

Chairman Delzer: If we adopted this, would it earmark $12.5M on top of the other appropriations and on top of the other splits? So, Williston would be getting $42.5M?

Rep. Streyle: That would be correct. Minot would be at $18.5M total for the biennium. The $150M grant fund is the total dollar amount. Take 25% of that; drop it down on the hub cities where most of the impact is. The Governor's bill has 35%. This would change and earmark a portion of it. The theory behind it is to get the money to the hub cities as soon as possible. It doesn't make it necessary to have to grant every project. On the second page that I sent out, the second section, "Job Service Current Data", this is what all of this is based off of right now. Look at the statewide numbers. The job numbers are incorrect. We are basing spending numbers on numbers that are so far off of the true numbers. The numbers are far larger, and the incorrect numbers will not do the communities any good when they are off by 2 to 3 times. I think there are flaws in this bill.

Discussion of numbers off Attachment 4.

Chairman Delzer: Can I ask you why you used earmark instead of allocate?

Rep. Streyle: That was Council's word. I am not an attorney.

Rep. Skarphol: I understand Rep. Streyle's desire to do something for his city, but I do think we need to resist the amendment. I don't agree with earmarking these funds. The request in the last biennium was $600M +. We have $150M in there. We have resolved a substantial amount of that $650M by some of the things that are incorporated into this bill. We talk about oil impact in Minot, but Minot also received $55M in state and federal money to build an overpass to deal with some of the discomfort as a result of the oil traffic. They also have considerable construction going on that is totally unrelated to oil. We can always find fault with every mechanism. Maybe it would be appropriate to incorporated into this bill a study to find the proper mechanism. From my perspective, this is a good way to distribute the money. With regard to the number of jobs, I can't argue with that, but they are off for other cities as well, the numbers are all understated. I do not think it is the right thing to do to take money out of the impact fund and distribute it to the hub cities.

Rep. Streyle: It's $37.5M not $45M. I know there has to be a formula to figure this out, but this problem is oil impact, not flood.

Rep. Streyle moved the amendment .09003.
Rep. Martinson seconded adoption of amendment .09003 with changes discussed. ("earmark" changed to "allocate", etc - listen to recording)

Rep. Skarphol: For purposes of the definition in this amendment, Rep. Streyle has excluded Mandan as a hub city. Yesterday when we talked about this bill we talked about the indebtedness in Williston and Minot. The indebtedness in those communities is some over $40M each. In Mandan they are $100 M in debt. Whether or not that is our issue, I point it out because there are legitimate reasons for things that are done in this bill. If the committee really wants to go where this amendment purports to go, then I find it unacceptable to exclude Mandan as far as the amendment. I again would ask the committee to resist the amendment. We can try to find Rep. Streyle some dollars for the city of Minot somewhere else.

Rep. Streyle: With that, the city of Minot has over $40M in debt, and is 91.67% to their max. They will clearly go up to 100% with any flood project and the airport. So, they are 100% just like everyone else. They may have a better credit rating, but that has nothing to do with this bill.

Rep. Wieland: I still do not understanding where the $150M is in the current bill.

Rep. Skarphol: If you're looking at the marked up bill, it is on page 5, Subsection E, at the top of the page in lines 5-6.

Chairman Delzer: They did the adjustment under section 11 which was the $5M for the growth, simply because it fit in there as part of the impact money.

Chairman Delzer: Is there further discussion on the motion to further amend?

A voice vote was taken. The voice vote uncertain, division requested, motion fails 7-15-0.

Rep. Kempenich: This is an on-going issue on these job numbers. I hope that we can get some better numbers that show what is actually happening.

Rep. Pollert: On section 12 of version .09006, the way that is written, it would go to 14 counties, and I think it was supposed to go to 17 oil producing counties.

Allen Knudson: We would drop off the words, "more than $500,000". That would include the 17 counties. We do need to define an oil producing county.

Rep. Pollert: I know when we got the numbers on FTEs on section 12, they included the contract staffing. But it doesn't specifically state it in the section. I don't know if it is necessary to have in there, but I know those numbers were figured in when they did the total FTE numbers.

Chairman Delzer: It's limited to this amount of money at $90 per employee. I wouldn't think you would need to go into that detail.

Rep. Skarphol: I would recommend we take section 9 out, $589,000 for the Department of Transportation, if we are going to amend it.

Rep. Pollert moved to further amend HB 1358. (Section 12 and Section 9). See vote sheet #2.
Rep. Skarphol seconded the motion.
A voice vote was taken, and the motion carried.

Rep. Nelson: In the bill min on page 3 of the marked up version of .09006, I'm really uncomfortable, given what we've just not done for Minot, that we include Mandan as a hub city. I would like to propose an amendment to remove lines 7-9 on page 3.

Rep. Nelson: I reluctantly do this. When we look at what this is talking about, the impacts occurring in western ND, I don't think they can make a strong case to include Mandan in that because of oil impact.

Rep. Skarphol: The philosophy behind addressing oil and gas issues is that they are oil and gas issues. To classify a refinery as something other than oil and gas is illogical to me. There can be arguments made that Mandan has paid a significant price over the years because of the refinery and the associated traffic. They have received nothing in return for that other than the presence of the refinery and whatever benefits accrue from that refinery. Their community has suffered from truck traffic as well, and I believe it is appropriate to include them in this mechanism.

Rep. Streyle: With that being said, oil trucks, frack sand, water haulers, are not included in the mining data, as well.

Representative Boe: Referring to the refinery, looking at the permit being issued for a new diesel refinery and county, will we be adding a new county in when that gets up and running?

Chairman Delzer: That would not be a hub city because it is not big enough.

Chairman Delzer: Further discussion

Rep. Nelson moved to further amend HB 1358. (p. 3 lines 7-9 remove.
Rep. Streyle seconded the motion.
A voice vote was taken. Division called.
A roll call vote was taken. 14-8-0 The motion carried.

Rep. Skarphol moved a DO PASS on HB 1358 as amended.
Rep. Kempenich seconded the motion.

Rep. Streyle: I hope we support this bill.

Chairman Delzer: Committee members, you will have to do what you want to do on this. I think there are some good things in here, but I have concerns about sustainability.

Rep. Skarphol: I don't share your concerns about sustainability, because it is a formula based funding mechanism. If revenue goes down, the money goes down. The counties recognize this. But, most of you have witnessed the destruction at Williston and the devastation that has been caused in western North Dakota. The dollars available for the political subdivisions to solve those problems are not sufficient. This needs to be resolved in order for these communities to move forward. I hope you can support the bill.

A roll call vote was taken. 19-3-0 The motion carried.
Rep. Skarphol will carry HB 1358.

FISCAL NOTE
Requested by Legislative Council
02/14/2013

Revised
Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(454,900,000)		
Expenditures						
Appropriations	$49,380,000	$103,000,000	$136,365,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$94,000,000	
School Districts		$68,000,000	
Townships			

2 A. **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 HB 1358 changes the distribution of the oil and gas gross production tax.

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 4 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson, Minot and Mandan - and for producing counties. The amount shown for schools in 1B is the maximum allowed in the two different provisions of Section 4 (page 3 lines 26-29 and page 5 lines 7-11, engr. HB 1358). Not all of the school revenue may be utilized due to the requirements of Section 4. (The existing formula does allocate some revenue to schools, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1% of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 4 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes authorized in engrossed HB 1358; there are other allocations that are dependent upon actions and thresholds not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 6 through 12 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/21/2013

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
Bill/Resolution No.: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(409,900,000)		
Expenditures						
Appropriations	$133,775,000	$103,000,000	$140,510,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$86,500,000	
School Districts		$30,500,000	
Townships			

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

HB 1358 changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and schools, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities and producing counties. The amount shown for schools is the maximum allowed in the provisions of Section 3; not all of the revenue may be utilized. All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds for purposes of 1A). These represent the first tier of distribution changes; there are other allocations that are dependent upon actions not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 10 are appropriations, and the total amounts are shown in 1A above. It is assumed the intent in Sections 7 and 8 are to split the appropriation equally among the current and next biennium; however it could possibly be interpreted to split the appropriation equally into three fiscal years (FY 13, FY 14 and FY 15).

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/01/2013

VR
2/27/13
1 of 3

13.0134.09007
Title.10000

Prepared by the Legislative Council staff for
House Appropriations
February 26, 2013

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1358

Page 1, line 1, remove ", a new section to chapter"

Page 1, line 2, remove "52-04,"

Page 1, line 2, replace "three" with "two"

Page 2, remove lines 24 through 29

Page 2, line 30, replace "Three" with "Two"

Page 3, line 5, replace "containing the majority of the area" with "with the highest student enrollment"

Page 3, line 6, after "within" insert "the city limits of"

Page 3, remove lines 7 through 9

Page 8, line 19, replace "membership" with "attendance"

Page 8, line 19, after "twelve" insert "students residing within the county"

Page 10, line 5, after "basis" insert "for kindergarten through grade twelve students residing within the county"

Page 13, line 5, after "**APPROPRIATION**" insert "**- JOB SERVICE NORTH DAKOTA**"

Page 13, line 12, after "**APPROPRIATION**" insert "**- STATE TREASURER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND**"

Page 13, line 14, replace "$206,000,000" with "$190,000,000"

Page 13, line 17, replace "$103,000,000" with "$95,000,000"

Page 13, line 27, after "**APPROPRIATION**" insert "**- DEPARTMENT OF TRANSPORTATION**"

Page 13, line 28, replace "$170,000,000" with "$150,000,000"

Page 14, line 3, replace "$125,000,000" with "$105,000,000"

Page 14, line 5, remove "A county is not eligible for an allocation"

Page 14, remove lines 6 and 7

Page 14, line 8, remove "and county road purposes."

Page 14, line 11, after "**APPROPRIATION**" insert "**- STATE TREASURER**"

Page 15, remove lines 4 through 8

Page 15, line 9, after "**APPROPRIATION**" insert "**- STATE DEPARTMENT OF HEALTH**"

Page 15, line 18, replace "**DEPARTMENT OF TRUST**" with "**COMMISSIONER OF UNIVERSITY AND SCHOOL**"

Page 16, after line 2, insert:

"**SECTION 11. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $6,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering a grant program for nursing homes, basic care facilities, and providers that serve individuals with developmental disabilities located in oil-producing counties to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of commerce shall allocate funding in January of each year of the biennium, based on the number of full-time equivalent positions of each nursing home, facility, or provider as determined by the department of human services. The annual allocation for each full-time equivalent position may not exceed $90 per month. When setting rates for the entities receiving grants under this section, the department of human services shall exclude grant income received under this section as an offset to costs. This funding is considered one-time funding for the 2013-15 biennium. The department of commerce shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 for the preceding state fiscal year.

SECTION 12. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $5,000,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year."

Page 16, line 5, remove "Section 2 of this Act becomes effective July 1, 2015."

Page 16, line 6, replace "3" with "2"

Page 16, line 6, replace "4" with "3"

Page 16, line 7, replace "7, 8, and 9" with "6, 7, and 8"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes a section requiring employer's contribution and wage reports.

- Adjusts the definition of a hub city school district and the distribution basis for determining school district funding allocations.
- Removes the definition of private covered employment engaged in the mining industry.
- Reduces funding from the strategic investment and improvements fund for road projects in oil-producing counties by $16 million, from $206 million to $190 million.
- Reduces funding from the general fund for road projects in non-oil-producing counties and oil-producing counties with lower oil production by $20 million, from $170 million to $150 million, and removes the requirement that counties must levy at least 10 mills for roads to be eligible for these funds.
- Removes a section appropriating $585,000 from the general fund to the Department of Transportation for road testing and analysis.
- Adds a section appropriating $6 million from the strategic investment and improvements fund to the Department of Commerce for grants to nursing and basic care facilities and developmental disability providers to address the effects of oil and gas and related economic development activities in oil-producing counties.
- Adds a section appropriating $10 million from the strategic investment and improvements fund to the Department of Human Services for grants to critical access hospitals in oil-producing counties and counties contiguous to oil-producing counties to address the effects of oil and gas and related economic development activities in certain oil-producing counties.

Date: 2/25/13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number .09006

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

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Skarphol Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes ____________ No ____________

Absent ____________

Floor Assignment ____________

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

voice vote carries

Date: 2/26/13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number .09003

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

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Streyle Seconded By Rep. Martinson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Rep. Streyle	X	
Vice Chairman Kempenich		X	Rep. Thoreson	X	
Rep. Bellew	X		Rep. Wieland		X
Rep. Brandenburg		X			
Rep. Dosch	X				
Rep. Grande	X		Rep. Boe		X
Rep. Hawken		X	Rep. Glassheim		X
Rep. Kreidt		X	Rep. Guggisberg		X
Rep. Martinson	X		Rep. Holman		X
Rep. Monson		X	Rep. Williams		X
Rep. Nelson	X				
Rep. Pollert		X			
Rep. Sanford		X			
Rep. Skarphol		X			

Total Yes 7 No 15

Absent 0

Floor Assignment

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

amend + change 'earmark' to 'allocate'

voice vote uncertain

motion fails

Date: 2/26/13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Appropriations 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. Pollert Seconded By Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes ______ No ______

Absent ______

Floor Assignment ______

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

page 16 marked up

language in section 12 eliminate 'of more than $500,000

+ remove section 9

voice vote carries

Date: 2/26/13
Roll Call Vote #: 3

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Appropriations 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. Nelson Seconded By Rep Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle	X	
Vice Chairman Kempenich		X	Rep. Thoreson	X	
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg		X			
Rep. Dosch		X			
Rep. Grande	X		Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt		X	Rep. Guggisberg	X	
Rep. Martinson		X	Rep. Holman	X	
Rep. Monson		X	Rep. Williams		X
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarphol		X			

Total Yes 14 No 8

Absent ______

Floor Assignment ______

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

p3 marked up remove lines 7-9 remove Mandan as hub city

voice vote uncertain

motion carries

Date: 2/26/13
Roll Call Vote #: 4

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13.0134.09007

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

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Skarphol Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Rep. Streyle	X	
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew		X	Rep. Wieland	X	
Rep. Brandenburg	X				
Rep. Dosch		X			
Rep. Grande	X		Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarphol	X				

Total Yes 19 No 3

Absent 0

Floor Assignment Rep. Skarphol

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

REPORT OF STANDING COMMITTEE

HB 1358, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1358 was placed on the Sixth order on the calendar.

Page 1, line 1, remove ", a new section to chapter"

Page 1, line 2, remove "52-04,"

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> **SECTION 12. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $5,000,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year."

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This amendment:

- Removes a section requiring employer's contribution and wage reports.
- Adjusts the definition of a hub city school district and the distribution basis for determining school district funding allocations.

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- Adds a section appropriating $6 million from the strategic investment and improvements fund to the Department of Commerce for grants to nursing and basic care facilities and developmental disability providers to address the effects of oil and gas and related economic development activities in oil-producing counties.
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2013 SENATE FINANCE AND TAXATION

HB 1358

2013 SENATE STANDING COMMITTEE MINUTES

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

HB 1358
3/13/2013
Job Number 19835

☐ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 23-01 and two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes: Testimony Attached

Chairman Cook opened the hearing on HB 1358.

Representative Skarphol introduced HB 1358, thoroughly speaking to each section of the bill and also proposed amendments (attachment 1).

Senator Oehlke - Section 8 page 14, could you explain to me, I think you said non-oil producing townships would also be allocated a distribution?

Representative Skarphol - In SB 2176 there was an allocation made to the non-oil townships.

Senator Oehlke - So it didn't have anything to do with this bill.

Senator Triplett - You had a conversation with a Mountrail County Commissioner who indicated they would need $60 million per year for the next 10 years to keep up with road construction. That is $600 million over the next 10 years. Then I thought I heard you say the Great Plains Transportation Institute has suggested that the oil producing counties as a whole have a need of $500 million and I'm assuming that might be just the current need.

Representative Skarphol - While I have upmost respect for the work that Great Plains Transportation did their original work was at the request of the Association of Oil and Gas Counties and was requested to be rather hastily done. They did the best they could in the time they had available. We contracted with them to do more work in this legislative interim and again they more adequately defined the parameters that they saw as appropriate. However, the counties in doing the work have found that the analysis didn't necessarily reflect the need. I'm not an engineer but I have a new appreciation for what these folks do in that it became very apparent to me based on a conversation that what needs to happen is that we need to build the highest quality roads we can. In helping me understand that they talked about the needed compaction. As the counties have begun to refine the process of doing the right thing they have recognized there are different classes of compaction and originally what they thought was good enough was not. When you get into that kind of specificity as to the cost associated with building roads it somewhat dramatically changes the numbers and that is why the numbers don't begin to jive.

Senator Triplett - Do you feel the counties have done an adequate amount of research so that they now know what class of roads they have to build to get roads that will stand up for the long term and not be subject to repetitive rebuilding?

Representative Skarphol - Yes

Senator Burckhard - I mean no disrespect in this question, but when your county commissioners suggested they needed $60 million a year for 10 years, how much of a road expert is he?

Representative Skarphol - The discussion was between that county commissioner, me, his county engineer, and the president of the North Dakota Oil and Gas Counties Association.

Senator Andrist handed out a summary of Legislative General Fund changes at crossover (attachment 2).

Dan Brosz, ND Association of Oil and Gas Producing Counties - See attached testimony 3, and testimony 4 presented on behalf of Kimberly Steffan, in favor of HB 1358.

Shane Goettle, City of Minot - See attached testimony 5 in favor, and proposed amendments (attachment 6) of HB 1358.

Curt Zimbelman, Minot Mayor - See attached testimony 7 in favor, of HB 1358.

Dennis Johnson, Dickinson City Commission - See attached testimony 8 in favor of HB1358.

Brad Bekkedahl, Finance Commissioner of Williston - See attached testimony 9 in favor of HB1358.

Chairman Cook - Mayor Johnson talked about the water is a $10 million business and I think where I live we have about $35 million in bonded debts so I can turn the water faucet on and flush the toilet and that debt is paid off with water fees that we pay. Are your water fees such in Williston that ultimately the fees collected in the water bills that are paid will pay off the bonded debt for your water infrastructure?

Brad Bekkedahl - The city of Williston did a city upgrade to our water treatment plant system about 8 years ago and we acquired about $32 million of bonded debt at that time.

That schedule was tied to prepayment through our water rates as well as city sales tax for infrastructure.

Chairman Cook - What is the challenge with Williston's ability to issue bonds?

Brad Bekkedahl - What's happened is in the attempt to keep up with the critical service needs we have with the increased population we've an enormous amount of personnel was added. As a result we have had to extend down all of our reserve funds and a lot of our general fund balances to try to keep up with those costs. We are now at a point where the bonding agencies had concerns about the depletion of our general fund and saw that for this fiscal year where we had a revenue of $52 million and a budget expense of $82 million that we were not going to have adequate general fund revenues to cover that and so they placed the downgrade on our system because of that.

Chairman Cook - What is your mill rate?

Brad Bekkedahl - I think our mill numbers are about 47-48 mills and mill values I believe last year increased 53% in one year to about $50,000 per mill.

Steven Holen, McKenzie County Public District #1 - Watford City - See attached testimony 10 in favor of HB1358.

Chairman Cook - Do you think your school board would have raised the taxes from 53 or kept them up at 110 if it wasn't for that 12% cap?

Steven Holen - I think we would have had a hard time doing that. The reason for that is that valuations are increasing at the rates that they are. To have a valuation increase and also go up 50 mills I think is an over excessive burden on our local taxpayer.

Chairman Cook - The question I really have is the 12% cap really the block that keeps you from doing what you want to do?

Steven Holen - I believe it is. Whether we be at 100 mills or at 80 mills would be the determination.

Kent Hjelmstad, Stanley Public School District - A lot of people have put in a great amount of effort into this bill. I see it as a ubiquitous effort to assist a lot of entities that have been impacted very severely by the oil rush. I'm told by petroleum engineers as I serve on the advisory board for oil producing counties this is not a boom, it's a rush. There is not an expected bust to come. We are in this for the long haul. We are impacted, our bridges, roads, hospitals, sewer systems, schools, etc. so I'm happy to see the imagination that has been used to create something new and different. We are all benefitting by amount $10 million per day as we mine this wet gold. It is time to share some of that revenue at the local level. (1:51:15)

Roger Chinn, County Commissioner, McKenzie County - The message I want to convey to you from the people I represent statewide, there is strong united support for HB 1358. I would recommend a do pass on HB 1358.

David Hynek, County Commissioner, Mountrail County - See attached testimony 11 in favor of HB 1358.

Senator Triplett - Regarding your statement, protecting the revenue stream you're saying the best way of doing it is to build the top quality road system and I assume maybe other infrastructure that we've been hearing about here today too. Is it your opinion that that is more important than reducing the taxes on the oil industry as a balance in terms of preserving the revenue stream, or do you have an opinion on that?

David Hynek - I think both can be accomplished. (2:03:20)

Chad Peterson, North Dakota County Commissioners Association - See attached testimony 12 in favor of HB 1358.

Doug Graupe, Divide County Commissioner - See attached testimony 13 in favor of HB 1358.

Brent Sanford, Watford City Mayor - See attached testimony 14 in favor of HB 1358.

Mark Bragg, Bakken Housing Partners - See attached testimony 15 in favor of HB 1358.

Alexis Brinkman, North Dakota Petroleum Council - On behalf of our 400 members HB 1358 and funding for these impacted counties and schools is our most critical issue. It's so very important that these counties, cities and schools have the ability to build the necessary infrastructure and plan long term.

Steven McNally, Hess Corp - I would like to focus in on the question you asked is, what would be the problems that might be created in the event that we don't pass this bill. You will directly negatively impact the revenues that have resulted in the boom here in this state. (2:27:44)

Curt Halmrast, North Dakota Emergency Medical Services Association - See attached testimony 16 in favor of HB 1358.

Mary Anderson, ABLE - See attached testimony 17 in favor of HB 1358.

Daniel Kelly, MCKenzie County Healthcare Systems Inc. - See attached testimony 18 in favor of HB 1358.

Darrold Bertsch, Sakakawea Medical Center & Coal Country Health Center - See attached testimony 19 in favor of HB 1358.

Scott Rising, ND Soy Bean Growers Association - I'm struck by the difference in the tone from 2 years ago. Very confident kind of approach. I think lead mostly by the idea that it's a very comprehensive bill that we are not just supporting, we are excited about. (2:48:05)

Reed Reymam, St Joseph's Hospital, Dickinson ND - I'm here representing both Dickinson and Williston in support HB 1358.

Kurt Stoner, Bethel Lutheran Nursing & Rehabilitation Center - See attached testimony 20 in favor of and testimony 21 on behalf of Shelly Peterson.

Alan Anderson, Commerce Commissioner - See attached testimony 22 in favor of HB 1358.

Larry Syverson, Roseville Township &ND Township Officers Association - See attached testimony 23 in favor of HB 1358.

Also see attached testimony 25-27 who was unable to attend but did provide written testimony.

Chairman Cook closed the hearing on HB 1358.

2013 SENATE STANDING COMMITTEE MINUTES

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

HB 1358
3/25/2013
Job Number 20411

☐ Conference Committee

Committee Clerk Signature	Angela Mittlesteadt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 23-01 and two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes: Testimony Attached

Chairman Cook reopened the hearing on HB 1358.

Grant Levi, Department of Transportation - See attached testimony 28.

Senator Triplett - You said a couple of different times in a couple different ways that the Department of Transportation supports the concept in SB 2012 in terms of distribution because you like the increased coordination between state and county government. Am I hearing you correctly that you would like us to amend HB 1358 to make it more like SB 2012?

Grant Levi - There is 2 sources of funding, one still contained in SB 2012 which has a formula, a basis that's contained in there and then there is HB 1358 that you are considering now. I'm not sure if the legislative body ultimately is going to go forward with both funds, but yes, the department prefers what's contained in SB 2012 for distribution.

Senator Oehlke - There was some conversation about not having enough funding to do all the projects. Let's pretend you got all the funding. Would you be able to actually do the projects in the next 2 years or does it need to be stretched out anyway?

Grant Levi - One of the provisions contained in SB 2012 is to allow some carryover of funding to allow carrying over into the next biennium. The reason for that is not all of the construction contracts that we enter into will be finished. We do need the funding contained in order to make the commitment to those construction contracts. (1:05:03)

Senator Miller - Is there any danger in honesty because we are allowing this money to carry over that people won't be doing the job and bidding honestly or is there enough competition you feel that this is going to take care of itself?

Grant Levi - We control that with each individual contract, when we set our completion dates for the actual construction work and there is a lot of competition so the contracts, the work will be under way, unless there is a change in conditions they will get completed. It's just that it takes a while to work through all the paperwork and resolve any issues that might have occurred.

Senator Triplett - You talked about the state having completed the four lane of Highway 2 just 7 or 8 years ago and that it's now not adequate to the job. We can forgive you for that because the oil boom had not yet started then. Now that it's here and we have a sense of it, do you feel like you have adequate coordination and information from the oil companies that you have a sense of where the need is next that you can do this reconstruction and build out that you are going to get it right for the next 7 or 8 years or is it a shot in the dark?

Grant Levi - Your correct, 7, 8, 10 years ago, we didn't anticipate what is occurring. What we've done in the last few years is we've entered into a contract with Upper Great Plains to help us with traffic forecasting which is essential, especially truck traffic and pavement design. We are using that we well as our relationship with Lynn Helms and that group to get a better feel for where we are at.

Tom Nehring, Department of Health - See attached testimony 29.

Vice Chairman Campbell - Bottom line, give me an example of what you are requesting and what you are getting, what's the sacrifice? What's the bottom line of services being short of your requests?

Tom Nehring - I think the bottom line is, essentially we may not have the same number of ambulance services in the future that we currently have. The reason why is because of these staffing things, the volunteer pool, etc. (1:30:25)

Chairman Cook - Why would we want emergency medical services money in this bill? Why wouldn't we want the entire issue of funding EMS in one bill?

Tom Nehring - I believe that what this bill does is it takes, it creates some issues for us, number one it has a different committee for the funds for the oil impacted areas, but what it does do other than the training funds, I'm assuming this is going to repeal the rural EMS assistance fund and so it would then come out of this bill. So whatever funding that we get the only thing that would still be out there on its own is the training grant of $940,000. To me it still comes out of one bill, one area, just the same as we have currently with the rural EMS assistance fund.

Senator Dotzenrod - I'm not sure if I understand how the funding works here. On page 2 lines 10-12 that says funding under this section may be provided only for that portion of the service area of emergency medical service providers or fire protection districts within one or more oil producing counties that receives $5 million or more of allocations under subsection

2. It appears that the funding in this section will go to those areas that receive the $5 million, but I'm not sure what funding is available for those that have less than $5 million.

Tom Nehring - Section 9 I believe covers that and section 9 basically says that $6.25 million is available to those that do not qualify as well as all of the other areas of the state of North Dakota.

Maggie Anderson, Department of Human Services, gave an explanation of section 11 of the bill.

Chairman Cook - Is it safe for me to assume that these facilities elsewhere in the state, the only funding they get from the state is reimbursement for costs either through Medicare or Medicaid?

Maggie Anderson - Through the Department of Human Services it would be reimbursement for up to cost based on our rate setting principals. (1:40:45)

Senator Miller - We do send money out for salaries to nursing homes right?

Maggie Anderson - Yes as part of our rate setting process we cover the cost of staff salaries. (1:41:32)

Senator Miller - Has there been an assessment of what this is by the state? Can we quantify this in any way? This $6 million is that a number pulled out of the air or does it have meaning?

Maggie Anderson - It was a dollar amount that was given to the department when we were asked to draft the amendments. We were told to use $6 million and figure out how much that came out to in terms of, that's how we got to the $90 per month. I can't quantify whether that's enough money or how that number was arrived at.

Chairman Cook - If you remember from testimony we had a person that testified, I think the request at least from an email I received is they don't want $90 per month; they want $400 per month.

Chairman Cook - Has this issue been betted in any other committee? Has this issue been in a bill elsewhere?

Maggie Anderson - The overall issue of staffing statewide regardless of the oil impact counties has been addressed and part of that is what the governor recommended in the department's budget for that $.50 pass through. There also was a standalone bill and I'm not recalling the number of it. (1:45:16)

Maggie Anderson went on to explain section 12 of the bill.

Chairman Cook - This money is administered by your department, section 11 goes through the Commerce Department. Any intelligent reason why the difference?

Maggie Anderson - My understanding is within the Medicaid program we have a little consideration called the upper payment limit. For simplicity purposes it essentially says that we cannot make Medicaid payments that are in excess of what Medicare would pay for like services. There is concern based on information that we continue to provide to the Appropriations Committees on where we fair in terms of that upper payment limit. (1:50:03)

Michael Zish, Job Service of North Dakota, spoke to section 5 of the bill.

Chairman Cook - If we gave you $150,000 and it would cost you $100,000 to do the study what do you do with the other $50,000?

Michael Zish - The resources that would be allocated under this are necessary because we can't use our current resources to do it. We are federally funded and they are very prohibitive in what we do for staff time. If we come in under time I imagine we could return the money at the end of the biennium. We would be able to track the time that we did this by, and we would be good stewards of the time.

Chairman Cook - Can we put in $100,000 and get the job done?

Michael Zish - We could certainly negotiate. I feel $120,000 would be reasonable. (1:57:30)

Senator Dotzenrod - Page 13 line 2 you are going to identify all employees who should be included. Is that going to be a clear line to know who should be included or are you going to have to develop as part of your process the criteria to decide who should be concluded? Is part of what you have to do is make these definitions or is it already pretty established for you as to who should and who shouldn't be?

Michael Zish - We do feel we have a very clear idea of the obvious industries that have a very strong chance of being included in employment that would be included but the reason we have to do this on a larger scope of research is we aren't sure where the surprises are. Especially when you get into professional technical services or other services, there you may have a welding shop that has an industry code of welding and are they preforming farm machinery repair or are they specializing in work in the Western part of the state. We feel the language we used in the instrument will be self-answering. (2:00:25)

Senator Triplett - We have proposed amendments from Representative Skarphol which would add one sentence to the end of section 5. Is that an issue for you at all?

Michael Zish - Absolutely not.

Mike Manstrom, Dougherty and Company - Chairman Cook asked me to come in and answer questions on municipal issuing. Dougherty and Company is an investment banking firm of regional investment banking. We offer underwriting services as well as municipal financial advisory services to political subs through the state of North Dakota.

Chairman Cook - Let's talk about how a city gets its bond rating.

Mike Manstrom - Not all bonds are sold as rated bonds. When a city goes to a rating agency and submits their information for a rating process, we've already considered several factors. Number 1, the larger communities, Bismarck, Fargo, West Fargo, etc. are large enough in size and demographics to generate what we consider a market rate. An A rating or better sells well in the market. Anything lower than that is probably a negative and they have a significant expense as well. It's a little easier for larger communities. (2:03:50)

Vice Chairman Campbell - What factors are involved in those that could reduce their ratings right now. Are there any cities like Williston or any North Dakota cities that are of lesser than an A rating right now?

Mike Manstrom - We recently did a special assessment of Williston and their rating went from an A rating to a triple B bond not because of the security of the payments so much as they have to drop because of the needs, everybody in this room understands the tremendous pressure on the infrastructure in the oil impact counties and cities. (2:08:09)

Jeb Oehlke, Office of State Treasurer handed out proposed amendments (attachment 30).

Senator Dotzenrod - On page 3 line 21 when you remove the state treasurer, did you intend to replace that with the commissioner of university and schools lands?

Jeb Oehlke - No, that's excess language that doesn't need to be there. (2:24:30)

Joe Morrisette, Office of Management and Budget - See attachment 31.

Chairman Cook - The $60 million that the governor had in the impact fund for airports, where is that in the House bills?

Joe Morrisette - That is in the appropriation for the land department and it is currently in House Appropriations in the government operation section. It is SB 2013.

Chairman Cook - That is going to be where we stop this morning. We will be back this afternoon after session.

2013 SENATE STANDING COMMITTEE MINUTES

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

HB 1358
3/25/2013
Job Number 20416

☐ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 23-01 and two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes:

Testimony Attached

Chairman Cook reopened the hearing on HB 1358.

Jerry Coleman, Department of Public Instruction - See attachments 32-34.

Senator Dotzenrod - Is there a payment that we are providing either in this HB 1358 or in HB 1319 that gives an extra payment for rapid growth?

Jerry Coleman - There is a bill alive, it will be heard in Senate Appropriations tomorrow, so it got through the House, through the Senate, the Senate Ed put some amendments on it. That has a separate general fund appropriation to try to deal with rapid enrollment issues.

Senator Dotzenrod - If there were any benefits in some of these schools out there, they would be in addition to what we have here?

Jerry Coleman - That particular rapid enrollment bill is separate from anything. That will measure increases over the previous year and try to get some advanced funding out to those school districts that are experiencing rapid enrollment.

Chairman Cook - Is that statewide?

Jerry Coleman - Statewide, this time out of general fund.

Chairman Cook - Do you know the bill number?

Jerry Coleman - HB 1261 I believe.

Senator Triplett - Does that bill that you were just referencing, the rapid enrollment, does it also require the 75% accounted for reduction following year or is it not?

Jerry Coleman - It does not. That 75% refers to the state formula money going out so that is just a piece of the state formula where they set a target amount from school districts and there's a local contribution to that so that is the state formula money. This particular thing would be a separate grant item.

Senator Triplett - Is it done on an annual basis?

Jerry Coleman - Yes, the way it was introduced, the funding, and it was $17 million based on some criteria some tests, a certain percentage enrollment over the previous year.

Chairman Cook closed the hearing on HB 1358.

2013 SENATE STANDING COMMITTEE MINUTES

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

HB 1358
3/25/2013
Job Number 20422

☐ Conference Committee

Committee Clerk Signature Angela Rittmiller

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 23-01 and two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes:

Chairman Cook opened discussion on HB 1358.

Senator Miller - I think EMS in particular probably doesn't have much business being in that bill in my opinion nor does the nursing home or hospital components. I think we try and talk about infrastructure and finance of government and those kind of are separate entities from the overall picture. While money is important to know how much is going on, in addition to the fact I guess maybe this more or less shapes my view of what that stuff is in the bill, it says this is one time funding on the hospital and nursing home, there is no way this is one time funding, that's going to come back as long as the oil boom is going on they are going to need more money.

Chairman Cook - Personally I just as soon it be part of a comprehensive state policy on how we fund hospitals and EMS that we don't have some in another bill.

Senator Oehlke - If we pull some of those things out of here are they going to get lost and just end up in an OMB bill that's even more difficult to understand than this, at this point in the game.

Chairman Cook - That is a legitimate concern.

Senator Triplett - I think the other bills that are in other committees on these topics are more statewide bills and I think the purpose of this bill was to try to deal with the special problems in the oil producing counties. Maybe you've had conversations with Senator Lee about whether she's willing to deal with the issue of...

Chairman Cook - Would you like Senator Lee to talk to the committee?

Senator Triplett - I'm fine with that.

Senator Miller - Not to shoot myself in the foot, but there is a portion of that bill that has nothing to do with oil counties. I know that's not the point of why you brought that up but we've got $150 million going to non-oil counties in there too.

Senator Dotzenrod - I do think that during the time when there's the expansion phase in the oil area I do think there's a connection between the impacts that are going on out there. I think you can make the argument that if we reach the equilibrium and there is stability out there that then it might be not as strong an argument to make but we are seeing such a social dislocation going on with new people coming in and a certain element of crime and these shooting that have happened in the last week or so. I think they are just going through a lot and to put this in here, I'm okay with it; it doesn't bother me at least to get us through for one or two sessions while they are still expanding and there is a lot of dislocations out in there. The emergency services are probably going to get pushed along with the hospitals, law enforcement. So I'm not bothered to leave it in here but I do think having Senator Lee come in and get her ideas on it would be good.

Chairman Cook - One thing about the formula that when you send money to counties driven by a formula based on production, I'm not sure if oil production is a good indicator of oil activity. You can have a county that has very little production but all kinds of rigs in that county drilling and that is where all the roads and all the trucks are driving and all the activity is, yet you can have another old established oil county that's got a lot of production and no rigs.

Senator Triplett - Your point is very well taken and I agree with you but at the same time the benefit of having some kind of a formula is the notion that cities and counties can plan ahead at least 2 years by seeing what is in here and knowing what they are going to get as opposed to having to wait to go through an impact grant process and not be able to do any planning until the whole grant round is finished. I think both of them have their problems but you are right the formula isn't perfect either.

Chairman Cook - I'm not necessarily insinuating that by reducing what goes through the production formula based on production means it's going into impact grants. I think one could weigh the formula in multiple ways not only production but maybe weigh it in the permits that are being issued or the amount of rigs that are in your county. Those types of things that might better get us to really getting money to where the impact is.

Senator Miller - One of the other things I was thinking about is we are trying to create a formula and we don't have the data we really want but it seems like everybody kind of has this idea of how much money we would like to send to certain areas. Would it not be probably prudent at this point until we have the data that we want to just simply appropriate the money directly to the cities or the counties and just say you are getting this dollar amount and not try to create a formula?

Chairman Cook - That could be. Let's not forget that the HUB city formula was drafted by coming up with the dollar amount one wanted first for Williston and then working backwards to find out what the number had to be for the formula.

Senator Oehlke - There was something in social services a while back called SWAP and it involved social services departments of various counties having to share or swap back dollars depending on where the needs were. That isn't something that we are going to accomplish I don't think in this short of time either but it might be something to think about. Maybe it would put the burden on the oil producing counties to start looking at each other and figuring out where the real needs are and who can help each other.

Senator Burckhard - I think the other day we also talked about would it be likely or possible to have an oil industry representative here or county representative come to this.

Chairman Cook - I think we've had a whole lot of county representatives already testify at this hearing.

Chairman Cook closed discussion on HB 1358.

2013 SENATE STANDING COMMITTEE MINUTES

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

HB 1358
4/1/2013
Job Number 20701

☐ Conference Committee

Committee Clerk Signature Angela McAlister

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 23-01 and two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes:

Chairman Cook opened discussion on HB 1358.

Chairman Cook - Does everybody have a copy of HB 1319? If not you will want to pick it up. You certainly will want to know what is in here. It came from the House at 70 mills. The Senate committee I believe is going to take that to 50.

Chairman Cook handed out amendments numbered 13.0134.10015.

Chairman Cook - It is not my intent to vote on these amendments at this time. I would like to give you all a chance to take a look at it and come back later on and if the amendments pass then we will continue with HB 1358. I have communicated with various Appropriation Committee's that have these human service issues in them, there have been a lot of emails floating around and back and forth. This is a tax department and I think that our involvement in any of these issues for the oil counties should be after the fact that the comprehensive human service issues are resolved in the various committees where they should be. (4:16)

Senator Oehlke - It certainly is going to make life here a little bit easier as far as getting through what is important in this bill with the road issues and so on.

Senator Triplett - Why is a road issue a tax and finance issue but a so called human services issue not. Why would we just not kill the whole bill if we don't think it's our business? How do you distinguish part of tax policy and part of it is not?

Chairman Cook - I think the bill before us is to send money to the oil producing counties. We have the chairman of the Senate Transportation Committee and we are working carefully with the money going to roads in the state of North Dakota. Senator Oehlke will be concentrating on the road money that's in this bill. The human services issue, and that is a familiar issue with us, is roads, EMS there is a comprehensive statewide plan. The way the bill was introduced with EMS it broke these in to 2 sections or 2 areas in the state. I got one email that said don't you dare screw with an EMS funding plan that has been put in place and is working. We will let them do with the major policy first, to what degree these issues come back into the bill certainly could be determined in a conference committee but it's my intent to get them out for now. Read over them and we will come back later and hopefully add these amendments, for now we will recess.

Discussion on HB 1358 was closed.

2013 SENATE STANDING COMMITTEE MINUTES

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

HB 1358
4/2/2013
Job Number 20773

☐ Conference Committee

Committee Clerk Signature Angela Rittmiller

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 23-01 and two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes:

Chairman Cook opened discussion on HB 1358.

Chairman Cook - You were given some amendments to this and part of those amendments was the removal of some sections. There is concern of course that these sections do get addressed in other bills. I have talked to Jerry and Shelly and it appears that until we remove them those in appropriations won't start doing their discussions that they are supposed to do. I would like to see us make a motion for HB 1358 if we could to remove sections 1, 9, 11 & 12. That is the EMS, nursing home and hospitals. As soon as we make that motion, Senator Kilzer has a subcommittee meeting at 4:00pm and will start addressing sections 11 & 12 as far as in the human services budget and he'll be looking at what policy they want to put in the human services budget. Representative Pollert and Kreidt will deal with the EMS. After they are done with it and to what degree these things move back in here of course will be determined in a conference committee.

Vice Chairman Campbell - I will move that we take out sections 1, 9, 11 & 12.

Seconded by **Senator Burckhard**.

Roll Call Vote on Amendment 5-1-1

Chairman Cook closed the discussion on HB 1358.

2013 SENATE STANDING COMMITTEE MINUTES

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

HB 1358
4/4/2013
Job Number 20903

☐ Conference Committee

Committee Clerk Signature Angela Rettmiller

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 23-01 and two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide a continuing appropriation; to provide appropriations; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

Minutes:

Chairman Cook opened discussion on HB 1358.

Chairman Cook handed out attachment 1A.

John Walstad, Legislative Council went through amendments 13.0134.10019 (attached as 13.0134.10021).

Senator Dotzenrod - The $150 million for the non-oil counties is that road money for the counties for non-oil counties, does that money get moved and show up some other place or is it money that when we take it out of here it disappears and does not show up in another bill?

Chairman Cook - There is money all over that is the nightmare. There is money coming out all over. We've made some decisions here based on SB 2012, the D.O.T. budget bill and I understand they took out $142 million. (34:03)

Senator Dotzenrod - It does appear that there isn't really a master plan that has all the pieces that all fit together right now.

Chairman Cook - I see here $190 million, we have $60 million in here now but you show $0.

Joe Morrisette, OMB - When this schedule was prepared, my understanding was the 10% that was taken out of the pot that goes to the counties that receive more than $5 million, that was going to go into a special fund. (37:02)

Senator Burckhard moved amendments .10019.

Seconded by **Senator Miller**.

Verbal Vote on Amendment 7-0-0

Senator Oehlke - I'll move a **Do Pass as Amended and re-refer to Appropriations**.

Seconded by **Vice Chairman Campbell**.

Roll Call Vote 7-0-0

Carried by **Senator Oehlke**.

FISCAL NOTE
Requested by Legislative Council
02/28/2013

Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(444,900,000)		
Expenditures						
Appropriations	$49,380,000	$95,000,000	$115,780,000	$116,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$86,500,000	
School Districts		$65,500,000	
Townships			

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

HB 1358 Second Engrossment changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson and Minot - and for producing counties. The amount shown for schools in 1B is the maximum allowed in the two different provisions of Section 3 (page 3 lines 17-20 and page 4 lines 27-31, HB 1358, 2nd. engr.). Not all of the school revenue may be utilized due to the requirements of Section 3. (The existing formula does allocate some revenue to schools within the 4/5's distribution formula, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1/5 of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes authorized in HB 1358 Second Engrossment; there are other allocations that are dependent upon actions and thresholds not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 12 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 03/05/2013

FISCAL NOTE
Requested by Legislative Council
02/14/2013

Revised
Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(454,900,000)		
Expenditures						
Appropriations	$49,380,000	$103,000,000	$136,365,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$94,000,000	
School Districts		$68,000,000	
Townships			

2 A. **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 HB 1358 changes the distribution of the oil and gas gross production tax.

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 4 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson, Minot and Mandan - and for producing counties. The amount shown for schools in 1B is the maximum allowed in the two different provisions of Section 4 (page 3 lines 26-29 and page 5 lines 7-11, engr. HB 1358). Not all of the school revenue may be utilized due to the requirements of Section 4. (The existing formula does allocate some revenue to schools, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1% of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 4 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes authorized in engrossed HB 1358; there are other allocations that are dependent upon actions and thresholds not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 6 through 12 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/21/2013

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
Bill/Resolution No.: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(409,900,000)		
Expenditures						
Appropriations	$133,775,000	$103,000,000	$140,510,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$86,500,000	
School Districts		$30,500,000	
Townships			

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

HB 1358 changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and schools, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities and producing counties. The amount shown for schools is the maximum allowed in the provisions of Section 3; not all of the revenue may be utilized. All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds for purposes of 1A). These represent the first tier of distribution changes; there are other allocations that are dependent upon actions not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 10 are appropriations, and the total amounts are shown in 1A above. It is assumed the intent in Sections 7 and 8 are to split the appropriation equally among the current and next biennium; however it could possibly be interpreted to split the appropriation equally into three fiscal years (FY 13, FY 14 and FY 15).

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/01/2013

13.0134.10021
Title.11000

Prepared by the Legislative Council staff for
Senate Finance and Taxation Committee
April 4, 2013

3/4/13
TV

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 3, after "reenact" insert "paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove "; to provide a"

Page 1, line 6, remove "statement of legislative intent"

Page 1, line 6, after the first semicolon insert "and"

Page 1, line 6, remove "; and to declare an emergency"

Page 1, remove lines 8 through 24

Page 2, replace lines 1 through 22 with:

"**SECTION 1. AMENDMENT.** Paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

(1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08 and mineral revenue received by the school district by direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual;"

Page 3, line 9, replace "seven" with "three"

Page 3, line 9, replace "fifty" with "seventy-five"

Page 3, line 18, replace "two" with "one"

Page 3, line 18, replace "fifty" with "twenty-five"

Page 3, remove line 21

Page 3, line 22, remove "treasurer"

Page 3, line 22, overstrike "retain seventy-five percent of the allocation and deposit that amount in"

Page 3, line 23, overstrike "a special account established for that school district."

Page 3, line 23, remove "Up"

Page 3, line 23, overstrike "to fifty percent of the"

Page 3, line 24, overstrike "funds deposited in the special account under this subdivision"

Page 3, line 24, remove "may"

Page 3, line 24, overstrike "be released by"

Page 3, overstrike lines 25 and 26

Page 3, line 27, overstrike "special account"

Page 3, line 27, remove "that"

Page 3 line 27, overstrike "are not committed or expended for school construction"

Page 3, line 28, overstrike "projects"

Page 3, line 28, remove "may be released to the school district by the state treasurer upon"

Page 3, remove lines 29 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "e." with "c."

Page 4, line 26, overstrike "one" and insert immediately thereafter "two"

Page 4, line 26, after the semicolon insert "and"

Page 4, remove lines 27 through 30

Page 4, overstrike line 31

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next one"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next one"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of the next fourteen million dollars"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, replace "Sixty" with "Sixty-five"

Page 7, line 25, overstrike "Twenty" and insert immediately thereafter "Fifteen"

Page 8, line 7, replace "Five" with "Two and one-half"

Page 8, line 9, replace the first "county" with "state"

Page 8, line 11, replace the second "county" with "state"

Page 8, line 14, after "to" insert "the county treasurer for subsequent allocation to"

Page 8, line 19, remove "if"

Page 8, remove line 20

Page 8, line 21, remove "funds on hand or"

Page 8, remove lines 23 through 30

Page 9, replace lines 1 through 16 with:

"e. Ten percent must be deposited in the oil and gas impact grant fund in the state treasury."

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 30, replace "to" with "among"

Page 9, line 30, after "districts" insert "in the county"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, replace "**STATE TREASURER**" with "**DEPARTMENT OF TRANSPORTATION**"

Page 13, line 5, remove "**STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS**" with "**OIL-PRODUCING COUNTIES INFRASTRUCTURE ENHANCEMENT**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "oil-producing counties infrastructure enhancement"

Page 13, line 8, replace "$190,000,000" with "$60,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

   b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

   b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

   d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, remove lines 21 through 31

Page 14, remove lines 1 and 2

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 18, remove "if that township has"

Page 14, line 19, remove "uncommitted reserve funds on hand exceeding $100,000 or"

Page 14, line 26, replace "for" with "during"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 5

Page 15, remove lines 22 through 31

Page 16, remove lines 1 through 27

Page 16, line 28, replace "2" with "1"

Page 16, line 28, replace "3" with "2"

Page 16, remove lines 30 and 31

Renumber accordingly

Date: 4-2-13
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

Senate Finance & 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 Campbell Seconded By Senator Burckhard

Senators	Yes	No	Senator	Yes	No
Chariman Dwight Cook	X		Senator Jim Dotzenrod	X	
Vice Chairman Tom Campbell	X		Senator Connie Triplett		X
Senator Joe Miller					
Senator Dave Oehlke	X				
Senator Randy Burckhard	X				

Total (Yes) 5 No 1

Absent 1

Floor Assignment

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

Amendment to remove Sections 1, 9, 11 + 12

Date: 4-4-13
Roll Call Vote #: 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

Senate Finance & Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13.0134.10021

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

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Burckhard Seconded By Senator Miller

Senators	Yes	No	Senator	Yes	No
Chariman Dwight Cook			Senator Jim Dotzenrod		
Vice Chairman Tom Campbell			Senator Connie Triplett		
Senator Joe Miller					
Senator Dave Oehlke					
Senator Randy Burckhard					

Total (Yes) 7 No 0

Absent 0

Floor Assignment

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

verbal vote

Date: 4-4-13
Roll Call Vote #: 3

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

Senate Finance & 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 Oehlke Seconded By Senator Campbell

Senators	Yes	No	Senator	Yes	No
Chariman Dwight Cook	X		Senator Jim Dotzenrod	X	
Vice Chairman Tom Campbell	X		Senator Connie Triplett	X	
Senator Joe Miller	X				
Senator Dave Oehlke	X				
Senator Randy Burckhard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Oehlke

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

REPORT OF STANDING COMMITTEE

HB 1358, as reengrossed: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1358 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 3, after "reenact" insert "paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and"

Page 1, line 5, remove "; to provide a continuing appropriation"

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Page 1, line 6, after the first semicolon insert "and"

Page 1, line 6, remove "; and to declare an emergency"

Page 1, remove lines 8 through 24

Page 2, replace lines 1 through 22 with:

"**SECTION 1. AMENDMENT.** Paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

(1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08 <u>and mineral revenue received by the school district by direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual</u>;"

Page 3, line 9, replace "<u>seven</u>" with "<u>three</u>"

Page 3, line 9, replace "<u>fifty</u>" with "<u>seventy-five</u>"

Page 3, line 18, replace "<u>two</u>" with "<u>one</u>"

Page 3, line 18, replace "<u>fifty</u>" with "<u>twenty-five</u>"

Page 3, remove line 21

Page 3, line 22, remove "<u>treasurer</u>"

Page 3, line 22, overstrike "retain seventy-five percent of the allocation and deposit that amount in"

Page 3, line 23, overstrike "a special account established for that school district."

Page 3, line 23, remove "<u>Up</u>"

Page 3, line 23, overstrike "to fifty percent of the"

Page 3, line 24, overstrike "funds deposited in the special account under this subdivision"

Page 3, line 24, remove "may"

Page 3, line 24, overstrike "be released by"

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Page 4, line 26, overstrike "one" and insert immediately thereafter "two"

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Page 4, remove lines 27 through 30

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Page 5, remove lines 2 through 6

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Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next one"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of the next fourteen million dollars"

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Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, replace "Sixty" with "Sixty-five"

Page 7, line 25, overstrike "Twenty" and insert immediately thereafter "Fifteen"

Page 8, line 7, replace "Five" with "Two and one-half"

Page 8, line 9, replace the first "county" with "state"

Page 8, line 11, replace the second "county" with "state"

Page 8, line 14, after "to" insert "the county treasurer for subsequent allocation to"

Page 8, line 19, remove "if"

Page 8, remove line 20

Page 8, line 21, remove "funds on hand or"

Page 8, remove lines 23 through 30

Page 9, replace lines 1 through 16 with:

"e. Ten percent must be deposited in the oil and gas impact grant fund in the state treasury."

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Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, remove lines 21 through 31

Page 14, remove lines 1 and 2

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Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 18, remove "if that township has"

Page 14, line 19, remove "uncommitted reserve funds on hand exceeding $100,000 or"

Page 14, line 26, replace "for" with "during"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 5

Page 15, remove lines 22 through 31

Page 16, remove lines 1 through 27

Page 16, line 28, replace "2" with "1"

Page 16, line 28, replace "3" with "2"

Page 16, remove lines 30 and 31

Renumber accordingly

2013 SENATE APPROPRIATIONS

HB 1358

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1358
04-08-2013
Job # 20950

☐ Conference Committee

Committee Clerk Signature	Alice Delzer

Explanation or reason for introduction of bill/resolution:

A BILL regarding the oil and gas gross production tax

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg opened the discussion on HB 1358. All committee members were present.

Becky J. Keller - Legislative Council
Joe Morrissette - OMB

Chairman Holmberg: commented that the hearing on 1358 is moved to the Brynhild Haugland room for Tuesday, April 9th at 9:00 am. He stated they want to be sure we have room for all those who want to attend this hearing. The rest of the bills will be heard in the Harvest Room this week.

There was further discussion regarding other bills. The discussion was closed on 1358.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1358
April 9, 2013
Job # 21020

☐ Conference Committee

Committee Clerk Signature Rose Laning

Explanation or reason for introduction of bill/resolution:

A bill relating to oil and gas gross production tax allocation and the impact aid programs.

Minutes:

Testimony attached # 1 - 28

Legislative Council - Allen Knudson

Chairman Holmberg opened the hearing on HB 1358. Roll call was taken. All committee members were present.

Senator Dwight Cook, District 34
Bill Sponsor
Testimony attached # 1.

He proceeded to speak from the attachment and bill -

Chairman Holmberg said Mr. Walstad will be presenting a technical correction to the bill to which Senator Cook said his committee supports the correction.

Senator Mathern: What was rationale for items being taken out and put into other bills? For example, hospitals vs. education - some things in the bill you retained and some you sent elsewhere to be addressed.

Senator Cook: The biggest thing about production tax - it was negotiated back in 1953 in lieu of property taxes. There is property tax for education; property tax for local governments; property tax for roads. I don't think anybody else really pays property tax to support some of these things that we took out.

Allen Knudson - Legislative Council staff
Neutral position - to provide information to the committee
Testimony attached # 2 - Oil & Gas Gross Production Tax - Comparison of proposed funding changes.
Testimony attached # 3 - Estimated 2013-15 Distribution to Political Subdivisions - oil and gas gross production tax collections.

He went over the attachments and explained them.

(12:55) **Senator Gary Lee**: Where it uses $5M of annual oil production for tax allocations qualifying as an oil producing county - is that different than what it was or is it the same definition that's being used in this biennium?

Allen Knudson said he believed it's the same but said Mr. Walstad can clarify.

Senator Gary Lee: Weren't we using a 500,000 number before?

Allen Knudson: For the new oil producing counties? For that, it was based on a per barrel amount they produced before and then if they got new rigs, more than 4 new rigs in the county, that was the allocation for the new oil counties. It's section 8 of the bill that provides the formula for the new oil counties. If a county produced fewer than 100,000 barrels during the month of November 2012, and after November 2012, if the number of active rigs in a county exceeds 4 rigs, then they'd be eligible for a portion of that $5M grants.

(21:18) **John Walstad, Code Revisor, Legislative Council**
Neutral position - to provide information to the committee
Testimony attached # 4 - page 9 from 13.0134.10022 version of HB 1358.
Testimony attached # 4A - amendment 13.0134.10023

There is a correction that needs to be made. Looking at the bottom of page 9 of the Christmas tree version of the bill (13.0134.10022), it says "Ten percent to the oil producing counties infrastructure enhancement fund" - that would be the OPCI fund, however the bill that came from the Finance & Tax committee said that the ten percent goes to the impact grant fund. That was my error. I put the amendment together. The committee asked me what is the oil-producing counties infrastructure enhancement fund and I went blank. Because of my bad advice, the bill was amended to refer to the impact fund there.

If you look at page 13 of this marked up copy, down at the bottom, the appropriation now is for DOT and the appropriation comes from the oil producing counties infrastructure enhancement fund. I didn't change that in the tax committee. We had the appropriation there from a fund that by my bad advice was eliminated. The amendment before you makes no other changes in the bill other than that. All the other that the Senate Tax committee recommended is in the amendments and the version in front of you, except that one change. I hope you can adopt the amendment here that is 13.0134.10023 and make the correction for the 10% that needs to be allocated to that fund.

(25:10) **Dan Brosz, President, ND Oil & Gas Counties Association**
Testified in favor of HB 1358 - House version
Testimony attached # 5

(31:55) **Roger Chinn, President, ND Association of Counties**
Testified in favor of HB 1358 - House version
Testimony attached # 6

(34:35) **Ward Koeser, City of Williston, ND**
Testified in favor of HB 1358 - House version
Testimony attached # 7
Testimony attached # 7A - The City of Williston brochure

(39:36) **V.Chairman Bowman**: Every time we drill a new well, has anybody ever figured out what that impact is to the state and to the political subdivisions so that down the road, we're going to see oil production big time for a few more years, if nothing major happens. And if we could target what that figure is and use that as a formula to fund our counties, cities, and all our schools and emergency services and hospitals, I think we'd be on track to take care of the problem for the long term. Then when a new well is drilled, this is how much money goes into that political subdivision.

Ward Koeser: We thought about that, but one figure we came up with is, I feel that the oil industry puts about $2B/month into the state's economy. I base that on the fact that it's not uncommon for a well to cost $10M to drill and they might drill about 200 of them a month. That would be $2B/month. We know the impact is tremendous. In many ways the impact is positive. In other ways, it's challenging.

(41:45) **David Hynek, Mountrail County Commissioner**
Testified in favor of HB 1358 - House version
Testimony attached # 8

Senator O'Connell: You said you're building your roads 105-5, all-weather? Does that mean no load restrictions in the spring then? Is that the way you're building your specs?

David Hynek: That is the way we're building them. During load restrictions, we reserve the right to put on a per axle weight limit. The 105-5 will be intact. If you've got enough axles, you can go to 105-5 without an overweight permit.

(48:50) **Brent Sandford, Mayor, Watford City, ND**
Testified in favor of HB 1358 - House version
Testimony attached # 9

(58:10) **Doug Graupe, President, ND County Commissioners Association**
Testified in favor of HB 1358 - House version
Testimony attached # 10

(59:55) **Shawn Kessel, City Administrator, Dickinson, ND**
Testified in favor of HB 1358 - House version
Testimony attached # 11

(1:07:50) **Chad Peterson, Cass County Commissioner**
Testified in favor of HB 1358 - House version
Testimony attached # 12

(1:08:55) **Steve Holen, Superintendent, McKenzie County School District #1**
Testified in favor of HB 1358 - House version
No written testimony.
Reported the impact of the Senate Finance & Tax committee amendments on school districts and how they affect the funding for schools.

(1:13:24) **Curt Zimbelman, Mayor, City of Minot, ND**
Testified in favor of HB 1358 - House version
Testimony attached # 13
Testimony attached # 14 - Energy Impacts to Minot brochure

(1:16:16) **Viola LaFontaine, Superintendent, Williston Public School District #1**
Testified in favor of HB 1358 - House version
Testimony attached # 15

Senator O'Connell: What percentage of your students have parents who are not landowners - not property taxpayers?

Viola LaFontaine: About 200 new children come in per year and that would be the percentage that are not landowners, out of 2800 students.

(1:19:50) **Venita Best , Watford City**
Testified in favor of HB 1358 - House version
Testimony attached # 16

(1:21:01) **Jason Benson, Cass County Engineer**
Testified in favor of HB 1358 - House version
Testimony attached # 17

(1:23:12) **Ben Schafer, Superintendent, Ray Public Schools (1:23:30)**
Testified in favor of HB 1358 - House version
No written testimony.
Our town can't add anymore infrastructure, so we can't have any more students which would make us ineligible for the current infrastructure grants. We were at 287. We only had people in campers, so now we're down to 257 because they're moving to permanent housing which is a new problem. (Continued with problems they are having.)

(1:24:31) **Senator John Andrist, District 2**
Testimony attached # 18 - chart
This is a sheet showing all the money that is collected in Mountrail County from oil wells and how much is distributed back. I penciled in 11.67%. I just want you to realize that the money we're giving back to the home folks for infrastructure needs is a much lower figure than a lot of people may perceive. If we tripled the money that goes back for infrastructure from the oil production tax, we would still only be giving back about 20% of what Mountrail collects for the rest of the state.
Last biennium, we changed the name of the oil & trust fund to strategic improvement fund. I'd like to at least keep the funding for oil impact within that fund. Most profoundly disagree with the Senate Finance & Tax committee in sprinkling some of this impact money throught

health department budgets, through the Human Service budget. The most critical need of my community is roads, sheriffs, EMS, hospitals and keeping our nursing home alive. I just hope you will consider restoring the money that came to us in HB 1358 from the House, but also keeping integrity of using the Strategic Investment Fund as the vehicle for that. My fear is that the impact can be lost just by being sprinkled into so many budgets.

Chairman Holmberg: The committee will be weighing this and we are also weighing at the same time, we're looking at whether we should increase the funding that's in HB 1358. We also have a bunch of bills before us that reduce the income of the state through various tax changes so we've got a whole bunch of things to balance out at the end.

V.Chairman Bowman: If you haven't gotten the message that I said on the floor, we do have a definite need. It is a serious need and has to be directed to take care of this problem.

Chairman Holmberg closed the hearing on HB 1358.

Additional testimony in support of the House version of HB 1358 -
Emilie Anderson, Watford City, ND
Testimony attached # 19

Kimberly Steffan, City Auditor, City of Ray, ND
Testimony attached # 20

Melissa Slagle, Williston, ND
Testimony attached # 21

Dan Dolechek, Mayor, City of Killdeer, ND
Testimony attached # 22

D'Wayne Johnston, Superintendent, Tioga Public School District #15
Testimony attached # 23

Daryl Dukart, Dunn County Commissioner
Testimony attached # 24

Randy Waitman, Williston, ND
Testimony attached # 25

George Nodland, Dickinson, ND
Testimony attached # 26

Heidi Grondahl, Williston, ND
Testimony attached # 27

Testimony submitted on 4-10-13 with a correction to Curt Zimbelman's initial testimony:
Curt Zimbelman, Mayor, Minot, ND
Testimony attached # 28

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1358
April 11, 2013
Job # 21125

☐ Conference Committee

Committee Clerk Signature	Rose Laning

Explanation or reason for introduction of bill/resolution:

A bill relating to definitions under the oil and gas gross production tax.

Minutes:

Testimony attached # 1 - 2

Legislative Council - Allen H. Knudson
OMB - Laney Herauf

Chairman Holmberg opened the discussion on HB 1358. All committee members were present.

Senator Krebsbach said there was testimony handed out by Curt Zimbelman, Mayor, Minot, ND with a correction from his previous testimony - attached #1.

Senator Mathern handed out amendment 13.0134.10026 - attached # 2. He explained the amendment. This amendment has Senator Triplett's name on it and is amendment says "In Lieu of" and would put everything back in HB1358 that was taken out by the Finance and Tax committee.

Senator Mathern moved the amendment 13.0134.10026.
Senator Warner seconded the motion.

Chairman Holmberg: The net effect would be to take - and with the exception of a technical correction, you would undo what the Senate F&T did and get us back to the bill that would be called 2nd engrossment re-engrossed HB 1358. That's the bill we'd have before us if these amendments passed. That's roughly $130M difference.

Senator Mathern: There were statements made that indicated that these programs that are needed in the west would be funded in other areas. The chairman of F&T committee said that would be the case when the original amendments were adopted to take out those programs. That just hasn't happened yet. This restores the infrastructure and programs needed in western ND. If all those things that they said would be coming in other bills in fact happened in other bills, then we wouldn't need this, but right now we need it. If we don't do this, western ND will become a deteriorating part of our state - eventually becoming a industrial wasteland.

Chairman Holmberg: From a strategic point, why would you amend the bill at all? Why wouldn't you want it to pass exactly as the House passed it so it would have to go straight to the governor rather than back to the House?

Senator Mathern: Because we are in a legislation session where we can make step by step positive changes in bills. We have learned some things up to now, for example, the situation of roads and making sure we meet certain specifications. I see it as how do we build on what we have learned. That's the rationale for the amendment changes.

Senator Carlisle asked how many dollars in EMS?

Senator Kilzer: I have not checked but I know there had been an increase each of the last several biennia.

Chairman Holmberg asked Allen Knudson if he knew about the health department.

Allen H. Knudson, Legislative Council: There's about $6M general fund in the Health Department for EMS. I think last time it was around $4M or $5M.

Chairman Holmberg: Because these bills will end up in a conference committee, the Legislative Council is working on a spread sheet that deals with programs that help EMS, programs that help hospitals and certainly roads because there are things added in the DOT budget in the House. It's a moving target.

V.Chairman Bowman: I appreciate the effort that has been put into these amendments. Most of you know how I feel about it, but I want to make it perfectly clear for the record that I do not want duplication from one bill to the other. That needs to be separated out before the final version is complete so everyone then knows exactly where the money is at and exactly where it's going to go. Everybody tells me everything but I haven't been able to find out anything. It's really confusing that there have been a lot of promises, but promises don't turn into reality into the final version is voted on. I can support the amendments, but I don't want duplication because that makes it worse.

Senator Wanzek: Another example would be HB 1145. I carried the insurance budget and HB1145 provided 100% of the insurance premium taxes for fire districts. It was more than 100% increase so there's another example of an area where every single fire district ou there will be getting more than double what they got last time. In addition, there is some monies in here for non-oil counties as well. I do believe the western part of the oil area is a priority and we should address that. Other parts of the state are dealing with the impact too with traffic counts and housing issues. Our area will be faced with the expansion of a Great River Energy project building an ethanol plant and Cenex Harvest States is building more than a billion dollar fertilizer plant. They're talking 1500 people moving in for construction. Then with the flooding over the years, our roads have been a problem as well. Once we take care of the oil country, I'd like to see some help in the non-oil country as well.

V.Chairman Bowman: I requested a list of all the duplicate bills that some of us have brought up. I mentioned the fire departments and I know there's money in the Health dept. for emergency services. We have to look at that to see if it takes care of the need. First of all, we have to find out where all of this money is at. If we get to conference committee, they can adjust that, but if we don't get this amendment passed, and we get into conference committee, it depends on who rules the roost. We might come up short of what we need.

Senator Mathern: The people who came to testify, including the mayors of the cities in the NW, stated their concerns. Essentially they said the development is so dramatic and so fast that each and every bill that you have spoken about could be fully funded, and then we could still add this and it would still not meet the need. It was not just the western mayors that came in, it was a coalition around the state. There is money in here going beyond the west. I'd hope you vote yes on this amendment.

A roll call vote was taken on the amendment. Yea: 5 Nay: 8 Absent: 0
The motion fails.

Chairman Holmberg said Allen Knudson has another amendment that would transfer $65M from general fund to the oil & gas impact grant fund and it would also include the technical correction that John Walstad presented at the 4-9-13 hearing - amendment #13.0134.10023.

Voice vote on Allen H. Knudson's amendment.
Motion carried.

Senator Krebsbach Do Pass as Amended on HB 1358.
Senator Robinson seconded the motion.

V.Chairman Bowman said he'll support the bill but the battle is not over. He wants to adjust this with all the duplicate bills.

Senator Robinson said we have to deal with this or it might bring us back in a special session. Two years is a long time to sit, watch and monitor the activity in western ND. If we're going to manage this development, it's hard to do so every other year.

Chairman Holmberg: One of good things about the research that Senator Bowman's request is that it will gather in all of the things that have an impact in western ND.

Senator Robinson: We left here two years ago and if it hadn't been for the special re-districting session which we tackled a number of other issues relating to this unprecedented growth, I don't know that we would've made it to January 2013 without having significant problems.

A roll call vote was taken. Yea: 13 Nay: 0 Absent: 0

The bill goes to Finance & Tax and Senator Oehlke will carry the bill.

13.0134.11000

FISCAL NOTE
Requested by Legislative Council
04/05/2013

Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(300,600,000)		
Expenditures						
Appropriations			$8,880,000	$65,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$244,600,000	
Cities		$40,750,000	
School Districts		$15,250,000	
Townships			

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

HB 1358 Second Engrossment with Senate Amendments changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson and Minot - and for producing counties. The amount shown for schools in 1B above is the amount for hub school districts. (The existing formula does allocate some revenue to schools within the 4/5's distribution formula, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1/5 of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $150 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes and new local revenue authorized in HB 1358 Second Engrossment with Senate Amendments; there are other allocations of this new local revenue that are dependent upon the prior fiscal year's actual distributions and are not reflected on this fiscal note.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 8 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 04/08/2013

FISCAL NOTE
Requested by Legislative Council
02/28/2013

Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(444,900,000)		
Expenditures						
Appropriations	$49,380,000	$95,000,000	$115,780,000	$116,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$86,500,000	
School Districts		$65,500,000	
Townships			

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

HB 1358 Second Engrossment changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson and Minot - and for producing counties. The amount shown for schools in 1B is the maximum allowed in the two different provisions of Section 3 (page 3 lines 17-20 and page 4 lines 27-31, HB 1358, 2nd. engr.). Not all of the school revenue may be utilized due to the requirements of Section 3. (The existing formula does allocate some revenue to schools within the 4/5's distribution formula, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1/5 of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes authorized in HB 1358 Second Engrossment; there are other allocations that are dependent upon actions and thresholds not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 12 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 03/05/2013

FISCAL NOTE
Requested by Legislative Council
02/14/2013

Revised
Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(454,900,000)		
Expenditures						
Appropriations	$49,380,000	$103,000,000	$136,365,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$94,000,000	
School Districts		$68,000,000	
Townships			

2 A. **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 HB 1358 changes the distribution of the oil and gas gross production tax.

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 4 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson, Minot and Mandan - and for producing counties. The amount shown for schools in 1B is the maximum allowed in the two different provisions of Section 4 (page 3 lines 26-29 and page 5 lines 7-11, engr. HB 1358). Not all of the school revenue may be utilized due to the requirements of Section 4. (The existing formula does allocate some revenue to schools, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1% of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 4 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes authorized in engrossed HB 1358; there are other allocations that are dependent upon actions and thresholds not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 6 through 12 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/21/2013

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
Bill/Resolution No.: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(409,900,000)		
Expenditures						
Appropriations	$133,775,000	$103,000,000	$140,510,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$86,500,000	
School Districts		$30,500,000	
Townships			

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

HB 1358 changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and schools, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities and producing counties. The amount shown for schools is the maximum allowed in the provisions of Section 3; not all of the revenue may be utilized. All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds for purposes of 1A). These represent the first tier of distribution changes; there are other allocations that are dependent upon actions not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 10 are appropriations, and the total amounts are shown in 1A above. It is assumed the intent in Sections 7 and 8 are to split the appropriation equally among the current and next biennium; however it could possibly be interpreted to split the appropriation equally into three fiscal years (FY 13, FY 14 and FY 15).

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 02/01/2013

13.0134.10027
Title.12000
Fiscal No. 1

Prepared by the Legislative Council staff for
Senate Appropriations
April 12, 2013

4/12/13
TV

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

In lieu of the amendments adopted by the Senate as printed on pages 1131-1136 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 3, after "reenact" insert "paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove the third "to provide a"

Page 1, line 6, replace "statement of legislative intent;" with "to provide a transfer; and"

Page 1, line 6, remove "; and to declare an emergency"

Page 1, remove lines 8 through 24

Page 2, replace lines 1 through 22 with:

"**SECTION 1. AMENDMENT.** Paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

(1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08 <u>and mineral revenue received by the school district by direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual</u>;"

Page 3, line 9, replace "<u>seven</u>" with "<u>three</u>"

Page 3, line 9, replace "<u>fifty</u>" with "<u>seventy-five</u>"

Page 3, line 18, replace "<u>two</u>" with "<u>one</u>"

Page 3, line 18, replace "<u>fifty</u>" with "<u>twenty-five</u>"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "<u>e.</u>" with "<u>c.</u>"

Page 4, line 26, overstrike "one" and insert immediately thereafter "<u>two</u>"

Page 4, line 26, after the semicolon insert "<u>and</u>"

Page 4, remove lines 27 through 30

Page 4, overstrike line 31

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, replace "Sixty" with "Sixty-five"

Page 7, line 25, overstrike "Twenty" and insert immediately thereafter "Fifteen"

Page 8, line 7, replace "Five" with "Two and one-half"

Page 8, line 9, replace the first "county" with "state"

Page 8, line 11, replace the second "county" with "state"

Page 8, line 14, after "to" insert "the county treasurer for subsequent allocation to"

Page 8, line 19, remove "if"

Page 8, remove line 20

Page 8, line 21, remove "funds on hand or"

Page 8, remove lines 23 through 30

Page 9, replace lines 1 through 16 with:

"e. Ten percent must be deposited in the oil-producing counties infrastructure enhancement fund in the state treasury."

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 30, replace "to" with "among"

Page 9, line 30, after "districts" insert "in the county"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS**" with "**DEPARTMENT OF TRANSPORTATION - OIL-PRODUCING COUNTIES INFRASTRUCTURE ENHANCEMENT**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "oil-producing counties infrastructure enhancement"

Page 13, line 8, replace "$190,000,000" with "$60,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

   b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

   b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, remove lines 21 through 31

Page 14, remove lines 1 and 2

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 18, remove "if that township has"

Page 14, line 19, remove "uncommitted reserve funds on hand exceeding $100,000 or"

Page 14, line 26, replace "for" with "during"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 5

Page 15, remove lines 22 through 31

Page 16, replace lines 1 through 27 with:

"**SECTION 9. APPROPRIATION - TRANSFER - GENERAL FUND TO OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $65,000,000, which the office of management and budget shall transfer to the oil and gas impact grant fund, for the biennium beginning July 1, 2013, and ending June 30, 2015. The funding provided in this section is considered one-time funding."

Page 16, remove lines 30 and 31

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1358 - Summary of Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
State Treasurer				
Total all funds	$0	$198,760,000	($190,000,000)	$8,760,000
Less estimated income	0	190,000,000	(190,000,000)	0
General fund	$0	$8,760,000	$0	$8,760,000
Department of Trust Lands				
Total all funds	$0	$5,000,000	$65,000,000	$70,000,000
Less estimated income	0	5,000,000	0	5,000,000
General fund	$0	$0	$65,000,000	$65,000,000
State Department of Health				
Total all funds	$0	$6,250,000	($6,250,000)	$0
Less estimated income	0	0	0	0
General fund	$0	$6,250,000	($6,250,000)	$0
Department of Human Services				
Total all funds	$0	$10,000,000	($10,000,000)	$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	$0	$0	$0	$0
Job Service North Dakota				
Total all funds	$0	$150,000	($30,000)	$120,000
Less estimated income	0	0	0	0
General fund	$0	$150,000	($30,000)	$120,000
Department of Commerce				
Total all funds	$0	$6,000,000	($6,000,000)	$0
Less estimated income	0	6,000,000	(6,000,000)	0
General fund	$0	$0	$0	$0
Department of Transportation				
Total all funds	$0	$150,000,000	($90,000,000)	$60,000,000
Less estimated income	0	0	60,000,000	60,000,000
General fund	$0	$150,000,000	($150,000,000)	$0
Bill total				
Total all funds	$0	$376,160,000	($237,280,000)	$138,880,000
Less estimated income	0	211,000,000	(146,000,000)	65,000,000
General fund	$0	$165,160,000	($91,280,000)	$73,880,000

House Bill No. 1358 - State Treasurer - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Oil-producing county allocations		$190,000,000	($190,000,000)	
Township transportation grants		8,760,000		8,760,000
Total all funds	$0	$198,760,000	($190,000,000)	$8,760,000
Less estimated income	0	190,000,000	(190,000,000)	0
General fund	$0	$8,760,000	$0	$8,760,000
FTE	0.00	0.00	0.00	0.00

Department No. 120 - State Treasurer - Detail of Senate Changes

	Removes Funding for Oil-Producing Counties[1]	Total Senate Changes
Oil-producing county allocations	($190,000,000)	($190,000,000)
Township transportation grants		
Total all funds	($190,000,000)	($190,000,000)
Less estimated income	(190,000,000)	(190,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] Funding of $190 million from the strategic investment and improvements fund for allocation among oil-producing counties is removed. The House version provided $190 million.

House Bill No. 1358 - Department of Trust Lands - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
New oil-producing county grants		$5,000,000		$5,000,000
Additional oil impact grants			65,000,000	65,000,000
Total all funds	$0	$5,000,000	$65,000,000	$70,000,000
Less estimated income	0	5,000,000	0	5,000,000
General fund	$0	$0	$65,000,000	$65,000,000
FTE	0.00	0.00	0.00	0.00

Department No. 226 - Department of Trust Lands - Detail of Senate Changes

	Adds a Transfer for Oil Impact Grants[1]	Total Senate Changes
New oil-producing county grants		
Additional oil impact grants	65,000,000	65,000,000
Total all funds	$65,000,000	$65,000,000
Less estimated income	0	0
General fund	$65,000,000	$65,000,000
FTE	0.00	0.00

[1] This amendment adds a transfer of $65 million from the general fund to the oil and gas impact grant fund to provide additional funding for oil impact grants.

House Bill No. 1358 - State Department of Health - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Emergency medical services allocations		$6,250,000	($6,250,000)	
Total all funds	$0	$6,250,000	($6,250,000)	$0
Less estimated income	0	0	0	0
General fund	$0	$6,250,000	($6,250,000)	$0
FTE	0.00	0.00	0.00	0.00

Department No. 301 - State Department of Health - Detail of Senate Changes

	Removes Funding for Emergency Medical Services[1]	Total Senate Changes
Emergency medical services allocations	($6,250,000)	($6,250,000)
Total all funds	($6,250,000)	($6,250,000)
Less estimated income	0	0
General fund	($6,250,000)	($6,250,000)
FTE	0.00	0.00

[1] This amendment removes funding of $6.25 million from the general fund for allocations to emergency medical services providers in counties that received less than $5 million in annual oil tax allocations. The House version provided $6.25 million.

House Bill No. 1358 - Department of Human Services - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Critcal access hospital grants		$10,000,000	($10,000,000)	
Total all funds	$0	$10,000,000	($10,000,000)	$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

Department No. 325 - Department of Human Services - Detail of Senate Changes

	Removes Funding for Grants to Critical Access Hospitals[1]	Total Senate Changes
Critcal access hospital grants	($10,000,000)	($10,000,000)
Total all funds	($10,000,000)	($10,000,000)
Less estimated income	(10,000,000)	(10,000,000)

General fund	$0	$0
FTE	0.00	0.00

[1] Funding of $10 million from the strategic investment and improvements fund for grants to critical access hospitals in oil-producing counties is removed. The House version provided $10 million.

House Bill No. 1358 - Job Service North Dakota - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Employment data updates		$150,000	($30,000)	$120,000
Total all funds	$0	$150,000	($30,000)	$120,000
Less estimated income	0	0	0	0
General fund	$0	$150,000	($30,000)	$120,000
FTE	0.00	0.00	0.00	0.00

Department No. 380 - Job Service North Dakota - Detail of Senate Changes

	Reduces Funding for Data Collection[1]	Total Senate Changes
Employment data updates	($30,000)	($30,000)
Total all funds	($30,000)	($30,000)
Less estimated income	0	0
General fund	($30,000)	($30,000)
FTE	0.00	0.00

[1] Funding to Job Service North Dakota for data collection is reduced by $30,000, from $150,000 to $120,000. The House version provided $150,000.

House Bill No. 1358 - Department of Commerce - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Nursing home grants		$6,000,000	($6,000,000)	
Total all funds	$0	$6,000,000	($6,000,000)	$0
Less estimated income	0	6,000,000	(6,000,000)	0
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

Department No. 601 - Department of Commerce - Detail of Senate Changes

	Removes Funding for Nursing Home Grants[1]	Total Senate Changes
Nursing home grants	($6,000,000)	($6,000,000)
Total all funds	($6,000,000)	($6,000,000)
Less estimated income	(6,000,000)	(6,000,000)

General fund	$0	$0
FTE	0.00	0.00

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[1] This amendment removes funding of $6 million from the strategic investment and improvements fund for grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties. The House version provided $6 million.

House Bill No. 1358 - Department of Transportation - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
County transportation allocations		$150,000,000	($150,000,000)	
Oil-producing county infrastructure			60,000,000	60,000,000
Total all funds	$0	$150,000,000	($90,000,000)	$60,000,000
Less estimated income	0	0	60,000,000	60,000,000
General fund	$0	$150,000,000	($150,000,000)	$0
FTE	0.00	0.00	0.00	0.00

Department No. 801 - Department of Transportation - Detail of Senate Changes

	Removes Funding in Non-Oil-Producing Counties[1]	Adds Funding for Oil-Producing County Infrastructure[2]	Total Senate Changes
County transportation allocations	($150,000,000)		($150,000,000)
Oil-producing county infrastructure		60,000,000	60,000,000
Total all funds	($150,000,000)	$60,000,000	($90,000,000)
Less estimated income	0	60,000,000	60,000,000
General fund	($150,000,000)	$0	($150,000,000)
FTE	0.00	0.00	0.00

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[1] This amendment removes $150 million of funding from the general fund for allocation among counties that received less than $5 million in annual oil tax allocations. The House version provided $150 million.

[2] This amendment adds $60 million of funding from the oil-producing counties infrastructure enhancement fund to the Department of Transportation for allocation among counties that received $5 million or more in oil tax allocations during fiscal year 2012.

This amendment also:

- Removes a section to create an emergency medical service and fire protection district funding committee.
- Adds a section to include mineral revenue in the baseline funding for the calculation of state aid paid to schools.

- Changes the amounts allocated from the 1 percent of the 5 percent oil tax collections:
    - Reduces the allocation to hub cities based on each full or partial percentage point of employment in mining by $375,000, from $750,000 to $375,000.
    - Reduces the allocation to hub city school districts based on each full or partial percentage point of employment in mining by $125, 000, from $250,000 to $125,000.
    - Increases the allocation to the oil and gas impact grant fund by $100 million, from $150 million to $250 million.
- Changes the amounts allocated to counties from the 4 percent of the 5 percent oil tax collections to provide 25 percent of all revenue above $5 million to the counties. The House version provided multiple thresholds with varying percentages.
- Changes the percentage allocations for counties that receive more than $5 million in annual oil tax allocations:
    - Increases from 60 percent to 65 percent for the county general fund.
    - Decreases from 20 percent to 15 percent for cities.
    - Decreases from 5 percent to 2.5 percent for school districts.
    - Retains the 7.5 percent to organized and unorganized townships.
    - Removes three separate 2.5 percent allocations to sheriff's departments, emergency medical service providers, and fire protection districts.
    - Adds a 10 percent allocation to a newly created oil-producing counties infrastructure enhancement fund for distribution among oil-producing counties for infrastructure projects.
- Adds new requirements to the appropriation for road projects to provide Department of Transportation oversight and to ensure the construction of high quality roads.
- Changes the dates for the appropriations and removes a section providing an emergency clause.
- Provides a technical correction to the effective date section.
- Removes a section providing legislative intent.

Date: 4-11-13

Roll Call Vote # 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1358

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13.0134.10026

Action Taken ☑ Adopt Amendment ☐ Do Pass
☐ Do Pass as Amended ☐ Do Not Pass

Motion Made By Mathern Seconded By Warner

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg		✓	Senator Tim Mathern	✓	
Co-Vice Chairman Bill Bowman	✓		Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg		✓	Senator Larry Robinson	✓	
Senator Ralph Kilzer		✓	Senator John Warner	✓	
Senator Karen Krebsbach		✓			
Senator Robert Erbele		✓			
Senator Terry Wanzek		✓			
Senator Ron Carlisle		✓			
Senator Gary Lee		✓			

Total (Yes) 5 No 8

Absent 0

Floor Assignment

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

failed

~~vote~~ ~~vote~~

Date: 4. 11. 13

Roll Call Vote # 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1358

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number to come (Allen Knutson) explained and also technical correction Amendment # 13.0134.10023

Action Taken ☑ Adopt Amendment ☐ Do Pass
☐ Do Pass as Amended ☐ Do Not Pass

Motion Made By ______ Seconded By ______

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach					
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle					
Senator Gary Lee					

Total (Yes) ______ No ______

Absent ______

Floor Assignment ______

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

Voice vote carried

Date: 4-11-13

Roll Call Vote # 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1358

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ~~Allen Knudson~~ Amendment (explained)

Action Taken ☐ Adopt Amendment ☑ Do Pass as Amended ☐ Do Pass ☐ Do Not Pass

with ~~2nd~~ Senate amendments

Motion Made By Krebsbach Seconded By Robinson

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg	✓		Senator Tim Mathern	✓	
Co-Vice Chairman Bill Bowman	✓		Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg	✓		Senator Larry Robinson	✓	
Senator Ralph Kilzer	✓		Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele	✓				
Senator Terry Wanzek	✓				
Senator Ron Carlisle	✓				
Senator Gary Lee	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Finance + Tax

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

REPORT OF STANDING COMMITTEE

HB 1358, as reengrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1358, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the Senate as printed on pages 1131-1136 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 3, after "reenact" insert "paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove the third "to provide a"

Page 1, line 6, replace "statement of legislative intent;" with "to provide a transfer; and"

Page 1, line 6, remove "; and to declare an emergency"

Page 1, remove lines 8 through 24

Page 2, replace lines 1 through 22 with:

"**SECTION 1. AMENDMENT.** Paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

(1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08 <u>and mineral revenue received by the school district by direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual</u>;"

Page 3, line 9, replace "<u>seven</u>" with "<u>three</u>"

Page 3, line 9, replace "<u>fifty</u>" with "<u>seventy-five</u>"

Page 3, line 18, replace "<u>two</u>" with "<u>one</u>"

Page 3, line 18, replace "<u>fifty</u>" with "<u>twenty-five</u>"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "<u>e.</u>" with "<u>c.</u>"

Page 4, line 26, overstrike "one" and insert immediately thereafter "<u>two</u>"

Page 4, line 26, after the semicolon insert "<u>and</u>"

Page 4, remove lines 27 through 30

Page 4, overstrike line 31

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, replace "Sixty" with "Sixty-five"

Page 7, line 25, overstrike "Twenty" and insert immediately thereafter "Fifteen"

Page 8, line 7, replace "Five" with "Two and one-half"

Page 8, line 9, replace the first "county" with "state"

Page 8, line 11, replace the second "county" with "state"

Page 8, line 14, after "to" insert "the county treasurer for subsequent allocation to"

Page 8, line 19, remove "if"

Page 8, remove line 20

Page 8, line 21, remove "funds on hand or"

Page 8, remove lines 23 through 30

Page 9, replace lines 1 through 16 with:

> "e. Ten percent must be deposited in the oil-producing counties infrastructure enhancement fund in the state treasury."

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 30, replace "to" with "among"

Page 9, line 30, after "districts" insert "in the county"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS**" with "**DEPARTMENT OF TRANSPORTATION - OIL-PRODUCING COUNTIES INFRASTRUCTURE ENHANCEMENT**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "oil-producing counties infrastructure enhancement"

Page 13, line 8, replace "$190,000,000" with "$60,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, remove lines 21 through 31

Page 14, remove lines 1 and 2

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 18, remove "if that township has"

Page 14, line 19, remove "uncommitted reserve funds on hand exceeding $100,000 or"

Page 14, line 26, replace "for" with "during"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 5

Page 15, remove lines 22 through 31

Page 16, replace lines 1 through 27 with:

"**SECTION 9. APPROPRIATION - TRANSFER - GENERAL FUND TO OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $65,000,000, which the office of management and budget shall transfer to the oil and gas impact grant fund, for the biennium beginning July 1, 2013, and ending June 30, 2015. The funding provided in this section is considered one-time funding."

Page 16, remove lines 30 and 31

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1358 - Summary of Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
State Treasurer				
Total all funds	$0	$198,760,000	($190,000,000)	$8,760,000
Less estimated income	0	190,000,000	(190,000,000)	0
General fund	$0	$8,760,000	$0	$8,760,000
Department of Trust Lands				
Total all funds	$0	$5,000,000	$65,000,000	$70,000,000
Less estimated income	0	5,000,000	0	5,000,000
General fund	$0	$0	$65,000,000	$65,000,000
State Department of Health				
Total all funds	$0	$6,250,000	($6,250,000)	$0
Less estimated income	0	0	0	0
General fund	$0	$6,250,000	($6,250,000)	$0
Department of Human Services				
Total all funds	$0	$10,000,000	($10,000,000)	$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	$0	$0	$0	$0
Job Service North Dakota				
Total all funds	$0	$150,000	($30,000)	$120,000
Less estimated income	0	0	0	0
General fund	$0	$150,000	($30,000)	$120,000
Department of Commerce				
Total all funds	$0	$6,000,000	($6,000,000)	$0
Less estimated income	0	6,000,000	(6,000,000)	0
General fund	$0	$0	$0	$0
Department of Transportation				
Total all funds	$0	$150,000,000	($90,000,000)	$60,000,000
Less estimated income	0	0	60,000,000	60,000,000
General fund	$0	$150,000,000	($150,000,000)	$0
Bill total				
Total all funds	$0	$376,160,000	($237,280,000)	$138,880,000
Less estimated income	0	211,000,000	(146,000,000)	65,000,000
General fund	$0	$165,160,000	($91,280,000)	$73,880,000

House Bill No. 1358 - State Treasurer - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Oil-producing county allocations		$190,000,000	($190,000,000)	
Township transportation grants		8,760,000		8,760,000
Total all funds	$0	$198,760,000	($190,000,000)	$8,760,000
Less estimated income	0	190,000,000	(190,000,000)	0
General fund	$0	$8,760,000	$0	$8,760,000
FTE	0.00	0.00	0.00	0.00

Department No. 120 - State Treasurer - Detail of Senate Changes

	Removes Funding for Oil-Producing Counties[1]	Total Senate Changes
Oil-producing county allocations	($190,000,000)	($190,000,000)
Township transportation grants		
Total all funds	($190,000,000)	($190,000,000)
Less estimated income	(190,000,000)	(190,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] Funding of $190 million from the strategic investment and improvements fund for allocation among oil-producing counties is removed. The House version provided $190 million.

House Bill No. 1358 - Department of Trust Lands - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
New oil-producing county grants		$5,000,000		$5,000,000
Additional oil impact grants			65,000,000	65,000,000
Total all funds	$0	$5,000,000	$65,000,000	$70,000,000
Less estimated income	0	5,000,000	0	5,000,000
General fund	$0	$0	$65,000,000	$65,000,000
FTE	0.00	0.00	0.00	0.00

Department No. 226 - Department of Trust Lands - Detail of Senate Changes

	Adds a Transfer for Oil Impact Grants[1]	Total Senate Changes
New oil-producing county grants		
Additional oil impact grants	65,000,000	65,000,000
Total all funds	$65,000,000	$65,000,000
Less estimated income	0	0
General fund	$65,000,000	$65,000,000
FTE	0.00	0.00

[1] This amendment adds a transfer of $65 million from the general fund to the oil and gas impact grant fund to provide additional funding for oil impact grants.

House Bill No. 1358 - State Department of Health - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Emergency medical services allocations		$6,250,000	($6,250,000)	
Total all funds	$0	$6,250,000	($6,250,000)	$0
Less estimated income	0	0	0	0
General fund	$0	$6,250,000	($6,250,000)	$0
FTE	0.00	0.00	0.00	0.00

Department No. 301 - State Department of Health - Detail of Senate Changes

	Removes Funding for Emergency Medical Services[1]	Total Senate Changes
Emergency medical services allocations	($6,250,000)	($6,250,000)
Total all funds	($6,250,000)	($6,250,000)
Less estimated income	0	0
General fund	($6,250,000)	($6,250,000)
FTE	0.00	0.00

[1] This amendment removes funding of $6.25 million from the general fund for allocations to emergency medical services providers in counties that received less than $5 million in annual oil tax allocations. The House version provided $6.25 million.

House Bill No. 1358 - Department of Human Services - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Critcal access hospital grants		$10,000,000	($10,000,000)	
Total all funds	$0	$10,000,000	($10,000,000)	$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

Department No. 325 - Department of Human Services - Detail of Senate Changes

	Removes Funding for Grants to Critical Access Hospitals[1]	Total Senate Changes
Critcal access hospital grants	($10,000,000)	($10,000,000)
Total all funds	($10,000,000)	($10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] Funding of $10 million from the strategic investment and improvements fund for grants to critical access hospitals in oil-producing counties is removed. The House version provided $10 million.

House Bill No. 1358 - Job Service North Dakota - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Employment data updates		$150,000	($30,000)	$120,000
Total all funds	$0	$150,000	($30,000)	$120,000
Less estimated income	0	0	0	0
General fund	$0	$150,000	($30,000)	$120,000
FTE	0.00	0.00	0.00	0.00

Department No. 380 - Job Service North Dakota - Detail of Senate Changes

	Reduces Funding for Data Collection[1]	Total Senate Changes
Employment data updates	($30,000)	($30,000)
Total all funds	($30,000)	($30,000)
Less estimated income	0	0
General fund	($30,000)	($30,000)
FTE	0.00	0.00

[1] Funding to Job Service North Dakota for data collection is reduced by $30,000, from $150,000 to $120,000. The House version provided $150,000.

House Bill No. 1358 - Department of Commerce - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Nursing home grants		$6,000,000	($6,000,000)	
Total all funds	$0	$6,000,000	($6,000,000)	$0
Less estimated income	0	6,000,000	(6,000,000)	0
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

Department No. 601 - Department of Commerce - Detail of Senate Changes

	Removes Funding for Nursing Home Grants[1]	Total Senate Changes
Nursing home grants	($6,000,000)	($6,000,000)
Total all funds	($6,000,000)	($6,000,000)
Less estimated income	(6,000,000)	(6,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] This amendment removes funding of $6 million from the strategic investment and

improvements fund for grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties. The House version provided $6 million.

House Bill No. 1358 - Department of Transportation - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
County transportation allocations		$150,000,000	($150,000,000)	
Oil-producing county infrastructure			60,000,000	60,000,000
Total all funds	$0	$150,000,000	($90,000,000)	$60,000,000
Less estimated income	0	0	60,000,000	60,000,000
General fund	$0	$150,000,000	($150,000,000)	$0
FTE	0.00	0.00	0.00	0.00

Department No. 801 - Department of Transportation - Detail of Senate Changes

	Removes Funding in Non-Oil-Producing Counties[1]	Adds Funding for Oil-Producing County Infrastructure[2]	Total Senate Changes
County transportation allocations	($150,000,000)		($150,000,000)
Oil-producing county infrastructure		60,000,000	60,000,000
Total all funds	($150,000,000)	$60,000,000	($90,000,000)
Less estimated income	0	60,000,000	60,000,000
General fund	($150,000,000)	$0	($150,000,000)
FTE	0.00	0.00	0.00

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[1] This amendment removes $150 million of funding from the general fund for allocation among counties that received less than $5 million in annual oil tax allocations. The House version provided $150 million.

[2] This amendment adds $60 million of funding from the oil-producing counties infrastructure enhancement fund to the Department of Transportation for allocation among counties that received $5 million or more in oil tax allocations during fiscal year 2012.

This amendment also:

- Removes a section to create an emergency medical service and fire protection district funding committee.
- Adds a section to include mineral revenue in the baseline funding for the calculation of state aid paid to schools.
- Changes the amounts allocated from the 1 percent of the 5 percent oil tax collections:
    - Reduces the allocation to hub cities based on each full or partial percentage point of employment in mining by $375,000, from $750,000 to $375,000.

- Reduces the allocation to hub city school districts based on each full or partial percentage point of employment in mining by $125, 000, from $250,000 to $125,000.

- Increases the allocation to the oil and gas impact grant fund by $100 million, from $150 million to $250 million.

- Changes the amounts allocated to counties from the 4 percent of the 5 percent oil tax collections to provide 25 percent of all revenue above $5 million to the counties. The House version provided multiple thresholds with varying percentages.

- Changes the percentage allocations for counties that receive more than $5 million in annual oil tax allocations:

    - Increases from 60 percent to 65 percent for the county general fund.

    - Decreases from 20 percent to 15 percent for cities.

    - Decreases from 5 percent to 2.5 percent for school districts.

    - Retains the 7.5 percent to organized and unorganized townships.

    - Removes three separate 2.5 percent allocations to sheriff's departments, emergency medical service providers, and fire protection districts.

    - Adds a 10 percent allocation to a newly created oil-producing counties infrastructure enhancement fund for distribution among oil-producing counties for infrastructure projects.

- Adds new requirements to the appropriation for road projects to provide Department of Transportation oversight and to ensure the construction of high quality roads.

- Changes the dates for the appropriations and removes a section providing an emergency clause.

- Provides a technical correction to the effective date section.

- Removes a section providing legislative intent.

2013 CONFERENCE COMMITTEE

HB 1358

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1358
4/24/13
Job 21485

☒ Conference Committee

Committee Clerk Signature	Meredith Trautott

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide an effective date; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Belter: Called the committee to order and all were present. There has been a memo prepared by Legislative Council (LC), so we'll have them walk us through that.

Allen Knudson, LC: Went over 13.9681.05000.

08:50
Chairman Belter: Is there language that requires matching grants on the airport money?

Knudson: I don't believe so.

Rep. Delzer: I believe that was supposed to be part of SB 2013.

Knudson: In section 11 (of HB 1358), it includes cost-share requirements.

Chairman Belter: Any questions on the first memo? Do we want to go through the others?

10:25
Knudson: I can briefly tell you what is in the other memos. Went over 13.9653.04000, 13.9562.06000, and 13.9600.04000.

15:37

Sen. Oehlke: Does the money flowing to the fire protection area include those insurance tax dollars from HB 1145, which has been passed already?

Knudson: No, the numbers shown here are strictly HB 1358 allocations and do not include any other sources of funding they might receive.

Chairman Belter: Any other questions? If not, we'll have Mr. Walstad walk us through the bill.

Rep. Delzer: Just for clarification, the last amendment the Senate put on was .10036, bill version .13000; the House bill we sent over was .10000.

Chairman Belter: You're working off the .13000 version?

John Walstad, LC: The last two numbers are 36, the marked up version.

After brief discussion, the committee decided they would continue discussion after they all had the marked up (colored) .10036 version of the bill.

Chairman Belter: Any other questions or comments?

Sen. Dotzenrod: On memo 13.9600.04000, with all the dollar distributions to the counties, does that account for the grant program of about $250M? There's no way to account for that on this sheet, is there?

Knudson: Oil impact grant amounts?

Sen. Dotzenrod: Yes, the Senate actually increased the amount available. But that is separate from what is shown on this sheet?

Knudson: That's correct, this shows strictly formula allocations; that other grant fund would be on top of this.

Sen. Cook: I have another summary sheet that shows the changes in the House and Senate versions, see Attachment 1. It may help you. Also, because this is such a comprehensive bill, I think you can divide this into six sections, and maybe as we move forward we could deal with it like that: schools, roads, cities, the formula, etc. As a suggestion, if we can resolve these one at a time, we might get to our end result a little quicker.

Chairman Belter: Thank you. Any other comments? We will adjourn and set a new meeting time.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1358
4/25/13
Job 21519

☒ Conference Committee

Committee Clerk Signature	Meredith Trulsolt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide an effective date; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Belter: Called the committee to order and all members were present. John Walstad from Legislative Council (LC) will walk us through the marked-up version of the bill, .10036.

John Walstad, LC: Went through the bill.

02:35
Rep. Delzer: That information will then be on the treasurer's website, instead of having to go to the counties to try to find out how much the school districts have received?

Walstad: That was the other advantage perceived in making the change. In current law, the treasurer has no information on payments to the school districts from oil money, you have to go to each county to get the information. By making the payments through the state treasurer's office, it will be on the website, where you can currently find the information on payments to cities and counties.

Rep. Delzer: That change was made in the Senate or House version?

Walstad: That was in the Senate amendment. Resumed going through the bill on page 3.

14:45
Sen. Oehlke: As long as you bring up the issue of having two different formulas for under/over $5M and the possibility of hitting $5M in the middle of the month, what if it was distributed quarterly instead of monthly? Would that be worse?

Walstad: I think it would be worse. If you hit $5M on the fourth day of the quarter, then what do you do?

Sen. Cook: You could have language in there where it is the first quarter preceding the quarter in which they hit $5M.

Walstad: That would be one solution. I think the treasurer's office needs some guidance on exactly what to do at that point. Resumed presentation of bill on page 10. Minute 17:40 It might be wise to consider a provision in here that when this becomes effective, any balance sitting in those funds out there now either gets transferred to the general fund, or something; it could be left there to be used for that purpose. There might be some money sitting there that ends up orphaned. Resumed presentation on page 12, minute 18:23.

21:52
Rep. Delzer: Is that language taken out of the current SB 2012 (Department of Transportation), or is it from 1012 and 2371 from last time?

Walstad: I selected that language from the bill some time ago; Grant Levi said this is the language to use. I haven't checked back to see if it is necessary to update that, but I will. It was out of the current appropriation measure, I think.

Rep. Delzer: We had an appropriation last biennium to the counties; is this the same language or is it updated?

Walstad: I assume it's updated, because it was taken out of a 2013 appropriation bill. I will check, though, and make sure that the place the language was taken from is still the same. If any tweaks are needed, I assume we want the same ones that have been made over there if it's still there. Resumed on page 14 section 6, minute 23:03. Concluded 28:40.

Rep. Delzer: These appropriations sections, is section 10 also residing in HB 1003? Sections 11, 12, and 13 are in SB 2013?

Allen Knudson, LC: Correct.

Chairman Belter: In section 10, the awarding of grants, does the attorney general's office set those, or what criteria is used?

Walstad: There appears to be no criteria. There are some restrictions, but other than that, it will be discretionary with the attorney general based on the applications that come in, which ones are most worthy and which ones are most needy.

Chairman Belter: Any questions from the committee? If not, we will adjourn.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1358
4/27/13
Job 21578

☒ Conference Committee

Committee Clerk Signature	Meredith Trauholt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide an effective date; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Belter: Called the committee to order and all members were present. We have amendment .10041 and a marked up version of the bill with that amendment. We'll have Legislative Council (LC) walk us through that, then we'll go through the LC memo .10000.

John Walstad, LC: I'll try to hit the places where there are some changes in this version. Went through marked up version .10041 of the bill.

03:20
Rep. Delzer: In that section, the state treasurer is going out to the schools, below $5M as well as above $5M?

Walstad: Yes, I corrected that. In the previous version, it said 'county' in this spot, and it should have been 'state.' Now all school district allocations of production tax would go through the state treasurer directly to schools. Resumed on page 9.

08:30
Rep. Delzer: I believe this (page 15 subsection 9) came from DOT. What it amounts to is, if they currently have a bridge, they could do a set of culverts that would cover the same area without having the full bridge construction.

Walstad: Oh, so where they mention pipes they are talking about culverts.

Sen. Oehlke: That language is from Brady Larson (LC).

Rep. Delzer: Do we need bridge listed anywhere else to cover the fact that they could use part of this to replace bridges if they need to?

Sen. Oehlke: I haven't had time to look through it and see how it compares to the other amendment, but I will double check that.

Chairman Belter: When John is done we can have Grant (Levi, DOT) clarify anything we still have questions on.

Walstad: Resumed going through bill on page 16, minute 09:42.

10:55
Rep. Delzer: I did receive notice from the treasurer's office that the appropriation in section 7 should be fully adequate. We may want to put in there that any money not used for this should be returned in two years.

Allen Knudson, LC: If it is a general fund appropriation, it would just remain in the general fund.

Walstad: Resumed on page 18; concluded minute 17:30.

Rep. Delzer: The oil impact dollars, would that revert back to the $100M, or would that stay at 250 next time?

Walstad: There's language in subsections 1-7 that the grants do not revert. If the grant goes out or is unawarded by the end of the biennium, it does not require turnback.

Rep. Delzer: My question is if there were no changes by the next legislative assembly, would it be $250M or $100M in the grants line automatically?

Walstad: Looking at the language on the top of page 21, it's an appropriation from the grant fund, and it is designated for the biennium ending June 30, 2015. That means, at that point, the appropriation authority ends; any unused funds in the impact fund at that point would remain in the impact pact, but the authority for grants from that would have to be renewed.

Rep. Delzer: And the appropriation would have to be renewed.

Knudson: Right, and the portion of the gas gross production tax that goes to the impact fund, the $250M, in section 2, is one of the sections that expires, so it would go back to $100M next time.

Rep. Delzer: The way we have section 6 currently, $120M for non-oil counties, that is all set to go out at one time the way we currently have it? We didn't split it $30M the first year, and $90M the second?

Walstad: That's correct, it is a one-time distribution, and it cannot be distributed before February 1, 2014. My understanding was the funding already approved and in the process of being distributed covers the first year, and this would kick in for year two.

Rep. Delzer: I think we need to look at a couple things in here. This is just the House's proposal to take a look at and to work off of. We may need to do something about the bridge wording, and if 2176 covers everything we want covered in section 6 of the bill. If we go through the money, then we can have some discussions about where we agree and disagree.

Sen. Oehlke: I did have a chance to compare the bridge issue, and it is not accurate at this time. On page 22, the $7M for EMS, in section 5 you talk about being able to use some of the money for staff funding, but it doesn't address that issue in section 6. Is there any place in this bill that allows them to use any of the money for staff funding?

Walstad: There are some provisions in here that allow the director of the energy infrastructure impact office to develop grant procedures and requirements related to distribution, but I don't know if they cover use of the funds. Other than the possibility that that language would cover it, I really question whether EMS money would be available for staffing unless some language is added.

22:19
Sen. Oehlke: I think we need to address that issue. It's a pretty big deal.

Rep. Delzer: I fully agree. When the House passed this the first time, it was to go directly to EMS and probably didn't need the language. It should be available for staffing if that's what they need. Hopefully the counties, out of their 60%, may give a steady stream of money and recoup the money from this for the staffing, but I think we need to make sure that it's allowable for staffing here.

Sen. Oehlke: We've totally pulled out the attorney general's dollars, it appears to me. It's not addressed at all. Does that mean it is going back to their budget?

Rep. Delzer: That's one of the differences we had between the House and the Senate. If we come to the conclusion that we should the AG out of the strategic investment and improvement (SIIF) fund, the same way if we go ahead with the hospital one, I think we should put it in here. The SIIF was set up so that hopefully we would have money there to work with for strategic investments for the state, and making sure we have proper availability to do law enforcement or to take care of some of the problems with the hospitals certainly fits in that purview. The House would be amenable to that if we come to that conclusion. So I think it should be in this bill, in the end.

Sen. Cook: There's $10M coming out of the SIIF, is there any money left?

Rep. Delzer: Right now, the way things are sitting, we're spending most of the actual dollars in there, and most of the projected income for the next two years. That's not the way it was designed last time, but each legislature has the authority to do what it wants. Right now there is money to cover this, but we are spending a large share of the projected income into that fund.

Sen. Cook: I'm not excited about spending all the money in the SIIF. I certainly don't want to start spending money that is coming into the next SIIF. I think all the items under subsections 8 and 9 are on the table. I think we can all agree on 1 & 2 (pages 21-22). But the $4M going to higher education, I would like someone at some point to explain to me the history of this; I don't know that it's been truly vetted as a justifiable need at this point. That's something that was recommended by the governor and has just for some reason stayed alive. I also see $7M here for sheriffs; I would think with the money we are giving to counties, there is money there for sheriff staffing, certainly more than there has been in the past. We'll need to discuss every one of these items at some point. I have had some conversations with people from out in the oil counties about this, regarding education and how we do that. I've had suggestions that we look at getting some of those education dollars into the impact grant fund that go to meet certain criteria. We should have a discussion on that area.

Chairman Belter: Other comments from committee members? Do you want any clarifications about bridges, since Grant Levi is here?

28:29
Grant Levi, Interim Director, Department of Transportation: In essence the definition in front of me defines a bridge as a structure that has an opening of more than 20 feet. In addition to that, there are occasions when a series culverts or pipes are put into place in a roadway, and when their combined opening is 20 feet, it is also defined as a bridge, as long as the space between the culverts is less than the diameter of the smallest culvert. That definition was put into place through national discussions, through the American Association of State Highway Transportation Officials, to establish a definition for bridges for inspections and funding. The department is very comfortable with that definition of bridge, it is consistent with all of our standards.

Sen. Oehlke: In section 6 and 7, the previous amendment talked about roads and bridges, and I don't think .10041 does. There are several other places we may also need to include bridges. The wording is not accurate at this point.

Levi: Just glancing at the latest version, it doesn't appear to reflect what was worked on late yesterday. For example, bullet 1 on page 16 of section 6, the other work we did to ensure bridges were included would state that it was for roadways and bridges. That is in an amendment that Sen. Oehlke had prepared (.10043). Some other changes to the document would be necessary to reflect the intent of including bridges, as well. But that is all written, and I've reviewed it, in amendment .10043.

Chairman Belter: Any other questions? Thank you.

Sen. Oehlke: I'll keep my eye on that part.

Chairman Belter: Thank you. If there are no further questions on this bill draft, we'll have LC walk us through the .10000 printout on allocations.

32:38
Knudson: These are very preliminary numbers, and they are subject to significant changes based on actual oil production by county. This includes proposed amounts from the .10041 version. Went over LC memo 13.9681.10000. Concluded minute 37:25.

Rep. Delzer: Part of the reason we went the way we did in townships in counties above $5M, the raw number of townships in those counties, the $30M still amounts to about $31,500 per township per year. The 8.76 down below is there to cover the counties between $500,000 and $5M, which did not get any part of SB 2176 either. That is $15,000 a year, I believe that's the way it's worded. A good share of the townships are probably unorganized, so the counties actually get that money as well, and it's meant to be used on the unorganized townships, just dealt with by the counties. Any money the schools get through the formula is imputed; any money they can receive through the impact grant is not imputed. That's one of the reasons we thought it might be a good idea to make this change, and we thought it was okay. How we came up with the $7M, is it's basically half of what the House had. It was thought, after discussion, that the Land Board was probably a better set of eyes than this separate committee. That's why the proposal is the way it is. How we would come up with $120M for non-oil county roads is in SB 2012; it has about $20M in the House version. We moved it from bridges to here, but that's why we also want to make sure that bridges are included in the language for that. The $160M is the Senate version on the oil counties above $5M. I think in SB 2004 we are going to end up putting back in $5M for the non-oil counties for EMS, and this $7M was meant for the counties above $5M.

Chairman Belter: Any other questions?

42:07
Sen. Dotzenrod: When he was talking about fire districts, he referred to HB 1145. Is the money in 1145 still going to be there as it was when we had the bill? Or is some of that coming out?

Rep. Delzer: 1145 does not change.

Sen. Cook: It was signed by the governor.

Chairman Belter: If there are no further questions, we'll adjourn and meet on Monday.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1358
4/29/13
Job 21607

☒ Conference Committee

Committee Clerk Signature Meredith Trachsel

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide an effective date; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Belter: Called the committee to order and all members were present. We've got several committee members with possible amendments.

Rep. Delzer: I have something for us to look at, another marked up version, .10046, with a few more options in it. Went over section 7 on page 18.

02:35
Sen. Cook: You talked about the organized townships do not have to levy 10 mills, because the counties do. What if it's an organized township? Then that 10 mill county levy doesn't apply to it.

Rep. Delzer: My understanding is they take part of that as well, do they not?

Sen. Cook: I don't believe they do.

Rep. Boe: I believe they do.

Sen. Cook: The township levies its own.

Rep. Delzer: I would think any of the townships that are organized in this area probably have 10 mills on anyway. We could leave it on if you want; some of the members were concerned it might exempt somebody for a small portion. Part of the reason we were doing this is to make it even with what we did in SB 2176 and the special session when we did the 10,000. We did not require any match on either one of those. Went to page 10, new subsection d, minute 03:45.

05:27
Sen. Cook: Have you talked with the state treasurer as to whether or not they can do this?

Rep. Delzer: It might take a little work, but it's possible. They are working on how that will work. Another concern was the money for the attorney general (AG) and the hospitals. We received the print out on what the AG hopes to do, and I don't think the House would have any problem going to some number equal for both of those, coming out of the SIIF. We think we possibly could lower the impact dollars a little bit, to keep our money about the same, maybe to $150M. I have a new sheet, distributed LC memo 13.9681.11000. These have 9.1 on it. There was a program the hospitals want to use to reduce bad debt in the future, they consider that a tool for them to be able to capture some of this bad debt; that's why we would suggest going to 9.8 or 10 or whatever we want to come up with. Whatever we add there would add to the 1.139.97. We also want to make sure we cover Sen. Oehlke's issues with the bridge on the appropriations to the counties, and I don't know that it is in here yet. In the final version, we want to make sure that is in there.

Sen. Oehlke: It's not in the .10046 version.

Rep. Delzer: John Walstad in LC has been redoing these for us, and we'll have to make sure we get the right information to him so he can incorporate that.

09:12
Sen. Cook: I am working on school funding changes. It would reduce the total cost of 1358, but it would have more money available to schools for education. On the memo .11000, it's about $47.5M to schools. That all gets offset in the DPI budget, 75%. If we reduce that number $25M even and run it through the impact grant fund, directly to schools, and make it clear that that money is not offset, there would be more money going to schools. The key to being able to do that is to identify the language that would give direction to the impact grant fund on the criteria. I'm working on that now, and I will bring it down as soon as it's done; then we can look at it and make that policy decision if we want to.

Chairman Belter: You're suggesting that total school figure could be 25?

Sen. Cook: I would probably go between 25 and 30, and run it through impact grant fund, do not impute it or offset it, so it will all be spendable money that could be directed at specific problems.

Chairman Belter: So would it be your intent to put that money in the impact grants?

Sen. Cook: Dedicated to school funding only.

Rep. Delzer: I look forward to seeing that language and how it works. I generally agree, if you can get it to the impacted areas for the impacts without imputing it, I think it's better. On a number of these things, the portion that is a percentage of the counties above $5M, if the revenue forecast moves up or down, this number moves up or down. We estimated 830-

850, and about $75/barrel as a rule; if it comes in higher than that, these numbers will actually go up, as will all of the others. Or vice versa.

13:05
Sen. Cook: Do we need to have some sort of flexibility in the impact grant fund in case there is an impact in an adjoining non-oil county?

Rep. Delzer: Is there anything in code that says it has to be one of those 17 counties? Or is it simply limited to oil and coal impact?

Allen Knudson, LC: I will have to check on that, I'm not sure off the top of my head how specific that is.

Chairman Belter: Any other issues? If there is nothing further right now, we'll wait to hear from Sen. Cook on the education amendments.

Rep. Delzer: I think we should also look at whether or not we need to address a situation where the lower-production counties can use the money available for this year for a little shovel-ready, if they need to. I'm not sure the language we would need for that.

Sen. Oehlke: I think if we put emergency clauses on sections 5 & 6 in the current version, that would solve that problem in the simplest way.

Sen. Cook: There's not a lot of merit to an emergency clause in May.

Rep. Delzer: That is a question, I don't know whether that's needed or not for two months. I think there might be something that says they can go back and use some of that for decisions made in 2013, which would probably be better than an emergency clause. That's something we'll take a look at.

Chairman Belter: Anything else? Time is sliding here; I hope we can get this one finished up tomorrow.

Sen. Dotzenrod: I would like to draw the committee's attention to the $3M for dust control. When it started out, it was $15M. I have some amendments prepared (.10039) and I would like to discuss potentially raising that some.

Chairman Belter: We won't do any voting today, but if you would distribute that we can look at it tonight and be prepared to discuss it tomorrow.

17:30
Rep. Delzer: The House is who moved that down to $3M, in the DOT budget. There are some discussions about what works and what doesn't work. The other issue is that we are putting quite a bit of extra money into the impact grant; if they figure out exactly how they want to do it, they can came to the grant for this, as well.

Sen. Dotzenrod: That would be one way out for us. When we had the hearing on 1358, we had a lot of testimony, and the visual presentations were about dust. It's become a real problem in the last two sessions, and I don't know if we've been able to really get at the problem. It seems like it's affecting the feed and grain that are harvested, the ability of school busses to run safely on some roads, etc. I don't know how far along we are to solving the problem, but I thought $3M didn't seem like much compared to the size of the problem.

Sen. Oehlke: Relative to the impact grants, we want to make sure staffing is discussed, bonus pay, etc. I don't think that generally impact grants have wanted to do that. We talked about it in terms of EMS folks, so I think we probably need to address that, if it's not adequately addressed now. I'm double checking that now.

Chairman Belter: Anything else, committee members? If not, we'll adjourn.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1358
4/30/13
Job 21639

☒ Conference Committee

Committee Clerk Signature	Meredith Trauholt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide an effective date; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Belter: Called the committee to order and all members were present. We'll have Legislative Council (LC) walk us through the changes made in the .10050 version.

Adam Mathiak, LC: Went over changes in amendment .10050 (on marked up version of bill) from version .10046.

02:10
Rep. Delzer: Are there reporting requirements so we know what this money was used for?

Mathiak: The Department of Transportation (DOT) will have the oversight on this; I don't believe it specifically requires an after report, but in order to receive the money they're going to have to have their proposed plan and the department would track the changes.

John Walstad, LC: On page 16, line 5, there is a reporting requirement to DOT.

Mathiak: Resumed on page 21. Concluded minute 5:05.

Chairman Belter: Questions by committee?

Rep. Delzer moved amendment .10050, seconded by **Sen. Oehlke**.

Mathiak: Went over LC memo 13.9681.12000. The memo corresponds to version .10050.

07:45
Sen. Cook: The townships dollars don't change, but I assume it is a change in the amount that the townships in the counties get.

Rep. Delzer: The understanding is it would take roughly half of the $15M and split it evenly, which should be about $15,000-18,000 for each of the townships. That protects townships in small dollar-figure counties to get about the same as the townships are getting everywhere else with what we've been doing in SB 2176 and the other section of the bill that does the 500 to 5M. The rest of it would go out by roadmiles by county allocation, so where the impact is the greatest is where the largest amount would go.

Chairman Belter: Any further discussion on the proposed amendment? If not, we'll do a voice vote. The motion carried.

Rep. Delzer: Let's look at amendment .10052 next.

Mathiak: Went over amendment .10052.

11:50
Sen. Dotzenrod: The numbers on the bottom of page 2 (.10052), is there a formula for how those numbers were derived?

Rep. Delzer: I think they were derived from the requests by these hub cities; I can't say exactly how those numbers were determined. The thing that is scary about this is this does limit them from getting any more in the impact grants, which is okay, but if our oil is considerably more than what we have forecast, they could possibly end up with quite a bit more on top of that.

Sen. Dotzenrod: The numbers on the .12000 memo for the hub cities, do they reflect this? Or these would be add-ons?

Rep. Delzer: You would have to add it, the memo doesn't show it.

Sen. Oehlke: I understand the amendment, and the part I like best about it is by implication. It explains to folks who might be reviewing this grant process that although the amendment's section 8 does limit those cities from getting any more out of the grant process, it does not limit emergency services, or sheriffs' departments, or the dust folks, if their needs happen to be greater than is specifically listed in the bill. There is generally about $150M of undesignated dollars in this impact grant fund. That gives me some comfort. It is a grant process, and there are more dollars there; if the need is there and you can prove it, you will be eligible for more dollars.

Rep. Delzer: We should also add that by doing this, we will lower the unobligated balance.

Sen. Cook: As we move forward with this, with quick math I can see that of all the money in this bill, everybody has seen a large increase, but since it came from the House to the Senate to now, everyone is seeing a slight reduction except the hub cities. What's the justification or argument to increase the hub cities even more?

Rep. Delzer: Really the only argument I can make is that a good share, the largest share, of the impact hits these hub cities. I don't think I could support this at all if we hadn't kept this as a two year bill, so we can look at it again. That's also the reason for the reporting requirements, we want to make sure this stuff is being used properly for the citizens of ND.

Sen. Dotzenrod: I think I had heard earlier that as part of this agreement here, if these extra dollars are provided to these hub cities, then they have agreed not to make requests out of the undesignated grant application funds. That should mean those other subdivisions and other entities would have a chance to get more out of it.

Chairman Belter: Any other discussion?

Rep. Delzer moved and **Sen. Oehlke** seconded further amendment by adopting .10052.

Chairman Belter: Is there any discussion?

18:55
Sen. Dotzenrod: I should mention that there is $3M listed for dust grants. As I mentioned last time, this is a problem that hasn't been fixed yet. I had thought maybe we should put more money into that. Is it correct that, if there needs to be more, with this provision they can go through a grant application and request it?

Rep. Delzer: I think part of the problem is they haven't figured out exactly how it works in each area yet. I think it would be the hope of the legislature that there would be more money available in the grant process, instead of dedicating it. It can go through the grant process, because that is certainly a priority.

Sen. Oehlke: I would reiterate that if we wanted to limit someone in this section, we have to do it as in section 8 of .10050. It is not our interest to limit these folks; they have needs out there, that's why we have 139M extra dollars undesignated. We certainly don't know all the implications out there, and they could change two months from now. I have a comfort level with that rationale.

Sen. Dotzenrod: I'm willing to settle for that. We've got $3M identified; it's supposed to be distributed through the oil area. If there are follow-on needs, there is an option through the grant program, if they think they can do some good. I'm satisfied leaving it like that.

Chairman Belter: Any other discussion? If not, we'll do a voice vote. The motion carried.

22:13
Rep. Delzer: We've got one other area we need to discuss. When the House sent it over, it had $6M for long term care and DD impacted in the western area of the state. We think a lot of that has been taken care of HB 1012, the human services budget; this amendment, .10051, would add $2M to the bottom line of the bill and put it out there for the western area long term care/DD. There are reporting requirements from the budget section. Is that a correct description?

Mathiak: Yes, that would be a correct description. These are just changes to the section that came out of the House, with reporting requirements.

Sen. Cook: These amendments are to the engrossed bill that came from the House, so line numbers won't match up with the marked-up version of the bill we are looking at. What are we talking about with "the position may not exceed $90 per month"?

Rep. Delzer: That line is supposed to come out. That is what it was at $6M; the $2M will not cover that, so we took that line out.

Sen. Cook: Where will the $2M show up on the sheet (the LC memo)?

Rep. Delzer: We'll have to add a new line, because I think it is general fund, in the same place we have the department of human services and the attorney general. This will be $2M to the commerce department for grants to these entities in the western oil-impacted area of the state.

Mathiak: As it came out of the House, it was from the strategic investments and improvements fund (SIIF). It stayed SIIF in this amendment; we would need to further amend, if you wanted to change that.

Rep. Delzer: That's fine, I don't think it's worth changing it again. I will move amendment .10051, seconded by **Sen. Cook**.

Chairman Belter: Any discussion?

25:35
Sen. Dotzenrod: On this marked up version .10050, where do we find the section "after fund, insert report to budget section?"

Mathiak: If you were to look at page 20, what was overstruck as section 11, that would correspond to the same changes that we are looking at with the amendment. If you look at line 23, it will change to a report to the budget section annually, and to the Appropriations Committees of the 64th Legislative Assembly, on the use of this one-time funding. This is also where it is listed as SIIF fund.

Rep. Delzer: There's also some pretty important language in here that says it cannot be added to the base of the human service budget, it is one-time funding.

Sen. Dotzenrod: These amendments, .10051, it looks like there will be a reduction in the money available to these programs. Is it gone? Will it show up in a different bill? Or am I misunderstanding what is being done here?

Rep. Delzer: No, currently it does not exist at all, so we are adding $2M.

Sen. Dotzenrod: But we are taking out the provision about $90 per month. So there is no provision that sets a minimum there.

Rep. Delzer: That was a maximum, not a minimum. If you really want we could put $30 in there, but I don't know that we'd want to do that. I think that should be up to the granting authority.

Chairman Belter: Any other discussion? If not, we'll do a voice vote on amendment .10051. The motion carried.

Rep. Delzer: Moved that the Senate recede from Senate amendments and the bill be amended as covered by this pack of amendments we have adopted today; **Rep. Boe** seconded.

Chairman Belter: Is there any discussion? Seeing none, a roll call vote was done. The motion carried 6 Yes, 0 No, 0 Absent. Thank you committee members, that completes our work on HB 1358.

13.0134.14000

FISCAL NOTE
Requested by Legislative Council
05/01/2013

Amendment to: Reengrossed HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(300,600,000)		
Expenditures						
Appropriations			$288,880,000	$260,499,174		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$244,600,000	
Cities		$40,750,000	
School Districts		$15,250,000	
Townships			

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

HB 1358 Second Engrossment with Conference Committee Amendments changes the distribution of the oil and gas gross production tax.

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 2 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson and Minot - and for producing counties. The amount shown for schools in 1B above is the amount for hub school districts. (The existing formula does allocate some revenue to schools within the 4/5's distribution formula, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1/5 of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 2 also increases the allocation to the impact grant fund by $140 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes and new local revenue authorized in HB 1358 Second Engrossment with Conference Committee Amendments; there are other allocations of this new local revenue that are dependent upon the prior fiscal year's actual distributions and are not reflected on this fiscal note.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 4 through 11 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 05/03/2013

13.0134.13000

FISCAL NOTE
Requested by Legislative Council
04/22/2013

Amendment to: Reengrossed HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(300,600,000)		
Expenditures						
Appropriations			$268,880,000	$82,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$244,600,000	
Cities		$40,750,000	
School Districts		$15,250,000	
Townships			

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

HB 1358 Second Engrossment with Senate Amendments changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson and Minot - and for producing counties. The amount shown for schools in 1B above is the amount for hub school districts. (The existing formula does allocate some revenue to schools within the 4/5's distribution formula, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1/5 of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $114 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes and new local revenue authorized in HB 1358 Second Engrossment with Senate Amendments; there are other allocations of this new local revenue that are dependent upon the prior fiscal year's actual distributions and are not reflected on this fiscal note.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 13 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 04/23/2013

13.0134.12000

FISCAL NOTE
Requested by Legislative Council
04/18/2013

Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(300,600,000)		
Expenditures						
Appropriations			$73,880,000	$65,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$244,600,000	
Cities		$40,750,000	
School Districts		$15,250,000	
Townships			

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

HB 1358 Second Engrossment with Senate Amendments changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson and Minot - and for producing counties. The amount shown for schools in 1B above is the amount for hub school districts. (The existing formula does allocate some revenue to schools within the 4/5's distribution formula, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1/5 of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $150 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes and new local revenue authorized in HB 1358 Second Engrossment with Senate Amendments; there are other allocations of this new local revenue that are dependent upon the prior fiscal year's actual distributions and are not reflected on this fiscal note.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 9 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 04/19/2013

13.0134.11000

FISCAL NOTE
Requested by Legislative Council
04/05/2013

Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(300,600,000)		
Expenditures						
Appropriations			$8,880,000	$65,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$244,600,000	
Cities		$40,750,000	
School Districts		$15,250,000	
Townships			

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

HB 1358 Second Engrossment with Senate Amendments changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson and Minot - and for producing counties. The amount shown for schools in 1B above is the amount for hub school districts. (The existing formula does allocate some revenue to schools within the 4/5's distribution formula, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1/5 of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $150 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes and new local revenue authorized in HB 1358 Second Engrossment with Senate Amendments; there are other allocations of this new local revenue that are dependent upon the prior fiscal year's actual distributions and are not reflected on this fiscal note.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 8 are appropriations; the total amounts are shown in 1A above.

Name: Kathryn L. Strombeck

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Telephone: 328-3402

Date Prepared: 04/08/2013

FISCAL NOTE
Requested by Legislative Council
02/28/2013

Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(444,900,000)		
Expenditures						
Appropriations	$49,380,000	$95,000,000	$115,780,000	$116,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$86,500,000	
School Districts		$65,500,000	
Townships			

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

HB 1358 Second Engrossment changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson and Minot - and for producing counties. The amount shown for schools in 1B is the maximum allowed in the two different provisions of Section 3 (page 3 lines 17-20 and page 4 lines 27-31, HB 1358, 2nd. engr.). Not all of the school revenue may be utilized due to the requirements of Section 3. (The existing formula does allocate some revenue to schools within the 4/5's distribution formula, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1/5 of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes authorized in HB 1358 Second Engrossment; there are other allocations that are dependent upon actions and thresholds not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 12 are appropriations; the total amounts are shown in 1A above.

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Date Prepared: 03/05/2013

FISCAL NOTE
Requested by Legislative Council
02/14/2013

Revised
Amendment to: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(454,900,000)		
Expenditures						
Appropriations	$49,380,000	$103,000,000	$136,365,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$94,000,000	
School Districts		$68,000,000	
Townships			

2 A. **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 HB 1358 changes the distribution of the oil and gas gross production tax.

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 4 allocates additional revenue to hub cities and hub city school districts, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities - Williston, Dickinson, Minot and Mandan - and for producing counties. The amount shown for schools in 1B is the maximum allowed in the two different provisions of Section 4 (page 3 lines 26-29 and page 5 lines 7-11, engr. HB 1358). Not all of the school revenue may be utilized due to the requirements of Section 4. (The existing formula does allocate some revenue to schools, but that amount is not forecasted and has not been used to reduce these estimates of "new" distributions from the first 1% of gross production tax.) All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 4 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds" and for purposes of 1A, above, there is no net change in "other funds" from this provision). This fiscal note represent the first tier of distribution changes authorized in engrossed HB 1358; there are other allocations that are dependent upon actions and thresholds not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 6 through 12 are appropriations; the total amounts are shown in 1A above.

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Date Prepared: 02/21/2013

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
Bill/Resolution No.: HB 1358

1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$(409,900,000)		
Expenditures						
Appropriations	$133,775,000	$103,000,000	$140,510,000	$108,000,000		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		$292,900,000	
Cities		$86,500,000	
School Districts		$30,500,000	
Townships			

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

HB 1358 changes the distribution of the oil and gas gross production tax.

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 3 allocates additional revenue to hub cities and schools, and to oil-producing counties. The estimated additional amount is shown in 1B for hub cities and producing counties. The amount shown for schools is the maximum allowed in the provisions of Section 3; not all of the revenue may be utilized. All of this additional revenue comes from the state "buckets" and ultimately from the strategic investment and improvements fund. Section 3 also increases the allocation to the impact grant fund by $50 million for the 2013-15 biennium. This will result in a corresponding decrease in the strategic investment and improvements fund (both are "other funds for purposes of 1A). These represent the first tier of distribution changes; there are other allocations that are dependent upon actions not readily known at this time.

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.*

There will be some programming costs for the State Treasurer to implement the distributions contained in this bill.

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.*

Sections 5 through 10 are appropriations, and the total amounts are shown in 1A above. It is assumed the intent in Sections 7 and 8 are to split the appropriation equally among the current and next biennium; however it could possibly be interpreted to split the appropriation equally into three fiscal years (FY 13, FY 14 and FY 15).

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Date Prepared: 02/01/2013

Prepared by the Legislative Council staff for Conference Committee
May 1, 2013

VR
5/1/13
1 of 18

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

That the Senate recede from its amendments as printed on pages 1825-1832 of the House Journal and pages 1678-1686 of the Senate Journal and that Reengrossed House Bill No. 1358 be amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove the second "a"

Page 1, line 6, replace "statement of legislative intent" with "for reports to the budget section"

Page 1, line 6, replace "declare an emergency" with "provide an expiration date"

Page 1, remove lines 8 through 24

Page 2, remove lines 1 through 22

Page 3, line 9, replace "seven" with "three"

Page 3, line 9, replace "fifty" with "seventy-five"

Page 3, line 18, replace "two" with "one"

Page 3, line 18, replace "fifty" with "twenty-five"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "e." with "c."

Page 4, line 26, overstrike "one" and insert immediately thereafter "two"

Page 4, line 26, replace "fifty" with "forty"

Page 4, remove lines 27 through 30

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 1, after "received" insert "less than"

Page 6, line 1, remove "or more"

Page 6, line 3, remove "under subsections 1 and 2"

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, remove the overstrike over "~~Forty-five~~"

Page 6, line 4, remove "Sixty"

Page 6, line 5, overstrike "credited by" and insert immediately thereafter "distributed to"

Page 6, line 5, after "treasurer" insert "and credited"

Page 6, line 11, remove the overstrike over "~~Thirty-five percent of all revenues allocated to any county for allocation under this~~"

Page 6, line 12, remove the overstrike over "~~subsection must be apportioned by the~~"

Page 6, line 12, after "~~county~~" insert "state"

Page 6, line 12, remove the overstrike over "~~treasurer no less than quarterly to~~"

Page 6, line 13, remove the overstrike over "~~school districts within the county~~" and insert immediately thereafter ", excluding consideration of and allocation to any hub city school district in the county,"

Page 6, line 13, remove the overstrike over "~~on the average daily attendance distribution~~"

Page 6, line 14, remove the overstrike over "~~basis, as certified to the~~"

Page 6, line 14, after the first "~~county~~" insert "state"

Page 6, line 14, remove the overstrike over "~~treasurer by the county superintendent of~~"

Page 6, line 15, remove the overstrike over "~~schools.~~"

Page 7, line 25, remove the overstrike over "~~e.~~"

Page 8, remove lines 7 through 30

Page 9, remove lines 1 through 16

Page 9, line 17, replace "did not reach a level of" with "received"

Page 9, line 17, after "dollars" insert "or more"

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 20, replace "Forty-five" with "Sixty"

Page 9, line 20, replace "credited by" with "distributed to"

Page 9, line 20, after "treasurer" insert "and credited"

Page 9, line 25, replace "Thirty-five" with "Five"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 29, after "from" insert "consideration and"

Page 9, line 30, remove "The total annual apportionment to school districts under"

Page 9, remove line 31

Page 10, after line 8, insert:

"d. Three percent must be apportioned no less than quarterly by the state treasurer among the organized and unorganized townships of the county. The state treasurer shall apportion the funds available under this subdivision among townships in the proportion that township road miles in the township bears to the total township road miles in the county. The amount apportioned to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

e. Three percent must be allocated by the state treasurer among the organized and unorganized townships in all the counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year. The amount available under this subdivision must be allocated no less than quarterly by the state treasurer in an equal amount to each eligible organized and unorganized township. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

f. Nine percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second greatest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third greatest percentage of such allocations."

Page 11, line 16, remove the overstrike over "~~or school districts~~"

Page 11, line 17, remove the overstrike over "~~or school district~~"

Page 11, line 18, remove the overstrike over "~~or school district~~"

Page 11, line 21, remove the overstrike over "~~or school districts~~"

Page 12, line 13, overstrike "must be considered"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS FUND**" with "**DEPARTMENT OF TRANSPORTATION**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "general"

Page 13, line 8, replace "$190,000,000" with "$160,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support oil and gas production and distribution in North Dakota.

a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county road and bridge projects shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road and bridge conditions, and integration with state highway and other county projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, line 23, replace "$150,000,000" with "$120,000,000"

Page 13, line 24, remove "in equal amounts in each fiscal year"

Page 13, line 25, remove "of the biennium"

Page 13, line 26, remove "most recently completed"

Page 13, line 26, after "year" insert "ending June 30, 2012"

Page 13, line 26, replace "period" with "biennium"

Page 13, line 27, replace "May" with "July"

Page 13, line 28, remove "allocated in the amount of $45,000,000 on or before May 1, 2013, and in"

Page 13, line 29, replace "the amount of $105,000,000 on or before May 1," with "distributed on or after February 1,"

Page 13, line 29, remove "Allocations among counties under this"

Page 13, remove lines 30 and 31

Page 14, replace lines 1 and 2 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support economic activity in North Dakota.

a. To be eligible to receive an allocation under this section, a county may not have received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 during the state fiscal year ending June 30, 2012.

b. Allocations among eligible counties under this section must be based on the miles of roads defined by the department of transportation as county major collector roadways in each county.

c. The department of transportation may use data supplied by the upper great plains transportation institute in determining the projects to receive funding under this section.

2. Each county requesting funding under this section shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.

b. The plan must be based on actual road and bridge conditions and the integration of projects with state highway and other county projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 13, remove "If any funds remain after the distributions provided under this"

Page 14, remove lines 14 through 19

Page 14, line 20, remove "township is not levying at least ten mills for township purposes."

Page 14, line 26, replace "for" with "in"

Page 14, line 26, remove "preceding"

Page 14, line 26, after "year" insert "ending June 30, 2012"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 21

Page 15, line 23, after "**FUND**" insert "**- REPORT TO BUDGET SECTION**"

Page 15, line 25, replace "$6,000,000" with "$2,000,000"

Page 16, line 1, remove "The annual allocation for each full-time equivalent"

Page 16, line 2, remove "position may not exceed $90 per month."

Page 16, line 5, remove "legislative management"

Page 16, line 6, replace "during the 2013-14 interim" with "budget section annually"

Page 16, replace lines 10 through 27 with:

"**SECTION 9. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT RECOMMENDATIONS.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $239,299,174, or so much of the sum as may be necessary, to the board of university and school lands for the purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending June 30, 2015.

Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. $5,000,000, or so much of the sum as may be necessary, for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this subsection if the county produced fewer than 100,000 barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.

2. $60,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.

3. $4,000,000, or so much of the sum as may be necessary, for grants to public institutions of higher education impacted by oil and gas

development. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this subsection. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this subsection.

4. $3,000,000, or so much of the sum as may be necessary, for grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control. The county commission from each county awarded a grant shall file a report with the director of the energy infrastructure and impact office by January 1, 2014, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The director of the energy infrastructure and impact office shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control.

5. $7,000,000, or so much of the sum as may be necessary, to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.

6. $7,000,000, or so much of the sum as may be necessary, for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties, including need for increased emergency medical services providers services, staff, funding, equipment, coverage, and personnel training. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this subsection.

7. $3,500,000, or so much of the sum as may be necessary, for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties, including need for increased fire protection districts services, staff, funding, equipment, coverage, and personnel training.

8. $14,000,000, or so much of the sum as may be necessary, for grants to hub cities. A hub city as defined in section 57-51-01 is eligible to receive grants from the oil and gas impact grant fund only to the extent provided for under this subsection. Of the funding allocation provided for in this subsection, $2,000,000 is available for grants to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, $7,000,000 is available for grants to the hub city receiving the second greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, and $5,000,000 is available for grants to the hub city receiving the third greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15.

SECTION 10. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,600,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $4,800,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year.

SECTION 11. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S OFFICE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,600,000, or so much of the sum as may be necessary, to the attorney general's office for the purpose of awarding grants to law enforcement agencies, for crime-related needs of the attorney general's office, and for the development of a uniform law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending June 30, 2015. The drug and violent crime policy board of the attorney general shall, with approval of the board of university and school lands, grant funds to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those counties. The attorney general may spend up to ten percent of the funding provided under this section for defraying the expenses of additional staffing needs or other needs necessary to accomplish the role of the attorney general's office as an assisting agency in ensuring public safety in the affected areas. The funding provided in this section is considered a one-time funding item. The attorney general shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding, including the impact the grant funding has had on crime-related activities.

SECTION 12. HUB CITIES - REPORT TO BUDGET SECTION. A representative of a hub city as defined in section 57-51-01 shall report to the budget section annually on the use of funding received from allocations under section 57-51-15."

Page 16, line 28, after "**DATE**" insert "**- EXPIRATION DATE**"

Page 16, line 28, after "Sections" insert "1 and"

Page 16, line 28, remove "and 3"

Page 16, line 29, after "2013" insert ", and before July 1, 2015, and are thereafter ineffective"

Page 16, remove lines 30 and 31

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1358 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
State Treasurer						
Total all funds	$0	$198,760,000	($190,000,000)	$8,760,000	$8,760,000	$0
Less estimated income	0	190,000,000	(190,000,000)	0	0	0
General fund	$0	$8,760,000	$0	$8,760,000	$8,760,000	$0
Attorney General						
Total all funds	$0	$0	$9,600,000	$9,600,000	$10,000,000	($400,000)
Less estimated income	0	0	9,600,000	9,600,000	10,000,000	(400,000)
General fund	$0	$0	$0	$0	$0	$0
Department of Trust Lands						
Total all funds	$0	$5,000,000	$234,299,174	$239,299,174	$72,000,000	$167,299,174
Less estimated income	0	5,000,000	234,299,174	239,299,174	72,000,000	167,299,174
General fund	$0	$0	$0	$0	$0	$0
State Department of Health						
Total all funds	$0	$6,250,000	($6,250,000)	$0	$0	$0
Less estimated income	0	0	0	0	0	0
General fund	$0	$6,250,000	($6,250,000)	$0	$0	$0
Department of Human Services						
Total all funds	$0	$10,000,000	($400,000)	$9,600,000	$0	$9,600,000
Less estimated income	0	10,000,000	(400,000)	9,600,000	0	9,600,000
General fund	$0	$0	$0	$0	$0	$0
Job Service North Dakota						
Total all funds	$0	$150,000	($30,000)	$120,000	$120,000	$0
Less estimated income	0	0	0	0	0	0
General fund	$0	$150,000	($30,000)	$120,000	$120,000	$0
Department of Commerce						
Total all funds	$0	$6,000,000	($4,000,000)	$2,000,000	$0	$2,000,000
Less estimated income	0	6,000,000	(4,000,000)	2,000,000	0	2,000,000
General fund	$0	$0	$0	$0	$0	$0
Department of Transportation						
Total all funds	$0	$150,000,000	$130,000,000	$280,000,000	$260,000,000	$20,000,000
Less estimated income	0	0	0	0	0	0
General fund	$0	$150,000,000	$130,000,000	$280,000,000	$260,000,000	$20,000,000
Bill total						
Total all funds	$0	$376,160,000	$173,219,174	$549,379,174	$350,880,000	$198,499,174
Less estimated income	0	211,000,000	49,499,174	260,499,174	82,000,000	178,499,174
General fund	$0	$165,160,000	$123,720,000	$288,880,000	$268,880,000	$20,000,000

House Bill No. 1358 - State Treasurer - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Oil-producing county allocations		$190,000,000	($190,000,000)			
Township transportation grants		8,760,000		8,760,000	8,760,000	
Total all funds	$0	$198,760,000	($190,000,000)	$8,760,000	$8,760,000	$0
Less estimated income	0	190,000,000	(190,000,000)	0	0	0
General fund	$0	$8,760,000	$0	$8,760,000	$8,760,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 120 - State Treasurer - Detail of Conference Committee Changes

	Removes Funding for Oil-Producing Counties[1]	Total Conference Committee Changes
Oil-producing county allocations	($190,000,000)	($190,000,000)
Township transportation grants		
Total all funds	($190,000,000)	($190,000,000)
Less estimated income	(190,000,000)	(190,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] Funding of $190 million from the strategic investment and improvements fund for allocation among oil-producing counties is removed, the same as the Senate version. The House version provided $190 million.

House Bill No. 1358 - Attorney General - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Law enforcement grants			$9,600,000	$9,600,000	$10,000,000	($400,000)
Total all funds	$0	$0	$9,600,000	$9,600,000	$10,000,000	($400,000)
Less estimated income	0	0	9,600,000	9,600,000	10,000,000	(400,000)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 125 - Attorney General - Detail of Conference Committee Changes

	Adds Funding for Law Enforcement[1]	Total Conference Committee Changes
Law enforcement grants	$9,600,000	$9,600,000
Total all funds	$9,600,000	$9,600,000
Less estimated income	9,600,000	9,600,000
General fund	$0	$0
FTE	0.00	0.00

[1] The amendment adds funding of $9.6 million from the strategic investment and improvements fund to the Attorney General for law enforcement grants, for crime-related needs of the Attorney General, and for the development of a uniformed law enforcement manual. The House version did not include this funding, but the Senate version provided $10 million from the oil and gas impact grant fund.

House Bill No. 1358 - Department of Trust Lands - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
New oil-producing county grants		$5,000,000		$5,000,000	$5,000,000	
Oil impacted airport grants			60,000,000	60,000,000	60,000,000	
Oil impacted higher education grants			4,000,000	4,000,000	4,000,000	
Dust control pilot project			3,000,000	3,000,000	3,000,000	
Oil impacted sheriff's departments			7,000,000	7,000,000		7,000,000
Oil impacted emergency medical services			7,000,000	7,000,000		7,000,000
Oil impacted fire protection districts			3,500,000	3,500,000		3,500,000
Grants to hub cities			14,000,000	14,000,000		14,000,000
Undesignated oil impact grants			135,799,174	135,799,174		135,799,174
Total all funds	$0	$5,000,000	$234,299,174	$239,299,174	$72,000,000	$167,299,174
Less estimated income	0	5,000,000	234,299,174	239,299,174	72,000,000	167,299,174
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 226 - Department of Trust Lands - Detail of Conference Committee Changes

	Adds Funding for Airport Grants[1]	Adds Funding for Higher Education Grants[2]	Adds Funding for Dust Control Pilot Project[3]	Adds Funding for Sheriff's Departments[4]	Adds Funding for Emergency Medical Service Providers[5]	Adds Funding for Fire Protection Districts[6]
New oil-producing county grants						
Oil impacted airport grants	60,000,000					
Oil impacted higher education grants		4,000,000				
Dust control pilot project			3,000,000			
Oil impacted sheriff's departments				7,000,000		
Oil impacted emergency medical services					7,000,000	
Oil impacted fire protection districts						3,500,000
Grants to hub cities						
Undesignated oil impact grants						
Total all funds	$60,000,000	$4,000,000	$3,000,000	$7,000,000	$7,000,000	$3,500,000
Less estimated income	60,000,000	4,000,000	3,000,000	7,000,000	7,000,000	3,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Hub Cities[7]	Adds Funding for Undesignated Oil Impact Grants[8]	Total Conference Committee Changes
New oil-producing county grants			
Oil impacted airport grants			60,000,000
Oil impacted higher education grants			4,000,000
Dust control pilot project			3,000,000
Oil impacted sheriff's departments			7,000,000
Oil impacted emergency medical services			7,000,000
Oil impacted fire protection districts			3,500,000
Grants to hub cities	14,000,000		14,000,000
Undesignated oil impact grants		135,799,174	135,799,174

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Total all funds	$14,000,000	$135,799,174	$234,299,174
Less estimated income	14,000,000	135,799,174	234,299,174
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Funding of $60 million from the oil and gas impact grant fund is added for grants to airports impacted by oil and gas development, which is the same as the Senate version. The House version did not include this funding.

[2] This amendment adds funding of $4 million from the oil and gas impact grant fund for grants to institutions of higher education impacted by oil and gas development. The Senate version provided $4 million, but the House version did not include this funding.

[3] Funding of $3 million from the oil and gas impact grant fund is added for a dust control pilot project in three oil-producing counties, which is the same as the Senate version. The House version did not provide funding for dust control.

[4] This amendment adds funding of $7 million from the oil and gas impact grant fund for grants to county sheriff's departments impacted by oil and gas development.

[5] This amendment adds funding of $7 million from the oil and gas impact grant fund for grants to emergency medical service providers impacted by oil and gas development.

[6] Funding of $3.5 million from the oil and gas impact grant fund to fire protection districts impacted by oil and gas development is added.

[7] This amendment adds funding of $14 million from the oil and gas impact grant fund for grants to hub cities. Grants from the oil and gas impact grant fund for hub cities are limited to $2 million for Williston, $7 million for Dickinson, and $5 million for Minot.

[8] Funding of $135,799,174 from the oil and gas impact grant fund is added for undesignated oil impact grants.

House Bill No. 1358 - State Department of Health - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Emergency medical services allocations		$6,250,000	($6,250,000)			
Total all funds	$0	$6,250,000	($6,250,000)	$0	$0	$0
Less estimated income	0	0	0	0	0	0
General fund	$0	$6,250,000	($6,250,000)	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 301 - State Department of Health - Detail of Conference Committee Changes

	Removes Funding for Emergency Medical Services[1]	Total Conference Committee Changes
Emergency medical services allocations	($6,250,000)	($6,250,000)
Total all funds	($6,250,000)	($6,250,000)

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Less estimated income	0	0
General fund	($6,250,000)	($6,250,000)
FTE	0.00	0.00

[1] This amendment removes funding of $6.25 million from the general fund for allocations to emergency medical services providers in counties that received less than $5 million in annual oil tax allocations, which is the same as the Senate version. The House version provided $6.25 million.

House Bill No. 1358 - Department of Human Services - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Critcal access hospital grants		$10,000,000	($400,000)	$9,600,000		$9,600,000
Total all funds	$0	$10,000,000	($400,000)	$9,600,000	$0	$9,600,000
Less estimated income	0	10,000,000	(400,000)	9,600,000	0	9,600,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 325 - Department of Human Services - Detail of Conference Committee Changes

	Reduces Funding for Grants to Critical Access Hospitals[1]	Total Conference Committee Changes
Critcal access hospital grants	($400,000)	($400,000)
Total all funds	($400,000)	($400,000)
Less estimated income	(400,000)	(400,000)
General fund	$0	$0
FTE	0.00	0.00

[1] This amendment reduces funding from the strategic investment and improvements fund for grants to critical access hospitals in oil-producing counties by $400,000, from $10 million to $9.6 million. The House version provided $10 million, and the Senate version removed this funding.

House Bill No. 1358 - Job Service North Dakota - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Employment data updates		$150,000	($30,000)	$120,000	$120,000	
Total all funds	$0	$150,000	($30,000)	$120,000	$120,000	$0
Less estimated income	0	0	0	0	0	0
General fund	$0	$150,000	($30,000)	$120,000	$120,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 380 - Job Service North Dakota - Detail of Conference Committee Changes

	Reduces Funding for Data Collection[1]	Total Conference Committee Changes
Employment data updates	($30,000)	($30,000)
Total all funds	($30,000)	($30,000)
Less estimated income	0	0
General fund	($30,000)	($30,000)
FTE	0.00	0.00

[1] Funding to Job Service North Dakota for data collection is reduced by $30,000, from $150,000 to $120,000. The House provided $150,000, and the Senate provided $120,000.

House Bill No. 1358 - Department of Commerce - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Nursing home grants		$6,000,000	($4,000,000)	$2,000,000		$2,000,000
Total all funds	$0	$6,000,000	($4,000,000)	$2,000,000	$0	$2,000,000
Less estimated income	0	6,000,000	(4,000,000)	2,000,000	0	2,000,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 601 - Department of Commerce - Detail of Conference Committee Changes

	Reduces Funding for Nursing Home Grants[1]	Total Conference Committee Changes
Nursing home grants	($4,000,000)	($4,000,000)
Total all funds	($4,000,000)	($4,000,000)
Less estimated income	(4,000,000)	(4,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] This amendment reduces funding from the strategic investment and improvements fund for grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties by $4 million, from $6 million to $2 million. The House version provided $6 million, and the Senate version removed this funding.

House Bill No. 1358 - Department of Transportation - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
County transportation allocations		$150,000,000	($30,000,000)	$120,000,000	$100,000,000	$20,000,000
Roads in oil-producing counties			160,000,000	160,000,000	160,000,000	
Total all funds	$0	$150,000,000	$130,000,000	$280,000,000	$260,000,000	$20,000,000
Less estimated income	0	0	0	0	0	0

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General fund	$0	$150,000,000	$130,000,000	$280,000,000	$260,000,000	$20,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces Funding for Roads in Non-Oil-Producing Counties[1]	Adds Funding for Roads in Oil-Producing Counties[2]	Total Conference Committee Changes
County transportation allocations	($30,000,000)		($30,000,000)
Roads in oil-producing counties		160,000,000	160,000,000
Total all funds	($30,000,000)	$160,000,000	$130,000,000
Less estimated income	0	0	0
General fund	($30,000,000)	$160,000,000	$130,000,000
FTE	0.00	0.00	0.00

[1] This amendment reduces funding from the general fund for allocation among counties that received less than $5 million in annual oil tax allocations by $30 million, from $150 million to $120 million. The House provided $150 million, and the Senate provided $100 million. This funding is provided for paved and unpaved road projects and also bridge projects.

[2] Funding of $160 million from the general fund is added for road projects in counties that received $5 million or more in annual oil tax allocations. The House provided $190 million from the strategic investment and improvements fund for road projects in oil-producing counties, and the Senate provided $160 million from the general fund. This funding is provided for paved and unpaved road projects and also bridge projects.

This amendment also:

- Removes a section to create an emergency medical service and fire protection district funding committee, the same as the Senate version.
- Changes the amounts allocated from the 1 percent of the 5 percent oil tax collections:
  - Reduces the allocation to hub cities based on each full or partial percentage point of employment in mining by $375,000, from $750,000 to $375,000, the same as the Senate version.
  - Reduces the allocation to hub city school districts based on each full or partial percentage point of employment in mining by $125,000, from $250,000 to $125,000, the same as the Senate version.
  - Increases the allocation to the oil and gas impact grant fund by $90 million, from $150 million to $240 million. Current law provides $100 million.
- Changes the amounts allocated to counties from the 4 percent of the 5 percent oil tax collections to provide 25 percent of all revenue above $5 million to the counties, the same as the Senate version. The House version provided multiple thresholds with varying percentages.
- Changes the allocation of the counties' share of the 4 percent of the 5 percent oil tax allocations:

- Allocates to a county that received less than $5 million from oil tax allocations in the most recently completed state fiscal year:
  - 45 percent to the county general fund.
  - 20 percent to cities.
  - 35 percent to school districts.
- Allocates to a county that received $5 million or more from oil tax allocations in the most recently completed state fiscal year:
  - 60 percent to the county general fund.
  - 20 percent to cities.
  - 5 percent to school districts.
  - 3 percent to organized and unorganized townships based on road miles.
  - 3 percent equally to organized and unorganized townships in all counties that received $5 million or more from oil tax allocations.
  - 9 percent to hub cities, of which 60 percent is allocated to Williston, 30 percent to Dickinson, and 10 percent to Minot.

- Adds new requirements to the appropriation for road and bridge projects to provide Department of Transportation oversight.
- Adds new requirements for annual reports to the Budget Section on the use of funds provided for critical access hospitals, law enforcement grants, and hub cities.
- Changes the dates for the funding distributions and removes a section providing an emergency clause.
- Removes a section providing legislative intent.

2013 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: House Appropriations

Bill/Resolution No. 1358 as (re) engrossed

Date: 4/30/13

Roll Call Vote #: 1

Action Taken

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

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

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

((Re) Engrossed) HB 1358 was placed on the Seventh order of business on the calendar

Motion Made by: Rep. Delzer Seconded by: Sen Oehlke

Representatives	4/29	4/30		Yes	No		Senators	4/29	4/30		Yes	No
Belter (Chair)	X	X					Cook	X	X			
Delzer	X	X					Oehlke	X	X			
Boe	X	X					Dotzenrod	X	X			

Vote Count Yes: ___ No: ___ Absent: ___

House Carrier ___ Senate Carrier ___

LC Number ___ . ___ of amendment

LC Number ___ . ___ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

adopt .10050 amendment

Voice vote carries

2013 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: House Appropriations

Bill/Resolution No. 1358 as (re) engrossed

Date: 4/30/13

Roll Call Vote #: 2

Action Taken

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

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

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

((Re) Engrossed) HB 1358 was placed on the Seventh order of business on the calendar

Motion Made by: Rep. Delzer Seconded by: Sen. Oehlke

Representatives				Yes	No		Senators				Yes	No
Belter (Chair)							Cook					
Delzer							Oehlke					
Boe							Dotzenrod					

Vote Count Yes: ______ No: ______ Absent: ______

House Carrier ______ Senate Carrier ______

LC Number ______ . ______ of amendment

LC Number ______ . ______ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

also adopt .10052 amendment

voice vote carries

2013 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: House Appropriations

Bill/Resolution No. 1358 as (re) engrossed

Date: 4/30/13

Roll Call Vote #: 3

Action Taken

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

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

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

((Re) Engrossed) HB 1358 was placed on the Seventh order of business on the calendar

Motion Made by: Rep. Delzer Seconded by: Sen. Cook

Representatives				Yes	No		Senators				Yes	No
Belter (Chair)							Cook					
Delzer							Oehlke					
Boe							Dotzenrod					

Vote Count Yes: ____ No: ____ Absent: ____

House Carrier ____ Senate Carrier ____

LC Number ____ . ____ of amendment

LC Number ____ . ____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

also adopt amend .1005[1] voice vote carried

2013 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: House Appropriations

Bill/Resolution No. 1358 as (re) engrossed

Date: 4/30/13

Roll Call Vote #: 4

Action Taken

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

House/Senate Amendments on HJ/SJ page(s) 1825 -- 1832

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

((Re) Engrossed) HB 1358 was placed on the Seventh order of business on the calendar

Motion Made by: Rep. Delzer Seconded by: Rep. Boe

Representatives				Yes	No		Senators				Yes	No
Belter (Chair)				X			Cook				X	
Delzer				X			Oehlke				X	
Boe				X			Dotzenrod				X	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Rep. Delzer Senate Carrier Sen. Cook

LC Number . 10053 of amendment

LC Number . of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

HB 1358, as reengrossed: Your conference committee (Sens. Cook, Oehlke, Dotzenrod and Reps. Belter, Delzer, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1825-1832, adopt amendments as follows, and place HB 1358 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1825-1832 of the House Journal and pages 1678-1686 of the Senate Journal and that Reengrossed House Bill No. 1358 be amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove the second "a"

Page 1, line 6, replace "statement of legislative intent" with "for reports to the budget section"

Page 1, line 6, replace "declare an emergency" with "provide an expiration date"

Page 1, remove lines 8 through 24

Page 2, remove lines 1 through 22

Page 3, line 9, replace "seven" with "three"

Page 3, line 9, replace "fifty" with "seventy-five"

Page 3, line 18, replace "two" with "one"

Page 3, line 18, replace "fifty" with "twenty-five"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "e." with "c."

Page 4, line 26, overstrike "one" and insert immediately thereafter "two"

Page 4, line 26, replace "fifty" with "forty"

Page 4, remove lines 27 through 30

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 1, after "received" insert "less than"

Page 6, line 1, remove "or more"

Page 6, line 3, remove "under subsections 1 and 2"

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, remove the overstrike over "~~Forty-five~~"

Page 6, line 4, remove "Sixty"

Page 6, line 5, overstrike "credited by" and insert immediately thereafter "distributed to"

Page 6, line 5, after "treasurer" insert "and credited"

Page 6, line 11, remove the overstrike over "~~Thirty-five percent of all revenues allocated to any county for allocation under this~~"

Page 6, line 12, remove the overstrike over "~~subsection must be apportioned by the~~"

Page 6, line 12, after "~~county~~" insert "state"

Page 6, line 12, remove the overstrike over "~~treasurer no less than quarterly to~~"

Page 6, line 13, remove the overstrike over "~~school districts within the county~~" and insert immediately thereafter ", excluding consideration of and allocation to any hub city school district in the county,"

Page 6, line 13, remove the overstrike over "~~on the average daily attendance distribution~~"

Page 6, line 14, remove the overstrike over "~~basis, as certified to the~~"

Page 6, line 14, after the first "~~county~~" insert "state"

Page 6, line 14, remove the overstrike over "~~treasurer by the county superintendent of~~"

Page 6, line 15, remove the overstrike over "~~schools.~~"

Page 7, line 25, remove the overstrike over "~~c.~~"

Page 8, remove lines 7 through 30

Page 9, remove lines 1 through 16

Page 9, line 17, replace "did not reach a level of" with "received"

Page 9, line 17, after "dollars" insert "or more"

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 20, replace "Forty-five" with "Sixty"

Page 9, line 20, replace "credited by" with "distributed to"

Page 9, line 20, after "treasurer" insert "and credited"

Page 9, line 25, replace "Thirty-five" with "Five"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 29, after "from" insert "consideration and"

Page 9, line 30, remove "The total annual apportionment to school districts under"

Page 9, remove line 31

Page 10, after line 8, insert:

"d. Three percent must be apportioned no less than quarterly by the state treasurer among the organized and unorganized townships of the county. The state treasurer shall apportion the funds available under this subdivision among townships in the proportion that township road miles in the township bears to the total township road miles in the county. The amount apportioned to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

e. Three percent must be allocated by the state treasurer among the organized and unorganized townships in all the counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year. The amount available under this subdivision must be allocated no less than quarterly by the state treasurer in an equal amount to each eligible organized and unorganized township. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

f. Nine percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second greatest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third greatest percentage of such allocations."

Page 11, line 16, remove the overstrike over "~~or school districts~~"

Page 11, line 17, remove the overstrike over "~~or school district~~"

Page 11, line 18, remove the overstrike over "~~or school district~~"

Page 11, line 21, remove the overstrike over "~~or school districts~~"

Page 12, line 13, overstrike "must be considered"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS FUND**" with "**DEPARTMENT OF TRANSPORTATION**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "general"

Page 13, line 8, replace "$190,000,000" with "$160,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support oil and gas production and distribution in North Dakota.

a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county road and bridge projects shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road and bridge conditions, and integration with state highway and other county projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, line 23, replace "$150,000,000" with "$120,000,000"

Page 13, line 24, remove "in equal amounts in each fiscal year"

Page 13, line 25, remove "of the biennium"

Page 13, line 26, remove "most recently completed"

Page 13, line 26, after "year" insert "ending June 30, 2012"

Page 13, line 26, replace "period" with "biennium"

Page 13, line 27, replace "May" with "July"

Page 13, line 28, remove "allocated in the amount of $45,000,000 on or before May 1, 2013, and in"

Page 13, line 29, replace "the amount of $105,000,000 on or before May 1," with "distributed on or after February 1,"

Page 13, line 29, remove "Allocations among counties under this"

Page 13, remove lines 30 and 31

Page 14, replace lines 1 and 2 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support economic activity in North Dakota.

   a. To be eligible to receive an allocation under this section, a county may not have received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 during the state fiscal year ending June 30, 2012.

   b. Allocations among eligible counties under this section must be based on the miles of roads defined by the department of transportation as county major collector roadways in each county.

   c. The department of transportation may use data supplied by the upper great plains transportation institute in determining the projects to receive funding under this section.

2. Each county requesting funding under this section shall submit the request in accordance with criteria developed by the department of transportation.

   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.

   b. The plan must be based on actual road and bridge conditions and the integration of projects with state highway and other county projects.

   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

   d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 13, remove "If any funds remain after the distributions provided under this"

Page 14, remove lines 14 through 19

Page 14, line 20, remove "township is not levying at least ten mills for township purposes."

Page 14, line 26, replace "for" with "in"

Page 14, line 26, remove "preceding"

Page 14, line 26, after "year" insert "ending June 30, 2012"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 21

Page 15, line 23, after "**FUND**" insert "**- REPORT TO BUDGET SECTION**"

Page 15, line 25, replace "$6,000,000" with "$2,000,000"

Page 16, line 1, remove "The annual allocation for each full-time equivalent"

Page 16, line 2, remove "position may not exceed $90 per month."

Page 16, line 5, remove "legislative management"

Page 16, line 6, replace "during the 2013-14 interim" with "budget section annually"

Page 16, replace lines 10 through 27 with:

"**SECTION 9. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT RECOMMENDATIONS.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $239,299,174, or so much of the sum as may be necessary, to the board of university and school lands for the purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending June 30, 2015.

Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. $5,000,000, or so much of the sum as may be necessary, for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this subsection if the county produced fewer than 100,000 barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.

2. $60,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.

3. $4,000,000, or so much of the sum as may be necessary, for grants to public institutions of higher education impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this subsection. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this subsection.

4. $3,000,000, or so much of the sum as may be necessary, for grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control. The county commission from each county awarded a grant shall file a report with the director of the energy infrastructure and impact office by January 1, 2014, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant

procedures and requirements necessary for distribution of grants under this section. The director of the energy infrastructure and impact office shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control.

5. $7,000,000, or so much of the sum as may be necessary, to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.

6. $7,000,000, or so much of the sum as may be necessary, for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties, including need for increased emergency medical services providers services, staff, funding, equipment, coverage, and personnel training. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this subsection.

7. $3,500,000, or so much of the sum as may be necessary, for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties, including need for increased fire protection districts services, staff, funding, equipment, coverage, and personnel training.

8. $14,000,000, or so much of the sum as may be necessary, for grants to hub cities. A hub city as defined in section 57-51-01 is eligible to receive grants from the oil and gas impact grant fund only to the extent provided for under this subsection. Of the funding allocation provided for in this subsection, $2,000,000 is available for grants to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, $7,000,000 is available for grants to the hub city receiving the second greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, and $5,000,000 is available for grants to the hub city receiving the third greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15.

SECTION 10. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,600,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $4,800,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year.

SECTION 11. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S OFFICE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,600,000, or so much of the sum as may be necessary, to the attorney general's office for the purpose of awarding grants to law enforcement agencies, for crime-related needs of the attorney general's office, and for the development of a uniform law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending June 30, 2015. The drug and violent crime policy board of the attorney general shall, with approval of the board of university and school lands, grant funds to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those counties. The attorney general may spend up to ten percent of the funding provided under this section for defraying the expenses of additional staffing needs or other needs necessary to accomplish the role of the attorney general's office as an assisting agency in ensuring public safety in the affected areas. The funding provided in this section is considered a one-time funding item. The attorney general shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding, including the impact the grant funding has had on crime-related activities.

SECTION 12. HUB CITIES - REPORT TO BUDGET SECTION. A representative of a hub city as defined in section 57-51-01 shall report to the budget section annually on the use of funding received from allocations under section 57-51-15."

Page 16, line 28, after "**DATE**" insert "**- EXPIRATION DATE**"

Page 16, line 28, after "Sections" insert "1 and"

Page 16, line 28, remove "and 3"

Page 16, line 29, after "2013" insert ", and before July 1, 2015, and are thereafter ineffective"

Page 16, remove lines 30 and 31

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1358 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
State Treasurer						
Total all funds	$0	$198,760,000	($190,000,000)	$8,760,000	$8,760,000	$0
Less estimated income	0	190,000,000	(190,000,000)	0	0	0
General fund	$0	$8,760,000	$0	$8,760,000	$8,760,000	$0
Attorney General						
Total all funds	$0	$0	$9,600,000	$9,600,000	$10,000,000	($400,000)
Less estimated income	0	0	9,600,000	9,600,000	10,000,000	(400,000)
General fund	$0	$0	$0	$0	$0	$0
Department of Trust Lands						
Total all funds	$0	$5,000,000	$234,299,174	$239,299,174	$72,000,000	$167,299,174
Less estimated income	0	5,000,000	234,299,174	239,299,174	72,000,000	167,299,174
General fund	$0	$0	$0	$0	$0	$0
State Department of Health						
Total all funds	$0	$6,250,000	($6,250,000)	$0	$0	$0
Less estimated income	0	0	0	0	0	0
General fund	$0	$6,250,000	($6,250,000)	$0	$0	$0
Department of Human Services						

Total all funds	$0	$10,000,000	($400,000)	$9,600,000	$0	$9,600,000
Less estimated income	0	10,000,000	(400,000)	9,600,000	0	9,600,000
General fund	$0	$0	$0	$0	$0	$0
Job Service North Dakota						
Total all funds	$0	$150,000	($30,000)	$120,000	$120,000	$0
Less estimated income	0	0	0	0	0	0
General fund	$0	$150,000	($30,000)	$120,000	$120,000	$0
Department of Commerce						
Total all funds	$0	$6,000,000	($4,000,000)	$2,000,000	$0	$2,000,000
Less estimated income	0	6,000,000	(4,000,000)	2,000,000	0	2,000,000
General fund	$0	$0	$0	$0	$0	$0
Department of Transportation						
Total all funds	$0	$150,000,000	$130,000,000	$280,000,000	$260,000,000	$20,000,000
Less estimated income	0	0	0	0	0	0
General fund	$0	$150,000,000	$130,000,000	$280,000,000	$260,000,000	$20,000,000
Bill total						
Total all funds	$0	$376,160,000	$173,219,174	$549,379,174	$350,880,000	$198,499,174
Less estimated income	0	211,000,000	49,499,174	260,499,174	82,000,000	178,499,174
General fund	$0	$165,160,000	$123,720,000	$288,880,000	$268,880,000	$20,000,000

House Bill No. 1358 - State Treasurer - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Oil-producing county allocations		$190,000,000	($190,000,000)			
Township transportation grants		8,760,000		8,760,000	8,760,000	
Total all funds	$0	$198,760,000	($190,000,000)	$8,760,000	$8,760,000	$0
Less estimated income	0	190,000,000	(190,000,000)	0	0	0
General fund	$0	$8,760,000	$0	$8,760,000	$8,760,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 120 - State Treasurer - Detail of Conference Committee Changes

	Removes Funding for Oil-Producing Counties[1]	Total Conference Committee Changes
Oil-producing county allocations	($190,000,000)	($190,000,000)
Township transportation grants		
Total all funds	($190,000,000)	($190,000,000)
Less estimated income	(190,000,000)	(190,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] Funding of $190 million from the strategic investment and improvements fund for allocation among oil-producing counties is removed, the same as the Senate version. The House version provided $190 million.

House Bill No. 1358 - Attorney General - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Law enforcement grants			$9,600,000	$9,600,000	$10,000,000	($400,000)
Total all funds	$0	$0	$9,600,000	$9,600,000	$10,000,000	($400,000)
Less estimated income	0	0	9,600,000	9,600,000	10,000,000	(400,000)
General fund	$0	$0	$0	$0	$0	$0
	0.00	0.00	0.00	0.00	0.00	0.00

FTE

Department No. 125 - Attorney General - Detail of Conference Committee Changes

	Adds Funding for Law Enforcement[1]	Total Conference Committee Changes
Law enforcement grants	$9,600,000	$9,600,000
Total all funds	$9,600,000	$9,600,000
Less estimated income	9,600,000	9,600,000
General fund	$0	$0
FTE	0.00	0.00

[1] The amendment adds funding of $9.6 million from the strategic investment and improvements fund to the Attorney General for law enforcement grants, for crime-related needs of the Attorney General, and for the development of a uniformed law enforcement manual. The House version did not include this funding, but the Senate version provided $10 million from the oil and gas impact grant fund.

House Bill No. 1358 - Department of Trust Lands - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
New oil-producing county grants		$5,000,000		$5,000,000	$5,000,000	
Oil impacted airport grants			60,000,000	60,000,000	60,000,000	
Oil impacted higher education grants			4,000,000	4,000,000	4,000,000	
Dust control pilot project			3,000,000	3,000,000	3,000,000	
Oil impacted sheriff's departments			7,000,000	7,000,000		7,000,000
Oil impacted emergency medical services			7,000,000	7,000,000		7,000,000
Oil impacted fire protection districts			3,500,000	3,500,000		3,500,000
Grants to hub cities			14,000,000	14,000,000		14,000,000
Undesignated oil impact grants			135,799,174	135,799,174		135,799,174
Total all funds	$0	$5,000,000	$234,299,174	$239,299,174	$72,000,000	$167,299,174
Less estimated income	0	5,000,000	234,299,174	239,299,174	72,000,000	167,299,174
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 226 - Department of Trust Lands - Detail of Conference Committee Changes

	Adds Funding for Airport Grants[1]	Adds Funding for Higher Education Grants[2]	Adds Funding for Dust Control Pilot Project[3]	Adds Funding for Sheriff's Departments[4]	Adds Funding for Emergency Medical Service Providers[5]	Adds Funding for Fire Protection Districts[6]
New oil-producing county grants						
Oil impacted airport grants	60,000,000					
Oil impacted higher education grants		4,000,000				
Dust control pilot project			3,000,000			
Oil impacted sheriff's departments				7,000,000		
Oil impacted emergency medical services					7,000,000	

Oil impacted fire protection districts						3,500,000
Grants to hub cities						
Undesignated oil impact grants						
Total all funds	$60,000,000	$4,000,000	$3,000,000	$7,000,000	$7,000,000	$3,500,000
Less estimated income	60,000,000	4,000,000	3,000,000	7,000,000	7,000,000	3,500,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Hub Cities[7]	Adds Funding for Undesignated Oil Impact Grants[8]	Total Conference Committee Changes
New oil-producing county grants			
Oil impacted airport grants			60,000,000
Oil impacted higher education grants			4,000,000
Dust control pilot project			3,000,000
Oil impacted sheriff's departments			7,000,000
Oil impacted emergency medical services			7,000,000
Oil impacted fire protection districts			3,500,000
Grants to hub cities	14,000,000		14,000,000
Undesignated oil impact grants		135,799,174	135,799,174
Total all funds	$14,000,000	$135,799,174	$234,299,174
Less estimated income	14,000,000	135,799,174	234,299,174
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

1 Funding of $60 million from the oil and gas impact grant fund is added for grants to airports impacted by oil and gas development, which is the same as the Senate version. The House version did not include this funding.

2 This amendment adds funding of $4 million from the oil and gas impact grant fund for grants to institutions of higher education impacted by oil and gas development. The Senate version provided $4 million, but the House version did not include this funding.

3 Funding of $3 million from the oil and gas impact grant fund is added for a dust control pilot project in three oil-producing counties, which is the same as the Senate version. The House version did not provide funding for dust control.

4 This amendment adds funding of $7 million from the oil and gas impact grant fund for grants to county sheriff's departments impacted by oil and gas development.

5 This amendment adds funding of $7 million from the oil and gas impact grant fund for grants to emergency medical service providers impacted by oil and gas development.

6 Funding of $3.5 million from the oil and gas impact grant fund to fire protection districts impacted by oil and gas development is added.

7 This amendment adds funding of $14 million from the oil and gas impact grant fund for grants to hub cities. Grants from the oil and gas impact grant fund for hub cities are limited to $2 million for Williston, $7 million for Dickinson, and $5 million for Minot.

8 Funding of $135,799,174 from the oil and gas impact grant fund is added for undesignated oil impact grants.

House Bill No. 1358 - State Department of Health - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Emergency medical services allocations		$6,250,000	($6,250,000)			
Total all funds	$0	$6,250,000	($6,250,000)	$0	$0	$0
Less estimated income	0	0	0	0	0	0
General fund	$0	$6,250,000	($6,250,000)	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 301 - State Department of Health - Detail of Conference Committee Changes

	Removes Funding for Emergency Medical Services[1]	Total Conference Committee Changes
Emergency medical services allocations	($6,250,000)	($6,250,000)
Total all funds	($6,250,000)	($6,250,000)
Less estimated income	0	0
General fund	($6,250,000)	($6,250,000)
FTE	0.00	0.00

[1] This amendment removes funding of $6.25 million from the general fund for allocations to emergency medical services providers in counties that received less than $5 million in annual oil tax allocations, which is the same as the Senate version. The House version provided $6.25 million.

House Bill No. 1358 - Department of Human Services - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Critcal access hospital grants		$10,000,000	($400,000)	$9,600,000		$9,600,000
Total all funds	$0	$10,000,000	($400,000)	$9,600,000	$0	$9,600,000
Less estimated income	0	10,000,000	(400,000)	9,600,000	0	9,600,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 325 - Department of Human Services - Detail of Conference Committee Changes

	Reduces Funding for Grants to Critical Access Hospitals[1]	Total Conference Committee Changes
Critcal access hospital grants	($400,000)	($400,000)
Total all funds	($400,000)	($400,000)
Less estimated income	(400,000)	(400,000)
General fund	$0	$0
FTE	0.00	0.00

[1] This amendment reduces funding from the strategic investment and improvements fund for grants to critical access hospitals in oil-producing counties by $400,000, from $10 million to $9.6 million. The House version provided $10 million, and the Senate version removed this funding.

House Bill No. 1358 - Job Service North Dakota - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Employment data updates		$150,000	($30,000)	$120,000	$120,000	
Total all funds	$0	$150,000	($30,000)	$120,000	$120,000	$0
Less estimated income	0	0	0	0	0	0
General fund	$0	$150,000	($30,000)	$120,000	$120,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 380 - Job Service North Dakota - Detail of Conference Committee Changes

	Reduces Funding for Data Collection[1]	Total Conference Committee Changes
Employment data updates	($30,000)	($30,000)
Total all funds	($30,000)	($30,000)
Less estimated income	0	0
General fund	($30,000)	($30,000)
FTE	0.00	0.00

[1] Funding to Job Service North Dakota for data collection is reduced by $30,000, from $150,000 to $120,000. The House provided $150,000, and the Senate provided $120,000.

House Bill No. 1358 - Department of Commerce - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Nursing home grants		$6,000,000	($4,000,000)	$2,000,000		$2,000,000
Total all funds	$0	$6,000,000	($4,000,000)	$2,000,000	$0	$2,000,000
Less estimated income	0	6,000,000	(4,000,000)	2,000,000	0	2,000,000
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 601 - Department of Commerce - Detail of Conference Committee Changes

	Reduces Funding for Nursing Home Grants[1]	Total Conference Committee Changes
Nursing home grants	($4,000,000)	($4,000,000)

Total all funds	($4,000,000)	($4,000,000)
Less estimated income	(4,000,000)	(4,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] This amendment reduces funding from the strategic investment and improvements fund for grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties by $4 million, from $6 million to $2 million. The House version provided $6 million, and the Senate version removed this funding.

House Bill No. 1358 - Department of Transportation - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
County transportation allocations		$150,000,000	($30,000,000)	$120,000,000	$100,000,000	$20,000,000
Roads in oil-producing counties			160,000,000	160,000,000	160,000,000	
Total all funds	$0	$150,000,000	$130,000,000	$280,000,000	$260,000,000	$20,000,000
Less estimated income	0	0	0	0	0	0
General fund	$0	$150,000,000	$130,000,000	$280,000,000	$260,000,000	$20,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces Funding for Roads in Non-Oil-Producing Counties[1]	Adds Funding for Roads in Oil-Producing Counties[2]	Total Conference Committee Changes
County transportation allocations	($30,000,000)		($30,000,000)
Roads in oil-producing counties		160,000,000	160,000,000
Total all funds	($30,000,000)	$160,000,000	$130,000,000
Less estimated income	0	0	0
General fund	($30,000,000)	$160,000,000	$130,000,000
FTE	0.00	0.00	0.00

[1] This amendment reduces funding from the general fund for allocation among counties that received less than $5 million in annual oil tax allocations by $30 million, from $150 million to $120 million. The House provided $150 million, and the Senate provided $100 million. This funding is provided for paved and unpaved road projects and also bridge projects.

[2] Funding of $160 million from the general fund is added for road projects in counties that received $5 million or more in annual oil tax allocations. The House provided $190 million from the strategic investment and improvements fund for road projects in oil-producing counties, and the Senate provided $160 million from the general fund. This funding is provided for paved and unpaved road projects and also bridge projects.

This amendment also:

- Removes a section to create an emergency medical service and fire protection district funding committee, the same as the Senate version.

- Changes the amounts allocated from the 1 percent of the 5 percent oil tax collections:

  - Reduces the allocation to hub cities based on each full or partial percentage point of employment in mining by $375,000, from $750,000 to $375,000, the same as the Senate version.

  - Reduces the allocation to hub city school districts based on each full or partial percentage point of employment in mining by $125,000, from $250,000 to $125,000, the same as the Senate version.

  - Increases the allocation to the oil and gas impact grant fund by $90 million, from $150 million to $240 million. Current law provides $100 million.

- Changes the amounts allocated to counties from the 4 percent of the 5 percent oil tax collections to provide 25 percent of all revenue above $5 million to the counties, the same as the Senate version. The House version provided multiple thresholds with varying percentages.

- Changes the allocation of the counties' share of the 4 percent of the 5 percent oil tax allocations:

  - Allocates to a county that received less than $5 million from oil tax allocations in the most recently completed state fiscal year:

    - 45 percent to the county general fund.

    - 20 percent to cities.

    - 35 percent to school districts.

  - Allocates to a county that received $5 million or more from oil tax allocations in the most recently completed state fiscal year:

    - 60 percent to the county general fund.

    - 20 percent to cities.

    - 5 percent to school districts.

    - 3 percent to organized and unorganized townships based on road miles.

    - 3 percent equally to organized and unorganized townships in all counties that received $5 million or more from oil tax allocations.

    - 9 percent to hub cities, of which 60 percent is allocated to Williston, 30 percent to Dickinson, and 10 percent to Minot.

- Adds new requirements to the appropriation for road and bridge projects to provide Department of Transportation oversight.

- Adds new requirements for annual reports to the Budget Section on the use of funds provided for critical access hospitals, law enforcement grants, and hub cities.

- Changes the dates for the funding distributions and removes a section providing an emergency clause.
- Removes a section providing legislative intent.

Reengrossed HB 1358 was placed on the Seventh order of business on the calendar.

2013 TESTIMONY

HB 1358

Prepared by the North Dakota Legislative Council
staff for Representative Skarphol
February 2013

OIL TAX REVENUE DISTRIBUTION TO HUB CITIES

House Bill No. 1358 (2013) defines a hub city as a city with a population of 12,500 or more, according to the last official decennial census, which has more than 1 percent of its private-covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota. Hub cities receive an allocation from the first 1 percent of oil and gas gross production tax of $750,000 each fiscal year for each full or partial percentage point of its private-covered employment engaged in the mining industry. A hub city school district is the school district containing the majority of the area within a hub city. Hub city school districts receive an allocation of $250,000 each fiscal year for each full or partial percentage point of its private-covered employment engaged in the mining industry. The allocation for each hub city or school district may increase or decrease based on the percentage of its private-covered employment engaged in the mining industry, as determined by Job Service North Dakota. Of the funds provided to hub city school districts, 25 percent is unrestricted and 75 percent is available to provide matching funds for school construction projects and to provide funding for extraordinary expenditures to mitigate the effects of oil development.

The schedule below provides information on the estimated allocation of oil and gas gross production tax revenue to hub cities and hub city school districts for fiscal year 2014 based on provisions of House Bill No. 1358.

	Estimated Allocation for One Fiscal Year				
	Percentage of Employment in Mining	Allocation to City	Grant to School[1]	Matching Funds for School Construction[2]	Funding for Extraordinary Expenditures[2]
Williston	40%	$30,000,000	$2,500,000	$3,750,000	$3,750,000
Dickinson	17%	$12,750,000	$1,062,500	$1,593,750	$1,593,750
Minot	4%	$3,000,000	$250,000	$375,000	$375,000

[1]Twenty-five percent of the amount provided to hub city school districts is unrestricted in use.

[2]Seventy-five percent of the amount provided to hub city school districts is retained in a special account for the school district. Up to 50 percent of the amount deposited in the fund may be used by the school district to provide equal matching funds for funds provided by the school district for a school construction project. Any funds in the special account not committed or expended for school construction may be used by the school district for an extraordinary expenditure that would mitigate negative effects of oil development, upon approval of the hub city school impact committee.

13.9540.01000

Prepared by the North Dakota Legislative Council
staff for Representative Skarphol
January 2013

POTENTIAL OIL TAX REVENUE DISTRIBUTIONS TO POLITICAL SUBDIVISIONS

The table below provides information on distributions of the counties' share of oil and gas gross production tax revenue using the formula in current law and a proposed formula that provides for a greater share of the oil and gas gross production tax being allocated to counties. Counties generating less than $5 million in oil and gas tax revenue will continue to allocate the funds received under the current formula. In addition to the amounts shown, schools will also receive $1.75 million from the first one-fifth of oil and gas gross production tax collected.

	Current Formula	Proposed Formula[2]		Current Formula	Proposed Formula[2]		Current Formula	Proposed Formula[2]		Current Formula	Proposed Formula[2]		Current Formula	Proposed Formula[2]
Billings	**$6,786,685**	**$11,091,712**	**Bottineau**	**$3,990,793**	**$6,472,378**	**Bowman**	**$8,170,447**	**$14,551,118**	**Burke**	**$6,838,063**	**$11,220,156**	**Divide**	**$8,158,104**	**$14,520,259**
County share	$3,054,008	$6,655,027	County share	$1,795,857	$3,883,427	County share	$3,676,701	$8,730,671	County share	$3,077,128	$6,732,094	County share	$3,671,147	$8,712,155
Cities	$1,357,337	$2,218,342	Cities	$798,159	$1,294,476	Cities	$1,634,089	$2,910,224	Cities	$1,367,613	$2,244,031	Cities	$1,631,621	$2,904,052
School/township	$2,375,340	$1,386,464	School/township	$1,396,777	$809,047	School/township	$2,859,656	$1,818,890	School/township	$2,393,322	$1,402,520	School/township	$2,855,336	$1,815,032
EMS		$277,293	EMS		$161,809	EMS		$363,778	EMS		$280,504	EMS		$363,006
Fire protection		$277,293	Fire protection		$161,809	Fire protection		$363,778	Fire protection		$280,504	Fire protection		$363,006
Sheriff		$277,293	Sheriff		$161,809	Sheriff		$363,778	Sheriff		$280,504	Sheriff		$363,006
Dunn	**$15,503,793**	**$32,884,482**	**Golden Valley**	**$3,025,416**	**$3,025,416[1]**	**McHenry**	**$81,468**	**$81,468[1]**	**McKenzie**	**$25,126,361**	**$56,940,902**	**Mountrail**	**$29,149,464**	**$66,998,661**
County share	$6,976,707	$19,730,689	County share	$1,361,437	$1,361,437	County share	$36,661	$36,661	County share	$11,306,862	$34,164,541	County share	$13,117,259	$40,199,196
Cities	$3,100,759	$6,576,896	Cities	$605,083	$605,083	Cities	$28,514	$28,514	Cities	$5,025,272	$11,388,180	Cities	$5,829,893	$13,399,732
School/township	$5,426,327	$4,110,560	School/township	$1,058,896	$1,058,896	School/township	$16,294	$16,294	School/township	$8,794,226	$7,117,613	School/township	$10,202,313	$8,374,833
EMS		$822,112	EMS			EMS			EMS		$1,423,523	EMS		$1,674,967
Fire protection		$822,112	Fire protection			Fire protection			Fire protection		$1,423,523	Fire protection		$1,674,967
Sheriff		$822,112	Sheriff			Sheriff			Sheriff		$1,423,523	Sheriff		$1,674,967
Renville	**$2,806,201**	**$2,806,201[1]**	**Slope**	**$2,144,380**	**$2,144,380[1]**	**Stark**	**$6,140,678**	**$10,390,678**	**Ward**	**$210,618**	**$210,618[1]**	**Williams**	**$22,245,295**	**$49,738,238**
County share	$1,262,790	$1,262,790	County share	$964,971	$964,971	County share	$2,763,305	$6,234,407	County share	$94,778	$94,778	County share	$10,010,383	$29,842,943
Cities	$561,240	$561,240	Cities	$428,876	$428,876	Cities	$1,228,136	$2,078,136	Cities	$42,124	$42,124	Cities	$4,449,059	$9,947,648
School/township	$982,170	$982,170	School/township	$750,533	$750,533	School/township	$2,149,237	$1,298,835	School/township	$73,716	$73,716	School/township	$7,785,853	$6,217,280
EMS			EMS			EMS		$259,767	EMS			EMS		$1,243,456
Fire protection			Fire protection			Fire protection		$259,767	Fire protection			Fire protection		$1,243,456
Sheriff			Sheriff			Sheriff		$259,767	Sheriff			Sheriff		$1,243,456

[1]Counties with less than $5 million in oil and gas tax revenue will continue to be funded under the formula in current law.
[2]Schools will receive an additional $1.75 million from the first one-fifth of oil and gas gross production tax collected.

x
9

House Bill 1358

PREPARED FOR:

HOUSE FINANCE AND TAXATION COMMITTEE
REPRESENTATIVE BELTER, CHAIRMAN

Chairman Belter and Committee, I am Dan Brosz, President of the ND Association of Oil and Gas Producing Counties. Our Association has been working with Legislators and the Governor to change the formula that returns Gross Production Tax revenues to local political subdivisions for the past two years. The impact to our members has been as extraordinary as the growth in exploration and production. We have been playing catch up to the impacts from day one.

The change in the formula proposed in this bill will go a long way in helping with these impacts. Our members asked last session to change the formula especially the bottom category from the 10 percent local and 90 percent state. We have been advocating a 50/50 split. The 25 local and 75 state split in this bill is better then what we have presently. This bill treats the larger cities, Williston, Dickinson, Minot and possibly others with a funding source that will allow them to be the hub of this machine that is growing our entire State. Likewise the small cities in the counties of the large cities have been left short because the monies have been split by population. This bill will help the Tioga's, Ray's, South Heart's or Belfield's.

We also feel the bill helps address the issues in our schools in oil county. Schools have been getting little help with their short or long term impacts. Schools need books, desks, teachers and building because of increasing enrollment.

The most important issue we need resolved besides more funding is changing the formula which this bill does. Our local political subdivisions cannot plan with the present formula and grants every two years. This bill goes a long way in addressing our needs. I have several representatives of our members that can do a much better job of explaining their impacts then I can.

I will lead off with some information from one of the cities I mentioned earlier, the City of Ray. The Mayor and Auditor could not make it here today but sent the following testimony. I will give you the short version of what they are presenting.

#3

City of Ray

Incorporated March 9, 1914

Post Office Box 67

Ray, North Dakota 58849-0067

Telephone: 701-568-2204 *** Email: raynd@nccray.net

January 25, 2013

My name is Kimberly Steffan and I am the City Auditor for the City of Ray, North Dakota. I was asked to give you some information regarding the recent oil activity in our area and the resulting impacts.

The City of Ray, North Dakota had a population of around 500 people when I started as the City Auditor in December, 2008. In the summer of 2009 we replaced every water meter in the city which amounted to 198 meters. We currently have 406 meters. Our population has doubled and we are bursting at the seams.

Our waste water lagoon is at full capacity. The City used their discharge permit for the first time in many, many years. The State Health Department has kindly guided many waste water treatment facilities to help us with our waste water problem but all of them have come at a cost we can't afford. We have applied for Impact funding every year. In 2011 we received a grant for $50,000 to help cover the cost of engineering that we commissioned for a waste water lagoon project. In 2012 we received $1,800,000 for our waste water project. The City of Ray borrowed SRF funds to replace water mains in the amount of $1,000,000 with an additional $1,500,000 in loan forgiveness. We also borrowed $1,242,000 with loan forgiveness around $500,000 to assist in our waste water pond issue and to replace collapsing sewer mains. In order to cover our loan payments, our water rates were increased by 67%, and our sewer rate jumped from $1.50 per month to $27.82 per month. We cannot increase rates again to pay for any more debt. Our residents simply can't afford it.

With the increase in population the stress on water and sewer mains has been tremendous. We have replaced 18,000 feet of cast iron pipe that was installed in the early 1950's with the funds borrowed from SRF. We sponsored a Safe Routes to School Project that is imperative for students to be able to get to school and school functions safely due to the increased traffic. We have hired planners who have re-written our Planning & Zoning Ordinance to assist with dealing with the developers that are bombarding us to develop here since Highway 2 runs through our city. Our engineers have been working diligently to help solve the problems we are facing and even though we have a debt of approximately $2,500,000, we still have a funding shortfall of $20,212,000. Our biggest needs include a new wastewater pond system, new sewer mains to replace aging collapsing mains, an adequate water tower to supply fire suppression and water for our growing population, and due to increased traffic and funding shortfalls, our city streets are crumbling.

The City annexed 213 acres of property for housing and commercial development. The expansion is a 76% increase to the size of the City of Ray. There are currently three developments that would provide much needed housing that could add an additional 1,000 people to our population by 2014. They are currently unable to continue development until the waste water system is completed, so housing is still an issue. Our school district and local businesses had to resort to purchasing homes to provide housing for desperately needed teachers and employees. The City had to turn a parking lot into a mobile home park in order to have housing for the contractors that are working on our water and sewer mains.

Other issues we are faced with, that we can't even begin to address, are law enforcement and public buildings. We have no law enforcement and can't afford to hire due to lack of funding. The Williams County Sheriff's Department has provided the law enforcement, but they must cover the entire County and can't always be available if a problem arises in Ray.

While we appreciate every penny that is directed to the City of Ray, it just isn't covering all the needs this oil activity has produced. Our growing population and resulting needs are placing a very high burden on the residents of Ray. We have lost many long time residents because they just can't afford to live here anymore. We can't keep up with increasing costs. The City of Ray would be grateful for any relief that can be directed to our community and the other communities directly impacted by oil activity.

Kimberly Steffan

Kimberly Steffan
Ray City Auditor

#4

February 4, 2013
Honorable Members of the House Finance &Taxation
HB 1358 Testimony

Chairman Belter, members of the committee, good morning. I am David Hynek, County Commissioner from Mountrail County. Thank you for the opportunity to testify on HB 1358. The Mountrail County Commissioners are in support of House Bill #1358.

Mountrail County entertained the entry to Mountrail County of the Bakken oil play in late 2006. It quickly turned into an invasion of almost unmanageable proportions. Our way of life has been changed forever, and not necessarily to the good.

We in Mountrail County have worked hard during the past three legislative sessions to bring about the change necessary to get sufficient oil revenue returned to take care of our needs.

Little did we know how difficult that task would be. Finally, during the past two years, the conversations and attitude of the administrative and legislative branch of State government has turned, realizing the need for more funding for oil producing counties and non-oil counties. The Governor's bill is a move in the right direction. It doesn't do enough and is missing key provisions. House Bill 1358 introduced by Representative Skarphol covers some key areas including schools, fire districts, emergency services (ambulance) and law enforcement. In Mountrail County we are still using the same jail and law enforcement space in our Courthouse that was built in 1913. We need to modernize our facility and add more room. The four counties of Williams, McKenzie, Divide and Mountrail are currently discussing jail space options. Our law enforcement staff has increased from 11 people in 2008 to 23 today. Our overtime has gone from $26,000 to $102,000. The number of guests we have in our jail has increased from 353 to 900+. This has put a lot of strain on our general fund. Law enforcement expenditures has gone from $805,923 in 2008 to $2,433,873 in 2012.

House Bill 1358 will take some pressure off of the oil impact grant fund. I serve on the advisory committee to the State Land Board. We analyze and agonize over requests that come in each grant round. When you have requests of over $600 million and only about $130 million

#4 p.2

to work with the process can be overwhelming. This bill gives money directly to law enforcement, fire departments, ambulance departments, schools and townships all of which currently apply for oil impact grants.

A final point in House Bill 1358 is the efficiencies it will create by providing desperately needed funding for roads in oil and non-oil counties. The enclosed chart gives a specific example of what can happen when adequate money is made available to counties for road construction.

The infrastructure that can be built state wide, financed by oil and gas taxes, over the next 10 years will be used by many economic entities long after our oil resources have been depleted. The infrastructure will be a tremendous legacy not only to the oil and gas industry but also to the wisdom and foresight of this legislative assembly.

Chairman Belter and members of the committee, I strongly support House Bill 1358 and respectfully request your support.

Thank you,

David J. Hynek
Mountrail County Commissioner
9148 59th St NW
Ross, ND 58776
701.755.3372 Phone
701.629.8916 Cell

Quality Infrastructure Provides Efficiency and Increased Revenue
Actual Example: 90th Ave NW, Mountrail County - 9.2 Miles

	Gravel Surface (80,000 lb weight restriction)	Paved Surface (105,500 lbs year round)
Minutes/Mile Travel Time	9.2 Miles X 15 mph = 4 Minutes	9.2 Miles X 60 mph - 1 Minute
Travel Time Per Vehicle	9.2 Miles X 4 Minutes - 36.8 Minutes	9.2 Miles X 1 Minute - 9.2 Minutes
Traffic Count Vehicles per day	2000 Vehicles (2011)	4000 Vehicles (2012)
Total Travel Time per day	2000 X 36.8 = 73,600 Minutes or 1226 hours	4000 X 9.2 = 36,800 Minutes or 613 hours

We doubled the traffic count on this road and cut the travel time in half!

Our goal in Mountrail County is to do this on an additional 260-300 miles of road over the next 10 years. HB 1358 will help us accomplish this goal, thereby increasing oil and gas revenues to the State and helping the oil and gas industry become more efficient and productive.

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Ref

#5

HB1358 FINANCE & TAX COMMITTEE

TESTIMONY REPRESENTATIVE GARY R. SUKUT - DISTRICT 1

MR. CHAIRMAN AND MEMBERS OF THE FINANCE AND TAX COMMITTEE, I AM HERE TODAY TO TESTIFY IN SUPPORT OF HB1358.

HB1358 ADDRESSES NUMEROUS NEEDS FOR THE COUNTIES, SCHOOLS, CITIES, EMERGENCY MEDICAL SERVICES, FIRE DEPARTMENTS, AND LAW ENFORCEMENT BY RETURNING INCREASED GROSS PRODUCTION TAX DOLLARS. IT ALSO ADDRESSES INFRASTRUCTURE NEEDS FOR NON-OIL PRODUCING COUNTIES AND TOWNSHIPS.

THE DEVELOPMENT OF HB1358 HAS INVOLVED INPUT FROM THE WESTERN AREA LEGISLATORS AND THE NORTH DAKOTA OIL & GAS PRODUCING COUNTIES. NO SINGLE BILL CAN ADDRESS ALL THE ISSUES THAT EXIST IN WESTERN NORTH DAKOTA BUT HB1358 DOES A GREAT JOB OF GETTING GROSS PRODUCTION TAX REVENUES WHERE THEY CAN ADDRESS MANY SERIOUS ISSUES.

MISTER CHAIRMAN AND MEMBERS OF THE COMMITTEE, I URGE YOUR SUPPORT FOR HB1358.

THANK YOU.

#6

City of WILLISTON NORTH DAKOTA

P.O. Box 1306
Williston ND 58802-1306
PHONE: 701-577-8100
FAX: 701-577-8880
TDD State Relay: 711

February 4, 2013

Chairman Wes Belter

House Finance and Tax Committee

HB 1358

Chairman Wes Belter and Committee Members,

My name is Ward Koeser, Mayor of Williston since 1994. I am honored to have the opportunity to testify before you today in support of HB 1358.

While we feel HB 1358 is the most comprehensive state-wide local infrastructure bill ever proposed for the State of North Dakota and fully endorse its passage, my testimony today will focus on the positive impacts to Williston, and the vital industry expansion we support. The hub cities formula additions and amendments in sections 2 and 3 sets up funding based upon actual and measurable indicators directly related to activity levels and impacts. It acknowledges the fact that hub cities over 12,500 population provide valuable services to the industry and its growth in the areas of schools, water systems, sewage disposal, landfills, hospitals and emergency services, air/rail transportation, housing, retail services, and commercial and industrial space development. It is our belief that a hub cities concept and provision of predictable revenue to the three hub cities is absolutely essential to any final product addressing infrastructure of western North Dakota that comes out of this Legislative Assembly, regardless of which bill is ultimately adopted.

As the City that is at Ground Zero in the industry development, we have grown from 14,750 population in 2010 to a service population of temporary and permanent residents of over 38,000 in 2012. This has not happened without substantial associated costs and fiscal demands. In 2011, our Capital Improvements Plan (CIP) showed $185 million in infrastructure improvements to accommodate industry growth. By 2012, our updated CIP revealed necessary improvements expanding to $616 million over the time period of 2013 to 2019.

#8
9

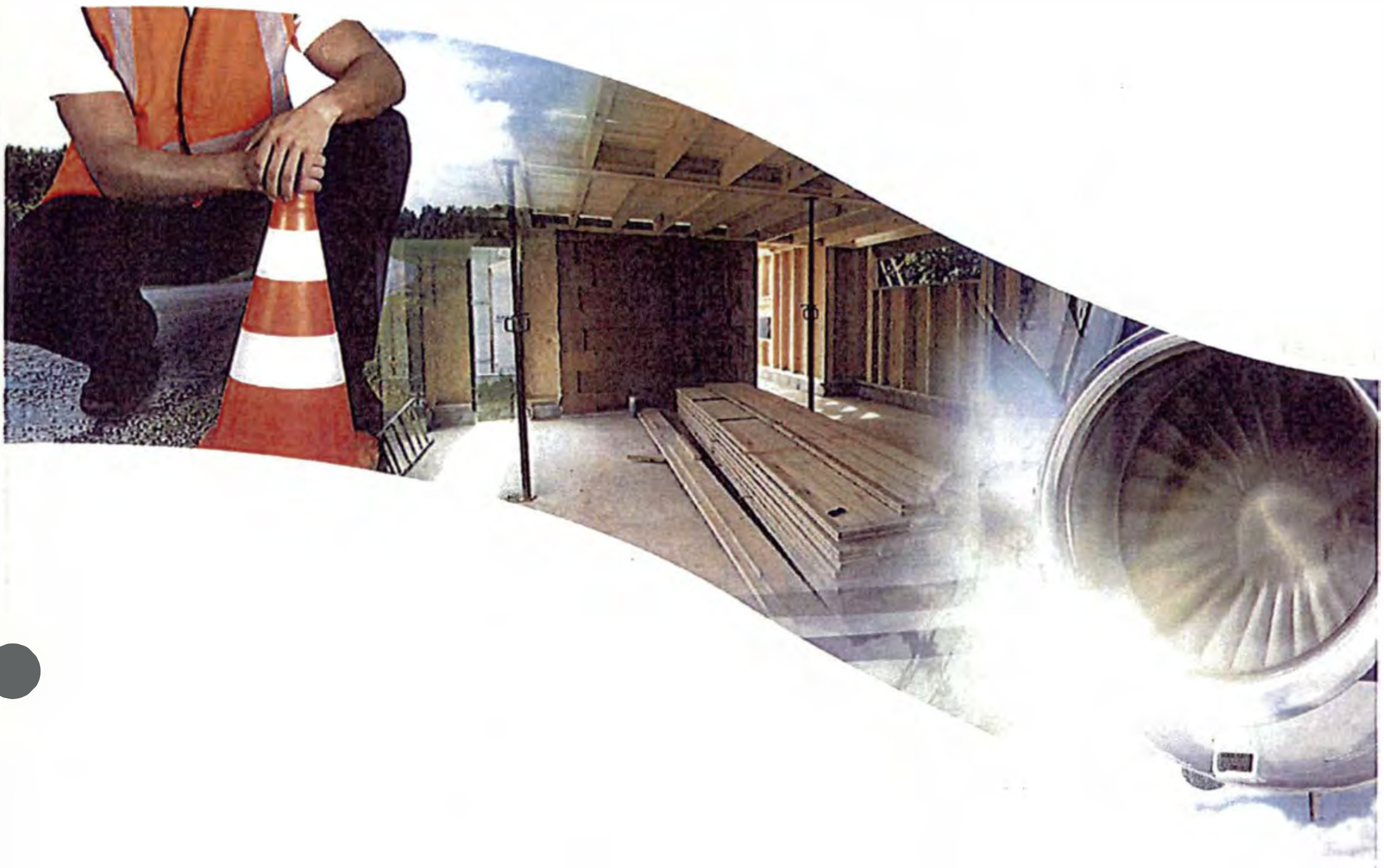
Since 2010, the City of Williston has annexed, serviced, and developed areas equal to the original size of our City. With construction permits leading the State the last 3 years at a cumulative $1 billion, demand continues to outpace supply. The rapid pace of development has placed even greater strains on our ability to cope. Our then record $44 million in city building permits in year 2009 have swelled to a new record of $470 million in 2012, a ten-fold increase in 3 years. We have developed or are currently developing housing and commercial space on all of the previously annexed areas and need further expansion capacity now. With the recent City annexation of 5,000 acres last week, we are now in need of infrastructure funding to prepare its development and construction to meet demands.

While we are appreciative of previous State funding assistance, prior attempts to fund these improvements to service industry demands for facilities and housing through impact funding have always fallen short of the need to meet the activity levels and impacts. In the 2011-13 biennium, the City has used our $22 million impact fund allocation to develop new infrastructure of over $60 million. Our City sales tax and development fees have provided long-term payment resources for most of this expense, but the ability to continue that level is constrained by the amount of obligations we have already assumed. By providing a measurable source of formula funding through HB 1358, we feel we may have the necessary revenue resource that allows us to approach bond funding sources for long-term financing that permits us to aggressively move infrastructure development forward today in an attempt to catch up with the industry pace of growth.

We have also had huge increases in City service demands related to this growth. Our City employment, which declined after the 1980's oil bust from 240 to 86, has now been forced to increase to 200 employees once again. With the highest average annual wages in the State at $80,000/year, we have had to increase our compensation schedules to recruit and retain critical personnel. The highest housing costs in the State have also meant we have had to pay housing subsidies to new and existing employees. These are just a few of the reasons our annual operating expenditures have increased $14.7 million in one year from 2012 to 2013. The funding formula change in HB 1358 will allow us the ability to help fund these increasing expenses as well.

It is our feeling as a City that the formula changes provided in HB 1358 grants us a level of optimism to finally address the demands placed upon our community and citizens by the rapid pace of industry development. Understand that with the current formula funding, Williston receives approximately $1.5 million annually, which is less than one tenth of one percent of current oil and gas tax receipts. We do not feel the State of North Dakota has a revenue problem in this current expansion, it is an issue of proper allocation of resources to the demands generated by the growth, which we feel this bill addresses. We support passage of HB 1358, respectfully request your consideration of a Do Pass recommendation, and appreciate your time and attention to our testimony. I will now hand out copies of our Impact booklet as well as our current 2012 Capital Improvements Plan for your review and support for this testimony. This concludes my testimony and I stand ready to address your questions.

#1



City of WILLISTON

CAPITAL IMPROVEMENTS PLAN

September 2012

TECHNICAL MEMORANDUM

City of Williston

From: David Johnson, PE
Operations Manager, AE2S

Re: **Capital Improvements Plan Update**

Date: 8/27/2012

INTRODUCTION

The City of Williston has experienced a large and rapid growth in population over the last few years as a result of the activity associated to the oil industry in western North Dakota. The City has undertaken several planning efforts to identify growth areas and plan for infrastructure needs to serve the growth areas. The infrastructure needs identified in these planning efforts amount to hundreds of millions of dollars of studies, architectural and engineering fees and construction projects. These costs are far beyond the City's ability to absorb on its' own. Significant financial help from the State of North Dakota will be necessary to fund all the projects necessary to support the anticipated growth.

In 2010 Advanced Engineering and Environmental Services, Inc. (AE2S) prepared a Capital Improvements Plan for the City of Williston to identify future infrastructure needs and associated costs. This plan used population milestones to denote when specific projects would need to be done to serve the growth areas. In June, 2012 the City hired AE2S to update the Capital Improvements Plan to include a current list of anticipated projects and associated costs. The City also requested that the information be presented in a timeline format rather than by population milestones. This technical memorandum presents the current anticipated projects, the anticipated project timelines and the associated costs.

GROWTH ANALYSIS

The City has contracted with SRF Consulting Group to prepare a Future Land Use Plan to identify future growth areas and land uses as the City expands. Their work, while looking at where growth will be and what kinds of uses may make up that growth, does not address the timing of the growth. To address the timing of the growth and anticipated populations, the State has contracted with North Dakota State University to analyze the growth occurring in western North Dakota and project population increases and timing of growth for various cities in the region. This work is currently underway, but results of this work are not anticipated to be available until Fall 2012.

AE2S has conducted interviews with the various City departments to gather information about where the City anticipates growth will occur and the timing of that growth. Information was also gathered about what kinds of capital improvements each department anticipated would be necessary to serve that growth. The growth information was compiled and used to prepare a

Projected Future Growth Areas by Biennium map. This map, along with the input from the various departments, was used to prepare a list of infrastructure projects, projected costs, and anticipated timing.

INFRASTRUCTURE AND BUILDING PROJECTS

The list of infrastructure and building projects has been broken down by category. Specific projects that have been identified by the various City departments have been noted within each category. General projects (i.e.: future trunk sewer and watermain projects) have been included for future growth areas where specific projects have not been identified.

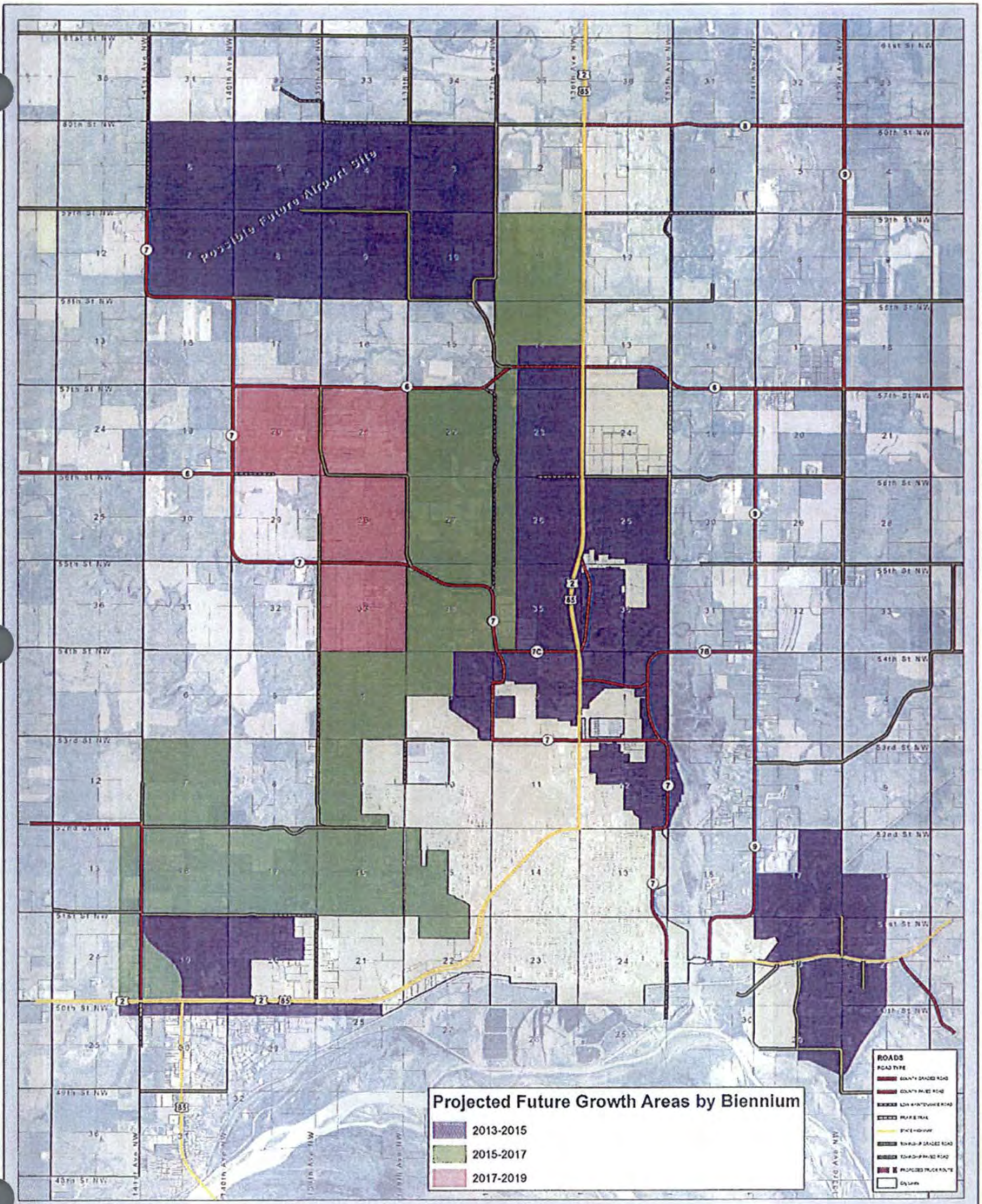
OPINION OF PROBABLE COSTS

Costs were determined using representative projects in the City of Williston within the last two years, adjusted for inflation. The construction cost opinions presented are based on 2012 dollars. Inflation factors should be applied to the costs as appropriate to determine the actual cost for future costs.

COST SUMMARY

	2013-2015	2015-2017	2017-2019	Totals
Transportation	$98,520,000	$148,770,000	$2,640,000	$249,930,000
Airport	$36,000,000	$24,000,000	$0	$60,000,000
City Buildings	$34,910,000	$30,350,000	$9,230,000	$74,490,000
Wastewater	$40,340,000	$43,900,000	$3,420,000	$87,660,000
Water	$6,530,000	$12,350,000	$4,770,000	$23,650,000
Stormwater	$32,350,000	$47,400,000	$22,500,000	$102,250,000
Solid Waste	$6,000,000	$12,400,000	$0	$18,400,000
TOTALS	**$254,650,000**	**$319,170,000**	**$42,560,000**	**$616,380,000**

Attachments: 1 - Projected Future Growth Areas by Biennium
2 - Cost Breakdown Spreadsheet



City of Williston
Projected Future Growth Areas by Biennium

AUGUST 2012

Williston 2012 CIP Update

(all costs in millions of dollars)

	2013-2015	Biennium 2015-2017	2017-2019
Transportation			
11th Street Extension		11.85	
26th Street Extension		8.03	
32nd Avenue Extension*	10.60		
32nd Street Extension**	2.00		
University Avenue Extension**	10.61		
135th Avenue Improvements**	5.47		
56th Street NW Improvements	1.90		
Highway 2/85 Bypass Intersection Improvements	17.50	6.00	
42nd Street/County Road 7/County Road 7C	8.30		
Existing Rural Subdivisions to be Annexed	32.42	3.09	
New School Improvements***	2.20		
Future Minor Arterial Roads & Intersections	7.52	71.62	
Future Collector Roads		48.18	2.64
Subtotal	**$98.52**	**$148.77**	**$2.64**

**includes sewer cost*
***includes water cost*
****includes sewer and water cost*

	2013-2015	2015-2017	2017-2019
Airport			
New Airport*	36.00	24.00	
Subtotal	**$36.00**	**$24.00**	**$0.00**

**$150 est cost, 40% est. city share (project has not been reviewed by FAA, costs may change)*

	2013-2015	2015-2017	2017-2019
City Buildings			
Facility/Needs Studies	0.20		
City Hall	15.70	15.70	
Public Works	10.28	10.28	
Police			4.86
Fire	8.73	4.37	4.37
Subtotal	**$34.91**	**$30.35**	**$9.23**

	2013-2015	2015-2017	2017-2019
Wastewater			
West Forcemain	4.00		
Highway 2/85 Interceptor	2.30		
West Lift Station	4.00		
Treatment Plant	25.00	25.00	
I & I Remediation		0.50	0.40
Trunk Sewer for Future Growth Areas	5.04	17.65	2.52
Lift Stations for Future Growth Areas		0.75	0.50
Subtotal	**$40.34**	**$43.90**	**$3.42**

Water					
	East Pump Station & Reservoir		3.00		
	Northwest Pump Station & Reservoir				3.00
	Trunk Watermain for Future Growth Areas		3.53	12.35	1.77
		Subtotal	**$6.53**	**$12.35**	**$4.77**
Stormwater					
	Stormwater Master Plan/Studies		1.25	0.50	0.20
	Retrofits/ Improvements to Existing System		10.00	10.00	10.00
	Stormwater Infrastructure for Future Growth Areas		17.00	30.00	10.00
	Land Acquisition Cost		4.10	6.90	2.30
		Subtotal	**$32.35**	**$47.40**	**$22.50**
Solid Waste					
	Open New Cell/Permitting			2.40	
	Land Acquisition Cost		6.00	10.00	
		Subtotal	**$6.00**	**$12.40**	**$0.00**
		Totals	**$254.65**	**$319.17**	**$42.56**

#8

Testimony to the House Finance and Taxation Committee
Chairman Wesley Belter
Prepared by Curt Zimbelman, Mayor of Minot
Mayor@minotnd.org

HOUSE BILL 1358

Chairman Belter, House Finance and Taxation Committee members, my name is Curt Zimbelman, and I am the Mayor of Minot. I am representing the City of Minot and urge a DO PASS with amendments to House Bill 1358.

Minot is in an interesting position. It is not in a county that has large oil production but it is impacted significantly from the development of oil in western North Dakota. I have distributed brochures that document specific energy impacts.

The 2010 census reports Minot's population at 40,888. Our current estimate is 50,000 with another 2,000 to 3,000 long-term stay individuals in hotels. The hotel rooms in Minot have more than doubled in the last two years going from approximately 1,600 rooms to over 3,000 in just two years. Building permits (not including for flooded residents) went up over 300 percent in the last three years. These figures will tell you that even though Minot is not located in a large oil producing county, many individuals working in the oil producing counties are electing to live in Minot. In addition to individuals living in Minot and working outside the community, Minot has seen a 212 percent increase in energy and oil related companies locating their businesses in Minot, bringing not only more traffic, but also heavy-duty truck traffic.

In Section 2. of House Bill 1358 a definition of a "Hub city" is provided. Hub cities are defined based on the private covered employment engaged in the mining industry according to data compiled by Job Services North Dakota. Minot falls into this definition. Based on the allocation in Section 3. 1. a. and the State's budget projections for the next biennium, Minot would receive approximately three million dollars annually ($3,000,000) as a hub city. This amount is a step in the right direction but is not adequate to address the needs in Minot due to the impact to the city from oil development.

This leads me to the first of a few amendments we would like to see in the bill. In Section 3. 1. e. the language in the bill credits revenues to the oil and gas impact grant fund, but not in an amount exceeding one hundred fifty million dollars ($150,000,000) for the biennium. I strongly encourage the Committee to amend this section to two hundred fourteen million ($214,000,000) as recommended in the Governor's budget. As I stated previously, the three million dollars ($3,000,000) annually that would be provided to Minot as a hub city is a step in the right direction; however, the two hundred fourteen million ($214,000,000) included in the Governor's budget also includes sixty million ($60,000,000) allocated as grants for airports impacted by oil development.

The Minot International Airport has been, and continues to be impacted greatly by oil and gas development. In 2009 the enplanements at the airport were 69,820. For 2012 the enplanements were over 220,000. That's a growth rate of 315 percent in three years. It is anticipated by 2021 the enplanements will be 400,000. A review of the license plates in the airport parking lot on an average day shows that more than seventy (70) percent of the vehicles are from out-of-state or Canada.

The City of Minot is moving forward with building a new terminal, apron and parking lot to meet these needs. The current terminal was finished in 1991 with approximately 34,000 square feet. The new terminal will be approximately 100,000 square feet; however, the City needs the funding proposed in the Governor's budget to insure timely completion of the terminal. It is also important that **both** Federal and local funds are eligible for a match to the State funds. The City and the FAA are putting significant funding toward this project. Due to the urgent nature of the expansion, as a result of energy impacts and development growth, State funding is requested to ensure we serve that growth as well as long-time residents in a manner that reflects their use of the airport. We need a minimum of twenty-five million dollars ($25,000,000) from the State in order to complete this project and remain on our projected timelines.

In addition to the funding at the airport, Minot expects to apply for at least fifteen million dollars ($15,000,000) from the Oil Impact Fund to help fund some basic growth related infrastructure. For water and sewer projects alone, Minot has more than seventy-six million dollars ($76,000,000) in growth related infrastructure. While Minot will finance its share, we need some additional support from the State to support new development growth. Therefore, I recommend that under Section 4, that the struck subsection 6 and its language be restored and amended back into the bill. A restored subsection 6 provides that thirty-five percent (35%) of moneys available in the oil and gas impact fund will be available to incorporated cities with a population of ten thousand or more, based on the most recent official decennial federal census, that are impacted by oil and gas development. This provision ensured that the cities of Minot, Williston and Dickinson could count on a pool of grant funds to meet urgent and critical needs. I would further strongly recommend that this language be further amended to state the thirty five percent (35%) will be shared equally among the cities as they are defined. This is defendable based on the allocation to the hub cities already taking into account the private covered employment engaged in the mining industry according to data compiled by Job Services North Dakota.

Finally, I strongly support Section 5. which will provide funding to Job Services of North Dakota to upgrade the collection and use of employment data to more accurately identify and include all employees for statistical purposes in determining the level of oil and gas related employment.

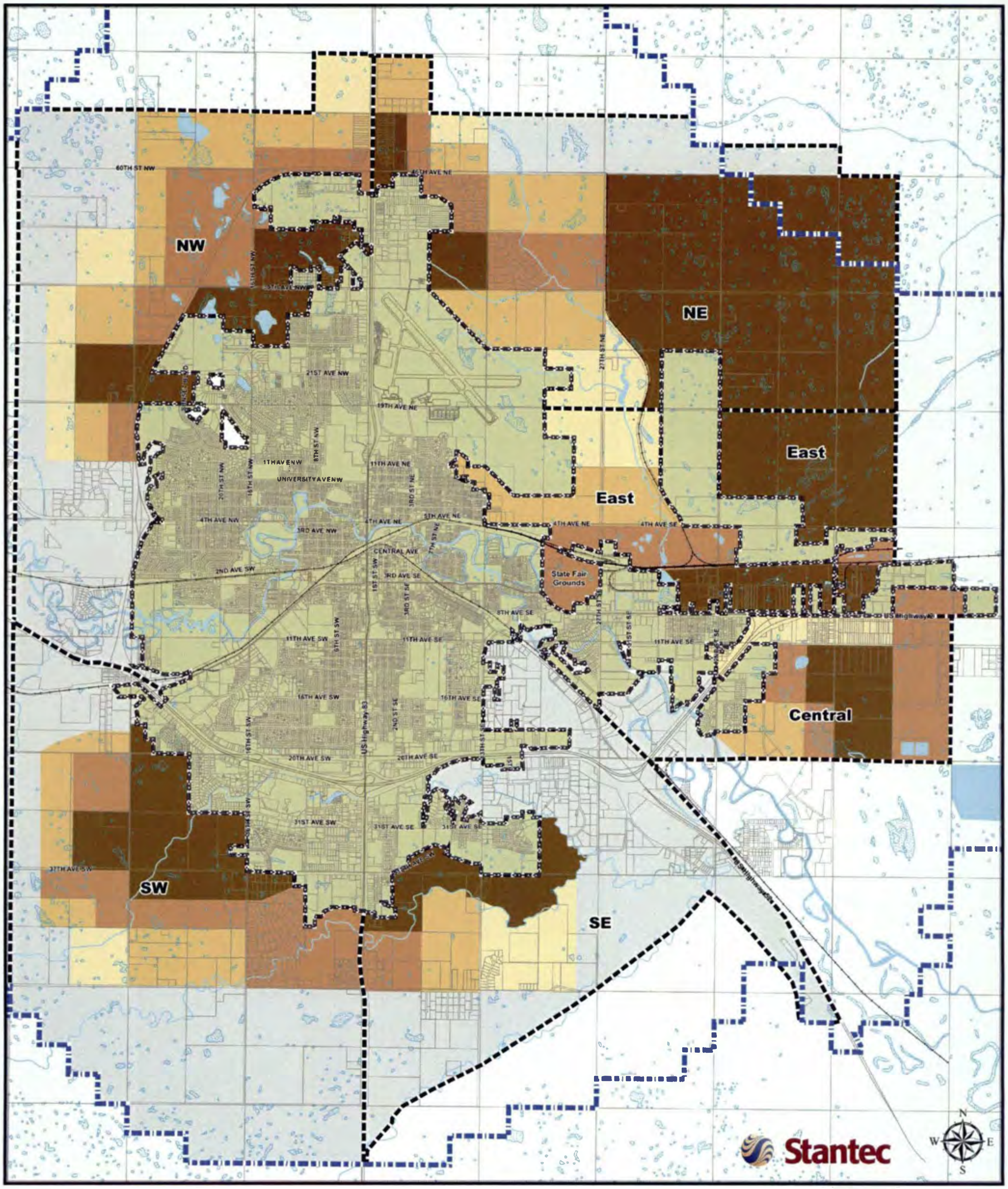
I strongly urge the Committee to incorporate the amendments I have recommended and I would encourage a DO PASS with those amendments. Thank you for your time today and for considering the testimony I have presented. I would be happy to address any questions.

ENERGY IMPACTS
To Minot
2013 North Dakota Legislature

#9
HB 1358

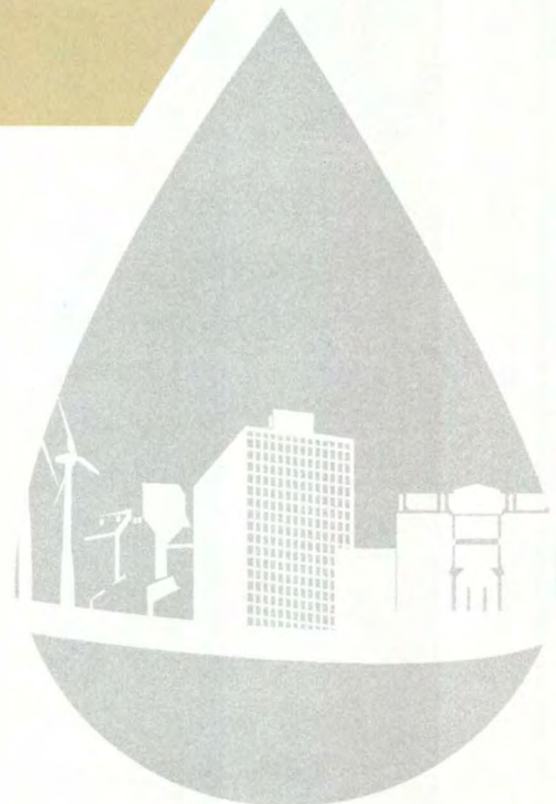
Future Growth Areas

City of Minot



2-Mile Jurisdictional Boundary	Phase 1	Phase 4	Streams
Growth Area Boundaries	Phase 2	Phase 5	Open Water
City of Minot (2011)	Phase 3	Railroad	Wetlands

The City of Minot has identified **$350 Million** in impacts from oil for 2013-2015



Amazing growth is underway in Minot. Despite a devastating flood in 2011 the City population has ballooned to nearly 50,000, with schools, hotels, roads and businesses feeling an obvious oil impact. The increase in traffic, energy companies, airport boardings, garbage collection and building permits makes for some very difficult "development pains" within the City. As Minot is a regional commercial, travel and population hub for North Dakota, significant outside assistance is needed if the City is to sustain the high quality of life and service to both long-time and new residents.

Many of the needs in Minot revolve around one of five categories: water and sewer, airport, major roads and intersections, public safety, and public facilities. The key to solving one of the area's largest problems, the ongoing regional housing crunch, is through adequate water, sewer and road infrastructure. With the additional population comes a need to ensure adequate law enforcement, fire department and airport services. Addressing these various challenges now will help ensure the City of Minot can appropriately handle the impact of oil development in this region for years to come.

To date, the City and its residents have already borne a large portion of the oil impact burden. In order to keep up with water, garbage and sewer demands, the City Council approved a 22 percent utility cost increase for 2013. Residents who were paying an average bill of $72.68 will now be paying $88.82. This is still not enough to offset the millions of dollars needed for water and sewer projects. Along with this increase, the Council added additional manpower and salaries to the existing staff, in an effort to retain and hire employees as well as address the extreme strain on services. The value of a mill increased from 116 to 143 per $1,000 of mill levy from 2012 to 2013 (due mostly to higher property values) yet the City still needed to raise the mill levy 13 percent for the upcoming year to offset the oil growth impact.

During the last biennium (2011-2013) the City received approximately $5.3 million in oil impact funding.

The City is working overtime to handle projects, needs and growth but simply can't fund the large cost of these endeavors on its own. Addressing the challenges now, with oil impact funding, will help ensure the City of Minot can appropriately handle the impact of development in this region.

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Public Facilities....16-17
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Impact by the Numbers:
Minot's growth due to Oil/Energy

People
2000 Census – 36,500
2010 Census – 40,888
2012 Estimate – 45,000 to 50,000

Airport Usage
2009 – 3 Daily Flights, 70,000 boardings
2011 – 8 Daily Flights, 150,000 boardings
2012 – 12 Daily Flights, 220,000+ boardings

Hotel/Lodging
Start of 2011 – 1,800 rooms available
End of 2013 – projected 3,500 rooms
(85% occupancy even with the growth)
Ten new hotels opened in 2012 (800+ rooms)

General Traffic
So. Broadway (U.S. 2 & 52 ramp) Traffic Counts
2008 – 20,910
2011 – 35,510

Garbage Count
2008 Residential Garbage – 220 tons/week
2011 Residential Garbage – 320 tons/week
2008 MSW at Landfill – 42,000 tons
2011 MSW at Landfill – 75,000 tons
*The 2011 count does not include Mouse River Flood debris.

Energy/Oil Companies
2010 – 17 companies with 560 employees
2012 – 53 companies with 2,901 employees

School Enrollments
Overall Enrollment
2008 – 6,216 students
2010 – 6,548 students
2012 – 7,158 students

Kindergarten Enrollment
2008 – 560
2010 – 619
2012 – 752

Building Permits
Dwelling Units
2010 – 652
2011 – 1,132
Through November 2012 – 1,364

Single-Family Permits
2010 – 134
2011 – 286
Through November 2012 – 358

Apartment Permits
2010 – $29.8 million
2011 – $43.2 million
Through November 2012 - $49.5 million

Overall Permit Activity
2009 – $65.9 million
2010 – $100 million
2011 – $204.5 million
Through December 15, 2012 - $297.2 million

WATER & SEWER

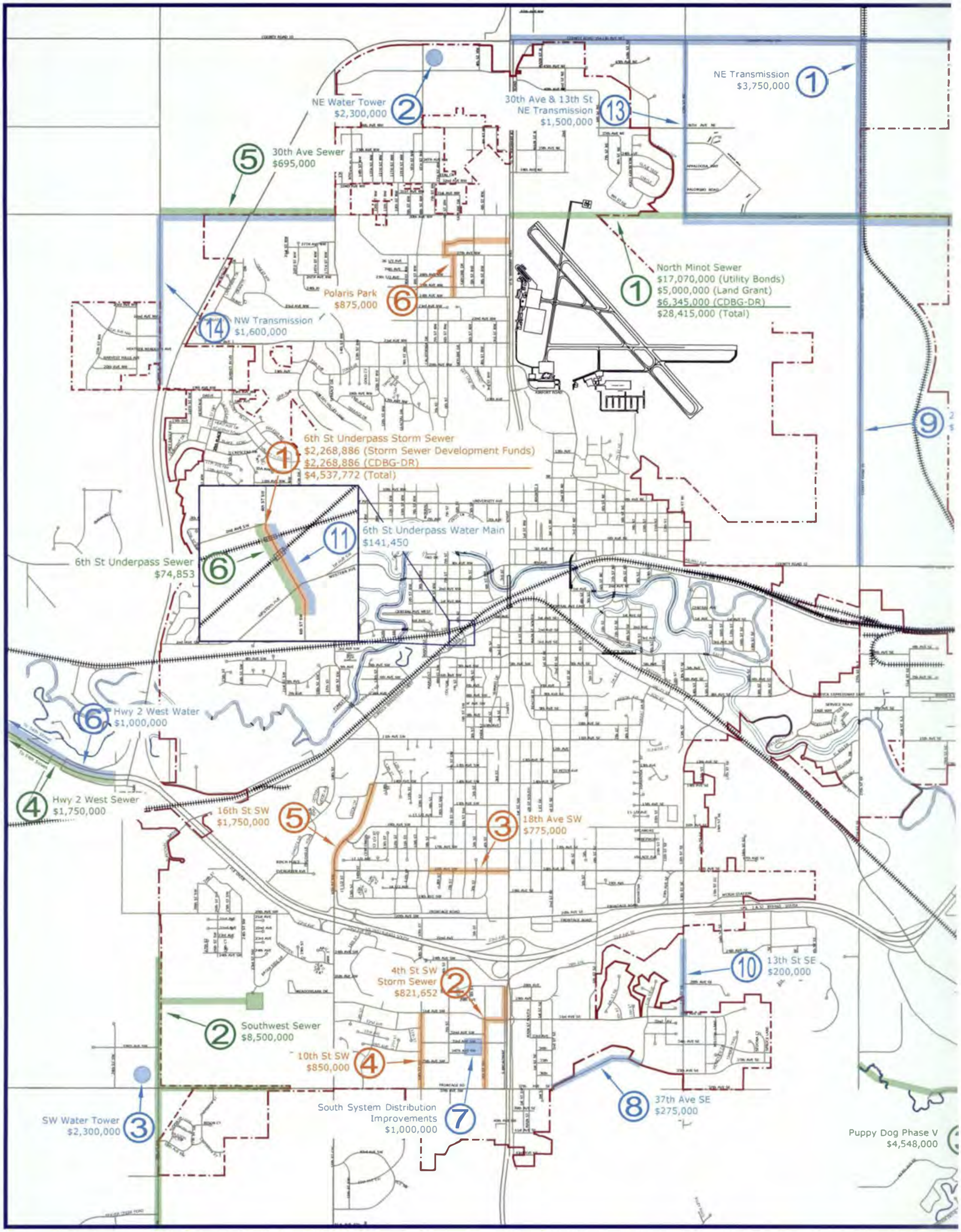
In order to properly provide for additional housing and retail developments due to energy impact, the City of Minot needs to expand water and sewer lines. The current system is set up to drain waste water from the hills on the north and south sides of Minot into the valley, through gravity lines, and then use a force main line to pump the waste out to the City's lagoons southeast of town. This system is full. Some upgrades are being done to pump more waste through the valley – but even those lines can only serve so many housing developments. The City in 2012 had to turn away almost 700 acres of housing projects and retail developments or slow down their desired growth because of a lack of water and sewer lines.

For this reason, the City of Minot needs to spend more than $45 million over the next three years in new and upgraded sewer lines. The largest project is the North Minot Sewer Project. This 8-mile line of new sewer will provide for upwards of 13,000 new acres of development in north and east Minot. This would provide space for 15-30,000 new residents. State funding is being requested for this project, and others, because the primary method for paying for large new sewer or water lines is utility bonding. If the City of Minot has to bond for these new projects, it would be required to place this burden on residents' utility bills – raising them by 20 to 40 percent.

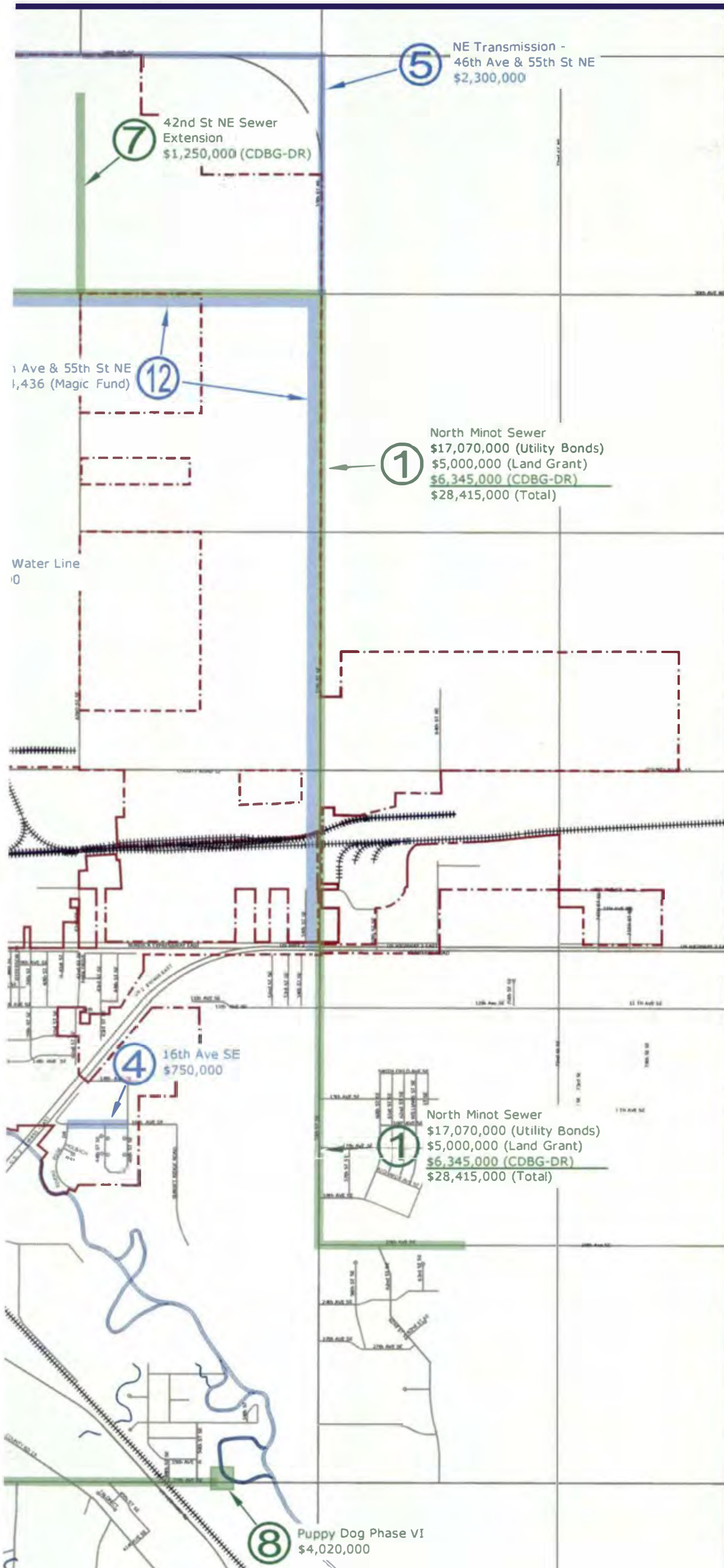
The City also needs to spend more than $20 million from 2013 to 2015 to upgrade water lines, water towers and the water treatment plant. Some of these costly efforts can be supported by Northwest Area Water Supply project funding, but Minot estimates that almost $15 million will not be funded through NAWS. Again, like the sewer improvements, the primary way for the City to pay for these needed improvements is through utility bonding. This funding source will cause an excessive burden on the residents of Minot because their utility bills would go up significantly to cover the energy development growth happening in Minot.

PROJECT	ESTIMATED COST
North Minot Sewer Improvements	$28,415,000
NE Transmission - 27th St from 30th to 46th Ave - 27th St along NE by-pass	$3,750,000
SW Sewer Improvements	$8,500,000
NE Water Tower	$2,300,000
SW Water Tower	$2,300,000
Puppy Dog Improvements Phase V	$4,548,000
16th Ave SE Watermain Upsizing (42nd to 46th)	$750,000
NE Transmission - 27th St to 55th St along 46th Ave & South to 30th Ave along 55th St	$2,300,000
Hwy 2 West from 33rd St to 54th St (Sewer)	$1,750,000
Hwy 2 West from 33rd St to 54th St (Water)	$1,000,000
South Minot Distribution Improvements (Water)	$1,000,000
30th Ave NW Sewer Extension	$695,000
42nd St NE Sewer Extension (30th - 46th Ave)	$1,250,000
37th Ave SE - 11th St to 2nd St	$275,000
27th St Water Line - 30th Ave to CR12	$200,000
13th St SE - Puppy Dog Coulee to 31st Ave	$200,000
30th Ave NE - 27th to 42nd St	$3,764,436
30th Ave to 13th St NE Transmission	$1,500,000
6th St Underpass Water/Sanitary/ Storm Sewer	$4,754,075
4th St SW - 31st Ave to 37th Ave	$821,652
18th Ave SW - Broadway To West	$775,000
10th St SW at 31st Ave	$850,000
16th St SW - 12th to 20th Ave	$1,750,000
Total:	**$73,448,163**

The Governor's Budget recommendation consists of a $214 million funding request toward the Oil & Gas Impact Grant Fund. Of that amount, the City would like to see $15 million appropriated or earmarked for the City of Minot to address water, sewer and other infrastructure needs.



NE Transmission
$3,750,000
1
NE Water Tower
$2,300,000
2
30th Ave & 13th St
NE Transmission
$1,500,000
13
5
30th Ave Sewer
$695,000
North Minot Sewer
$17,070,000 (Utility Bonds)
$5,000,000 (Land Grant)
$6,345,000 (CDBG-DR)
$28,415,000 (Total)
1
Polaris Park
$875,000
6
14
NW Transmission
$1,600,000
9
6th St Underpass Storm Sewer
$2,268,886 (Storm Sewer Development Funds)
$2,268,886 (CDBG-DR)
$4,537,772 (Total)
1
6th St Underpass Water Main
$141,450
11
6th St Underpass Sewer
$74,853
6
Hwy 2 West Water
$1,000,000
6
4
Hwy 2 West Sewer
$1,750,000
16th St SW
$1,750,000
5
3
18th Ave SW
$775,000
10
13th St SE
$200,000
4th St SW
Storm Sewer
$821,652
2
2
Southwest Sewer
$8,500,000
10th St SW
$850,000
4
South System Distribution
Improvements
$1,000,000
7
8
37th Ave SE
$275,000
SW Water Tower
$2,300,000
3
Puppy Dog Phase V
$4,548,000



* Any item that does not identify a funding source is 100% City funds. (Utility bonds, highway bonds, or special assessment.)

City of Minot

N

Scale: 1" = 3500'
Created November 8, 2012

Projects

- Sanitary Sewer
- Lift Station
- Storm Sewer
- Water
- Water Facilities
- Water Tower

Sanitary Sewer Projects

#	Project Title	Cost
1	North Minot Sewer	$28,415,000.00
2	Southwest Sewer Improvements	$8,500,000.00
3	Puppy Dog Improvements Phase V	$4,548,000.00
4	Hwy 2 West from 33rd St to 54th St	$1,750,000.00
5	30th Ave NW Sewer Extension	$695,000.00
6	6th St Underpass Sanitary Sewer	$74,853.00
7	42nd St NE Sewer Extension (30th - 46th Ave)	$1,250,000.00
Total		$45,232,853.00

Storm Sewer Projects

#	Project Title	Cost
1	6th St Underpass Storm Sewer	$4,537,772.00
2	4th St SW - 31st Ave to 37th Ave	$821,652.00
3	18th Ave SW - Broadway To West	$775,000.00
4	10th St SW at 31st Ave	$850,000.00
5	16th St SW - 12th to 20th Ave	$1,750,000.00
Total		$8,734,424.00

Water Projects

#	Project Title	Cost
1	Transmission Line - North Broadway to 27th St along NE Bypass & 27th St from 30th to 46th Ave	$3,750,000.00
2	NE Water Tower	$2,300,000.00
3	SW Water Tower	$2,300,000.00
4	16th Ave SE Watermain Upsizing (42nd to 46th)	$750,000.00
5	NE Trans. - 27th St to 55th St along 46th Ave & South to 30th Ave along 55th St	$2,300,000.00
6	Hwy 2 West from 33rd St to 54th St	$1,000,000.00
7	South Minot Distribution Improvements	$1,000,000.00
8	37th Ave SE - 11th St to 2nd St	$275,000.00
9	27th St Water Line - 30th Ave to CR12	$200,000.00
10	13th St SE - Puppy Dog Coulee to 31st Ave	$200,000.00
11	6th St Underpass Water Main	$141,450.00
12	30th Ave and 55th St NE Transmission Line	$3,764,436.00
13	30th Ave and 13th St NE Transmission Line	$1,500,000.00
Total		$19,480,886.00

Grand Total	$73,448,163.00

AIRPORT EXPANSION

The Minot International Airport is located on the northeast side of the city and has experienced incredible growth in the past four years. Enplanements have grown 50 percent every year, since 2009. It is projected that the Airport will top 220,000 boardings in 2012, more than three times the number in 2009. A conservative projection of growth over the next ten years, has the Airport handling 400,000 enplanements by 2021.

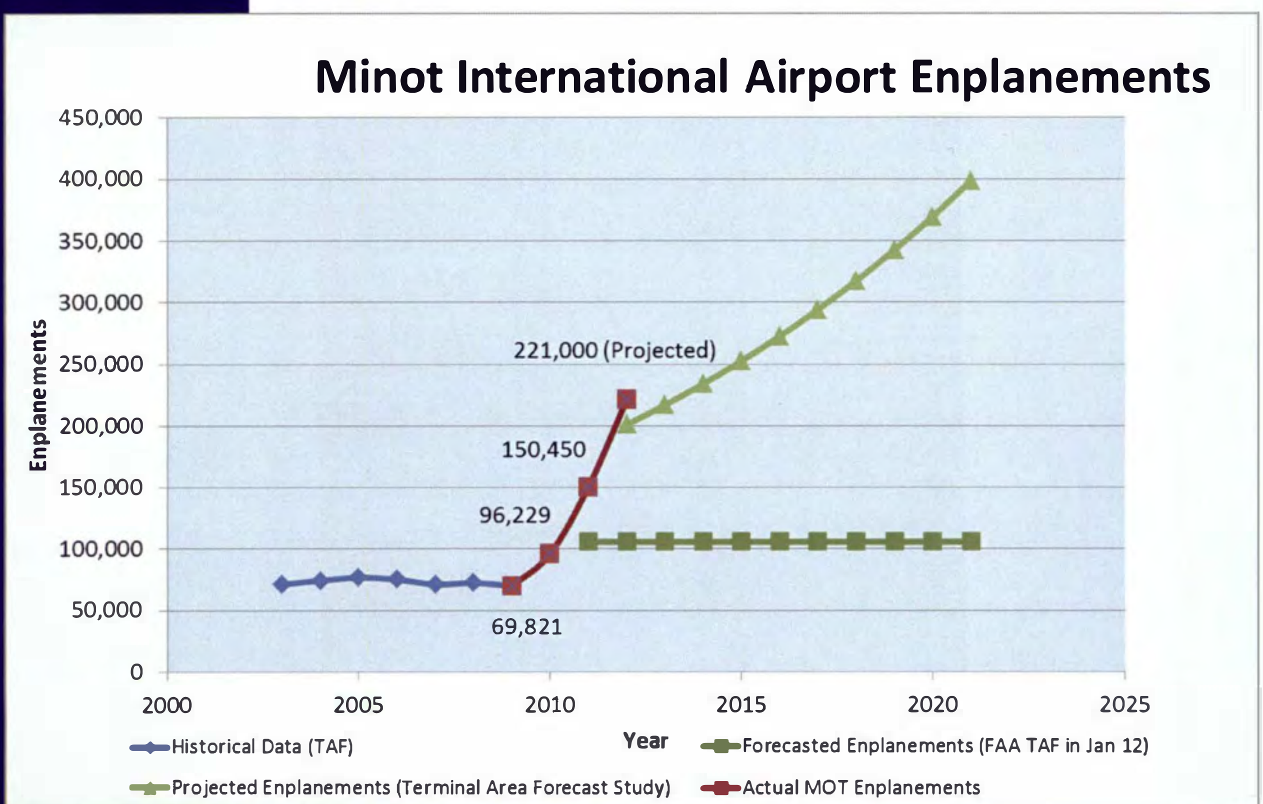
The current airport terminal was finished in 1991, has a small ramp, two gates and is designed, at 34,000 square feet, to handle up to 100,000 passenger boardings a year. It was not built to be easily expanded. For close to two decades the airport averaged 70,000 passengers a year and handled three daily flights to Minneapolis.

Today, the same terminal building is bursting at the seams, handling more than 20,000 enplaned passengers a month. Passengers are now going to Denver and Minneapolis on 12 daily flights, and Phoenix, Las Vegas and Denver on low-cost flights multiple times a week. A quick count of the current vehicles in the quickly-enlarged parking lots indicates who is using the airport. With between 70 and 75 percent of license plates showing an out-of-state license, it is easy to conclude that the growth at the Minot International Airport is coming directly from our state's energy boom.

License Plates
on cars parking at MOT

North Dakota	291
Other states	577
Canada	132

Done on a typical Friday afternoon, 1,000 vehicles

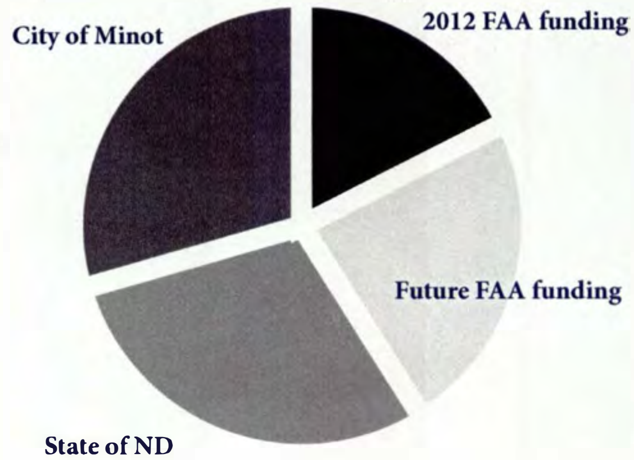


The projected number of passengers over the next ten years will put Minot on pace to handle roughly the same number of people as airports in Sioux Falls and Fargo. These terminals are between 118,000 and 175,000 square feet, have four or more gates and more than 1,000 parking spaces. In researching the fastest, most cost-effective way to keep up with oil boom growth, Minot received a thorough review of the options as researched by professional consultants hired by the City of Minot.

A cost and time analysis was done on moving the entire airport complex (terminal, parking lots, runways and all associated buildings) to a location 5-8 miles outside of town. This cost came in at roughly $350 million and would take a minimum of 7 to 10 years to accomplish.

A cost and time analysis was done on the option of expanding the current 20-year-old terminal building on both the east and west ends. Due to the current location of baggage check-in, security and other operations, the cost came in at approximately $100-115 million and would not be finished until 2016 or later.

The third option of building a new terminal near the current facility, taking advantage of many existing buildings, runways and parking lots, proved to be the most cost-effective and timely. Design and engineering is currently underway on a project that will cost roughly $85 million and is scheduled to be completed in 2015.

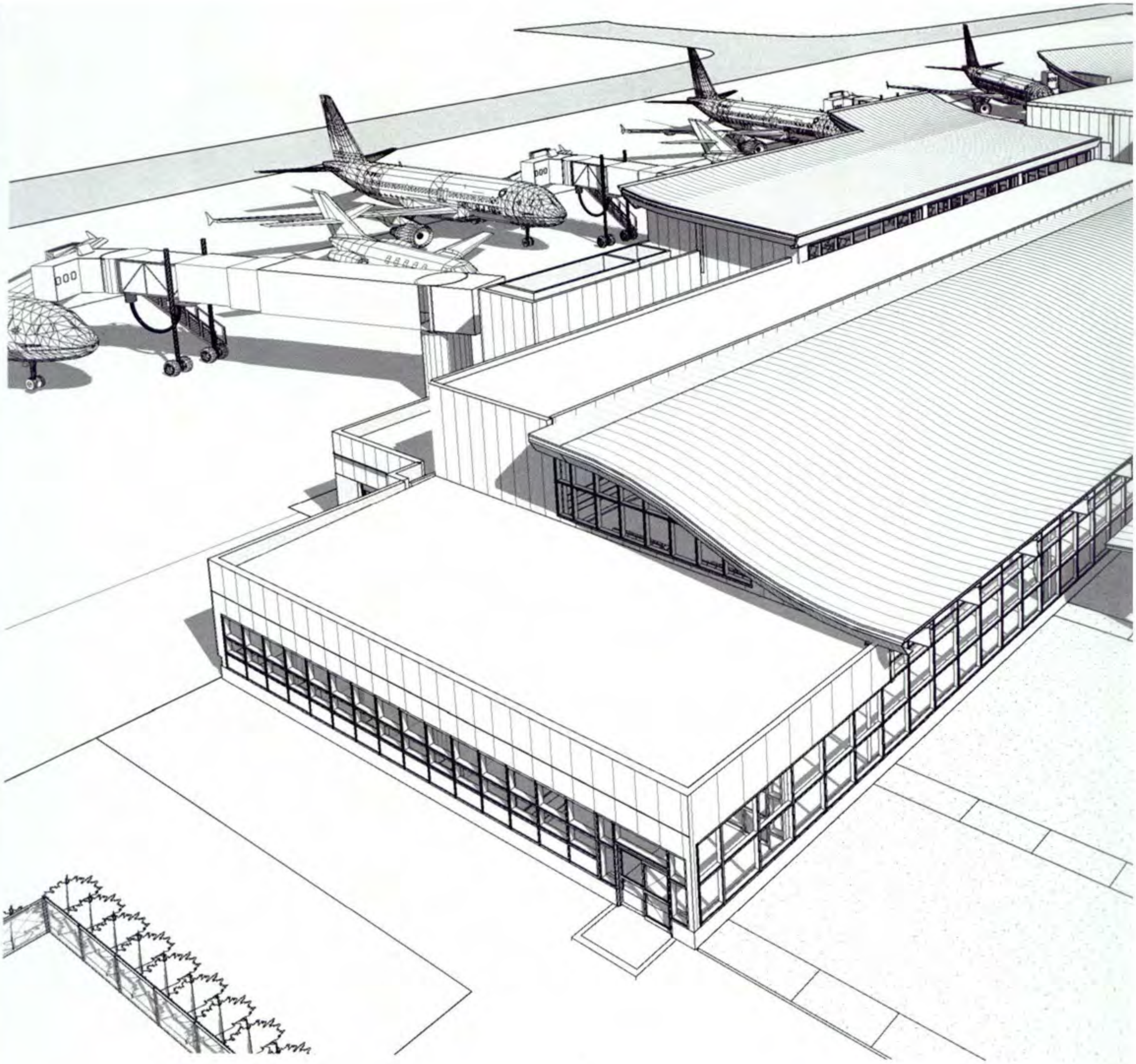


$15 million – 2012 FAA funding
$20 million – Future FAA funding
$25 million – City of Minot
$25 million – State of North Dakota

The Governor's Budget request includes $60 million targeted to oil-impaced airports to address growth challenges.The Governor's Budget proposes this funding through the Oil & Gas Impact Grant Fund. The City of Minot is seeking a minimum of $25 million from this allocation to ensure that its proposed airport expansion can be completed by 2015.

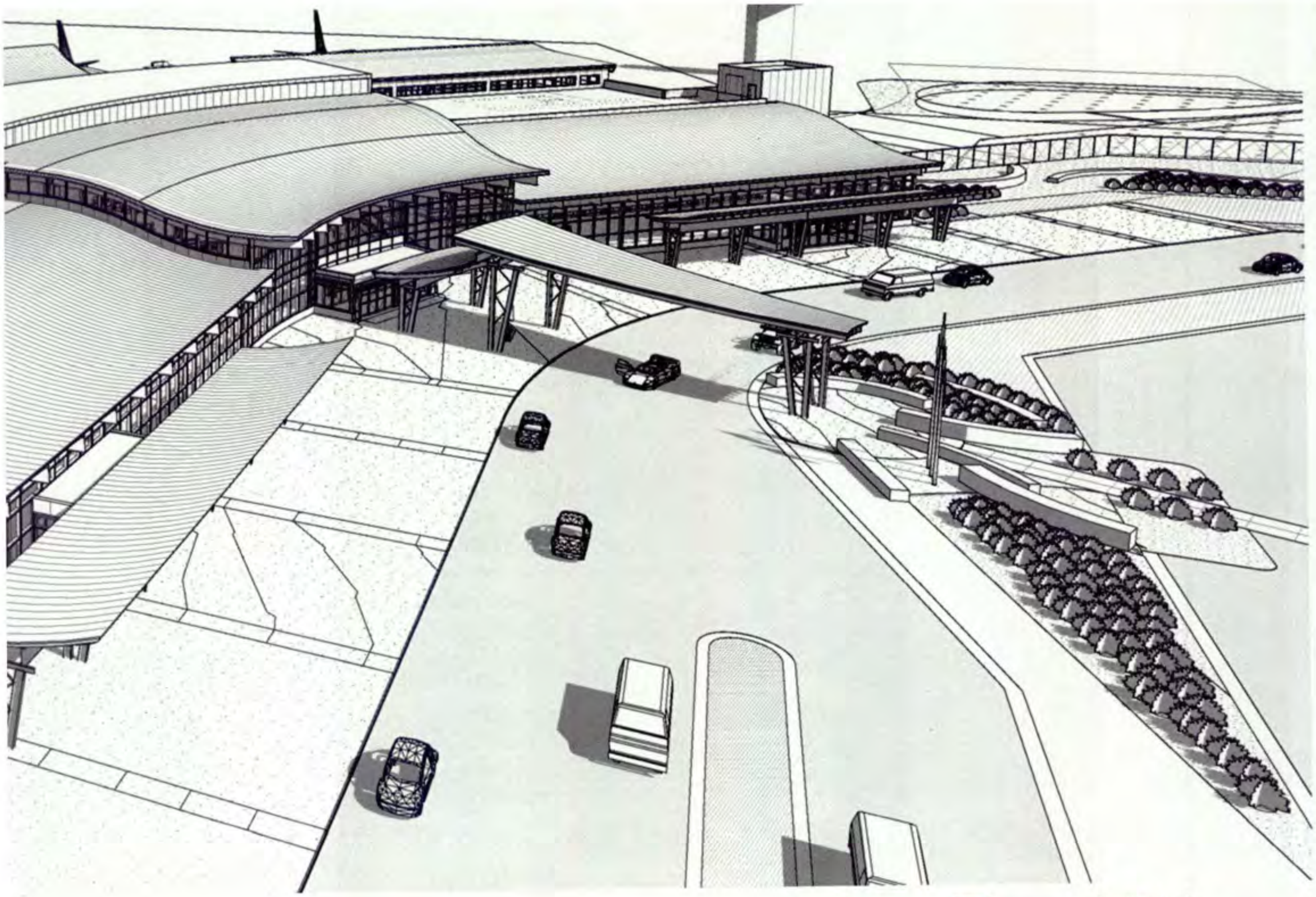
PROJECT	ESTIMATED COST	FUNDING SOURCES
2012 Contracts	$15,220,505	FAA, NDAC, Airport, Non-federal
Passenger terminal building	$37,000,000	FAA, NDAC, Airport, Non-federal
Baggage handling system	$3,250,000	Airport, Non-federal
Passenger boarding bridges	$1,600,000	Airport
Furniture	$500,000	FAA, NDAC, Airport, Non-federal
Passenger terminal apron	$16,111,000	FAA, NDAC, Airport
Passenger terminal access road	$3,300,000	FAA, NDAC, Airport, Non-federal
Passenger terminal parking lot	$4,500,000	Airport, Non-federal
Remodel existing terminal	$3,580,000	Airport, Non-federal
Total	**$85,061,505**	

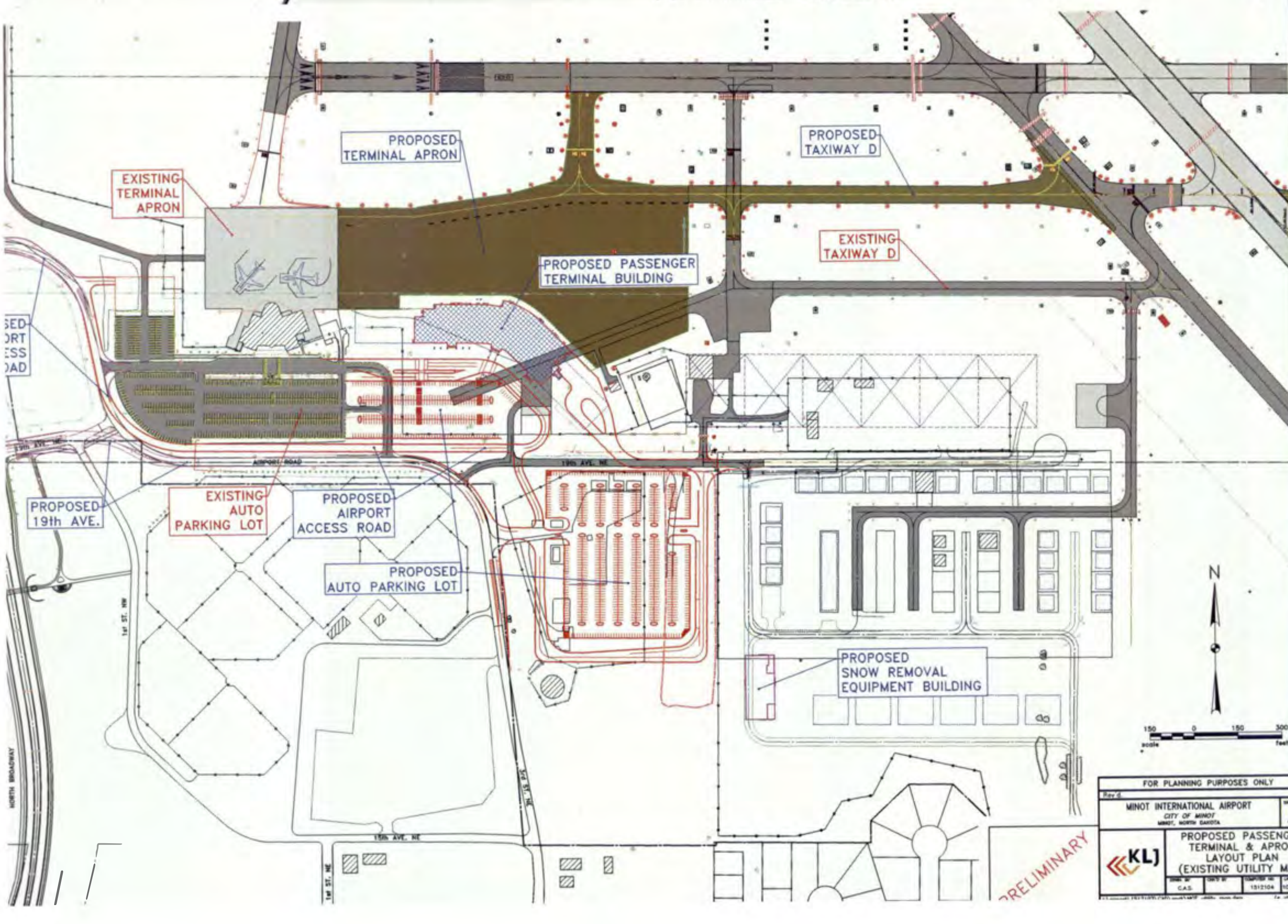
All of the above identified projects will require approximately $85 million dollars. $15.2 million has already been secured from the 2012 FAA budget. The $70 million shortfall can be addressed with the proposed cost share over the next biennium (see pie chart). The City of Minot supports the increased funding proposed in the Governor's Budget for Oil & Gas Impact Grant Funds to support oil-impacted airports. Minot is currently working with all airports statewide to appropriately address the greatest needs within the North Dakota aviation community. The City feels that properly funding the new terminal construction and associated costs is a critical response to the oil impact felt at the Minot International Airport. This will help sustain and better serve the needs of North Dakotans.



APRIL 2010

NOVEMBER 2012




EXISTING TERMINAL APRON
PROPOSED TERMINAL APRON
PROPOSED TAXIWAY D
EXISTING TAXIWAY D
PROPOSED PASSENGER TERMINAL BUILDING
PROPOSED 19th AVE.
EXISTING AUTO PARKING LOT
PROPOSED AIRPORT ACCESS ROAD
PROPOSED AUTO PARKING LOT
PROPOSED SNOW REMOVAL EQUIPMENT BUILDING
N
150 0 150 300
scale
feet
FOR PLANNING PURPOSES ONLY
MINOT INTERNATIONAL AIRPORT
CITY OF MINOT
MINOT, NORTH DAKOTA
KLJ
PROPOSED PASSENGER TERMINAL & APRON LAYOUT PLAN (EXISTING UTILITY MAP
C.A.S.
1512104
PRELIMINARY

ROAD REPAIRS

New roads and a growing City means more damage, more maintenance, more engineering, and more time spent on projects than in previous years. The City has an average annual budget for road reconstruction and improvements of $2 million. The demands on the City as the oil boom brings in more employees and their families on City streets far outweigh the ability of Minot to properly maintain existing roads and build for on-going growth. With the immediate identified need of $185 million, many of these on larger arterial roads in Minot, the City would request as much legislative and NDDOT support as possible in meeting the needs of Minot and its residents.

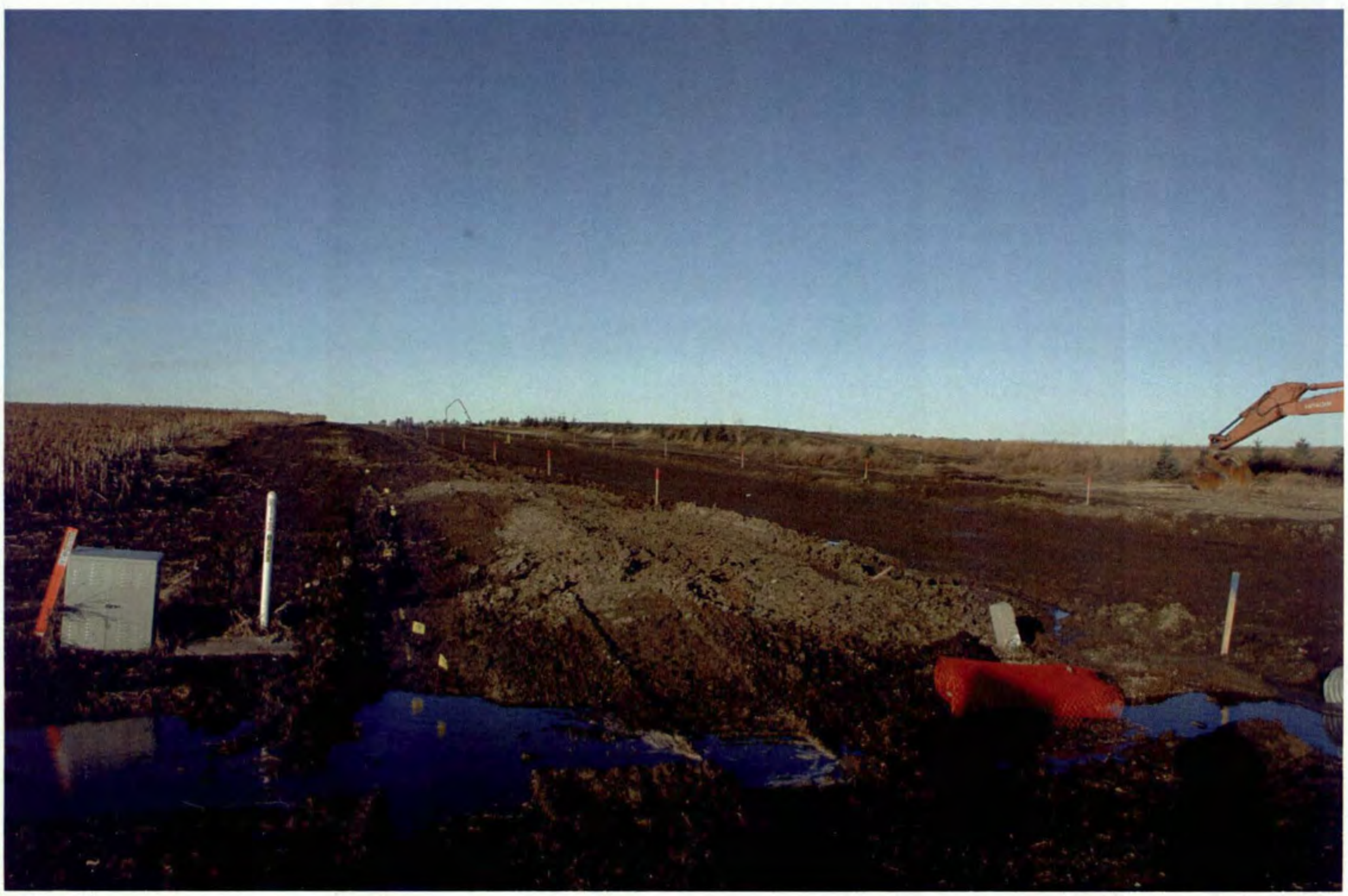
As of the end of 2012, Minot has approximately 264 miles of roads within its City limits. Of this total, 43 new miles of centerline road were added to the City from 2008 to 2012. Some of these roads came due to annexing existing roads as the City grows and others were newly constructed roads. This means the City roads grew by nearly 20 percent in just the past four years.

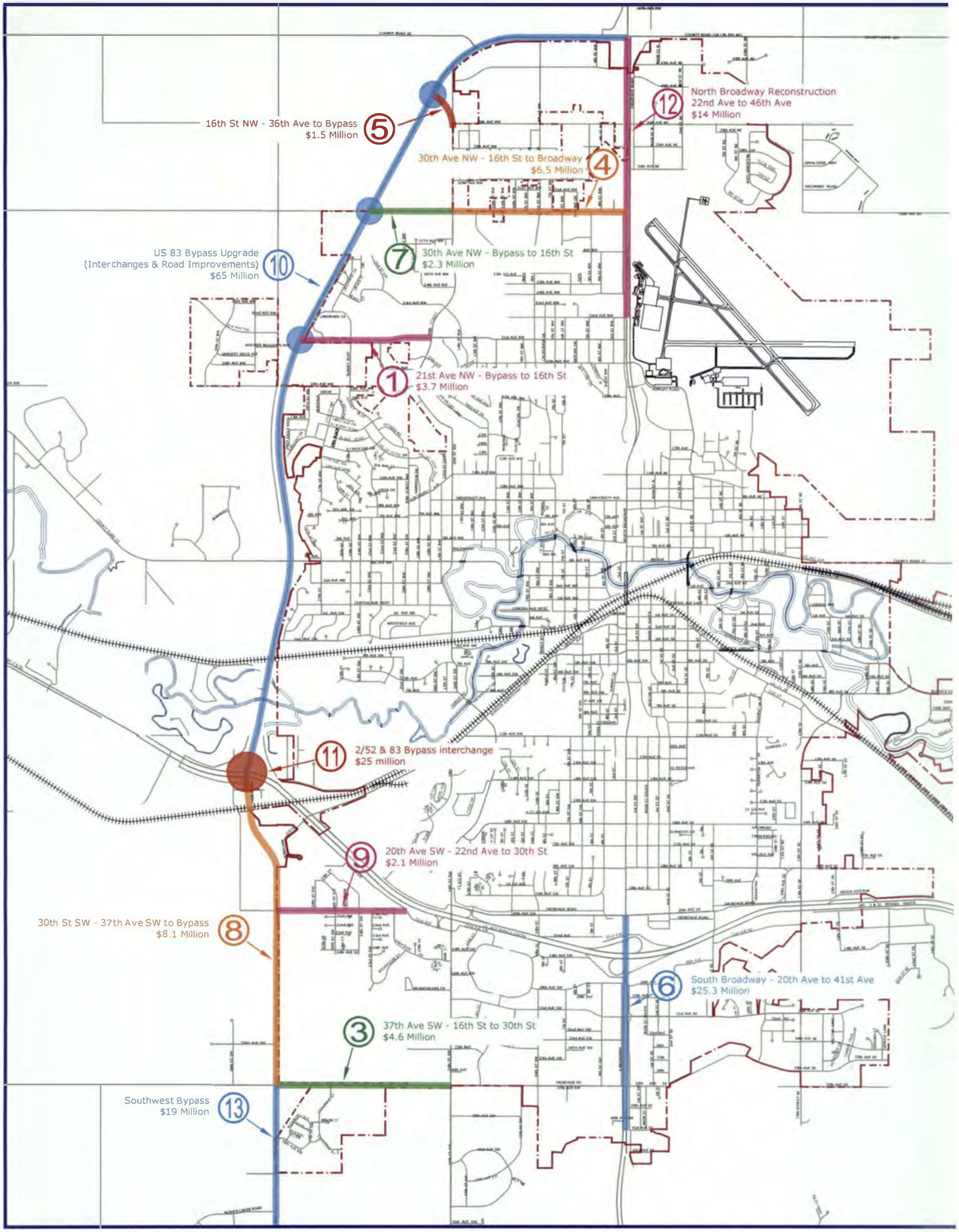
The City of Minot seeks as much state support as possible within the biennium budget for statewide transportation upgrades.

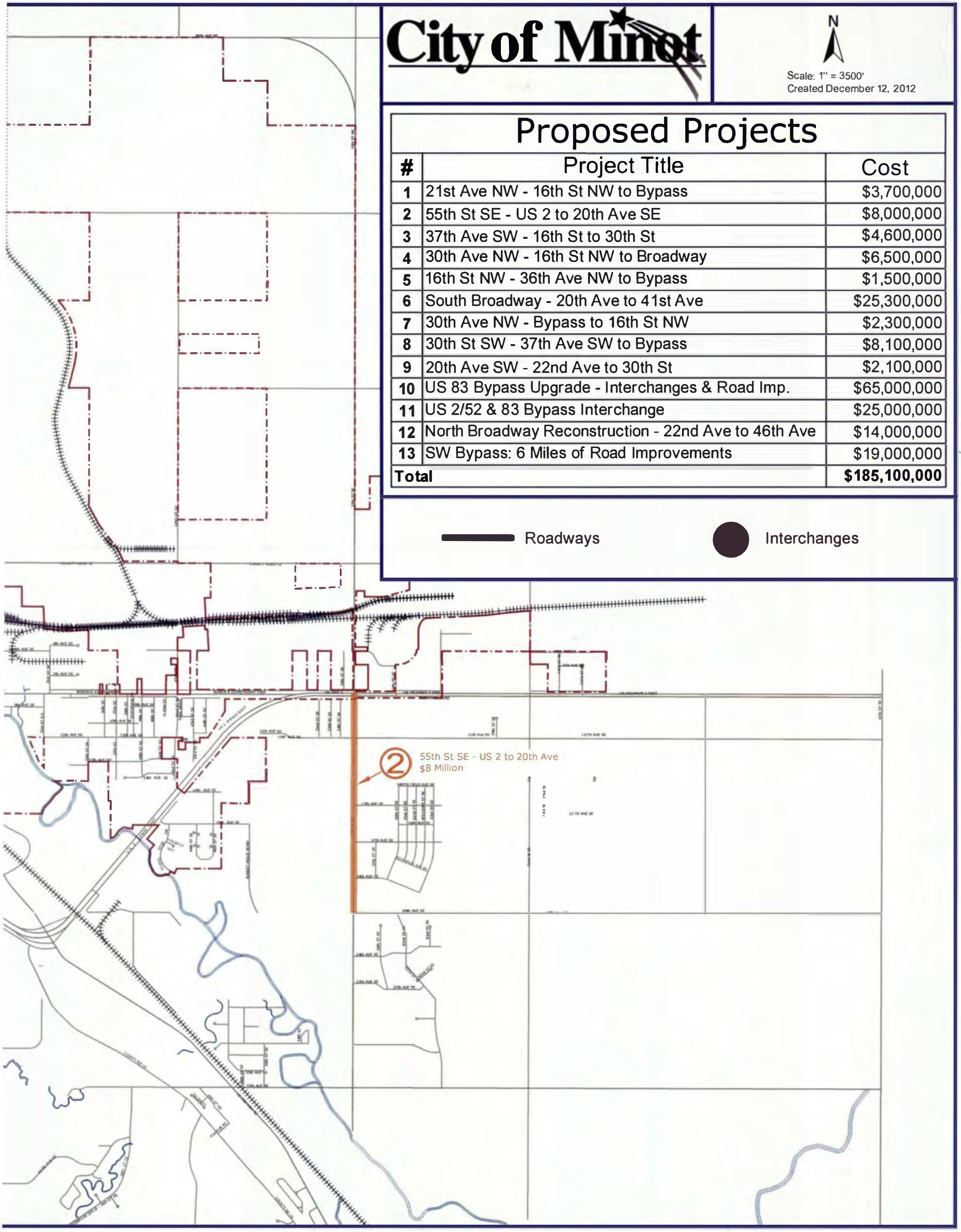
Over the last three years, the City and/or NDDOT have reconstructed 9.7 miles of roads. The City projects a need in 2013 alone of reconstructing 10 miles of roads. This does not include some of the largest projects proposed on the chart seen on the next page. If it is approved, the new SW Bypass project will require 6 miles of road improvements at a cost of roughly $19 million.

Average daily traffic counts at major intersections along U.S. Highway 83 (Broadway), which runs north and south through the center of Minot, have jumped between 20 and 70 percent over the last three to five years. On an average year, the City expected between two and three percent growth in daily traffic counts. Unprecedented increases in additional cars and trucks out on City roads shortens the lifespan of a road and frazzles the nerves of everyone trying to use this critical piece of infrastructure.

PROJECT	ESTIMATED COST
21st Ave. NW – 16th St. to Bypass	$3.7 million
55th St. SE – US 2 to 20th Ave. SE	$8.0 million
37th Ave. SW – 16th St. to 30th St.	$4.6 million
30th Ave. NW – 16th St. to Broadway	$6.5 million
16th St. NW - 36th Ave. to Bypass	$1.5 million
S. Broadway – 20th Ave. to 41st Ave.	$25.3 million
30th Ave. NW – Bypass to 16th St. NW	$2.3 million
30th St. SW – 37th Ave. SW to Bypass	$8.1 million
20th Ave. SW – 22nd Ave. to 30th St.	$2.1 million
US 83 Bypass upgrade: 3 interchanges & road improvements	$65.0 million
US 2/52 & 83 Bypass interchange	$25.0 million
North Broadway reconstruction – 22nd Ave. to 46th Ave.	$14.0 million
SW Bypass: 6 miles of road improvements	$19.0 million
Total:	**$185.1 million**




16th St NW - 36th Ave to Bypass
$1.5 Million
5
North Broadway Reconstruction
22nd Ave to 46th Ave
$14 Million
12
30th Ave NW - 16th St to Broadway
$6.5 Million
4
US 83 Bypass Upgrade
(Interchanges & Road Improvements)
$65 Million
10
7
30th Ave NW - Bypass to 16th St
$2.3 Million
1
21st Ave NW - Bypass to 16th St
$3.7 Million
11
2/52 & 83 Bypass interchange
$25 million
9
20th Ave SW - 22nd Ave to 30th St
$2.1 Million
30th St SW - 37th Ave SW to Bypass
$8.1 Million
8
6
South Broadway - 20th Ave to 41st Ave
$25.3 Million
3
37th Ave SW - 16th St to 30th St
$4.6 Million
Southwest Bypass
$19 Million
13



Proposed Projects

#	Project Title	Cost
1	21st Ave NW - 16th St NW to Bypass	$3,700,000
2	55th St SE - US 2 to 20th Ave SE	$8,000,000
3	37th Ave SW - 16th St to 30th St	$4,600,000
4	30th Ave NW - 16th St NW to Broadway	$6,500,000
5	16th St NW - 36th Ave NW to Bypass	$1,500,000
6	South Broadway - 20th Ave to 41st Ave	$25,300,000
7	30th Ave NW - Bypass to 16th St NW	$2,300,000
8	30th St SW - 37th Ave SW to Bypass	$8,100,000
9	20th Ave SW - 22nd Ave to 30th St	$2,100,000
10	US 83 Bypass Upgrade - Interchanges & Road Imp.	$65,000,000
11	US 2/52 & 83 Bypass Interchange	$25,000,000
12	North Broadway Reconstruction - 22nd Ave to 46th Ave	$14,000,000
13	SW Bypass: 6 Miles of Road Improvements	$19,000,000
Total		**$185,100,000**

PUBLIC SAFETY

The influx of new energy companies, housing developments, schools and retail has caused the physical boundaries of the City of Minot to grow considerably in the last five years. Minot has expanded from 16 square miles to nearly 20 square miles. This impacts public safety greatly as fire crews and police officers now have to cover a larger population spread out across a bigger area.

The City currently employs 65 sworn officers (91 total staff) and 46 firefighters (51 total staff); this number of staff has increased only marginally in the past 10 years until 2012. The City Council approved for 2013, nine new police department positions and four new fire department positions. There are three fire stations serving the south, central and north (on the airport grounds) parts of town. There is one police station, centrally located in the same building complex as City Hall.

The on-going growth in town is straining the ability of the Minot Fire Department to meet standards for response time and in turn puts the public at increased risk. Over the next several years, the Fire Department will need to add fire stations and personnel just to maintain the same level of service now in place. The Fire Chief is projecting that, in line with the current housing, business and retail growth, the City will need new fire stations in east and northwest Minot. These two stations will cost roughly $5.6 million and need to be finished by the end of 2015. The associated costs with new fire stations, a pumper truck, rescue truck and personnel are estimated to run $1.2 million in start-up and $1.8 million annually for 24 additional personnel.

Along with the fire response personnel, the City has recently budgeted local funding to hire an Assistant Fire Chief and another full-time Fire Inspector. Both of these positions are critical as a result of oil impact to Minot. Due to increased turnover from firefighters leaving for oil jobs, along with an increased number of calls, these two new positions will ensure high-quality service to residents. In 2012, the City recruited 10 new firefighters to the department. Another full-time inspector is needed to keep up with new construction and associated tasks such as testing sprinkler and alarm systems, and working with building inspectors to ensure all building codes are met. Falling behind in these tasks slows housing growth and puts the community at increased risk for a severe fire.

The City of Minot would like to be competitive with other communities in receiving public safety oil impact grants.

PROJECT	ESTIMATED COST	YEAR NEEDED
East Fire Station	$2.6 million	2014
NW Fire Station	$3 million	2015

Move the Regional Fire Training Grounds – Expansion of the Minot International Airport, driven by the oil boom, will require the Minot Fire Department to move the training grounds at a cost of $1.7 million. In 2012, the City received $250,000 from the Oil & Gas Impact Grant Fund, emergency services round, toward this project. Additional funds would assist in completing the move.

A potential 2016 project could include the City considering an additional south side fire station.

PUBLIC FACILITIES

The current population growth adds strain to all services provided by the City of Minot. This includes key public facilities such as the City's waste water treatment facilities, public works facilities, landfill and City Hall itself.

Waste Water Facility
The City of Minot currently treats its waste water through a series of aeration ponds, lagoons, and finally wetlands, before the water is discharged into the Mouse River. The capacity of the wetlands for treating the sewage is approximately seven million gallons per day. As of 2012, the City treats between five and six million gallons per day on average and discharges to the Mouse River are from April to November. Between the months of November and April, the City holds all of the waste water in our lagoon cells until the wetlands start growing again in the spring and are then used to treat the waste water. The City continues to take a significant amount of waste water from temporary housing facilities in western North Dakota.

With the increase in Minot waste water over the last two to three years, the City commissioned a study of all waste water facilities. This will help determine the best options for treating Minot's waste water in the future, based on expected growth.

One of the options available is a full waste water treatment facility to treat all of the waste water under one roof, which could easily cost more than $50 million. Other options include a partial treatment of peak flows above the seven million gallons per day that Minot's lagoon/aeration/wetland facilities can handle. This is estimated to cost approximately $35 million.

The study, which is expected to be finished in March 2013, will provide more detailed options as well as estimated costs.

Public Works Facility Expansion
The City of Minot Public Works Facility houses more than ten City departments, including the following: Transit, Shop/Vehicle Maintenance,

Property Maintenance Street Department, Traffic Maintenance Department, Sanitation, Building Electrical Mechanical and Plumbing Inspections as well as Health Inspections, Engineering Department, Planning Department, City Assessors and Public Works Administration.

Many of the personnel are already two or three people to a cubicle, and with the City adding needed positions in the engineering, inspections and planning departments, the Public Works building needs to add additional space for these personnel. The expansion of the building would allow for approximately 20 new office spaces, an additional conference room, and storage for the piles of paperwork associated with permits and the growth of Minot.

The estimated cost of expanding the current facility comes in at $1.2-1.5 million.

Landfill

The City of Minot operates a regional landfill, accomodating six other counties (all oil-impact counties), with the capacity to handle 350 tons (approximately 20 trucks) per week. The next closest regional landfill with this capacity is in Bismarck. Residential garbage count in 2008 measured 220 tons per week. In 2011, prior to the flood, the City was hauling in roughly 320 tons of residential garbage per week. The City has plans and funding to open an additional cell out on the current landfill site in 2013. This cell, along with two other cells that can be constructed, would likely accommodate current growth for the next 10-15 years. A study is currently underway to consider a new landfill location. This lengthy process, often seven to ten years of research, permitting and formation, needs to be started now in order to be ready once the current landfill is no longer a viable option for regional refuse.

City Hall

City Hall currently houses 24 staff members, has a connected east wing that is Minot's Police Station (for 90+ employees), and a west wing that serves as storage for law enforcement needs. The building was originally built in 1956 with remodeling and an addition in the last 25 years. The need for additional police officers and the fact that all office space is currently in use means that expected City growth would necessitate either another expansion or an additional building nearby to house City of Minot staff. While no studies are currently underway to determine potential projects or cost, there is little doubt that either option will cost millions of dollars to continue accommodating the growth in Minot due to the Energy Boom.

The City of Minot is not requesting additional funding for these projects at this time. As our population grows, the City will need state support in 2015 and beyond.

Public Works Facility

OIL IMPACT NEEDS

The Governor's Budget recommendation consists of a $214 million funding request toward the Oil & Gas Impact Grant Fund. Of that amount, the City would like to see $15 million appropriated or earmarked for the City of Minot to address water, sewer and other infrastructure needs.

WATER & SEWER

$73,448,163

The Governor's Budget request includes $60 million targeted to oil-impacted airports to address growth challenges.The Governor's Budget proposes this funding through the Oil & Gas Impact Grant Fund. The City of Minot is seeking a minimum of $25 million from this allocation to ensure that its proposed airport expansion can be completed by 2015.

AIRPORT EXPANSION

$85,061,505

The City of Minot seeks as much state support as possible within the biennium budget for statewide transportation upgrades.

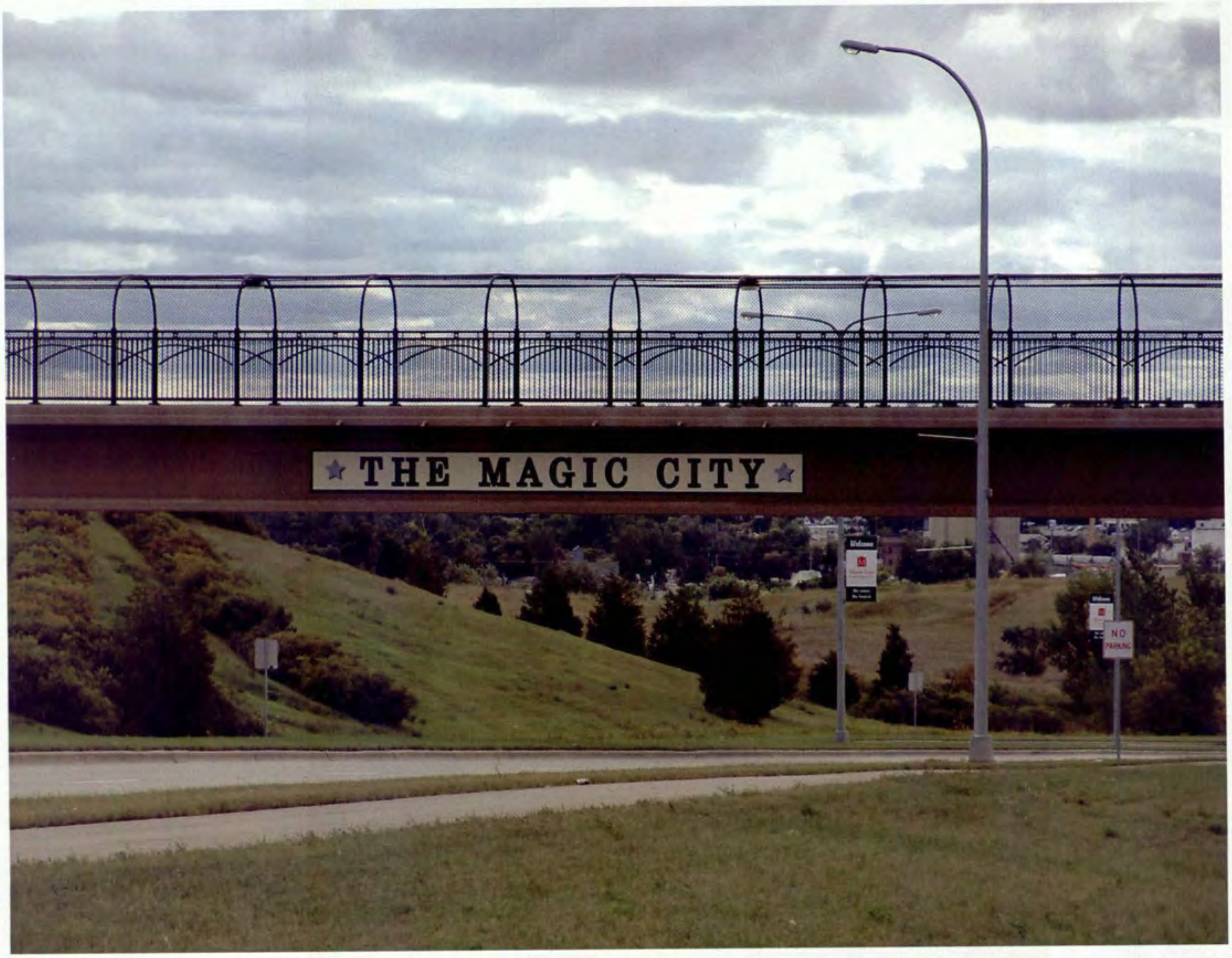
ROADS & INTERSECTIONS

$185,000,000

The City of Minot would like to be competitive with other communities in receiving public safety oil impact grants.

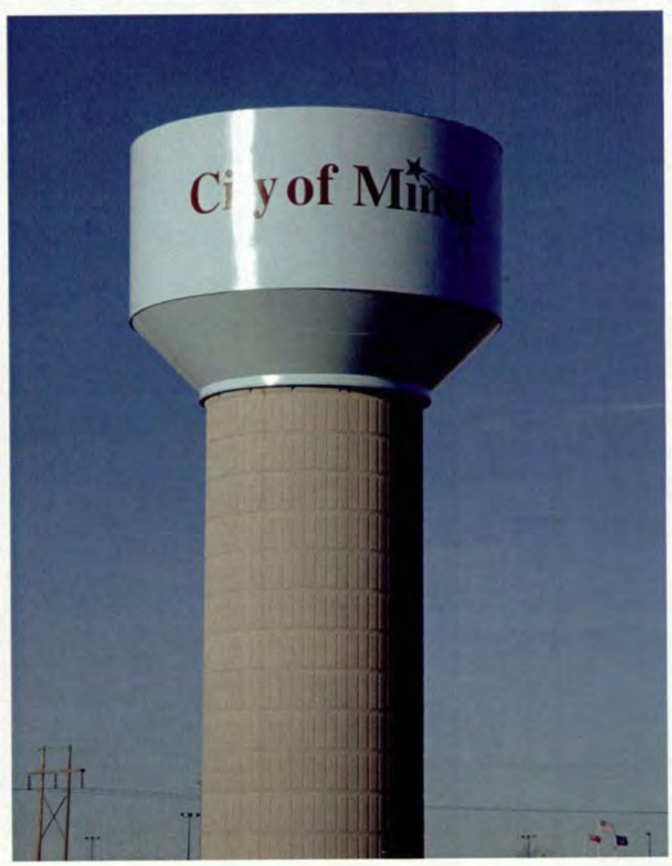
PUBLIC SAFETY

$7,300,000


THE MAGIC CITY
NO PARKING


MINOT
PROUD HOME OF
MINOT AIR FORCE BASE


MINOT STATE UNIVERSITY



City of Minot

impact

Williston continues to maintain steady growth and is the heart beat of a prospering North Dakota economy providing opportunities to families looking for a community with a future, economic stability and low crime rate. The city's economy is currently experiencing rapid growth in housing, career options and quality of life.

Will!ston

Impact Statement 2012

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City School District Enrollment: pg. 8
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The City of Williston

2013 Top State Funded Priorities:

- Sewage Treatment Plant
- East & West Permanent Truck Reliever Route
- Grade Separation on Current Bypass
- Affordable Housing
- Operational Dollars Provided by Change in Formula Funding

2012 State Leader in:

- Taxable Sales and Use
- Oil Rigs within a 70 Mile Radius
- Mining Employment
- Number of Oil Companies
- Crew Camp Capacity and Occupancy
- Building Permits Statewide
- Average Annual Salary Statewide
- Housing Shortage/Rent Inflation
- Oil Truck Traffic within City Limits
- Power Usage and Consumption
- Oilfield Water Usage
- Micropolitan Growth for the U.S.

Community Preparation for Future Impact

Williston first noticed this increasing activity level beginning in 2004. To prepare, the city increased major infrastructure capacity for up to 40% more population.

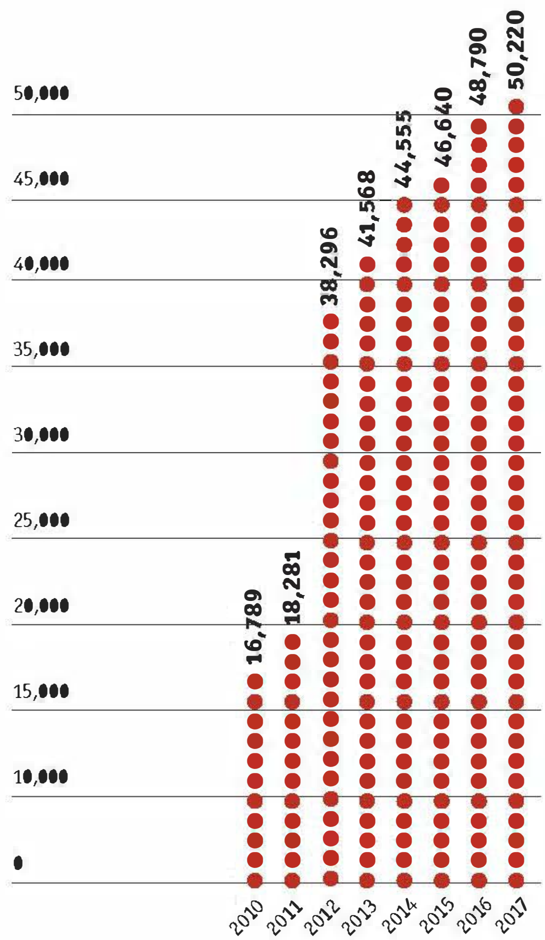
We have since far exceeded that excess capacity, and are working with the Governor and Legislature to further extend our water, sewer, and road infrastructure for workforce housing and industry facility needs.

The City of Williston has committed over one million dollars in studies addressing the impact and future needs of the community.

- Comprehensive Master Plan
- Annexation Options and Implications
- Infrastructure Capital Improvement Plan
- Regional Water Study
- Transportation Study
- Housing Study
- Labor Availability
- Petroleum Workforce Needs Study
- Williston Parks and Rec Master Plan
- Williston State College Master Plan
- Williston School Needs Study
- Day Care Master Plan
- Population Study
- Oil and Gas Workforce Needs
- City Facility Study
- Emergency Services Study

City of Williston Growth Projections

(service population)



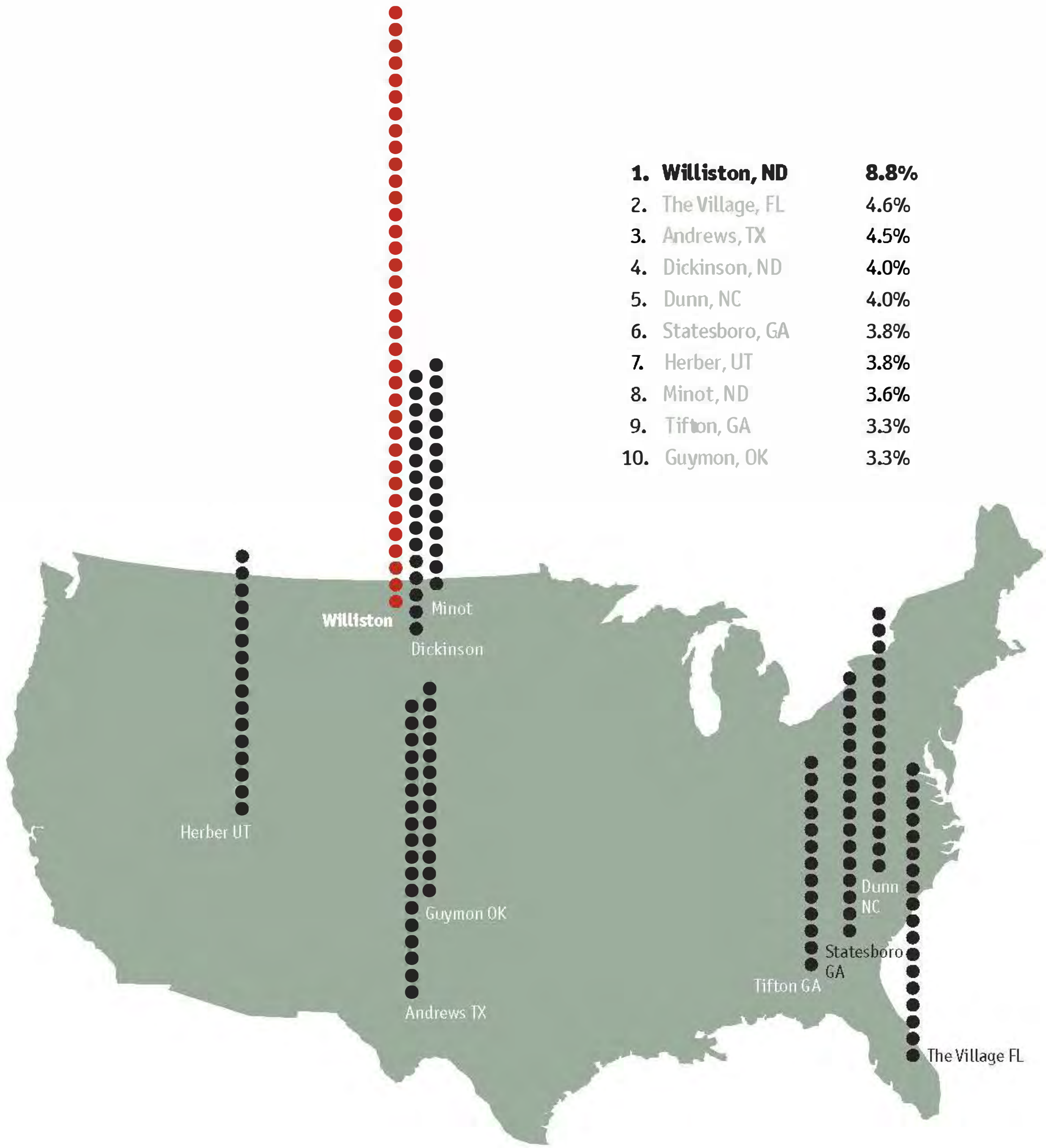
Source: City of Williston Population Study

USA 10 Fastest Growing Micropolitan Area's

From April 1, 2010 to July 1, 2011

Williston Ground Zero

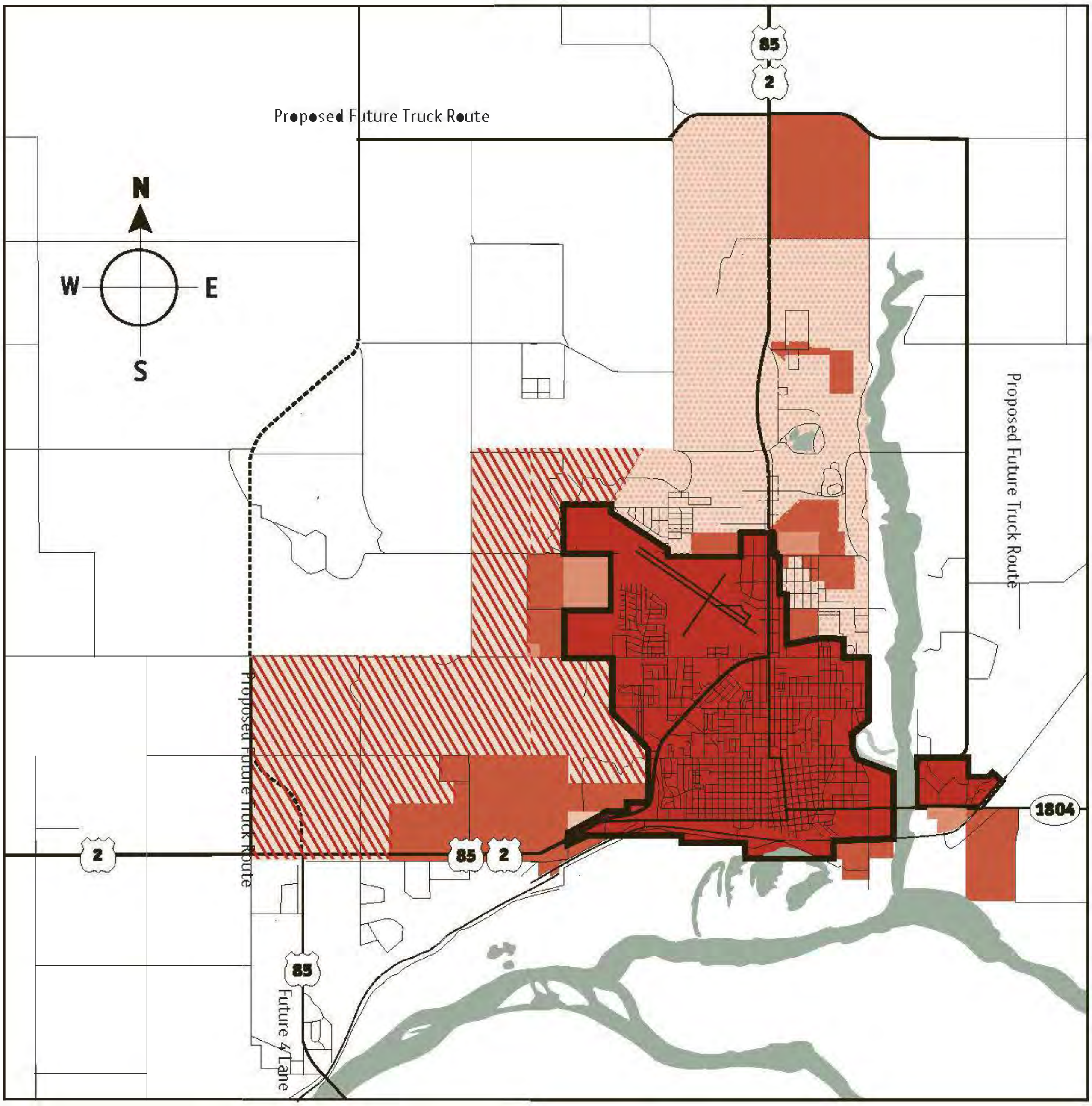
1.	**Williston, ND**	**8.8%**
2.	The Village, FL	4.6%
3.	Andrews, TX	4.5%
4.	Dickinson, ND	4.0%
5.	Dunn, NC	4.0%
6.	Statesboro, GA	3.8%
7.	Herber, UT	3.8%
8.	Minot, ND	3.6%
9.	Tifton, GA	3.3%
10.	Guymon, OK	3.3%



Source: U.S.Census Bureau

Williston Growth Map*

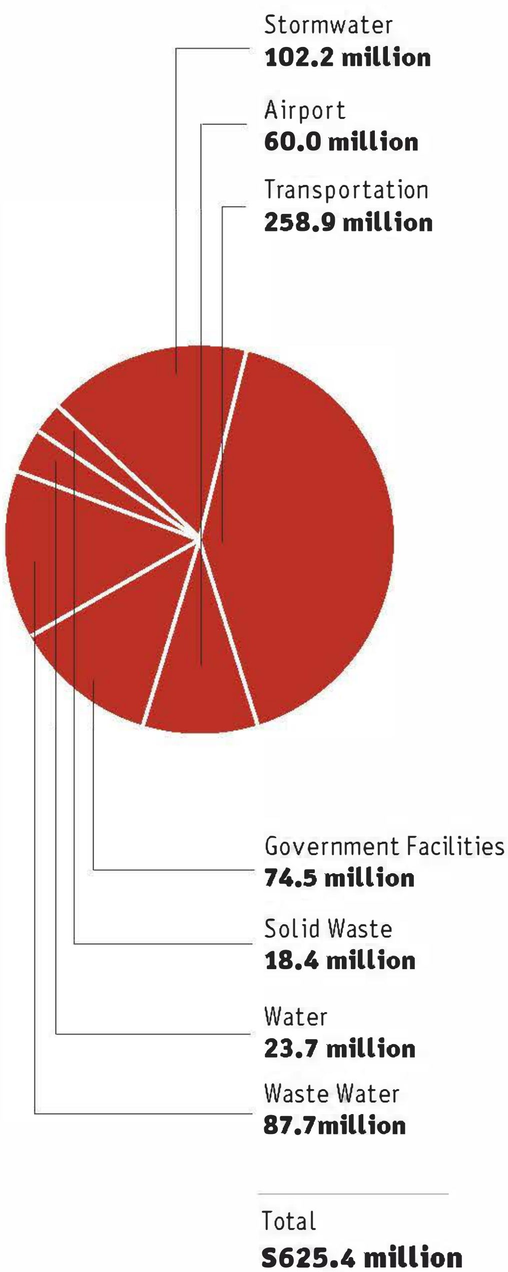
2010 Old City limits
2011 Completed Annexation
2012 Annexations in Progress
2013 Proposed Annexation
Future Infill Consideration



*see page 21 for acreage/square miles amounts

Williston Infrastructure Needs

6 Year Projection

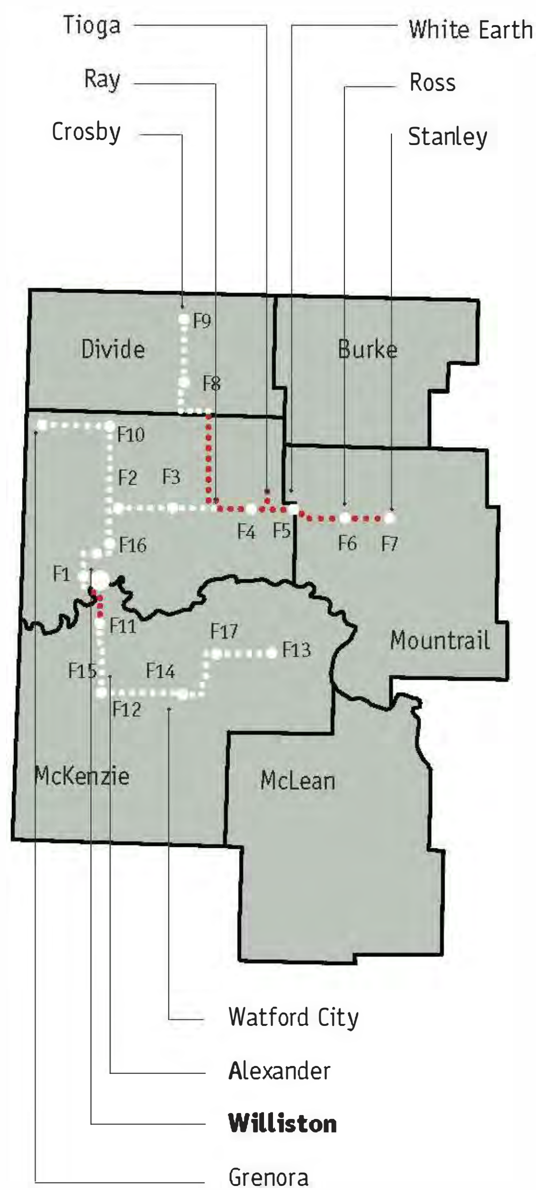


Source: City of Williston

Western Area Water Supply (WAWS)

The City of Williston is integral to the Western Area Water Supply as it holds a permit for up to 36 million gallons per day of Missouri River water access from its water treatment plant.

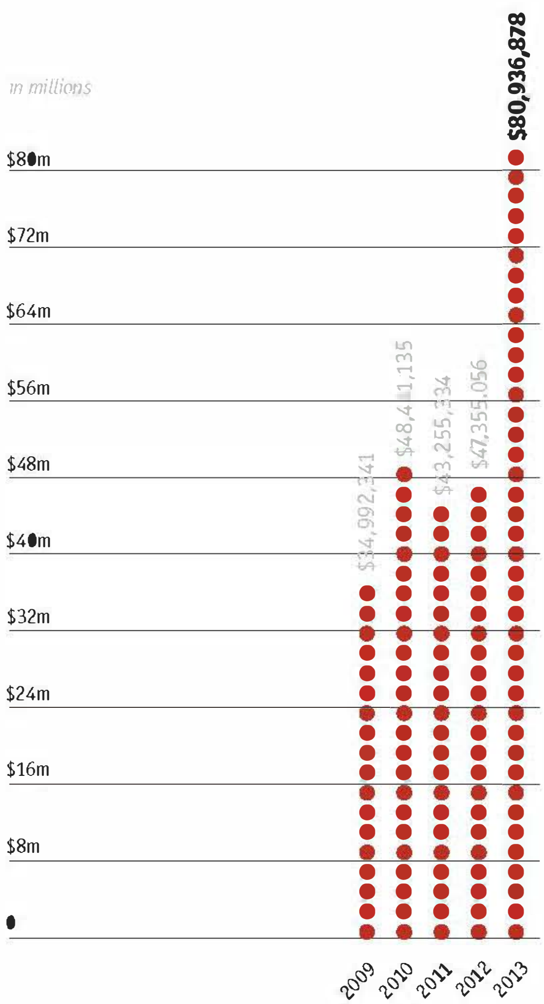
The WAWS system also provides critical water infrastructure for Williston's projected growth needs in expanding the city.



City of Williston Operations Budget

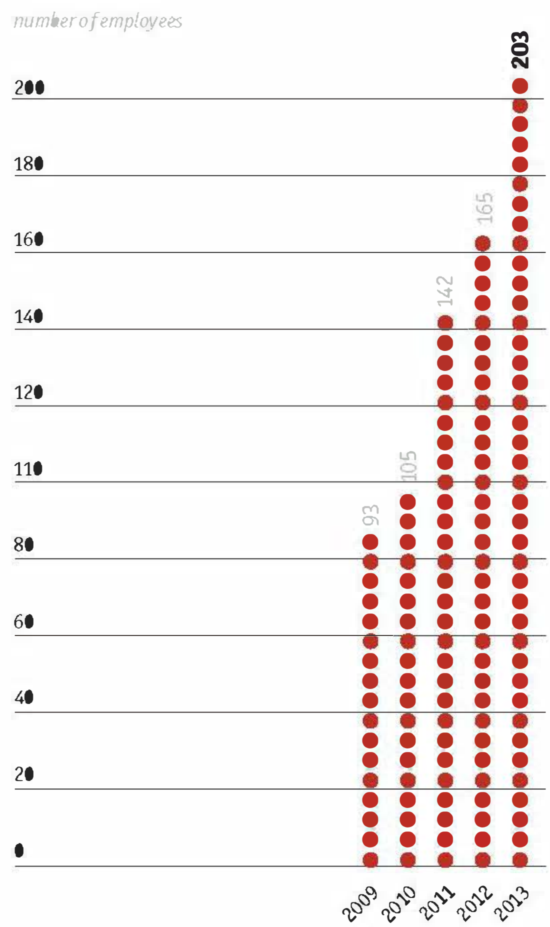
For the Year 2013

Revenue: 52 million
Expenditures Budgeted: 81–million
Deficit: 29–million in projects dependent on state aid.



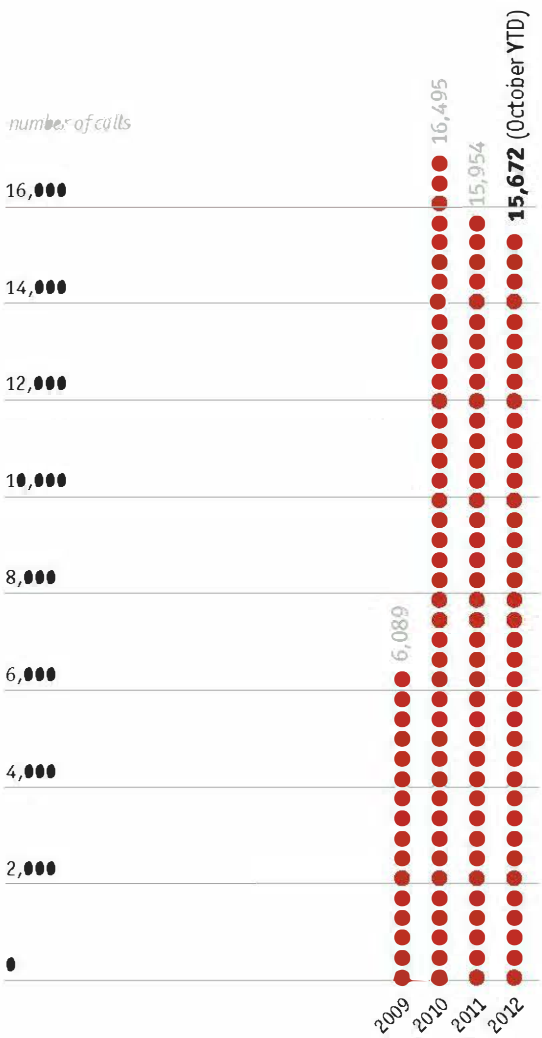
Source: City of Williston

City of Williston Employment



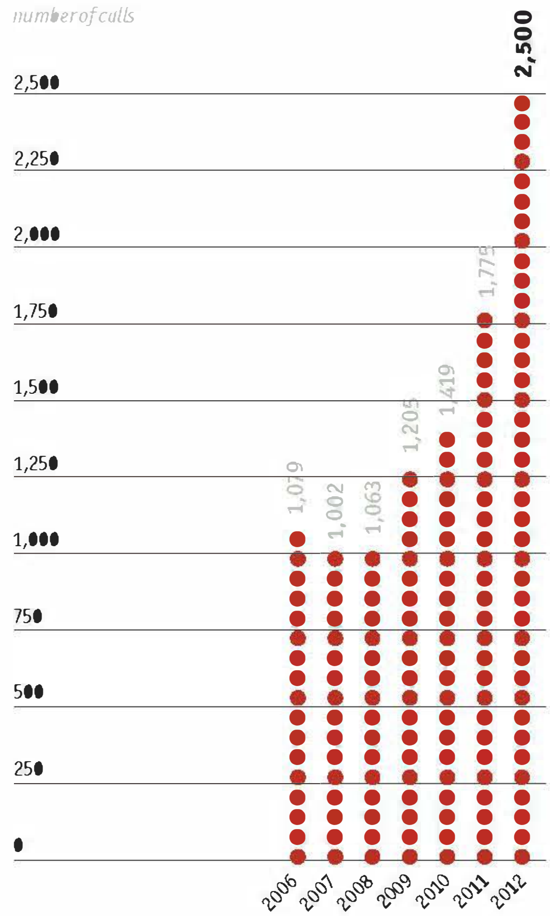
Source: City of Williston

Williston Police Calls for Service



Source: City of Williston Police Department

Williston Fire/EMS Calls for Service



Source: City of Williston Fire Department

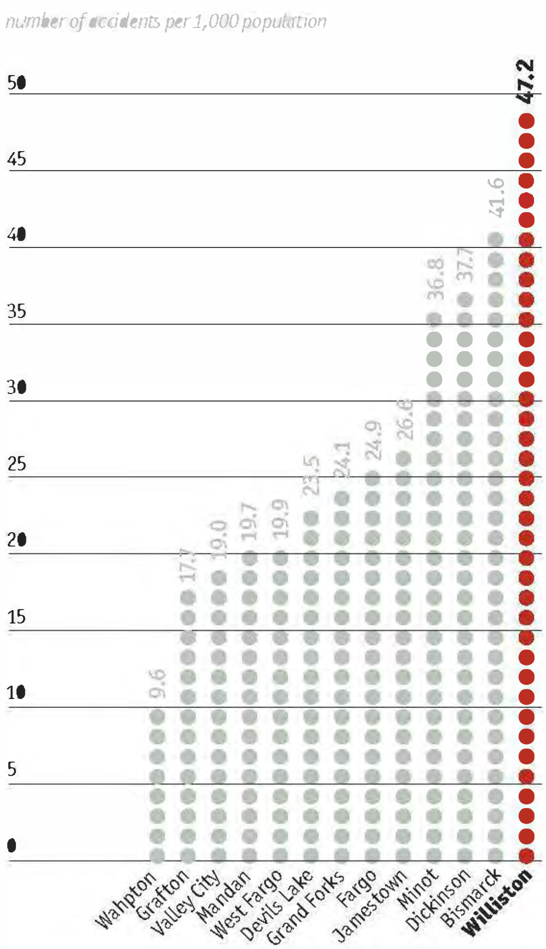
ND City Reportable Traffic Accidents

As of November 2012

According to statistics from the ND Highway Patrol, 26 people have been killed in Williams County in 2012, followed by McKenzie County with 16.

The northwestern region of the state has accounted for 64 of the 146 total fatalities.

Bismarck Tribune, November 23, 2012



Source: ND Crash Summary 2011

Williston School District 1 Enrollment

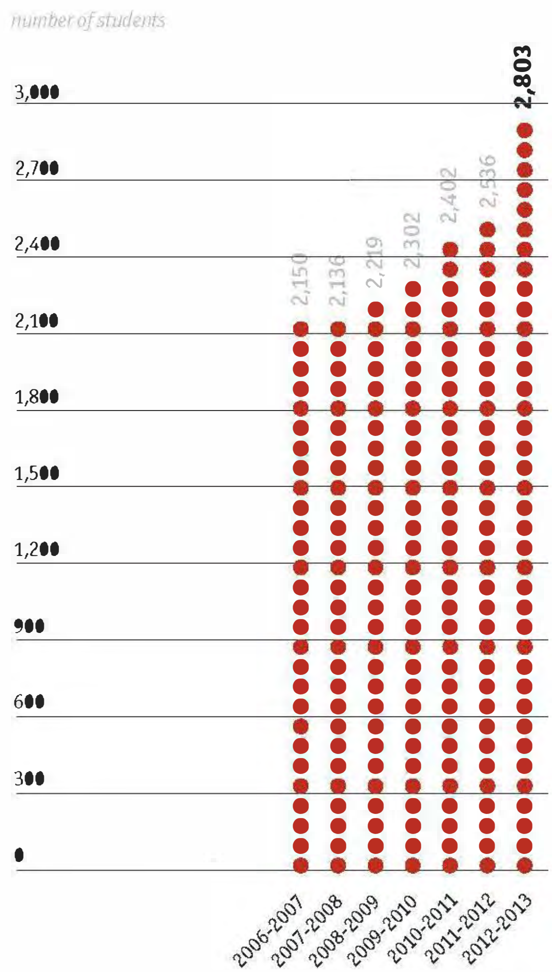
Kindergarten through 12th Grade

"In the past five years we've had 650 students added to the district… that's an entire school."

Dr. Viola Lafountaine

Superintendent, District 1

Williston Herald, November 15, 2012



Source: Williston School District 1

ND City Sales Tax

Major City Quarterly Comparison

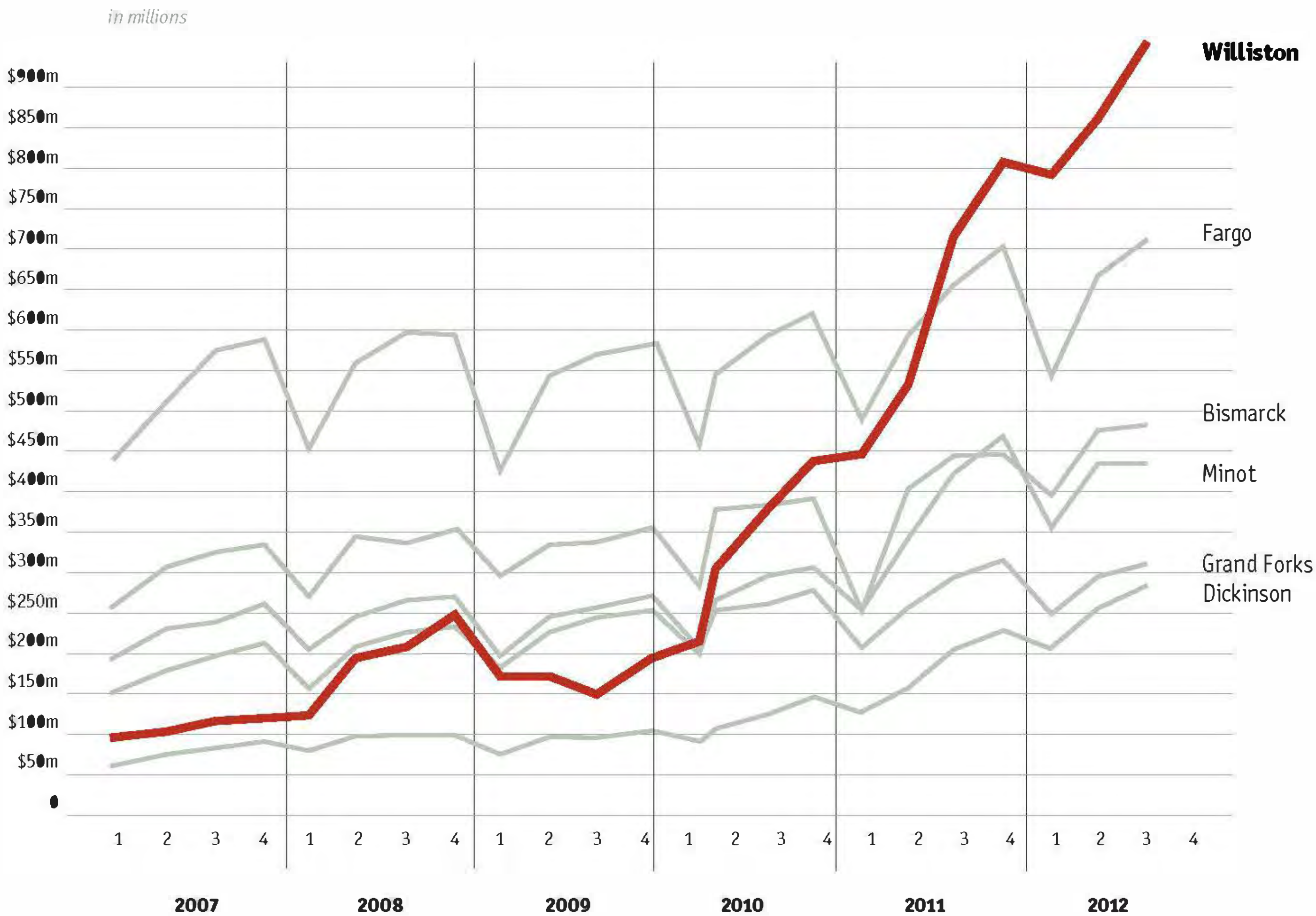
Williston Ground Zero

"I trust that the rest of the state recognizes that at the moment, Williston is at the center of the engine that is driving the state's economy"

Ward Koeser

Mayor, City of Williston

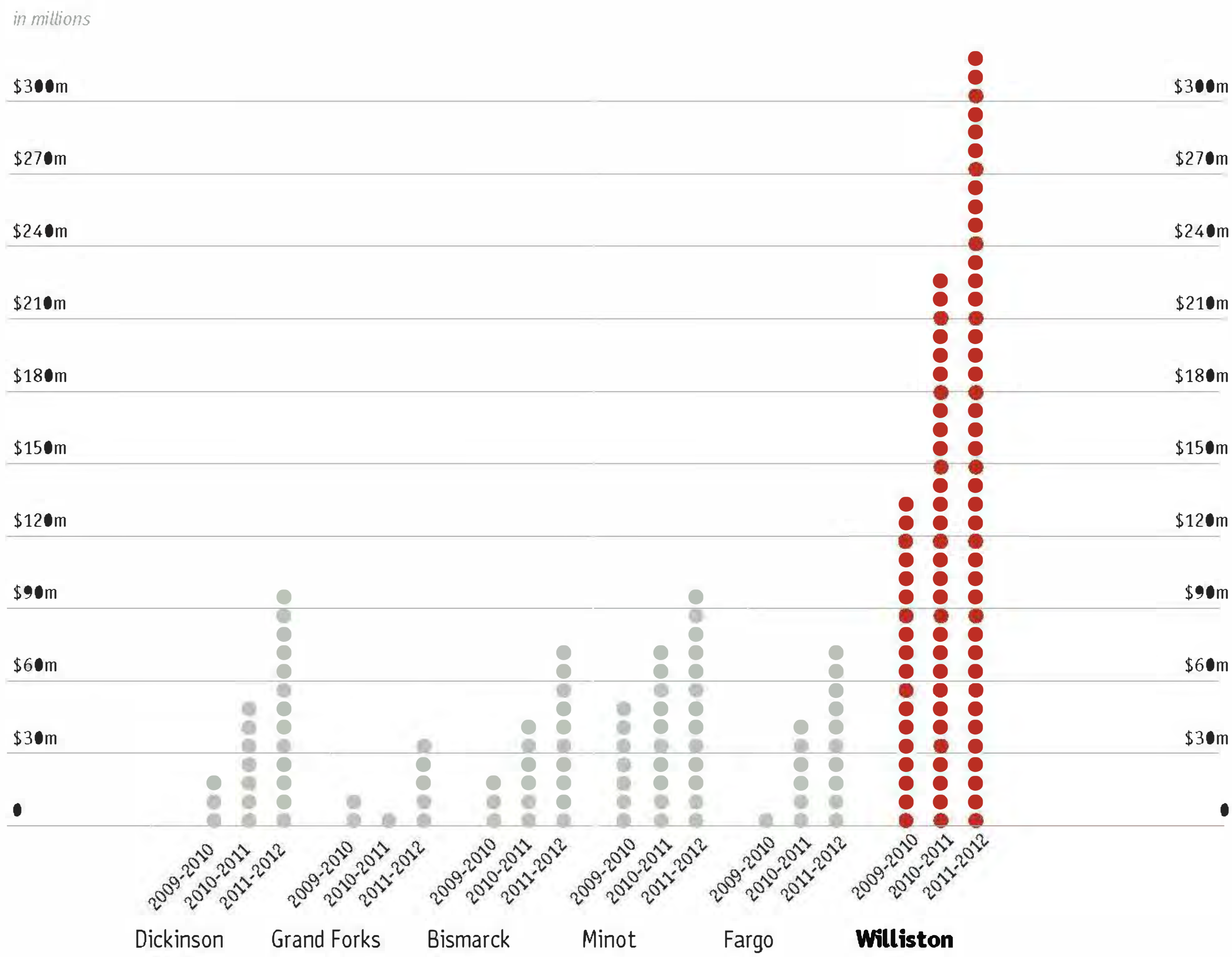
Williston Herald, October 5, 2012



Source: ND Office of State Tax Commission

ND City Sales Tax Gain/Loss

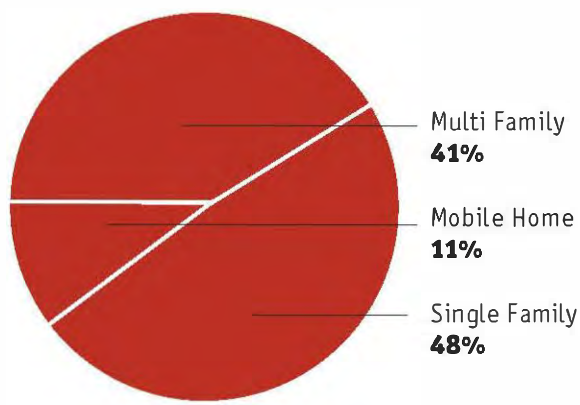
Major Cities Second Quarter Comparison

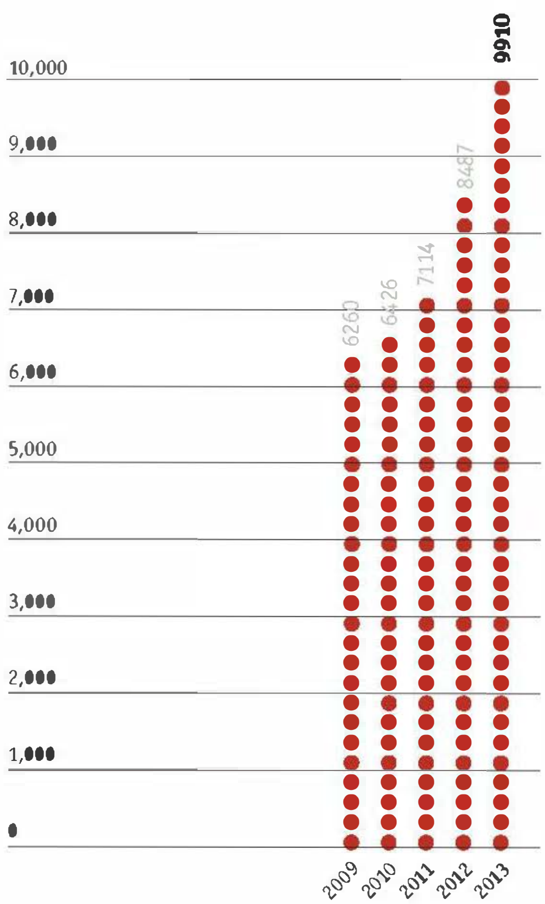


Source: ND Office of State Tax Commission

Williston Housing Stock

Projection for the year 2013

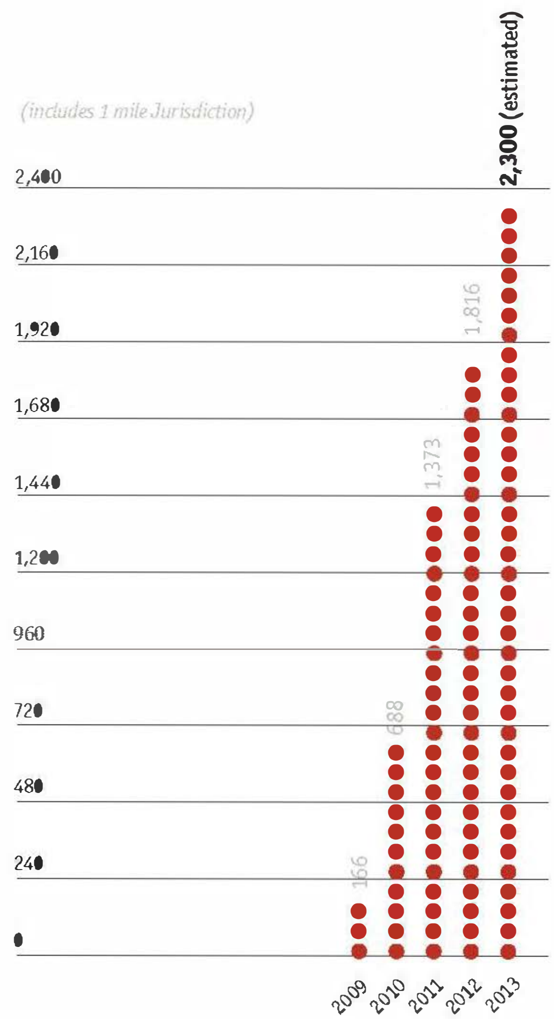




Source: City of Williston, Building Department

Williston Housing Units Built

Includes Single Family, Apartments, Manufactured, Duplex, and Twin Homes

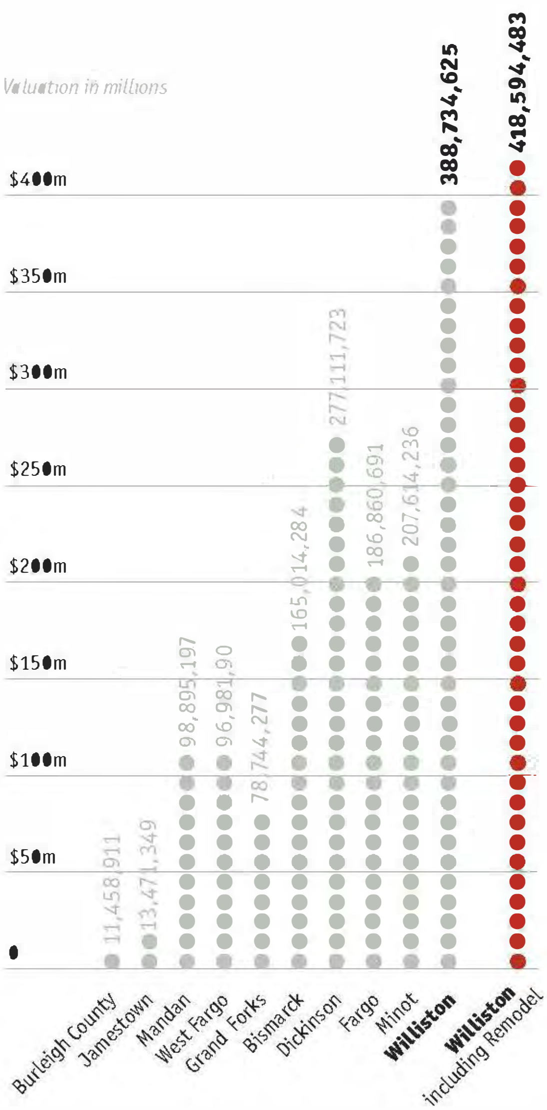


Source: City of Williston Building Department

ND City Valuations of Building Permits

Year to Date, November 2012
(numbers indicate new build construction only)

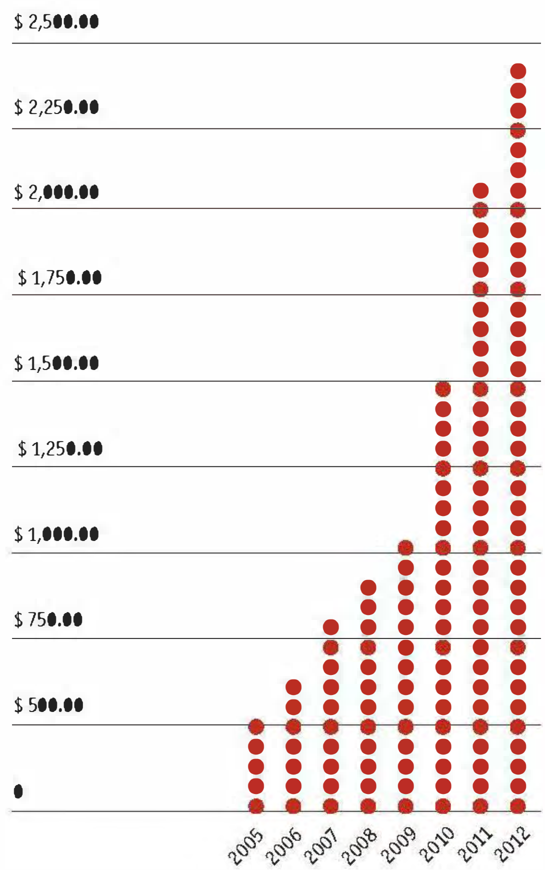
Williston is projected to top 470-million in new construction and remodel permit valuation in 2012.



Source: ND Association of Builders Permit Data

Williston Rent Inflation

One/two bedroom apartments

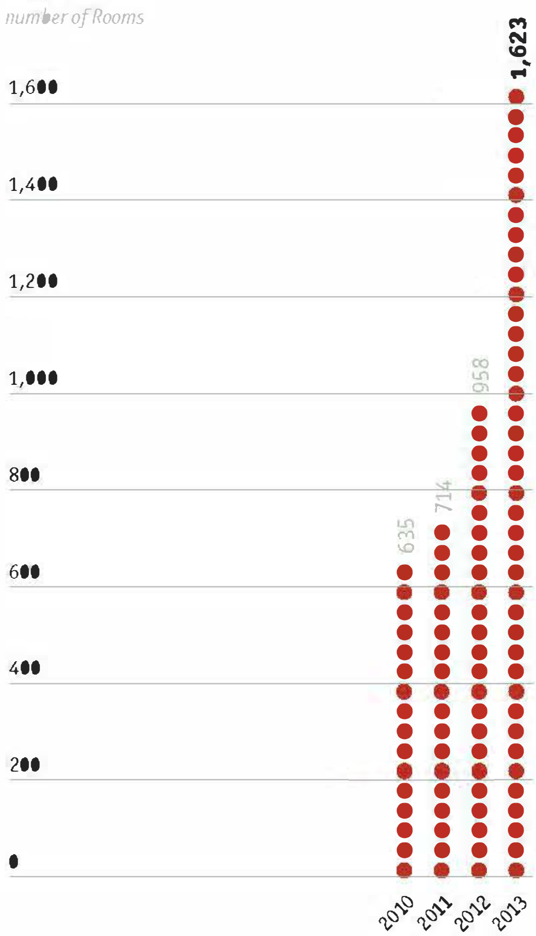


Source: Williston Economic Development

Williston Hotel Development

For the Years 2010-2013

The City of Williston has added 12 new hotel properties since 2010



Source: Williston Economic Development and Convention and Vistors Bureau

Williston/Williams Co. Crew Camps

Permitted Capacity

Williston	
Blackhawk Energy	30
Sabin Metals	10
Weatherford	500
United Pulse	10
Love's	50
Oasis Petroleum	80
Sun Well	94
Pioneer	144
Flying J	150
Prairie Packing	24
Halliburton	312
Sun Well	24
Burke	224
Total Units:	1,652

Tioga	
Capital Lodge	2,500
Target Tioga	1,250
Total Units:	3,750

Trenton	
Falcon/Solsten XP	343
Moran/Roughrider Holding	604
Total Units:	943

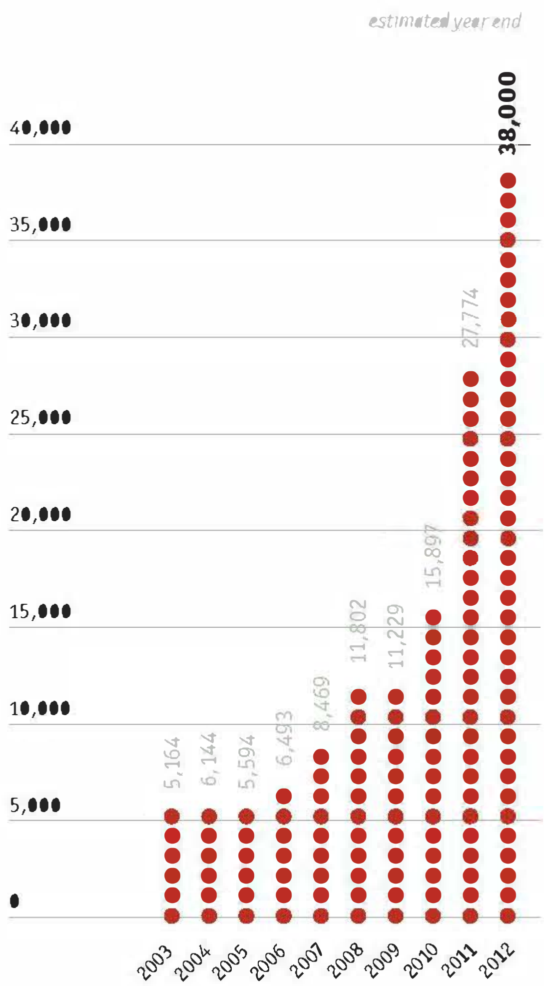
Williams County	
Target North	450
Bear Paw	608
Target Cabins	90
Black Gold	900
Atco	200
Target Muddy River	158
Prairie Packers	90
Judson Lodge	100
Total Units:	2,596

Note: A moritorium on future crew camp development within Williams County and Williston is currently in effect

Williston Airport Boardings

With the increase in airline flights and aircraft size to Sloulin Field, officials estimate 2013 will see between **60,000** to **90,000** enplanements. This does not include private charter traffic.

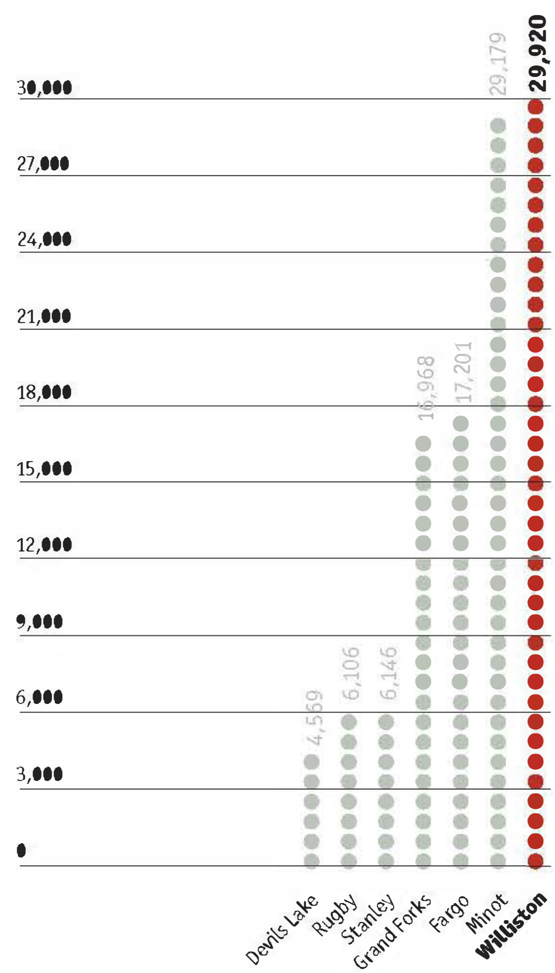
Sloulin Field's current terminal is designed to handle **6,000** enplanements annually.



Source: ND Aeronautics Commission, Sloulin Field

ND AmTrak Station Boardings

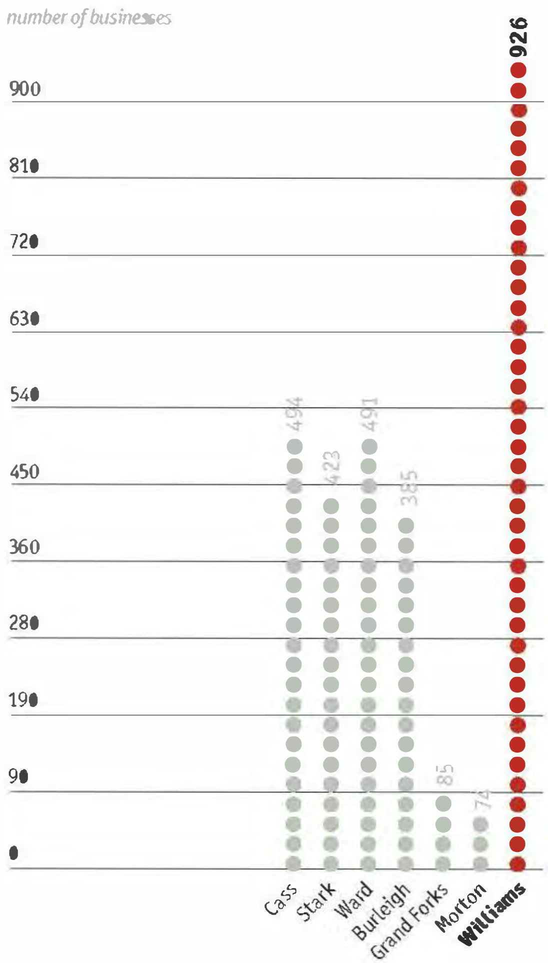
Fiscal Year, 2011



Source: AmTrak

ND County New Business Growth

1st Quarter 2007 through 2nd Quarter 2012

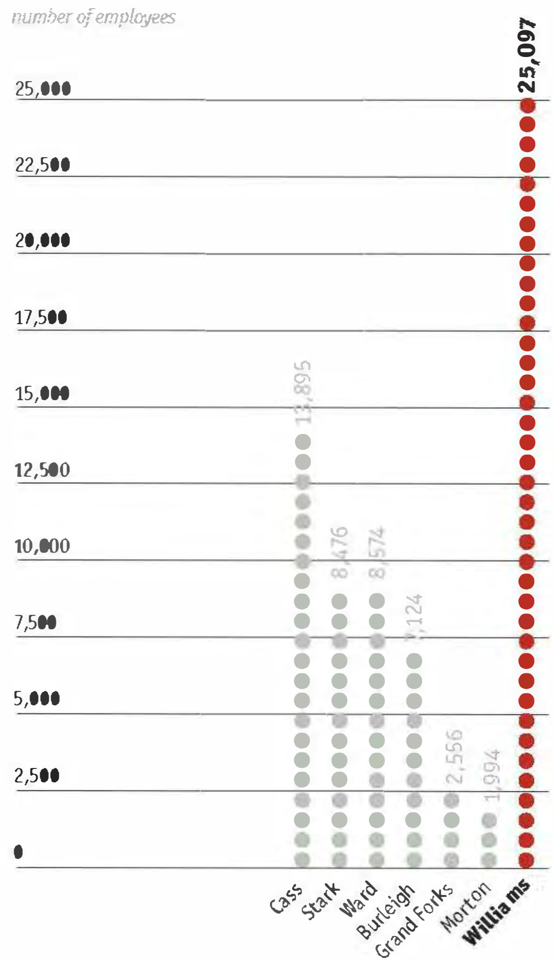


source: Job Service North Dakota

ND County New Job Creation

1st Quarter 2007 through 2nd Quarter 2012

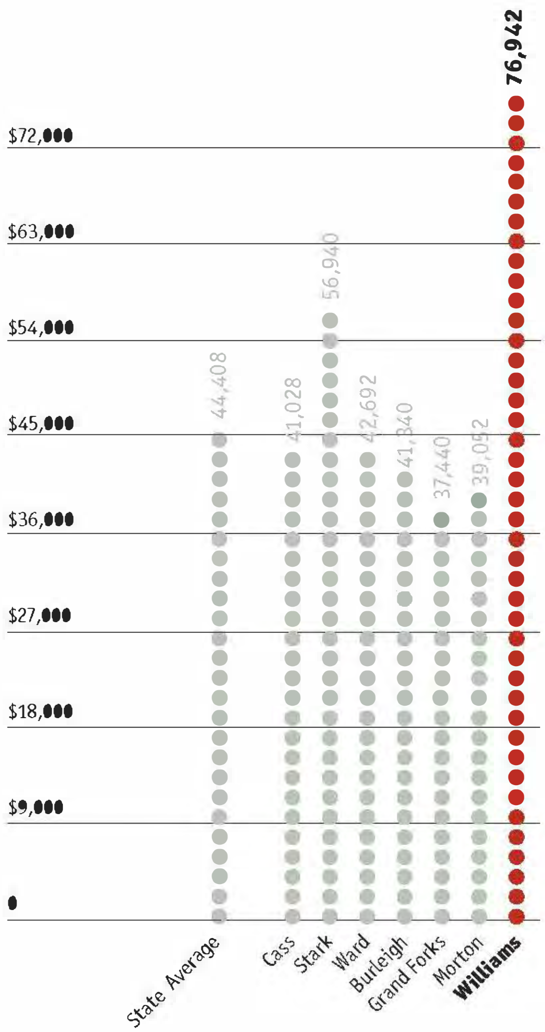
Williams County boasts the lowest unemployment rate in the nation at .7%



source: Job Service North Dakota

ND County Average Annual Wage

2nd Quarter 2012

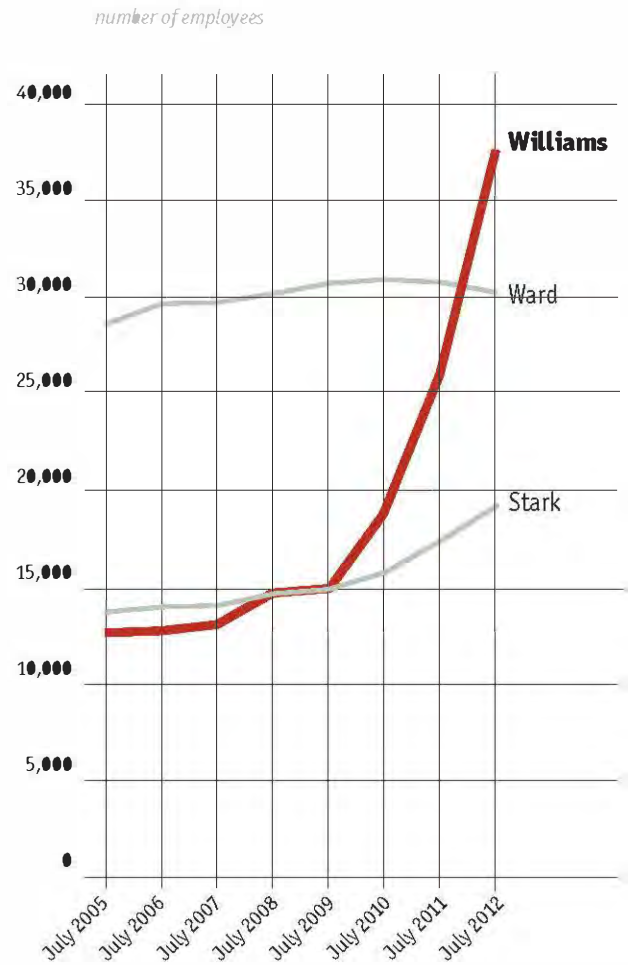


source: Job Service North Dakota

ND County Civilian Labor Force

First Quarter 2012

The civilian labor force is a single count by place of residence. The number includes those over the age of 16 who are employed or actively seeking employment.



source: Job Service North Dakota

ND County Cost of Child Care

Average Weekly Cost, Ages 0-5years
Family/Group/Center

- Williams County currently demonstrates a potential need of 1,500 child care spaces
- Williams County meets 18% of it's potential demand for child care

Source: Child Care Resource and Referral
Williston Economic Development

Williston Ground Zero

Western North Dakota is hosting the largest oil play in the lower 48 states.

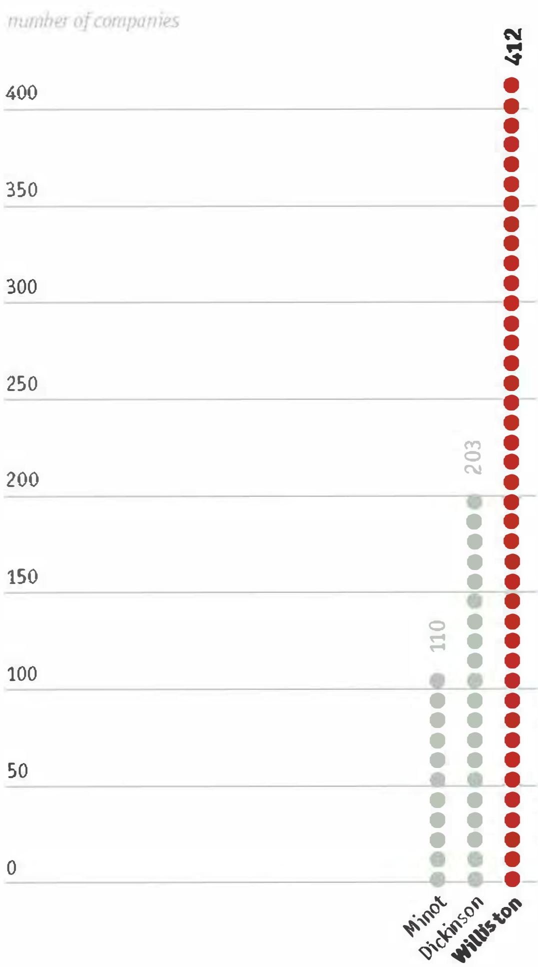
Due to current State oil tax legislation: **State resources are in record surplus, estimated $2 billion annual oil and gas receipts.**

Local resources are in deficit and are overwhelmed, **Williston's portion of State oil and gas tax formula funding is $1.5 million per year or .075 %** of total State oil and gas collections.

ND City Oil & Gas Companies Locations

Top Three Cities

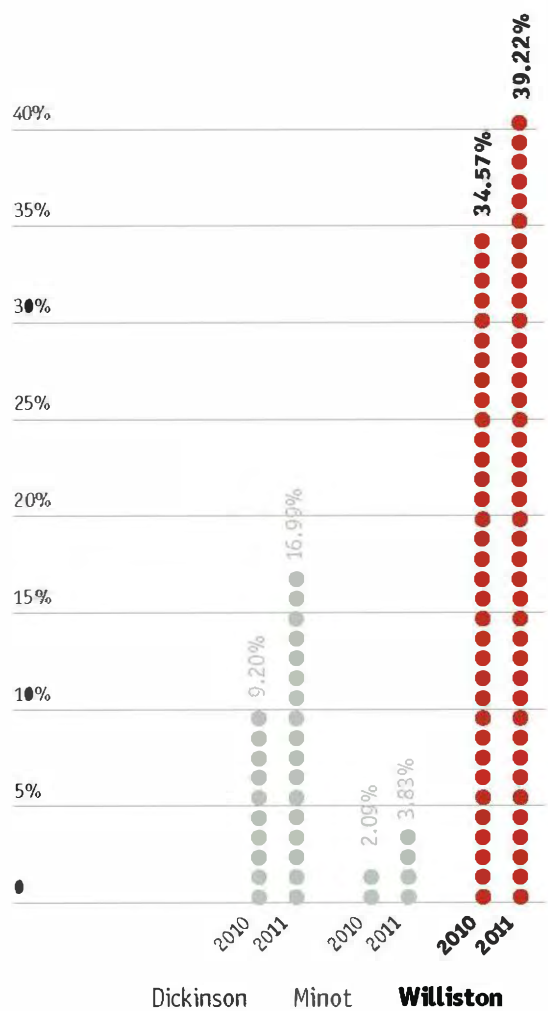
Five of the top ten employers in Williston are related to the Oil & Gas Industry. The top ten Oil & Gas service companies in the world have operations in Williston.



Source: Don's Oil & Gas Directory 2012, Mountain States Directory

ND City Percentage of Oil & Gas Employment

Cities above 7,500 with percentage employment in Mining greater than 2.0% of Covered Private Employment 2011 annual average

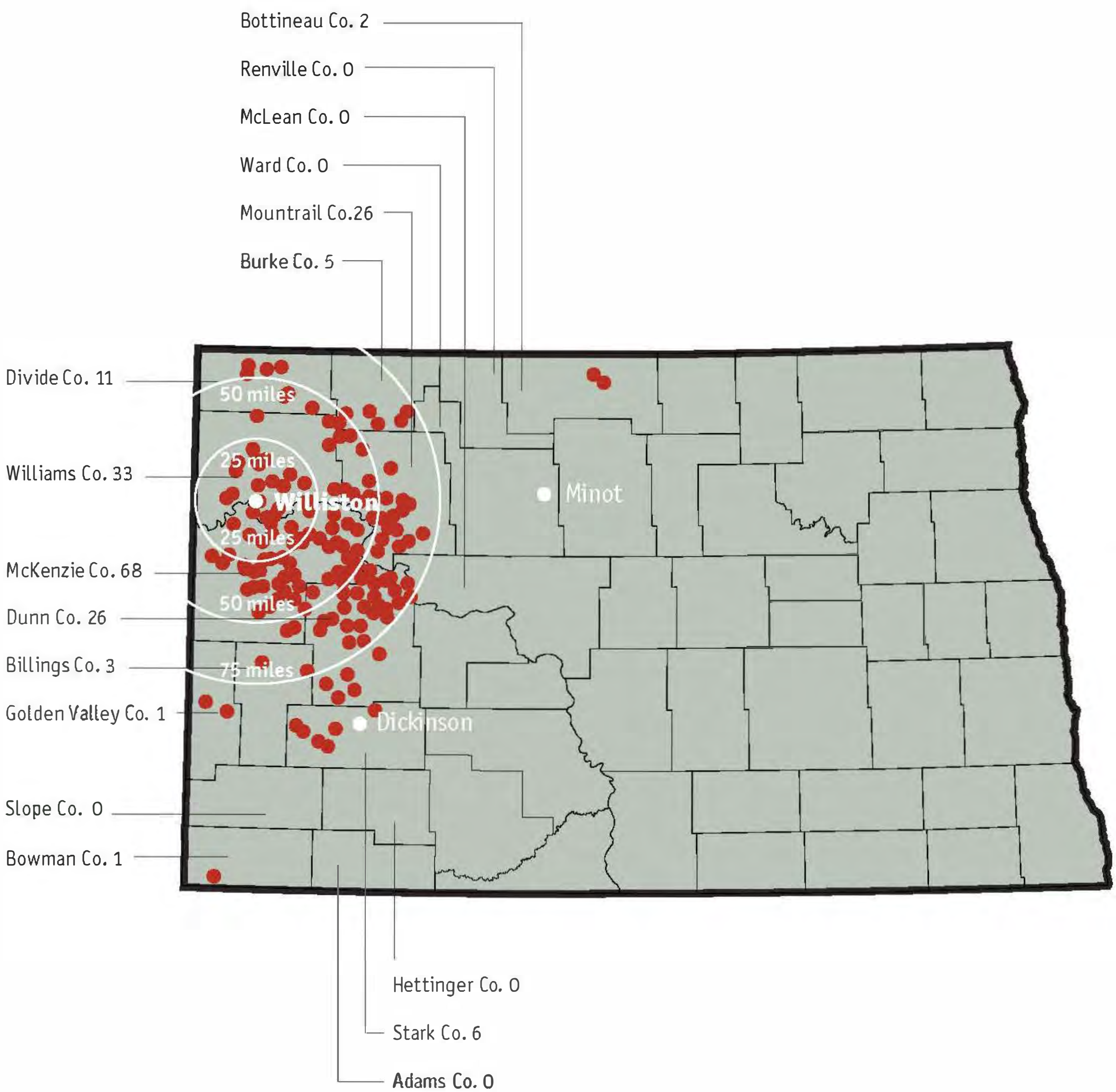


Source: Quarterly Census of Employment & Wages, June 12, 2012

ND Oil & Gas Drilling Rig Locations

Total 186, as of October 15, 2012

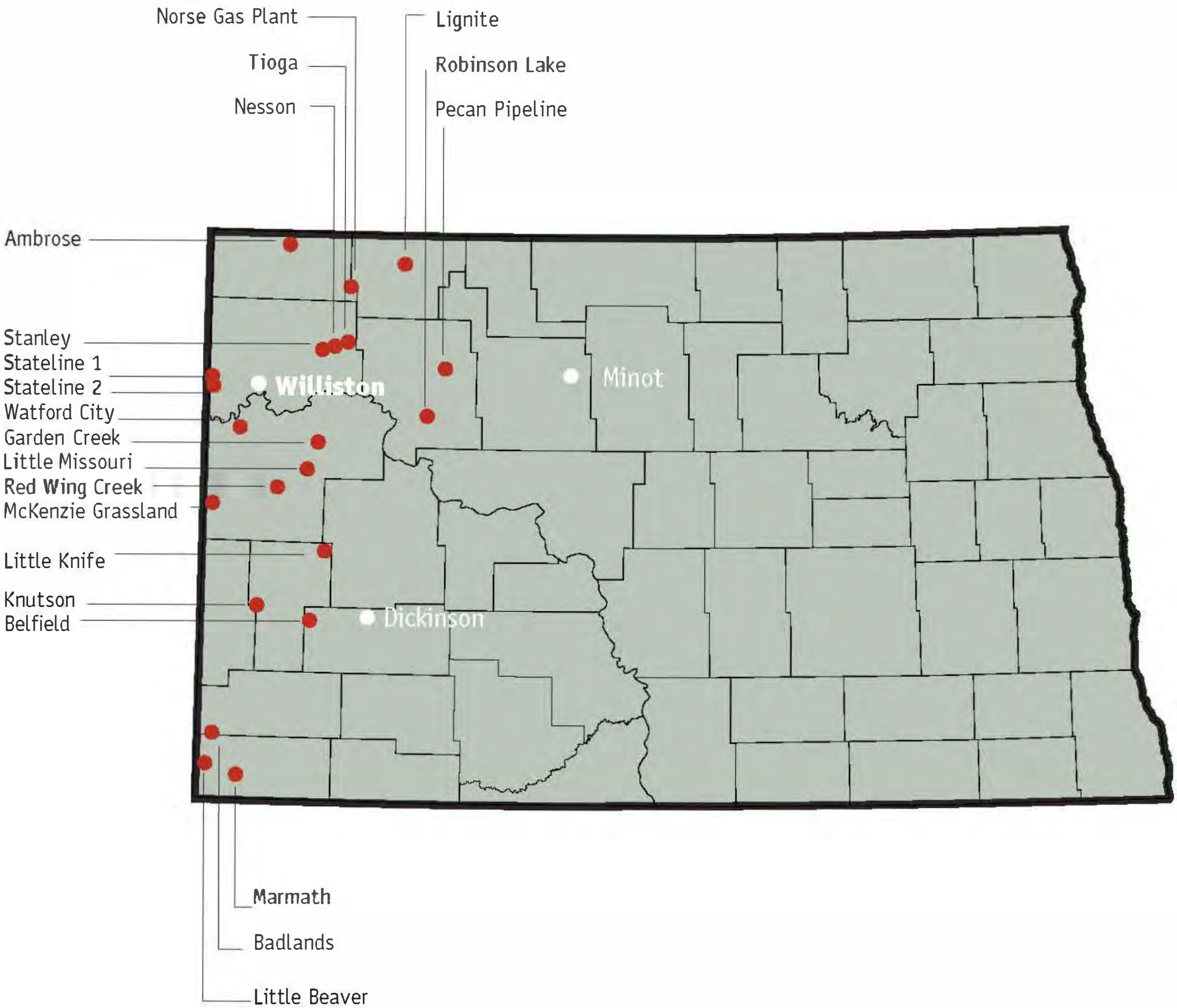
Williston Ground Zero



Source: ND Oil and Gas Commission

ND Gas Plant Locations

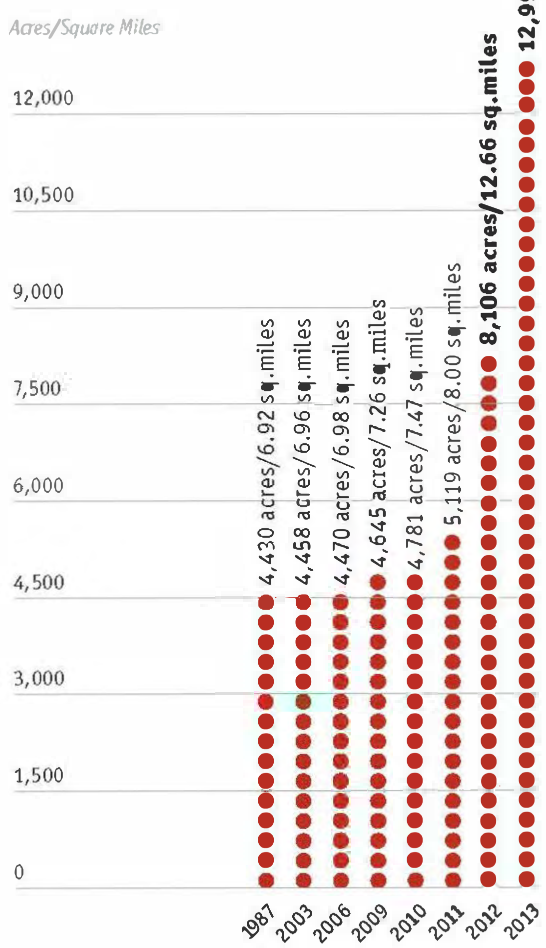
October 15, 2012



Source: ND Oil and Gas Commission

Williston Growth in Acres / Sq. Miles

as of 2012, City's total acreage is 8,980



(continued from pages 6/7)

Williston wire

For the latest online Williston related articles from national publications.
www.willistonwire.com

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THE WESTERN EDGE

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• Fire
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• Municipal Court
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• Police Department
701-456-7759
Fax 701-456-7680

• Building Inspector
• Cemetery
• Engineering
• Solid Waste
• Streets
• Wastewater
• Water
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North Dakota House Finance and Taxation
House Bill No. 1358
February 4, 2013

Mr. Chairman and members of the committee, my name is Shawn Kessel. I serve as the City Administrator of the city of Dickinson and a member of the ND Oil and Gas Producing Counties Board. I am here on behalf of the Dickinson City Commission and the ND Oil and Gas Producing Counties to support House Bill No. 1358.

Although I will focus my attention on oil impacts to the city of Dickinson our story is being replicated to varying degrees across western ND. The City of Dickinson and Southwest North Dakota are currently experiencing significant population growth and multiple oil related infrastructure and social impacts. To help Dickinson prepare for and manage the infrastructure needs due to the oil impacts, Dickinson retained KLJ Engineering in June 2011 to develop a Comprehensive Plan (Dickinson 2035: Roadmap to the Future) and retained North Dakota State University in September 2011 to develop housing and population projections. NDSU issued its report in August 2012 and KLJ issued its Draft Comprehensive Plan in November 2012. These documents are available at www.dickinsonplan.com.

NDSU forecasts Dickinson will reach a service population of 47,000 people by 2022. It's permanent population is expected to stabilize by 2030 at about 42,000. The 2010 Census lists Dickinson at just under 18,000 people. My current estimate is that Dickinson is serving about 25,000 people or over 7,000 more people than we did in 2010. This 40% growth in population is equivalent to the population of Devils Lake – our great state's 11th largest city.

Dickinson, in 2010-2011, was the fourth fastest growing small city in the United States. Since that time, as the table below indicates, Dickinson's growth has accelerated.

City of Dickinson	2010	2011	2012
New Construction Permit Values	$75,414,000	$123,515,000	$389,495,000
New Building Permits (Res-Com-Ind)	258	255	783
Housing Units	211	331	1,517
City Size	6,734 acres	6,817 acres	8,237 acres

During the past two years the city's new building permit values have grown five times and its footprint has increased by 22%. Current discussions and preliminary planning indicate building permit issuance to accelerate in 2013 and approach $500 million in value. Dickinson's population growth is substantial and we believe sustainable. Based on the housing forecast Dickinson has the potential to increase its current stock of housing by 80 percent in 10 years. Based on the year-over-year growth in building permit issuance, Dickinson was the fastest growing city in ND in 2012.

The City's infrastructure is under stress, operating beyond design limits and in several aspects, maxed out. We are adding new properties to the system every day. Both the City's water distribution and its wastewater collection and treatment systems are experiencing significant capacity issues. The existing water system was evaluated in terms of water pressure, fire flows, and overall water storage. The planning process revealed that much of Dickinson does not meet fire flow standards, due to several reasons including inadequate water storage, and water pressure. Dickinson water consumption has grown by 46% to just over one billion gallons in the past two years.

The Draft Dickinson Comprehensive Plan states, *"The City of Dickinson has exceeded the planned capacity of its existing wastewater collection and conveyance system. The system has been performing adequately for current conditions; however, major improvements will be needed to accommodate future growth."*

The table below outlines the major projects Dickinson is undertaking during this biennium and the recommended projects for the new biennium (Exhibit "A"). The projects listed on Exhibit "A" are all city wide projects and are not specific to any one neighborhood. Infrastructure that is specific to a development is paid for the developer. Dickinson's funding deficiency for the current biennium is $42.1 million. The city will be taking on $40.5 million of debt. Without the passage of HB No. 1358 Dickinson may be forced to take on another $102 million in debt.

City of Dickinson

	Biennium Ending 6/30/13	**Biennium Ending 6/30/15**
Water Projects		$82,600,000*
Waste Water Projects	$48,400,000**	$44,800,000*
Public Works Building	$18,000,000	
Public Safety Center	$8,000,000	
Subtotal	$74,400,000	$127,400,000

State of North Dakota Impact Funding	$12,300,000	$25,400,000***
City of Dickinson Funds	$20,000,000****	$0
State Funding HB 1374	$0	$26,000,000
Funding Deficiency	$42,100,000	$76,000,000
City of Dickinson Debt	$40,500,000*****	

*See Exhibit "A" for detail

**Mechanical Waste Water Treatment Facility currently under construction.

***Representative Skarphol's Proposal

****Commits Dickinson's ½% sales tax monies through 2016

*****State Revolving Fund; 20 year term at 2.5%; annual payment of $2,600,000

I have not included costs for the City's major transportation projects. I am assuming the North Dakota DOT will provide the funding for the major projects. I have also not included landfill expansion costs. Dickinson operates a regional landfill that serves 23 area communities. Increased solid waste volumes will require expansion. I have not included any monies for the Theodore Roosevelt Regional Airport. We are expecting additional funding needs for air and ground transportation and solid waste management during the next biennium. We have yet to determine final project priorities and cost estimates for the landfill, the airport, and city street extensions and signals.

I am frequently asked about the impact to city revenues due to the increased sales and property tax collected by the city. The City of Dickinson has a 1% and a ½% sales tax imposed on separate occasions by a vote of the people. Each sales tax is subject to different restrictions as outlined below on how the funds may be used.

<u>One Percent City Sales Tax (1%) Use of Funds</u>

- 50% shall be dedicated to bonded indebtedness, property tax reduction, and infrastructure (streets, water, and sewer). *This fund has historically been used to fund the city's share of street projects such as chip seals, mill and overlays, major reconstructions, and construction of new urban streets.*
- 30% shall be dedicated to capital improvements to enhance social and economic vitality of Dickinson and the Southwest area.
- 20% shall be dedicated to job creation and senior citizen activities.

One Half Percent City Sales Tax (1/2%) Use of Funds

- Construction of a public building (community center) to be used for the purpose of an aquatic center, gymnasium and related uses
- Operation, maintenance and repair expenses for community center
- Property tax reduction and infrastructure (streets, water and sewer)

The table below has three years of sales tax collections. During this time sale tax collections have doubled illustrating the dramatic energy impact on Dickinson. While the increases are substantial they do not come close to providing sufficient revenue to fund Dickinson's numerous infrastructure requirements.

Sales Tax Collections	2010	2011	2012
1%	$3,538,219	$5,000,809	$7,062,878
½%	$1,769,110	$2,500,404	$3,531,439

The ½% sales tax is the city's least restrictive and most versatile tax. Now that the bond on the West River Community Center has been retired, the majority of this tax is used to reduce property tax ($744,600 in 2013) and invest in infrastructure. Monies from this tax will be used towards the Public Works Building and the Public Safety Center.

The City of Dickinson levies property tax dollars and not mills. The City attempts to keep its share of property taxes stable on a per property basis with increases if any within the general rate of inflation. This is particularly challenging given the city's high cost environment and rapid development that result in volatile changes in individual property values.

Given the many additions of new property to the city tax rolls, Dickinson's increase in property tax collections have been very modest. Furthermore, as the table below illustrates, property taxes fund a relatively small portion of the City's general fund expenditures ranging from 23 to 33 percent.

City of Dickinson General Fund Property Taxes

City General Fund	2010	2011	2012	2013 Budget
Property Tax Collections	$3,025,219	$3,131,853	$3,273,199	$3,452,000
Expenditures	$9,215,923	$10,740,215	$14,405,940	$13,550,120
Property Tax as a % of General Fund Expenditures	32.83%	29.16%	22.72%	25.48%

The 34% increase in 2012 over 2011 General Fund expenditures is indicative of the oil impact on the City of Dickinson. The increase is due to multiple reasons such as building projects, additional staff, equipment, and increased demand for city services. See the attached Exhibit "B" for more detailed information. Also contributing to the variance are employee wage and salary increases which were greater than normal. While the 2012 increase in expenditures were large, the 2012 general fund preliminary revenue projection appears to exceed expenditures by about $600,000.

The decrease in General Fund expenditures for the 2013 budget is due largely to city owned land sales. City land sales are both revenue and expense to the General Fund because the proceeds from land sales are received into the General Fund and then at year-end transferred out of the General Fund into the City's Future Fund. City land sales in 2012 totaled $1,563,000. There is no city owned land sales budgeted for 2013.

Dickinson is a major oil hub city. It has grown substantially. Much more growth is forecasted for Dickinson. The city is attempting to manage the oil impact "the right way" by planning. We retained experts to lead us through the comprehensive planning process employing objectivity and science to determine the required investments the city must take to cope with the energy impact and maintain its "quality of place". The planning is almost complete and the time for action is now. Dickinson must aggressively invest in its infrastructure now to accommodate the growth being thrust upon the city.

My testimony has focused on water and wastewater issues because the city has no option but to provide water and fire protection to the citizens of Dickinson and collect and treat the community's wastewater. We can defer traffic projects and force people to put up with traffic congestion but we cannot defer these essential water and wastewater projects. Without significant support from the State of North Dakota, Dickinson has no choice but to take on substantial debt if it is to provide the vital infrastructure to support the housing needed for North Dakota's energy development.

Although I did not live in Dickinson during the oil boom of the 70's and the oil bust of the 80's I am very aware of the excessive debt that got cities like Dickinson and Williston into trouble. Please do not let history repeat itself. Grant Dickinson sufficient funding so it can develop its infrastructure in a financially responsible manner.

Thank you for the opportunity to present my testimony. I urge you to act favorably on House Bill No. 1358.

EXHIBIT "A"

City of Dickinson
Water & Wastewater Projects
Biennium Ending 6/30/2015

Water Projects

1.5 MG, 1 MG, and 2 .5 MG Water Storage Tanks	$16,040,000
12"-14" Transmission Main (10,500 feet) on south side of town	$ 5,280,000
10"-16" Transmission Main (29,900 feet) on east side of town	$15,420,000
8"-12" Transmission Main (30,700 feet) various locations	$15,420,000
East Side Pumping Station	$ 1,120,000
12' Transmission Main	$ 3,120,000
Finish Water Pumping Station	$ 3,000,000
Addition of Looping	$13,600,000
Subtotal	$73,000,000
Pre-Construction	$ 9,620,000
Total Water Projects	**$82,620,000**

Wastewater Projects

Lift Station #12 Upgrade & new Force Main	$ 8,590,000
West Lift Station and Force Main	$12,260,000
West Side Trunk Sewer Phase 1	$ 2,640,000
West Side Trunk Sewer Phase 2	$ 2,010,000
Lift Station #5 Upgrade & Force Main	$ 4,310,000
Gravity Sewer Decommission Lift Station #4	$ 730,000
Gravity Sewer Decommission Lift Station #17	$ 1,170,000
Basin 15, 16, 17 I/I Investigation and Remediation	$ 320,000
Septage Receiving Station	$ 1,350,000
Lift Station #14 Upgrade & Force Main	$ 3,940,000
Collection System Odor & Corrosion Control	$ 100,000
Subtotal	$44,400,000
Pre-Construction	$ 430,000
Total Wastewater Projects	**$44,830,000**

EXHIBIT "B"

General Fund Expenditure Variances 2012 vs. 2011

City of Dickinson

Description	Amount
Additional Office Space: Remodel City Hall Basement	$500,000
Architectural & Engineering Fees for Public Works Building	$500,000
I-94 Bore for Water & Sewer	$400,000
Attorney Fees for Prosecution and other legal services such as annexation	$220,000
Additional Planner, Outsource building plan approvals & Comprehensive Plan	$550,000
Additional Public Safety employees and equipment	$750,000
Additional staff for HR, Assessor office,	$150,000
Employee housing: FEMA trailers	$100,000
Total	**$3,170,000**

x/9

Bill: HB 1358 -- House Finance and Taxation Committee

Date: February 4, 2013

senter: Brent Sanford, Watford City Mayor

Thank you, Chairman Belter and Members of the Committee, for the opportunity to provide testimony in support of HB 1358. My name is Brent Sanford. I am the mayor of Watford City. We feel that the increase in the local share of the gross production tax allocation formula outlined in this bill shows tremendous commitment to the oil impacted communities. As well as the continuation and increases in the oil impact funding and the county road funding.

Our communities have risen to the daunting task of providing the infrastructure and services needed by the expanding oil industry and to absorb the impacts of the increased activity. For the last four years, the smaller cities have been getting by on existing reserves, one time impact grant funds and on the backs of the developers trying to grow our cities. However, to bring the infrastructure up to the level required to house the latest projections of new residents, a much larger and long-term investment is needed. The short term local infrastructure needs in Oil Country are now in the billions of $$'s. The current distribution allocation formula and impact fund can't keep up with these types of infrastructure investment demands.

We realize the State government can't be asked to fund all of the oil community's infrastructure needs, so if growing to meet the needs of the oil industry is our goal, local bonding will likely be a large part of the financing structure. However, our smaller communities do not have large enough tax bases to back this entirely with general obligation (G.O.) backed bonds. Therefore, leveraging the anticipated local gross production tax allocations to issue revenue bonds for improvements is a viable option for communities to invest in our own infrastructure improvements. The problem is the current distribution allocation formula only pays for basic government services and general maintenance. So to able to issue and sell oil tax revenue bonds, we need a significantly higher level of gross production tax allocation to show the ability to pay the debt service on the new bonding. HB 1358 is a good step in that direction. Increasing the local gross production tax distributions by 2 ½ times will not only help to wean the small cities from relying on one-time competitive impact grant funding, it allows the communities to plan in an orderly long-term fashion for our own needs. Instead of solely relying on holding our breath for the impact grant results.

Speaking of impact grants, we would like to thank you all for last biennium's Energy Impact grant funds increase. In Watford City's case we utilized the $100 million energy infrastructure impact grant fund to the tune of $16 million. Prior to the last legislative session, our needs for City infrastructure were estimated to be $20 million by our consulting firm, AE2S. So we received around 80% of the needs through the competitive grant process. These needs were mainly in the form of constructing water and sewer trunk line extensions 2-3 miles in all directions along the highways heading out of town, as well as some basic sewage treatment modifications. Those City infrastructure projects along with the WAWSA project bringing adequate water supply to our community has created a frenzy of development rarely seen in this country. Due to the infrastructure investments funded from the Energy Impact Fund program last biennium, our small town, with a 2010 census population of 1,744 people, now has a planning area covering 5 square miles with active development occurring throughout. For the year 2012, we approved $91,000,000 of building permits. For a town with a taxable valuation of $4,800,000 and true and full valuation of $100,000,000 or so. Think about that for a minute. With all due respect to Ward, Shawn and Curt, I don't think any of the hub cities are talking in terms of 200% growth in one year?? We have 7 active developments in various stages along these trunkline projects. Each of these major elopments show plans for between 1,000-3,000 population. That is like building 7 more Watford City's!

Based on these developments, The City has an infrastructure plan for the next 3 years that would help us get the base City infrastructure to a level to support a population of 13,600 people. The price tag for this plan is staggering. Earlier I mentioned that last biennium's portion of that growth plan was $20 million, to get us to 3-5,000 population. This time plan calls for $192 million, to get us to 13,600 population. (Please note that the Vision West project is estimating the county's permanent population to reach 20,000 so we are only getting started with $192 million.)

I have provided a copy of the City of Watford City Capital Improvements Plan report with my testimony. The plan consists of $25 million of water system improvements, $40 million of wastewater system improvements, $9 million of existing transportation system improvements, and a whopping $118 million for expanded transportation improvements to provide corridor streets and roads within the 5 mile square area under development. This $192 million of needs does not include the neighborhood streets or the water and sewer lines under the new developments. The developers will need to provide their own funds for the infrastructure necessary to construct "buildable lots". Meanwhile the City attempts to finance and build $192 million worth of new lagoons, corridor streets and water towers. All from a tax base that didn't have the G.O. bonding ability to finance our last $3 million Main Street improvement project without tying up future oil tax distribution allocations. Even with increasing property taxes and permit fees, we desperately need increased gross production tax allocations to consider bonding for even a portion of the $192 million of needs we currently have.

In conclusion, we are strongly in support of the continued county roads grant funding and the continued energy impact office funding. The community infrastructure in western North Dakota is not sized accordingly in relation to the needs brought to light during the front end of this oil activity. Roads, lagoons, water towers, hospitals, schools, city halls, jails, firehalls, daycares, parks... the list goes on and on. So one time grants have to be a part of the solution. But we are especially grateful and supportive of this bill's gross production tax allocation formula increases as it would help us get closer to the 35% local distribution figure our State distributes to coal counties and the 30-35% distributed to impacted counties in neighboring states from oil and gas production taxes. This predictable monthly distribution of gross production tax can be used to leverage bonding projects necessary in all of our counties, cities and schools. Without these predictable distributions, at adequate levels, we cannot even consider bonding for the infrastructure improvements necessary to do justice to the demands placed on our communities. Our current tax base could not even fully bond our latest $3,000,000 Main Street improvement project using our entire City's General Obligation authority. We had to leverage a majority of those bonds with oil tax revenue bonds. So this community, and all communities of this size and smaller, need a higher gross production tax allocation to even consider bonding for more infrastructure. HB 1358 is a good step in that direction.

Thank you for your continued support for the oil impacted communities. We want to thank you again for the faith in us that this bill demonstrates by investing more of the oil and gas gross production tax allocation with us. We will continue to be good stewards of this funding.

Sincerely,

Brent Sanford, Watford City Mayor

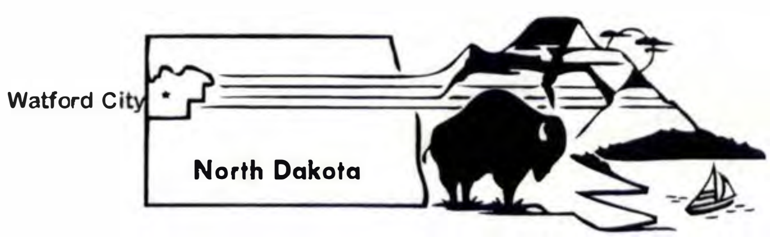
City of Watford City

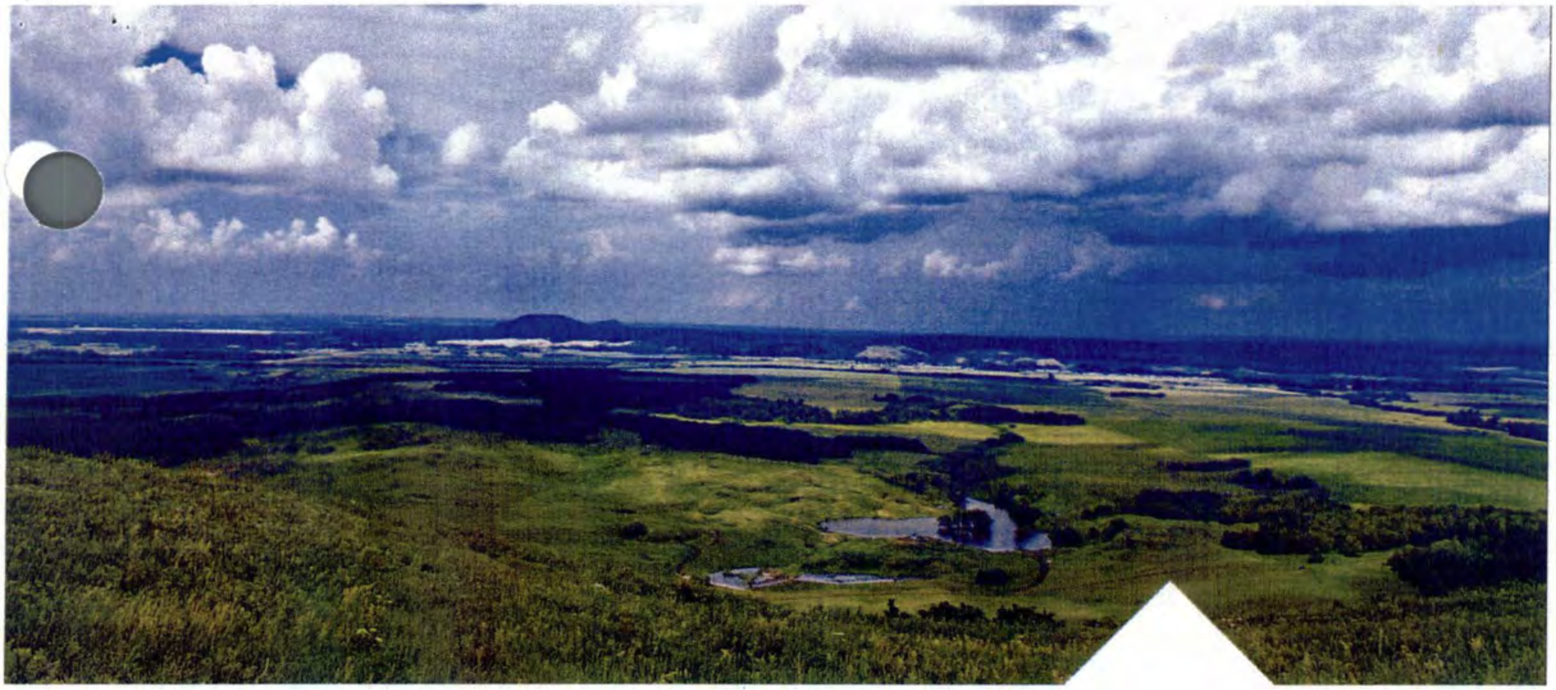
Short Term Capital Improvements Plan 2013-2015

DECEMBER 2012

Investing in our future

AES
Think Big. Go Beyond.





City of Watford City

Short Term Capital Improvements Plan

DECEMBER 2012

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Master Planning 12

Cost Summary 12

Investing in Our Future

This Short Term Capital Improvements Plan summarizes the necessary infrastructure projects for 2013 to 2015 to support the current and projected future growth of Watford City to serve a population range from 9,000 up to 13,600 people.

Total 2013-2015 Estimated Costs = $193,886,000
(Future $)

Studies Predict McKenzie County Population

Watford City is the County Seat and the largest City in McKenzie County. McKenzie County is situated at the heart of the prolific Bakken oil boom. Recent studies predict that McKenzie County will grow the most of any county in North Dakota over the next 20 years. Watford City has become the bustling hub of McKenzie County and is expected to capture a larger share of this projected growth than any other City in McKenzie County. In addition, the ND Industrial Commission has expressed concern that the population projections in the adjacent table are low given the projected oil activity in McKenzie County.

Projected McKenzie County Population*
2000 - 5,737
2010 - 6,360
2015 - 11,771
2020 - 15,550
2025 - 17,110

*2012 North Dakota Statewide Housing Needs Assessment Permanent Residents

Growing Infrastructure to Meet Needs - Now and In the Future

To accommodate Watford City's growth, a phased short-term capital improvements plan (CIP) was developed to provide the framework for core infrastructure implementation. The short-term CIP identifies infrastructure projects to be constructed from 2013 through 2015, and is expected to provide adequate capacity to serve a population range from 9,000 up to 13,600 people. All infrastructure recommendations will support existing or pending residential and commercial developments.

Watford City Infrastructure Population Service Capacity				
	Population Estimate		Cumulative Total	
	Low	High	Low	High
Estimated Population Served with Existing Infrastructure	3,500	3,500	3,500	3,500
CIP Proposed Infrastructure (Year)				
Priority 1 (2012-2013)	1,400	2,550	4,900	6,050
Priority 2 (2013-2014)	1,750	3,200	6,650	9,250
Priority 3 (2014-2015)	2,350	4,350	9,000	13,600

WATER*
Total Costs for Water System Improvements:
$25,032,000

WASTEWATER*
Total Costs for Wastewater System Improvements:
$40,659,000

EXISTING TRANSPORTATION*
Total Costs for Existing Transportation System Improvements:
$9,725,000

EXPANDED TRANSPORTATION*
Total Costs for Expanded Transportation System Improvements:
$118,141,000

MASTER PLANNING*
Total Costs for Master Planning:
$329,000

*Future $'s

Water System Improvements

- Watford City currently utilizes water from five wells for municipal purposes with two iron and manganese removal treatment facilities. The existing wells have limited capacity and the finished water quality exceeds several secondary maximum contaminant levels (SMCLs).

- Due to the poor quality and limited capacity of the existing source water, Watford City is currently transitioning from utilizing the City's existing well water source to service from the Western Area Water Supply Project (WAWSP), a higher quality source water that does not typically exceed any SMCLs and has a greater capacity, accommodating population expansion.

- The City's distribution system is comprised of a mixture of cast iron (CI), asbestos concrete (AC) and PVC pipe approximately 23 miles in length and ranging in diameter from four to 16 inches with two 1.0 million gallon finished water storage standpipes.

- To accommodate current growth in Watford City, recent improvements have included the installation of 2 miles of distribution main ranging in diameter from 8 to 16 inches. Additional water main extensions are required to accomodate growth.

- Due to pending water storage shortages and the necessity of different pressure zones caused by topographic relief, additional storage is also required to serve anticipated future needs.

COST SUMMARY OF PRIORITIES (FUTURE $)

» PRIORITY #1: TOTAL PROJECT COSTS: $5,750,000

» PRIORITY #2: TOTAL PROJECT COSTS: $14,749,000

» PRIORITY #3: TOTAL PROJECT COSTS: $4,533,000

» TOTAL PROJECT COSTS FOR WATER SYSTEM IMPROVEMENTS: **$25,032,000**

» PRIORITY #1: PROJECT DESCRIPTIONS

Water Main Improvements

- The identified water main extensions will serve existing and new residential, commercial, and industrial developments by providing new transmission main loops in the northwest and northeast corners of town. Additionally, these transmission main loops will provide fire flow to new growth areas and improve the reliability of the existing system.

Water Storage Improvements

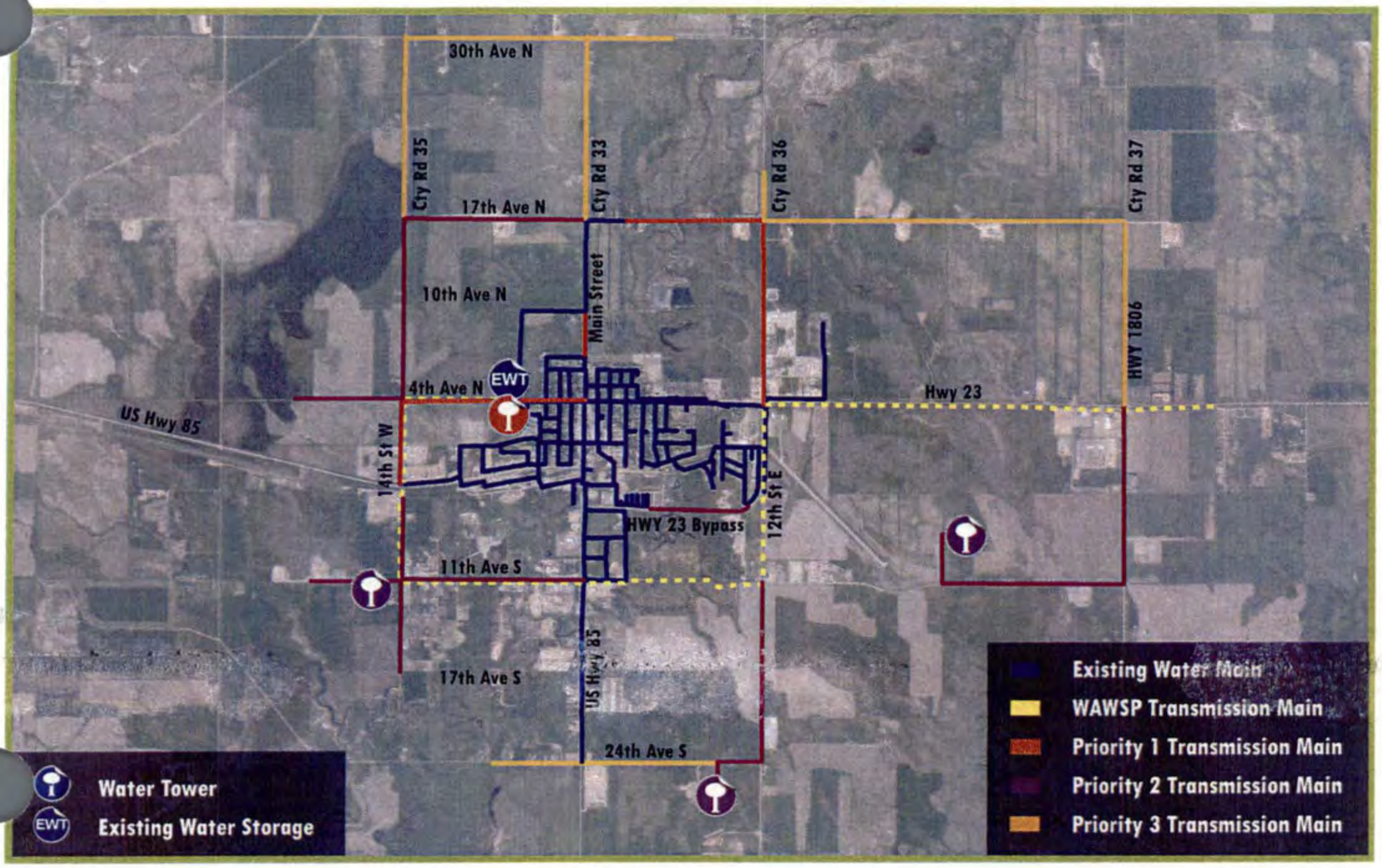
- The Northwest elevated water tower will create a new pressure zone to provide adequate system pressure and fire flow to new residential, commercial, and industrial areas northwest of town. Construction of this water tower also provides increased pressures to areas that currently have inadequate water pressure and fire flows in the vicinity of the existing ground storage tanks.
- The Priority 1 projects are expected to provide infrastructure to allow Watford City to serve a total population of 4,900 to 6,050 people.

» PRIORITY #2 & #3: PROJECT DESCRIPTIONS

In general, the priority 2 and 3 areas include the following areas of Watford City: the south, the north, and the east expansion areas.

- These water main extensions and water towers will primarily serve new residential, commercial, and industrial developments by providing new transmission main loops that will provide fire flow to new growth areas and improve the reliability of the existing system. Many of these new developments have been approved; however, in general, construction has not commenced.

- Priorities 2 and 3 are expected to accommodate service populations ranging from 6,650 to 9,250 and 9,000 up to 13,600 people, respectively.



WATER SYSTEM IMPROVEMENTS*

Priority 1 Projects		Priority 2 Projects		Priority 3 Projects	
Main St (between 7th Ave N and 10th Ave N)	$140,000	14th St W (between 4th Ave N and 10th Ave N)	$260,000	24th Ave S	$887,000
4th Ave N (between Main St and 14th St W)	$940,000	14th St W (between US HWY 85 and 17th Ave S)	$562,000	14th St W (between 17th Ave N and 30th Ave N)	$541,000
14th St W (between US HWY 85 and 4th Ave N)	$300,000	11th Ave S (west of 14th St W)	$395,000	Main St (between 17th Ave N and 30th Ave N)	$541,000
17th Ave N (between Pheasant Ridge and 12 St E (CR 36))	$470,000	11th Ave S (between US HWY 85 and 14th St W)	$593,000	12 St E (north of 17th Ave N)	$141,000
12th St E (CR 36) (between HWY 23 and 17th Ave N)	$610,000	HWY 23 Bypass Loop	$385,000	30th Ave N (between 14th St W and 12th St E)	$800,000
Northwest Water Tower - 1.0 MG (NW Pressure Zone)	$3,290,000	14th St W (between 10th Ave N and 17th Ave N)	$322,000	17th Ave N (between 12th St E and HWY 1806)	$1,082,000
		17th Ave N (between Main St and 14th St W)	$718,000	HWY 1806 (between HWY 23 and 17th Ave N)	$541,000
		4th Ave N (west of 14th St W)	$312,000		
		Southwest Water Tower - 0.5 MG (SW Pressure Zone)	$1,966,000		
		Southeast Transmission Main for Water Tower	$884,000		
		Southeast Water Tower - 1.0 MG (SE Pressure Zone)	$3,422,000		
		East Transmission Main for Water Tower	$1,508,000		
		East Water Tower - 1.0 MG (East Pressure Zone)	$3,422,000		
PRIORITY 1 SUBTOTAL	$5,750,000	**PRIORITY 2 SUBTOTAL**	$14,749,000	**PRIORITY 3 SUBTOTAL**	$4,533,000

Future $'s Total Cost for Water System Improvements* = $25,032,000

AES Think Big. Go Beyond.

Wastewater System Improvements

- The existing wastewater collection system is comprised of 21.3 miles of gravity sewer with diameters ranging from 6 to 21 inches, 8 lift stations, and 5.4 miles of forcemain with diameters ranging from 4 to 12 inches. The collection system was originally constructed of clay tile pipe in the 1940s, and underwent additions and replacements in the 1970s, 1980s, and 2006 with clay tile and PVC pipe.
- Recent Collection System Improvements: In order to meet the City's growth, the trunkline system was improved and expanded in recent years. The City has installed over 5 miles of gravity sewer pipe (10 to 21 inch), added 5 new lift stations, rehabilitated 1 lift station, and installed over 4 miles of new forcemain (8 to 12 inch). Additional trunkline extensions are required to accommodate growth.
- The existing wastewater treatment system is comprised of 3 primary treatment ponds with a booster station that pumps pre-treated wastewater to 3 secondary ponds.
- Recent Wastewater Treatment Improvements: Improvements currently underway will increase the City's organic treatment capacity to serve a population of 7,500 and storage for a population of 3,500. These projects include construction of two new aeration ponds, a new master lift station, a new booster station, and conversion of the existing primary ponds to secondary storage ponds. Additional wastewater treatment improvements are required to provide additional storage capacity accommodate growth.

COST SUMMARY OF PRIORITIES (FUTURE $)

» PRIORITY #1: TOTAL PROJECT COSTS: $14,880,000

» PRIORITY #2: TOTAL PROJECT COSTS: $17,462,000

» PRIORITY #3: TOTAL PROJECT COSTS: $8,317,000

» TOTAL PROJECT COSTS FOR WASTEWATER SYSTEM IMPROVEMENTS: **$40,659,000**

» PRIORITY #1: PROJECT DESCRIPTIONS

Collection System Improvements

- The identified gravity sewer, lift station, and forcemain projects extend the trunkline system to serve new and existing residential, commercial, and industrial developments on the north, west, and southeast ends of town.

Wastewater Treatment Improvements

Secondary storage expansion project

- The project includes a new transfer pump station to pump wastewater from the existing wastewater treatment ponds to the location of two new secondary treatment ponds. A phased addition of the first secondary treatment pond allows the wastewater treatment system to serve a population of 7,500.

» PRIORITY #2 & #3: PROJECT DESCRIPTIONS

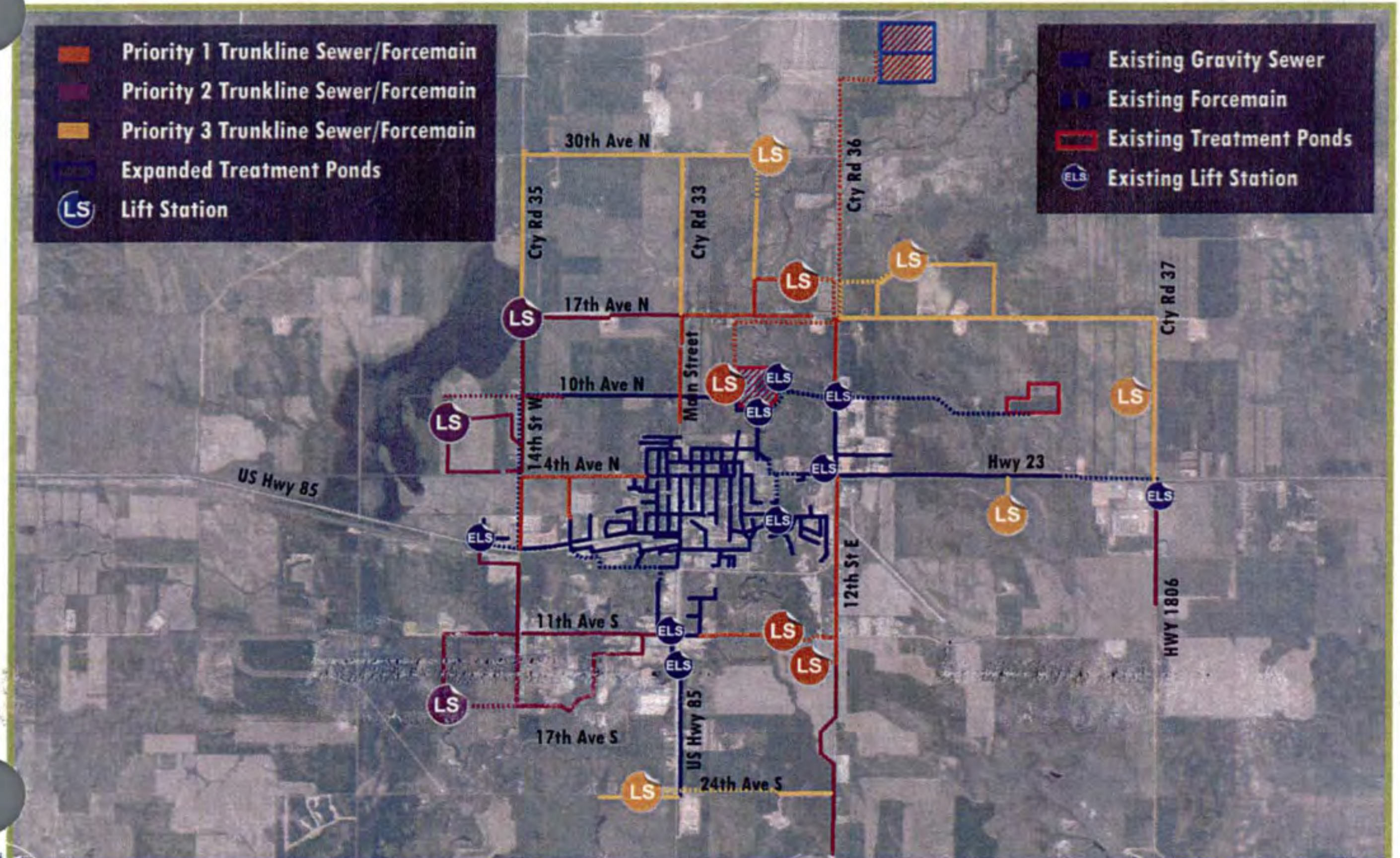
Collection System Improvements

- In general, the Priority 2 and 3 gravity sewer, lift station, and forcemain projects extend the trunkline system to serve new and existing residential, commercial, and industrial developments in the northwest, southwest, southeast, and northeast expansion areas of Watford City.

Wastewater Treatment Improvements

Aeration and Secondary Storage Expansion Project

- These projects include the rehabilitation of the existing primary treatment ponds, the addition of two new aeration ponds, and the addition of the final secondary treatment pond. These improvements will allow Watford City's wastewater treatment system to serve 15,000 people.



WASTEWATER SYSTEM IMPROVEMENTS*

Priority 1 Projects		Priority 2 Projects		Priority 3 Projects	
12th St E (CR 36) (between 11th Ave S and HWY 23 including lift station and forcemain)	$1,120,000	11th Ave S (between 14th St W and US HWY 85)	$489,000	24th Ave S (including sewer, lift station, and forcemain)	$1,298,000
11th Ave S (between US HWY 85 and 12th St E (CR 36) including lift station and forcemain)	$710,000	14th St W (between 11 Ave S and US HWY 85)	$593,000	14th St W (between 17th Ave N and 30th Ave N)	$562,000
4th Ave N (between 6th St NW and 14th St W) 10th St W (between 4th Ave N and Park Ave W)	$510,000	11th Ave S (west of 14th St W and south to lift station and forcemain) 14th St W (south of 11th Ave S) 17th Ave S (from 14th St W northeast to 11th Ave S)	$1,851,000	Main St (between 17th Ave N and 30th Ave N)	$562,000
12th St E (CR 36) (between 17th Ave N and 10th Ave N)	$310,000	12th St SE (CR 36) (south of 11th Ave S)	$770,000	30th Ave N (including liftstation, forcemain, and sewer to south)	$1,676,000
Main St (south of 17th Ave N)	$240,000	County Road 37 (south of HWY 23)	$385,000	17th Ave N (east of 12th St E including sewer to north, lift station, and forcemain)	$2,726,000
17th Ave N (between Main Street and 12th St E (CR 36), and north to lift station and forcemain)	$1,830,000	14th St W (between 4th Ave N and 10th Ave N and west to lift station and forcemain	$1,466,000	HWY 1806 (between HWY 23 and 17th Ave N including lift station and forcemain)	$898,000
14th St W (between 4th Ave N and US HWY 85)	$230,000	14th St W (between 10th Ave N and 17th Ave N including lift station and forcemain	$957,000	HWY 23 Lift Station	$595,000
Secondary Storage Expansion Project (population to 7,500)	$9,930,000	4th Ave N (west of 14th St W and north to lift station)	$333,000		
		17th Ave N (between Main St and 14th St W)	$530,000		
		Wastewater Treatment Existing Pond Rehab	$1,768,000		
		Aeration and Secondary Storage Expansion Project (population to 15,000)	$8,320,000		
RITY 1 SUBTOTAL	$14,880,000	**PRIORITY 2 SUBTOTAL**	$17,462,000	**PRIORITY 3 SUBTOTAL**	$8,317,000

***Future $'s Total Cost for Wastewater System Improvements = $40,659,000**

AE2S Think Big. Go Beyond.

Existing Transportation Improvements

- The existing Watford City street system generally consists of a mix of paved and gravel two-lane streets. The City is bisected by two major highways, US Highway 85 and ND State Highway 23, which serve as major transportation corridors for the petroleum industry. The explosion in population and petroleum industry activity in western North Dakota have significantly impacted the existing transportation system.
- Rehabilitation projects within the City will target improvements such as applying seal coats and edge mill and overlays to economically increase the longevity of these roadways before more expensive major restoration projects are required. Other rehabilitation projects will include re-construction of corridors that experience heavy residential and industrial traffic that were not previously constructed to handle these traffic volumes.

COST SUMMARY OF PRIORITIES

» PRIORITY #1: TOTAL PROJECT COSTS: $920,000

» PRIORITY #2: TOTAL PROJECT COSTS: $4,316,000

» PRIORITY #3: TOTAL PROJECT COSTS: $4,489,000

» TOTAL PROJECT COSTS FOR EXISTING TRANSPORTATION IMPROVEMENTS: **$9,725,000**

» PRIORITY #1: PROJECT DESCRIPTIONS

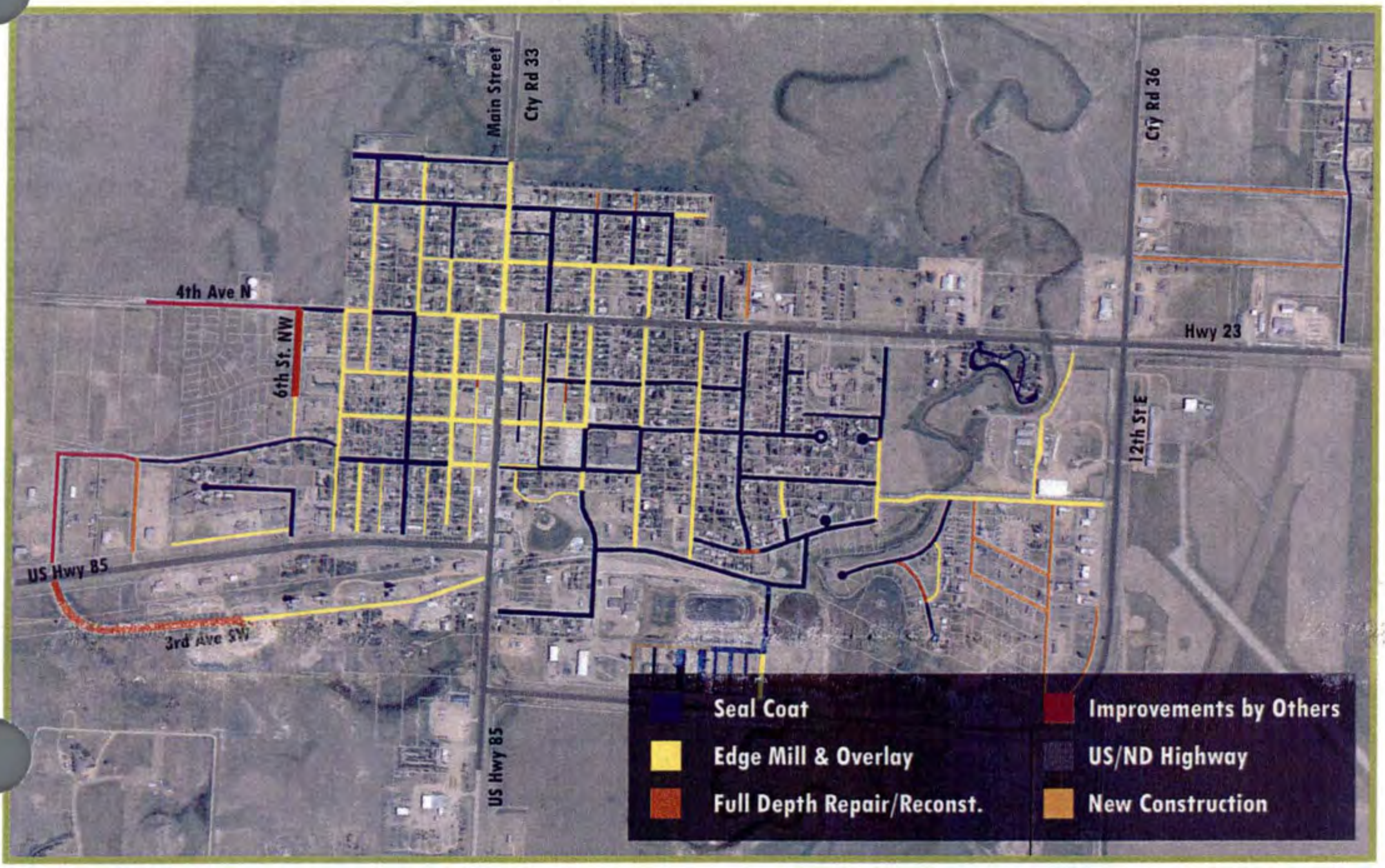
Reconstruction of 3rd Ave SW and new construction on 6th St NW

- Third Avenue Southwest is a gravel access road that has historically served the local grain elevator south of US Highway 85 in the southwest corner of the City. Recently completed and pending developments in this area served by 3rd Ave SW include a new hotel, RV park, and 144 unit residential development. The traffic has greatly increased on this street and it now requires heavy duty paving, curb and gutter, and storm sewer.
- 6th St NW is a gravel access road that has served existing developments on the east side of the road and will serve new developments on the west side of the road. Increased traffic on this street now requires paving, curb and gutter, and storm sewer

» PRIORITY #2 & #3: PROJECT DESCRIPTIONS

City-Wide Street Improvements

- Includes improvements throughout the existing Watford City street system, primarily focusing on seal coats and edge mill and overlay improvements. Full depth repair and reconstruction for a few heavily impacted roads is also recommended.



EXISTING TRANSPORTATION IMPROVEMENTS*

Priority 1 Projects		Priority 2 Projects		Priority 3 Projects	
3rd Ave SW Reconstruction	$600,000	First half of remaining improvements (includes seal coat, edge mill & overlay, full depth repair/reconstruction, new construction)	$4,316,000	Second half of remaining improvements (includes seal coat, edge mill & overlay, full depth repair/reconstruction, new construction)	$4,489,000
6th St NW New Construction	$320,000				
PRIORITY 1 SUBTOTAL	$920,000	**PRIORITY 2 SUBTOTAL**	$4,316,000	**PRIORITY 3 SUBTOTAL**	$4,489,000

***Future $'s Total Cost for Existing Transportation Improvements = $9,725,000**

AES Think Big. Go Beyond.

Expanded Transportation Improvements

- Watford City is currently in the midst of a tremendous growth in population as a result of the oil industry's resurgence in western North Dakota. The unprecedented growth has led to a housing deficiency that prompted approval of major developments prior to the implementation of suitable transportation infrastructure leading to these developments. The urgency to build new housing prior to roadway improvements or preservation of right-of-way for corridors has resulted in a transportation network with ever decreasing connectivity, mobility and accessibility.

COST SUMMARY OF PRIORITIES

» PRIORITY #1: TOTAL PROJECT COSTS: $33,000,000

» PRIORITY #2: TOTAL PROJECT COSTS: $22,256,000

» PRIORITY #3: TOTAL PROJECT COSTS: $62,885,000

» TOTAL PROJECT COSTS FOR EXPANDED TRANSPORTATION IMPROVEMENTS: **$118,141,000**

» PRIORITY #1: PROJECT DESCRIPTIONS

- **HWY 85:** The North Dakota Department of Transportation (NDDOT) is currently in the project development stage for reconstructing the 8-mile section of US Highway 85 through Watford City. The initial plans are to expand this corridor to a five-lane roadway section. Watford City does not have adequate financial resources to match federal funding for this project. As a result, this short term CIP includes approximately $1,000,000 to cover local match for lighting, frontage road and other improvements associated with this project.

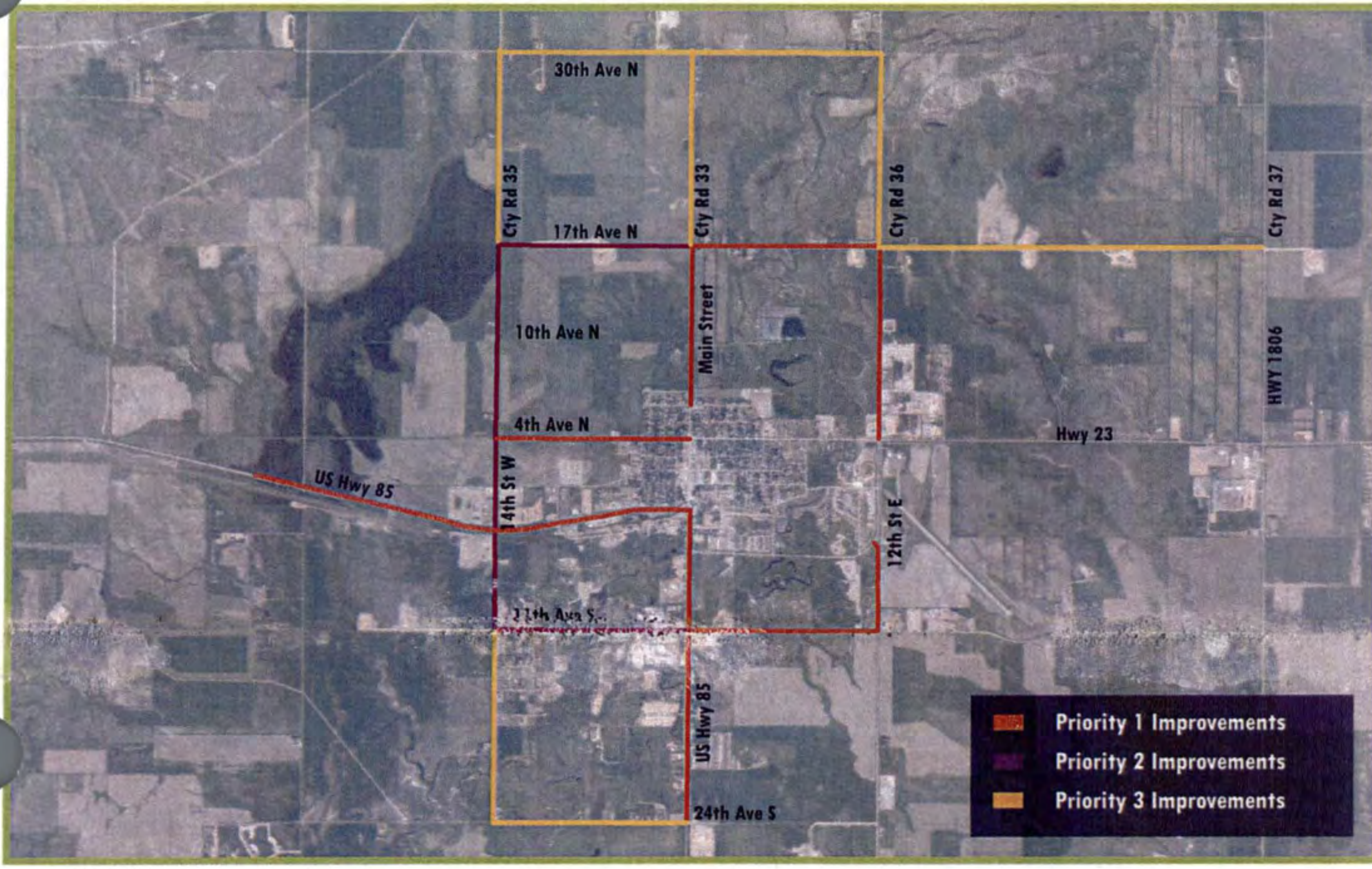
- **11 Ave S & 12 St E:** 11th Avenue Southeast funding is needed to construct a bridge across an intersecting stream, and to improve and pave the corridor to tie into existing and future developments south of the Watford City Airport. 11th Avenue Southeast has current conditions ranging from a gravel roadway to an unimproved earth road to nonexistence. Improving 11th Avenue Southeast will increase overall network connectivity and accessibility, potentially spurring development along this segment of the corridor.

- **North End Projects** (12th St. East, 17th Ave. North, 4th Ave. NW, and Main Street) – Four developments were recently approved along this corridor. Improving this north end corridor will provide access to major growth areas on the north side of Watford City and will increase overall network connectivity and accessibility.

» PRIORITY #2 & #3: PROJECT DESCRIPTIONS

- Major arterial corridor expansion to the southwest of Watford City including 11th Avenue S, 24th Avenue S, and 14th Street W will be necessary to support existing and future developments and improve connection and mobility with US Highway 85.

- Major arterial corridor expansion to the north of Watford City including improvements to 17th Avenue North, 14th Street W, 30th Avenue N, Main Street, and 12th Street E will be necessary to support existing and future developments and improve mobility between the major county road network to the north of town.



EXPANDED TRANSPORTATION IMPROVEMENTS*

Priority 1 Projects		Priority 2 Projects		Priority 3 Projects	
US Highway 85 through Watford City (Federal Funding Match)	$1,000,000	14th St W (between US HWY 85 and 11th Ave S)	$3,224,000	14th St W (between 11th Ave S and 24th Ave S)	$6,663,000
11th Ave S (between US HWY 85 and 12th St E (CR 36))	$6,400,000	11th Ave S (between 14th St W and US HWY 85)	$6,656,000	24th Ave S (between 14th St W and US HWY 85)	$7,896,000
12th St E (CR 36) (between HWY 23 and 17th Ave N)	$6,400,000	14th St W (between US HWY 85 and 17th Ave N)	$6,240,000	14th St W (between 17th Ave N and 30th Ave N)	$6,663,000
17th Ave N (between Main Street and 12th St E (CR 36))	$7,000,000	17th Ave N (between 14th St W and Main St)	$6,136,000	Main St (between 17th Ave N and 30th Ave N)	$7,301,000
Main St (between 6th Ave N and 17th Ave N)	$5,100,000			12 St E (between 17th Ave N 30th Ave N)	$7,733,000
4th Ave NW (between Main St and 14th St W)	$4,100,000			30th Ave N (between 14th St W and 12th St E)	$13,325,000
12th St E (between 11th Ave S and HWY 23 Bypass)	$3,000,000			17th Ave N (between 12th St E and HWY 1806)	$13,304,000
PRIORITY 1 SUBTOTAL	$33,000,000	**PRIORITY 2 SUBTOTAL**	$22,256,000	**PRIORITY 3 SUBTOTAL**	$62,885,000

***Future $'s Total Cost for Expanded Transportation Improvements = $118,141,000**

KLJ AES Think Big. Go Beyond.

MASTER PLANNING AND COST SUMMARY

» 2013 MASTER PLAN REVIEW ($55,000)

Due to the uncertainty and fast paced changes associated with new developments in and around Watford City, a yearly review of the 2012 Short Term CIP will allow the City to manage infrastructure projects as developments are constructed.

» STORM WATER MASTER PLAN ($162,000)

The rapid growth of Watford City will result in increased runoff, requiring stormwater management infrastructure to safely manage the increased runoff and reduce the potential for impacts to property and transportation facilities. Therefore, the stormwater master plan will include a stormwater analysis to identify existing system limitations and strategically plan future regional stormwater infrastructure that will be required as the City grows.

» 2014 MASTER PLAN UPDATE ($112,000)

The comprehensive planning document will be updated to assist the City of Watford City with smoothly transitioning from a rural town to a regional hub amidst the prolific petroleum industry in western North Dakota. The planning document will update previous master planning efforts and identify infrastructure required to support rapid population growth, including water, wastewater, stormwater, and transportation projects.

PROJECT COST SUMMARY

	Priority 1 Projects	Priority 2 Projects	Priority 3 Projects	Project Subtotals
Water	$5,750,000	$14,749,000	$4,533,000	$25,032,000
Sewer	$14,880,000	$17,462,000	$8,317,000	$40,659,000
Existing Transportation	$920,000	$4,316,000	$4,489,000	$9,725,000
Expanded Transportation	$33,000,000	$22,256,000	$62,885,000	$118,141,000
Priority Subtotals	$54,550,000	$58,783,000	$80,224,000	$193,557,000
Master Planning				$329,000
TOTAL COSTS FOR IMPROVEMENTS				**$193,886,000**

AE2S
Think Big. Go Beyond.
1815 Schafer Street Suite 301 | Bismarck, ND 58501 | 701-221-0530

#13

Testimony to the
House Finance & Taxation Committee
Prepared February 4, 2013 by
Roger Chinn, President
North Dakota Association of Counties

Regarding: House Bill No. 1358

Mr. Chairman and committee members, I am Roger Chinn, and I serve as President of the North Dakota Association of Counties. I am here today to communicate strong support for House Bill 1358 and the profound statewide impact it will have on our State's secondary road infrastructure.

County officials understand that the Legislature, and particularly the Tax and Appropriations Committees, have a large challenge ahead in balancing the revenue available with the numerous needs of our vast state. In meeting that challenge with respect to infrastructure funding, we believe this bill is a huge step in the right direction.

Wisely the Legislature, last Session, continued the examination of rural road needs by the Upper Great Plains Transportation Institute. This study has been extremely helpful as a guide for policy makers as well as for county engineers and road superintendents. The most recent UGPTI study outlines the infrastructure investments necessary to support, maintain and enhance our energy, manufacturing and agricultural industries throughout the State. The members of this committee are well aware of the increased traffic by the heavier and heavier vehicles needed to efficiently move our products within and beyond our state's borders; and the effect of these vehicles on our rural roadways. HB1358 directly addresses these effects on county and townships roads throughout the state, as well the related infrastructure concerns of oil-impacted cities and essential emergency services.

From the perspective of both oil-impacted and non-oil impacted counties, the appropriations for our county roads and township roads are critical. We believe that as one-time funding, the process, as well the provisions contained in the bill to ensure a dedication of local revenue are reasonable.

Mr. Chairman and Committee members, thank you for the opportunity to provide this testimony, the county officials I represent urge a Do Pass recommendation.

Senate Finance and Tax Committee
February 4th, 2013
HB 1358 Testimony by Dr. Steven Holen
Superintendent of Schools – McKenzie County Public School District #1 (Watford City)

Good morning. My name is Steve Holen. I am the superintendent of schools for McKenzie County Public School District #1 - Watford City. I am also a member of the North Dakota Oil and Gas Producing Counties Executive Committee representing schools districts in oil producing counties. I am here to testify in strong support of HB 1358 and the proactive approach taken to the funding of school districts through the oil and gas production tax.

Going back to the 2009 session when the caps were removed in the production tax formula for counties and cities; school districts were isolated and segregated from the cap removal process with the formation of the Infrastructure Fund. The language of the Infrastructure Fund for school districts is extremely restrictive in it can only be used for school district vehicles and vehicle maintenance. While this was "acceptable" six years ago when the impacts were primarily based on roads and student increases were not being experienced; 2013 has brought a new level of impacts to school districts as this working population has begun to bring families and students to western ND. I believe it has been well publicized over the past biennium that school district impacts are expanding and exponential with their surrounding city and county growth. HB 1358 puts school districts; that reside within counties with large oil production, back into the formula past the previous "cap" and allows districts to receive revenue that is consistent and does not rely on a grant process.

While the legislature is determined to bring property tax reduction through school districts to taxpayers; putting the costs of school infrastructure on the backs of local taxpayers while production tax revenues collect at the state level is not feasible. HB 1358 begins to address the ability of the production tax to flow directly to school districts and assist with the large volume of infrastructure needed in highly impacted areas. I believe the concept of imputation and its misinterpretation through the years has helped create a scenario of treating school districts differently than the other subdivisions; however, this bill provides a needed and appreciated change in philosophy regarding school districts with inclusion back in the gross production tax beyond the capped level.

School districts are facing another dramatic change in state foundation aide funding proposed this session; school district inclusion in the production tax formula needs to be done regardless of the state foundation payment program. This production tax revenue is "local" revenue that represents the local tax base of our communities and inevitably, it represents the oil and gas industry contributions to school infrastructure issues. This is not just about transportation issues anymore. This is about school districts preparing for sustained growth of factors 3 to 5 times their current size and the costs associated with this preparation. School districts, in being no different from cities and counties, need sustained dollars to utilize for planning and bonding capacity to address this growth. The ability to plan and finance substantial infrastructure improvements is necessary and HB 1358 will assist greatly in this process for both small and large districts in oil impacted areas.

Western ND school districts need to be allowed full capacity of local revenue in meeting the educational demands of our area. Our taxpayers do not need an excessive tax burden compared to others across the state in paying for school facility expansion. Major infrastructure improvements are not going to be accomplished through the foundation aide program, regardless of its proposed increases; local taxpayers will need to pay for these changes. The local taxpayer has plenty of "skin in the game" already; the production tax formula needs to balance this impact and provide true property tax relief to western ND. Local patrons are not inclined to pass bond issues when they believe their contribution is substantial and is already being maximized with increasing tax valuations at the city and county level; without appropriate funding coming from taxes paid by the oil and gas production.

School districts are currently receiving planning data from studies performed in our area, including work done in the NDSU school study and the Vision West planning process. Estimates show McKenzie County preparing for upwards of 9,000 permanent homes in the next 15-20 years. With even conservative estimates of children per household; the landscape of MCPSD #1 will change forever. The school district will likely need to add multiple education buildings to accommodate a permanent population of this size; not to mention the staffing increases required for this new population. We are talking about immense infrastructure needs of a district looking to potentially double to triple its size over a 10 year period. The current period of in/out traffic will end when our cities expand and permanent housing is available. When this happens, our school districts will face a more rapid increase in student population and the effects on education will be immediate and substantial. We need to plan as any other entity and be ready for this growth; with the reassurance of local and production tax dollars to help support the outcomes of this planning.

An opportunity like this for western ND is a one-time opportunity; it needs to be done well and with progressive actions of the legislature. I commend HB 1358 authors and sponsors for beginning to recognize school districts as infrastructure and the need to allow the production tax to again flow back to school districts in high producing area; allowing the oil industry to support the infrastructure needs of school districts. A high quality education is important for our cities/counties both present and future; an investment in education with production tax revenue is a "good" investment in quality of life for western ND communities.

The following represents a list of facts regarding MCPSD #1 and the process that occurs in a district with rapid enrollment growth. The needs of school districts in western ND will continue for years to come as our cities/counties grow; these statistics begin to show the picture of need as our school districts plan for this unprecedented student growth.

School District facts for McKenzie County Public School District #1:

1. School Enrollment for Spring 2010 = 543 students (K-12)
   School Enrollment for Fall 2012 = 872 students (K-12)
   61% growth in 2.5 years
   333 new students enrolled for the 2012-2013 school year (just under 300 students enrolled 2011-2012)
2. Since fall of 2010 – 14.5 FTE new teaching positions added to accommodate new sections plus one new administrative position. *Transition from two sections in elementary to four sections in K-2.* 5 new aides hired in 2012-2013 due to larger classroom sizes at the elementary school. Both grades kindergarten and first grade have approximately 80 students. With 20+ students per classroom; the district is over classroom size expectations, but additional classrooms not available.
3. Elementary school building was supporting around 225 students in grades K-6 in 2008. Current enrollment in grades K-6 is approximately 510 students. All potential areas were converted to classrooms – school lost its computer labs, music room (utilizing a portable classroom), storage room, and teacher workroom. Current capacity of elementary building is 450 students. Sixth grade students transferred to high school building fall of 2012 to remain within capacity. Current $11.5 million dollar expansion/renovation will increase capacity to 600 students and be ready August, 2013. This may provide a 1-2 year window before other adjustments need to be made in facilities to accommodate students. An additional **$50 million** may be needed to accommodate projected levels of population and permanent households over 5 year period.
4. The revenue received directly from the oil and gas production tax has remained constant since 2005. The only change in revenue occurred when the district exceed 6,000 population as per

the formula. The school district received approximately $1.2 million in oil and gas production tax revenue in 1982; today it receives less than $950,000. The 1982 school district budget was around $3 million. Current budget is just under $10 million. Watford City High school built for approximately $5 million in 1984. Current building would cost around $25 million to replace.

5. School district acquired an ELL instructor for the 2012-2013 year to accommodate the new ELL population of up to 12 students (currently).
6. Special education numbers show a slight increase; however, the impacts are found in the variety and level of disabilities not typically seen in our area.
7. The MCPSD #1 currently has 115 students that qualify as "homeless" by the McKinney Vento Act. Students are living in RVs or hotels to qualify for the homeless definition.
8. The continual in/out migration of students creates ultimate challenges to teachers and office/administration in registering and transferring students on a continual basis. District educates students as if they will be in the district permanently.
9. 2010 Taxable Valuation = $12,625,353.
   2012 Taxable Valuation = $30,022,004
   2010 General Fund Mills = 100.76 mills
   2012 General Fund Mills = 53.15 mills
   **** This drop in mills occurred while district levies the maximum 12% each year.**
10. School district purchases 8 housing units during the summer of 2012. School district commits funds for additional eight units for 2013; may need to consider more units to accommodate the hiring of a minimum 12 new teachers for 2013-2014.
11. School district hired a demographer and planner to begin process of planning for future student enrollment increases to accommodate a projected Watford City population of 10,000 and McKenzie County population of 20,000+.
12. McKenzie County School District #1 general fund carryover percentage is around 25% and has fluctuated between 20% and 30% over the past several years. NDCC allows for 45% + $20,000.
13. The MCPSD #1 received $288,139 of the $640,780 it was eligible for with state Rapid Enrollment Grants.
14. The MCPSD #1 needs to find a funding mechanism for the $620,000 annual bond payment required for the current elementary addition project; which has yet to be determined. Current additional state funding used for new staffing and other supplies/books needed for additional student population; is not suitable for additional infrastructure issues.

#15

HB 1358

Mr. Chairman and members of the committee, for the record I am Ben Schafer, Superintendent of Ray Public Schools in Ray, North Dakota. I submit my testimony in support of HB 1358 because it will allow us to fund many of the exceptional educational needs of the schools in our area.

The most important part of this bill for schools in Williams County has to do with an increased amount of production tax that we will be sharing. With Williston treated as a "Hub City," it allows the funds to be shared between 5 small schools instead of 5 small schools and Williston. Ray, ND has an enrollment of 260 students as of right now and we only receive $107,000 per year from production tax. Many other (not all) superintendents, legislators, and patrons alike believe that we are receiving significant dollars on a regular basis for the production in our area. That belief has caused Ray to be turned down for grants on more than one occasion. However, we are not receiving the funds that many believe we are. I feel strongly that the best way to fund schools dealing with oil related issues is to use the income gained from oil to help deal with those issues. It is a safeguard for the future because if oil production slows or ceases, our revenues will decrease. Obviously if that were to happen, our needs would decrease proportionally and significantly.

The schools receiving money for coal enjoyed a much larger percentage of the proceeds than we are currently receiving from oil production. I am not asking for more than we deserve but I am asking for the funds that we NEED to be able to effectively educate our students. HB 1319 will be heard tomorrow and, if passed, it will change the funding formula to schools. Due to the increase in taxable valuation, that bill will be a negative for schools dealing with oil influx. I plead that you support this bill as it will positively affect Trenton, Williston District 8, Grenora, Tioga, Trenton, and Ray Public Schools. Additionally, supporting this bill will allow us to educate our students and help them to be productive North Dakotans for many years to come.

I strongly encourage all members of the committee to support HB 1358. It is not just a bill for "oil schools." It is a bill for the future of North Dakota.

#16
p. 1

Williams
COUNTY

HIGHWAY DEPARTMENT

INFORMATION FOR

2013 LEGISLATIVE SESSION

Williams
COUNTY

To: Williams County Commissioners

The legislature starts in January 2013, I have put together a few facts you may want to use in your discussion with them. Please look these over and if you have any questions or need something other that what I have provided for high points, please let me know. Also, please don't forget about bridges and box culverts, we have talked about these for the past few years and the time is coming fast for some action needed, as there are heavier loads, wider loads and more traffic on our county roads. The bridges and box culverts are very expensive and with all of the studies, surveys, the designing and construction this gets to be a very long and frustrating process.

Spring Road Restrictions

Williams County CANNOT go through anymore spring days without putting restrictions on COUNTY WIDE! As you will notice in the following cost of scoria. Scoria is just used to fill holes and firm up soft spots, then we gravel over them.

2010	$34,000.00
2011	$265,000.00
2012	$229,000.00

Oil Traffic

Oil related jobs travel on county roads, rain or snow, even if the roads are in poor shape, they run 24/7. Pipelines hauling pipe in mud or snow - they ALL park on roads making it hard to plow snow, grade roads and maintain roads. As they sit on the shoulder of the roads, it pushes the shoulder down and out.

We take a lot of calls from companies hauling that tell us that the state told them to use as many county roads as possible, they don't want them on state roads. For example: the state will not let anyone use highway 1804, they tell the companies to find county roads to use. The following is what has happened in Williams County:

Co. 9 south - 3 miles destroyed; repair estimated cost 3 million
Co. 11 south - 3 miles destroyed; repair estimated cost 300,000
Co. 42 north & south - 12 miles destroyed repair estimated cost 2,400,000.00
Co. 15 north - 12 miles poor, needs work; repair estimated cost 1,200,000.00
Co. 19 north - 10 miles; was worked on with infrastructure money in 2012 repair cost 600,000.00; estimated 700,000.00 to finish
Co. 21 north - 6 miles destroyed; repair estimated cost 4,000,000.00
Co. 23 north - 11 miles destroyed, needs total rebuild; repair estimated cost 2,750,000.00

Total Costs for just this Conversation $14,350,000.00

Highway Department | Dennis Nelson, Superintendent
PO Box 1305 | 213 11th St W | Williston, ND 58802-1305 | Phone 701.577.4521 | Fax 701.577.4292

Here is just a quick look at the numbers:

Royalties

2010 $1.00 per cubic yard
2011 $1.88 per cubic yard
2012 $2.16 per cubic yard
2013 Estimated minimum $2.88 per cubic yard

Budget

2010 3.5 million
2011 5.2 million
2012 23.2 million
2013 47.2 million

A mile of gravel road to replace only 1" of gravel is estimated to cost $10,000.00. With 1" of rain and heavy impacted roads this 1" is gone. Under normal snow fall, plowing county roads is estimated about 1/2" of gravel loss for 850 miles - it would take $4,250,000.00 to replace.

Overlay Pavement

To overlay pavement 1 1/2" per mile:

2010 $117,000.00
2011 $184,000.00
2012 $233,000.00

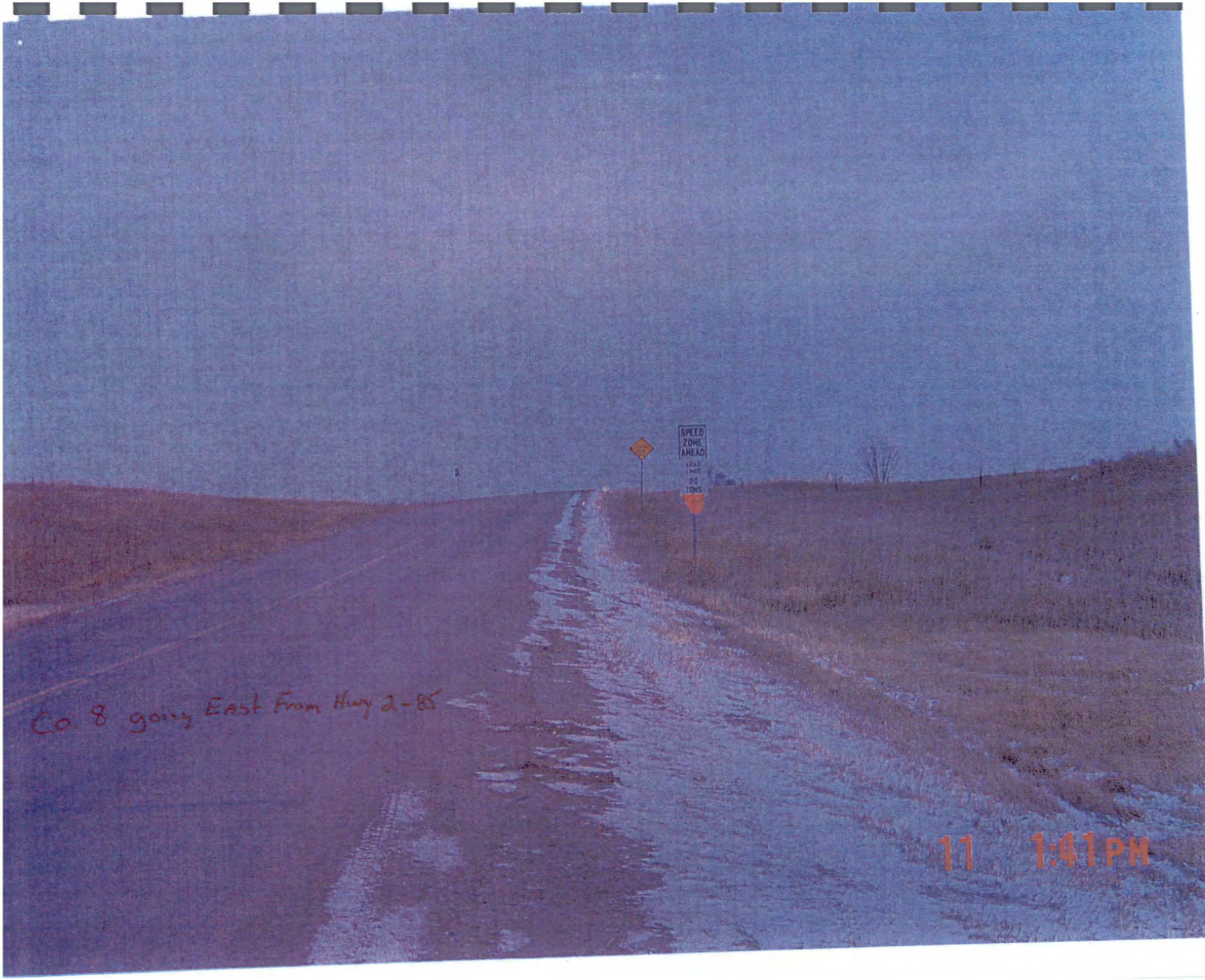
Patching - County Wide

2010 $300,000.00
2011 $760,000.00
2012 Contract Amount - $690,000.00 Knife River - bid in July of 2012 to be completed by 9/30/12. The project never started and there is a lot more patching needed to be done. My estimate of over run $200,000.00

My estimate for 2012 $890,000.00 worth of patching.

2013 Estimated Patching - $1,000,000.00


WILLIAMS
23A
COUNTY


SPEED
ZONE
AHEAD
20
TONS
Co. 8 going East From Hwy 2-85
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Lots of Eq.

20Ton Road


17 2:27PM


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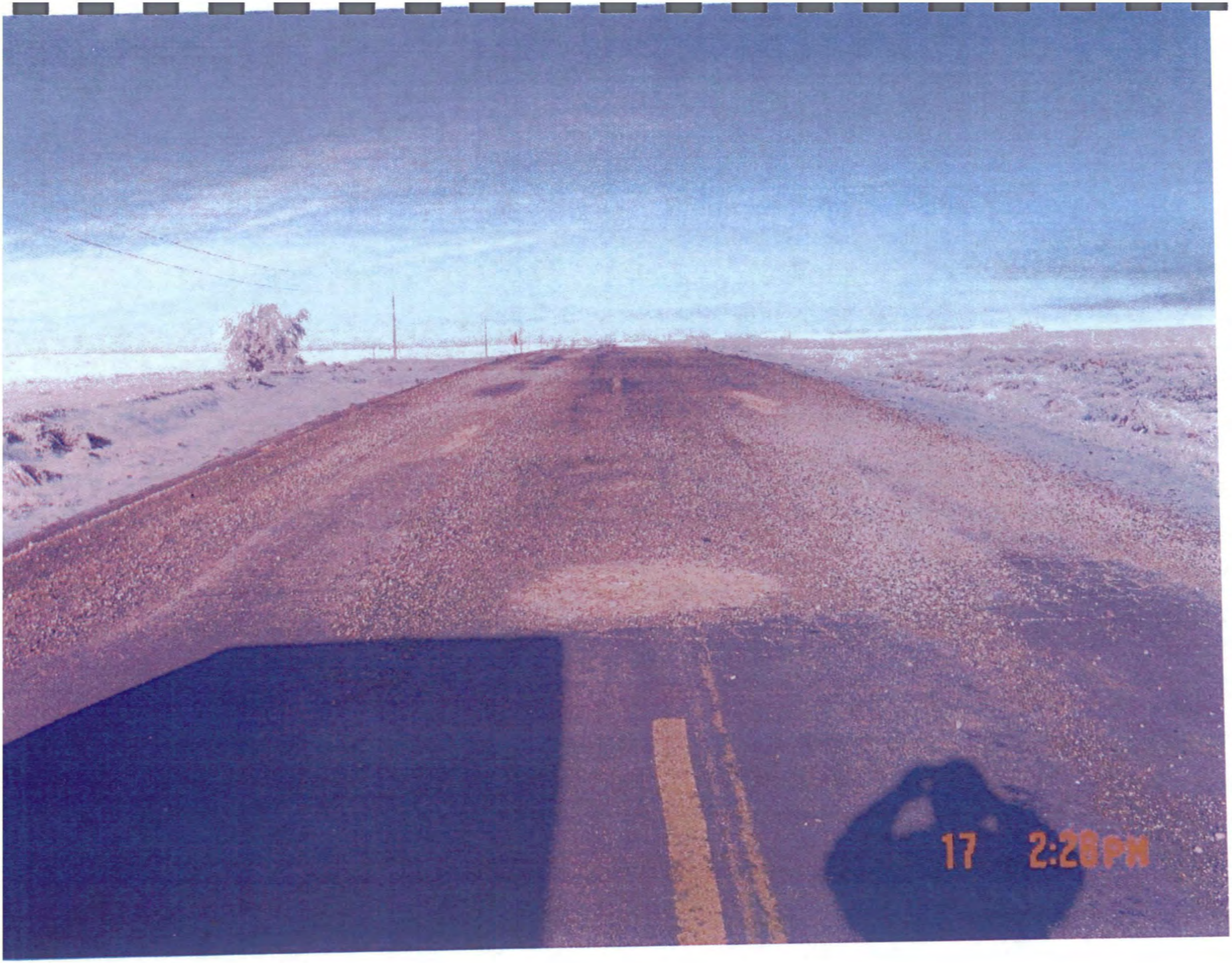
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17 2:16PM


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17 1:23PM


Co21

Pipe Line
New Pavement


17 12:38PM

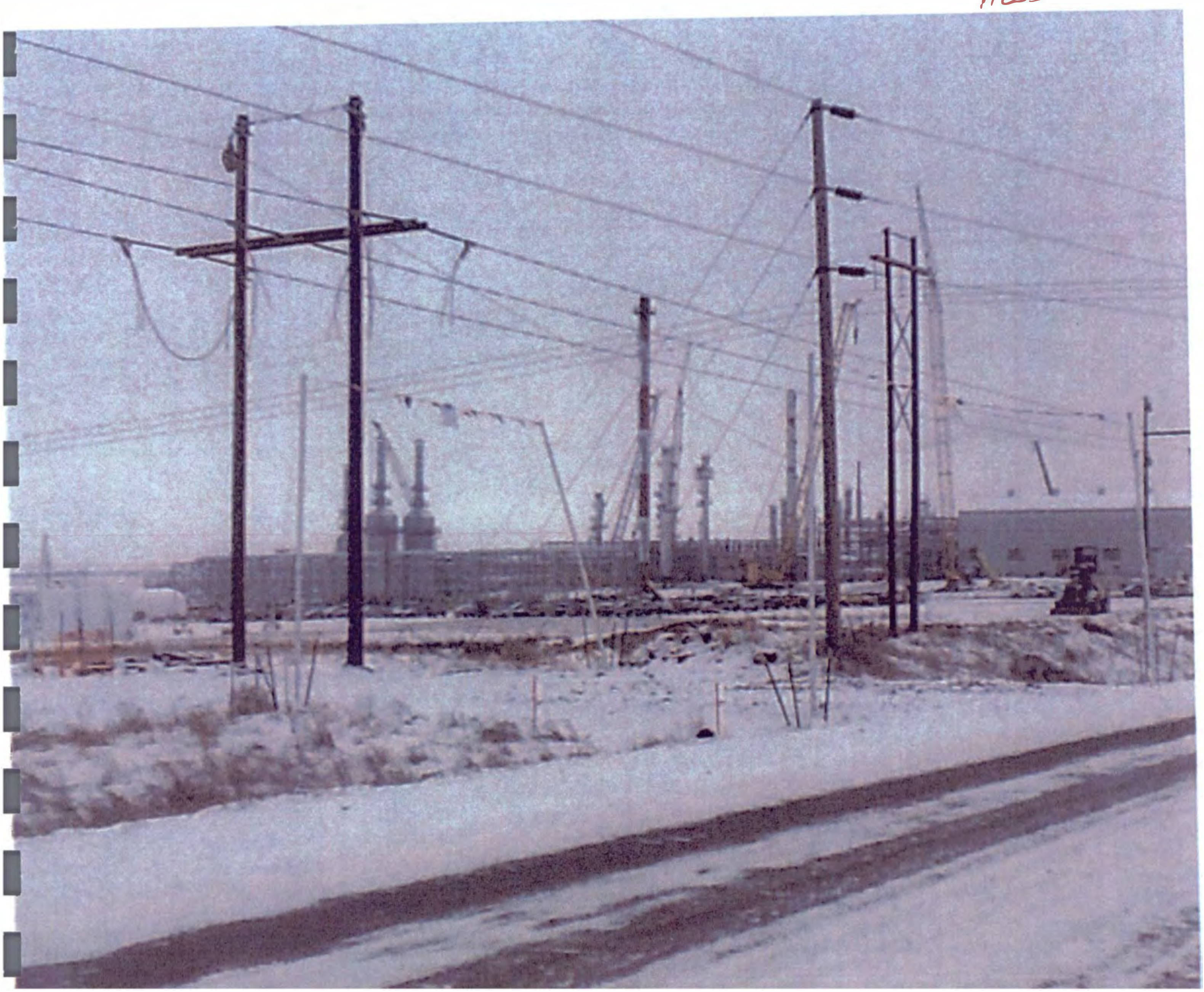
Trucks Park on Roadway
This is why Shoulder is gone
Very Hard To Fix

See Trucks going
East And West
North And South


Col , North Co. 0
17 12:22PM


17 12:24PM

Hess



Hess

C. S. New Gas Plant


17 11:16AM

Co. Road 2
12 11:14 AM

Co 17A N.S. 2 miles

Road Closed Signs
Were Up


160M

Executive Offices
1622 E. Interstate Ave.
Bismarck, ND 58503

NORTH DAKOTA EMS ASSOCIATION

(701) 221-0567 Voice
(701) 221-0693 Fax
(877) 221-3672 Toll Free
www.ndemsa.org

#1

House Bill 1358 Testimony
House Finance and Taxation Committee
Monday, February 4, 2013 9:30 a.m.
North Dakota Emergency Medical Services Association

Good morning, Chairman Belter and members of the committee. For the record my name is Curt Halmrast, and I am the President of the North Dakota Emergency Medical Services Association and a Paramedic with Oakes Ambulance. I am here today in support of HB 1358.

Fundamentally as an EMS industry we support this bill as it provides crucial dollars that are needed for EMS and Fire in the oil impacted region, as well as other areas in the state that are struggling with reimbursement issues, a decline in volunteerism, and a high incidence of no insurance and underinsured patients. A demand from increasing call volumes has also put some services under additional stress, most notably in the northwest. Many services have had call volume increases anywhere from 20% to 125% over the past five years. Ideally an increase in call volume would mean additional dollars, but they are particularly plagued with a very high incidence of bad debt transports, as are many services across the state. In an October 2012 report the Government Accountability Office determined that Medicare reimburses EMS below cost, nevertheless there is no improvement in this reimbursement.

Specifically within the bill we are supportive of the seven-member funding committee made up of legislators, city or county officials, and a member appointed by the board of university and school lands. In this past year EMS agencies within the oil impacted region has significantly benefited from funding through the Energy Infrastructure and Impact Grants Program. This grant program has allowed a significant number of capital purchases, such as; ambulance vehicles, building projects, radio equipment, stretchers, and other new equipment. The proposed two and one-half percent for oil-producing EMS is much needed funding that will alleviate some of the financial constraints being felt due to oil impact. Staffing does however remain a substantial concern for these services so we are pleased to see consideration is being made for staffing assistance in this proposed bill under section one.

Historically EMS in North Dakota has received legislative appropriation since 2007. This began with the staffing grants in 2007 that was funded at $1.25 million and in 2009 increased to $2.25 million. Staffing grants continued until July 1, 2012 at which time the Rural EMS Assistance Grant Program began, a program also administered by the ND Department of Health Division of EMS and Trauma (DEMST). The core elements of this new funding program were to establish funding areas based upon reasonable response times (some funding areas have multiple EMS services), allow for operational costs in addition to staffing dollars, and build collaboration among services to better utilize state resources. A total of $3 million dollars was available for 94 established funding areas. In July grant requests totaled $7.3 million dollars, or 254% above what was available. A significant need for continued EMS funding is still clearly evident.

Because DEMST has administered EMS grant funding since 2007 we ask that you consider placing the $3 million in general funds that would otherwise be directed to the emergency medical service and fire protection district funding committee for EMS in <u>non-oil</u> producing counties as identified in section ten to DEMST for the Rural EMS Assistance Grant Program. Doing this will allow for continued support of this program and enhance the efforts being made to promote collaboration and better utilization of state resources.

I thank you for your support of emergency services. This concludes my testimony, I am happy to answer any questions you may have.

BAKKEN
HOUSING PARTNERS

Statement of Mark Bragg, President,
Bakken Housing Partners
In support of HB 1358

Bakken Housing Partners is a North Dakota company operating in McKenzie County. We are a builder of master-planned communities with a focus on family housing. In the short term, the Bakken boom created a need for worker housing in a hurry. McKenzie County and Watford City accommodated that requirement. If you want to understand the impact of that, all you have to do is look at the hills and plains surrounding Watford City to see the thousands of people living in Third World conditions. . . .trailers, campers, backs of trucks, mancamps. . . basically conditions no one in this room would tolerate. But this was a short-term fix. The state's initial response to the boom made sense also. What if it becomes a bust. . . like the last time. We need to hoard cash just in case.

But we build family housing, and that requires us to take a long-term view. And we believe its time for the state to take the long term view as well.

There are three conditions we have discovered that will keep us and many investors from putting the huge amounts of money at risk in the Bakken to help address the huge challenges. First, we have discovered that McKenzie County produces about $400 million in oil tax revenue to the state. We estimate the state returns less than four percent of that revenue to the county to help resolve the adverse conditions created by the production of all that wealth. Secondly, we believe the workers creating this wealth for the state will not tolerate these conditions for long. Our research shows the oil industry is experiencing an enormous rate of employee turnover, raising their costs well above those of other oil producing states. Oil companies will continue to invest where their profit margins are best and the high costs of turnover could be a major factor. How long would you last in a mancamp or the back of your truck without your family? Lastly, we have seen little evidence that the state is willing to reinvest very much of its oil revenue in the Bakken to help preserve and expand the source of our wealth. . . . until now.

This hearing is proof that you are at least thinking about taking a long term view. Lynn Helms says we are looking at a century of production. Harold Hamm says Continental Resources has confirmed 900 Billion barrels of oil in the Bakken and its sub strata, one of the largest oil and gas deposits in the world. With continuous improvements in recovery technology North Dakota is likely to lead the United States of America to energy independence. But this extraordinary circumstance really cries out for recognition of the very difficult realities this boom has created for the local citizens of the Bakken and the people who work there.

We have seen a study that shows McKenzie County and Watford City need several hundred million dollars worth of expanded infrastructure at minimum in order to assure the building of quality, sustainable communities and a diversity of commercial and residential developments. Instead, we are aware that the state sent at least $500 million to a money manager in Pasadena last year to invest in other places. When one of our investors heard that, he said, quote, "How can we be expected to risk our investment capital in a state that is not reinvesting in its own source of wealth." We must change that perception.

McKenzie County, Watford City and our school district need help from the state in expanding our schools, expanding law enforcement, expanding our wastewater systems and building the infrastructure to handle the 15 thousand people that are now living and working in McKenzie County. . . . .up ten times in three years. I am not asking for help for commercial enterprise. But without much more help to local government in providing basic services, we are stopped. Please. . . help us find ways to ensure the continued production and expansion of wealth for all the people of North Dakota by helping us improve the living conditions in the Bakken.

For more information
701-580-6684

#14

Senate Bill 1358

Mr. Chairman and Members of the Committee

Viola LaFontaine
February 4, 2013

I am providing testimony in support of Senate Bill 2282.

My name is Viola LaFontaine. I am the school Superintendent for Williston Public School District # 1, Williston, ND.

The City of Williston and the Williston Public School District # 1 is experiencing rapid growth. Williston School District has increased student by 660 in the past 4 years. As more and more students came to the school district, we searched for ways to accommodate our students. The first year, 2009-10, we moved our library at one of the elementary school's into the hallway and used the library for a 1st grade classroom and added as many student into the grade levels we had in place at the time. The second year we purchased 8 modular classrooms with oil and gas impact funds to support the additional students. During this school year, 2010-11 we added 5 kindergarten classrooms to the 8 kindergarten classrooms we had in place. During the 2011-12 school year we used a computer lab for needed classroom space and purchased a net book cart. During the 2012-13 school year, we reopened an elementary school which closed in 1999 due to declining enrollment. As we continue to gain elementary students, especially kindergarten students we need more classroom space. We need books, desks, technology, and teachers. The cost to re-open the elementary school had a great impact on our budget. You are aware of the needs of schools and the impact to schools in western North Dakota and across the state. I just wanted to share with you some of the impacts I am facing.

The funding in SB 2282 will give the Williston Public School District the ability to continue with long term planning and to look at taking on a loan and bonding for the funding needed to build needed schools. This bill will give schools funded we can count on to help us with the ever changing and growing population of the city and our schools. I have included with my testimony a list of projects, activities and efforts we have done in our community to deal with our school growth. Thank you. I will answer questions.

Williston Public School District #1
Plan to Build Schools
Timeline

- **January 2011** – adopted a Master Facility Plan (adopted by an initial community/building committee of approximately 40 participants) presented by the DLR Group.
- **January 2011** – met with the ND legislative Educational Committee about funding possibilities for a new school. Requested 14 million dollars. Denied.
- **July 2011** – added 8 permanent portable classrooms to Hagan Elementary School – district received a loan. Paying back out of general fund.
- **November 2011** – a state representative proposed the reinstatement of the 1-cent city sales tax at a special legislative session. Denied.
- **December 2011**- met with several oil companies at WSC requesting help with school construction finances. No response.
- **December 2011** - Organized a district nonprofit corporation building authority in order to issue revenue bonds to fund the construction of a school building. Faced with the question of how to repay bond from funds in the general fund?
- **January 2012 -** Met with our legislators on Friday, January 20th to inform them of the meeting and presentation taking place in Bismarck. Rich Wardner the new senator from Dickinson has asked the school district to do a presentation about the affect of the boom to him and other legislators on January 26th at 9:00 a.m. in Bismarck.
- **March 2012 –** Received a 3-million Impact Funding Grant to help with the purchase and construction of 32 modular classrooms. Did not provide the monies needed for content, materials. Curriculum, equipment, furniture and fixtures.
- **May 2012 –** Presented School district Information at a joint meeting with the ND Energy Committee and the Education and Taxation Committee.
- **June 2012 –** Began talks about fundraising for buildings.
    - Placed donation ad in the shopper;
    - Met with parks and recreation to see if they would help with playground equipment at McVay. Gave us $25,000 for playground equipment.
    - Attended City commission meeting and met with Rick Leuthold with Sanderson Stewart construction and discussed the land in Harvest Hills (Granite Peaks) that was initially set aside for a school and was contingent on a land swap. They are not willing to donate the land to the school district at this time, but would sell it to the school district at $100,000 an acre, we cannot afford to purchase the land.
    - Met with the ND Oil and Gas Committee and presented our school district financial situation and handed out donation request letters.
- **July 2012 –** Sent out donation request letters to all businesses that are registered with the Williston Chamber of Commerce. Received around $48,000 in donations that benefited the McVay School.
- **August 2012** – Board discussed a Bond referendum – Special Election is to be held and need 60% majority vote to pass.
- **September 2012** - Applied for a Land Trust Fund Addition Grant – Received roughly $268,000
    - Approved the hiring of a Bond attorney and a Financial Management Bonding Consultant
- **October 2012** – Board approved the Bond Referendum with a Special election date of December 11, 2012. $55M bond referendum and add 10 mills to the building fund.
- **Side Notes**
    - Receive around $80,000 a year in coal revenue. Enough to buy a bus on a rotating basis.

- School district boundaries do not follow the Williston city boundaries or properties they have annexed.
- District receives $1.2 million a year from the state oil and gas impact money.
- School District Building Fund that is to be used for school building repair and construction has a balance of about $350,000. Money is used for all building repair costs Therefore, the second question to vote upon on the special election on December 11, 2012 is to raise the building fund mills from 10 mills to 20 mills. The additional mills will give us additional monies for needed school building repairs.

- **November 2012** - Educated the public about the Bond referendum and the increase in Building Fund Mill Levy.
- **December 2012** – Held referendum and Increase in mill levy for building fund. Both measures defeated. Referendum was defeated by 72%.
- **January 2013** – Discussed our situation with the governor and his staff stated there were bills before the legislature to help with schools.
- **January 2013** – worked with our legislative representatives on the 1-cent sales tax bill in hopes the bill would pass and allow us to raise the needed funds if passed by the public.

#8

Testimony to the

House Finance & taxation Committee on House Bill #1358

February 4, 2013
Bruce Strinden, Chairman, Morton County Commission
ND County Commissioners Assn. Board Member

Mr. Chairman and members of the committee, my name is Bruce Strinden. I serve as a Board member of the North Dakota County Commissioner's Association and as Chairman of the Morton County Commission. I appear before you today in support of House Bill 1358.

North Dakota's growing infrastructure needs are a result of its expanding economy as a whole--and not limited to the growth of the energy industry in oil producing counties. In addition to energy, a number of other industries are contributing to North Dakota's economic growth, particularly agriculture and manufacturing, and this development is affecting the infrastructure in all 53 counties to various degrees.

Take for example the non-oil producing county of Morton, which is experiencing strong growth in a number of economic areas including agriculture, energy and retail. ADM and CHS are constructing new grain handling facilities in Hebron and New Salem, and two new frac sand terminal sites that support the oil industry are being constructed at Hebron and Glen Ullin. In Mandan several buildings are under construction that will house a number of new businesses that support the oil industry. County wide population growth is being driven by increased economic activity, along with oil field workers, and an increasing number of long-time residents of oil producing counties escaping the high price of housing and the boom-town lifestyle. Inevitably business and population growth leads to retail expansion as evidenced by WalMart's newest superstore opening this summer along I-94 in Mandan.

This widespread and unprecedented growth and activity strains transportation infrastructure and brings with it the need for additional emergency services and fire protection assets in the rural areas. The sponsors of House Bill 1358 recognize that both the oil and non-oil counties and cities desperately need additional funding, and this comprehensive bill addresses the most critical needs. House Bill 1358 is well crafted and fair. We sincerely thank the sponsors for their insight and their efforts.

Mr. Chairman and members of the committee, I urge your favorable consideration of this proposed legislation. Thank you for your time and attention.

13.0134.08005
Title.

Prepared by the Legislative Council staff for
Representative Skarphol
February 5, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 1, after "23-01" insert ", a new section to chapter 52-04,"

Page 1, line 1, replace "two" with "three"

Page 1, line 14, replace the second "one" with "two"

Page 1, line 15, replace "is" with "are"

Page 1, line 15, remove "and one of"

Page 1, line 16, remove "whom is a member of the governing body of a city or county in a non-oil-producing county"

Page 1, line 18, replace "one" with "two"

Page 1, line 18, replace "is" with "are"

Page 1, remove line 19

Page 1, line 20, remove "county"

Page 2, line 1, after "assistance" insert "from the oil-producing counties emergency medical service and fire protection district grant fund or funds provided by legislative appropriation"

Page 2, after line 8, insert:

"**SECTION 2.** A new section to chapter 52-04 of the North Dakota Century Code is created and enacted as follows:

Contribution and wage report - Employee occupational and geographic code.

An employer's quarterly contribution and wage report must contain, for each individual performing covered employment during the calendar quarter, the individual's occupational code and the geographic code for the place where the individual performed work within the state."

Page 2, line 9, replace "Two" with "Three"

Page 2, after line 16, insert:

""Private covered employment engaged in the mining industry", for purposes of data compiled by job service North Dakota, must include employment by an oil refinery in this state."

Page 4, line 11, replace "b" with "c"

Page 7, line 21, replace "attendance" with "membership"

Page 7, line 21, after "basis" insert "kindergarten through grade twelve"

Page 7, line 30, after "in" insert "uncommitted"

#1
p.2

Page 12, line 28, replace "$250,000,000" with "$170,000,000"

Page 12, line 31, after the period insert "The amounts available for allocation under this section must be allocated on May 1, 2013, and May 1, 2014, in the amount of $85,000,000 each year, among the counties that exceeded a level of $500,000 but did not exceed a level of $5,000,000 of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year."

Page 13, line 9, replace "$17,550,000" with "$8,760,000"

Page 13, line 10, remove "department of transportation for the purpose of allocation"

Page 13, remove line 11

Page 13, line 12, replace "counties" with "state treasurer for allocation to or for the benefit of townships in oil-producing counties"

Page 13, line 12, remove "Allocations among"

Page 13, remove lines 13 through 15

Page 13, line 16, replace "miles of township roads in the county." with "The funding provided in this section must be distributed in equal amounts on or before May 1, 2013, and May 1, 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of $15,000 each year to each organized township and a distribution of $15,000 each year for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this section, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities in oil-producing counties pursuant to the method provided in subsection 4 of section 54-27-19 and shall distribute twenty percent of the remaining funds to counties and townships in oil-producing counties pursuant to the method provided in section 54-27-19.1."

Page 13, line 22, after the period insert "For purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 but less than $5,000,000 for the preceding state fiscal year."

Page 14, line 23, after the boldfaced period insert "Section 2 of this Act is effective July 1, 2015."

Page 14, line 23, replace "2" with "3"

Page 14, line 23, replace "3" with "4"

Page 14, line 25, replace "6, 7, and 8" with "7, 8, and 9"

Renumber accordingly

13.0134.08009
Title.

Prepared by the Legislative Council staff for Representative Skarphol
February 9, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 1, after "23-01" insert ", a new section to chapter 52-04,"

Page 1, line 1, replace "two" with "three"

Page 1, line 14, replace the second "one" with "two"

Page 1, line 15, replace "is" with "are"

Page 1, line 15, remove "and one of" and remove "whom is a member of the governing body of a city or county in a non-oil-producing county"

Page 1, line 18, replace "one" with "two"

Page 1, line 18, replace "is" with "are"

Page 1, line 19, remove "and one of whom is a member of the governing body of a city or county in a non-oil-producing"

Page 1, line 20, remove "county"

Page 1, line 24, after the underscored period insert "The emergency medical services advisory council established under section 23-46-02 shall provide advisory assistance to the emergency medical service and fire protection district funding committee as requested."

Page 2, line 1, after "assistance" insert "from the oil-producing counties emergency medical service and fire protection district grant fund or funds provided by legislative appropriation"

Page 2, line 2, after "emergency" insert "medical"

Page 2, line 2, after "districts" insert "providing service in one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. Funding under this section may be provided only for that portion of the service area of emergency medical service providers or fire protection districts within one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 2, line 8, after the underscored period insert "The committee shall develop policies of best practices for efficient and effective use of grant award funds for full-time, part-time, and volunteer staffing of emergency medical service and fire protection district service providers.

SECTION 2. A new section to chapter 52-04 of the North Dakota Century Code is created and enacted as follows:

Contribution and wage report - Employee occupational and geographic code.

An employer's quarterly contribution and wage report must contain, for each individual performing covered employment during the calendar quarter, the individual's occupational code and the geographic code for the place where the individual performed work within the state."

Page 2, line 9, replace "Two" with "Three"

Page 2, after line 17, insert:

> ""Private covered employment engaged in the mining industry", for purposes of data compiled by job service North Dakota, must include employment by an oil refinery or a facility processing oil or gas, or both, in this state."

Page 4, line 11, replace "b" with "c"

Page 4, line 11, replace "exceeded a level of" with "received"

Page 4, line 12, after "dollars" insert "or more"

Page 5, line 12, replace "exceeded a level of" with "received"

Page 5, line 12, after "dollars" insert "or more"

Page 5, line 19, overstrike "during that fiscal year" and insert immediately thereafter "in a taxable year after 2012"

Page 5, line 19, overstrike "does not levy" and insert immediately thereafter "is not levying"

Page 7, line 21, replace "attendance" with "membership"

Page 7, line 21, after "basis" insert "for kindergarten through grade twelve"

Page 7, line 30, after "in" insert "uncommitted"

Page 8, line 1, replace "during that fiscal year" with "in a taxable year after 2012"

Page 8, line 20, replace "may" with "shall"

Page 8, line 24, after "districts" insert "providing service in counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year"

Page 8, line 24, remove "A standing and continuing appropriation is provided to the"

Page 8, remove 25

Page 8, line 31, replace "during that fiscal year" with "in a taxable year after 2012"

Page 8, line 31, replace "does not levy" with "is not levying"

Page 12, line 18, replace "exceeded a level of" with "received"

Page 12, line 18, after "dollars" insert "or more"

Page 12, line 28, replace "$250,000,000" with "$170,000,000"

Page 12, line 30, remove "non-oil-producing"

Page 12, line 30, after "counties" insert "that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 12, line 31, after the period insert "The amounts available for allocation under this section must be allocated in the amount of $45,000,000 on or before May 1, 2013, and in the amount of $125,000,000 on or before May 1, 2014."

Page 13, line 9, replace "$17,550,000" with "$8,760,000"

Page 13, line 10, remove "department of transportation for the purpose of allocation"

Page 13, remove line 11

Page 13, line 12, replace "counties" with "state treasurer for allocation to counties for allocation to or for the benefit of townships in oil-producing counties"

Page 13, line 12, remove "Allocations among"

Page 13, remove lines 13 through 15

Page 13, line 16, replace "the miles of township roads in the county." with "The funding provided in this section must be distributed in equal amounts on or before May 1, 2013, and May 1, 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of $15,000 each year to each organized township and a distribution of $15,000 each year for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this section, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities in oil-producing counties pursuant to the method provided in subsection 4 of section 54-27-19 and shall distribute twenty percent of the remaining funds to counties and townships in oil-producing counties pursuant to the method provided in section 54-27-19.1."

Page 13, line 17, after "has" insert "uncommitted"

Page 13, line 18, replace "during that fiscal year" with "in a taxable year after 2012"

Page 13, line 18, replace "does not levy" with "is not levying"

Page 13, line 22, after the period insert "For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 but less than $5,000,000 for the preceding state fiscal year."

Page 13, line 29, replace "$6,000,000" with "$6,250,000"

Page 13, line 30, replace "treasurer as directed" with "department of health for allocations"

Page 13, line 30, remove "service"

Page 13, line 31, replace "and fire protection district funding committee" with "services advisory council"

Page 13, line 31, remove "grants under section 1 of this"

Page 14, line 1, replace "Act" with "state financial assistance under chapter 23-46"

Page 14, line 2, remove "and fire protection districts providing service in"

Page 14, line 2, replace "non-oil-producing counties" with "for that portion of the emergency medical service provider's service area in counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 14, line 3, replace "$3,000,000" with "$3,125,000"

Page 14, line 23, after the boldfaced period insert "Section 2 of this Act is effective July 1, 2015."

Page 14, line 23, replace the second "2" with "3"

Page 14, line 23, replace "3" with "4"

Page 14, line 25, replace "6, 7, and 8" with "7, 8, and 9"

Renumber accordingly

13.0134.08011
Title.

Prepared by the Legislative Council staff for Representative Belter
February 12, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 1, after "23-01" insert ", a new section to chapter 52-04,"

Page 1, line 1, replace "two" with "three"

Page 1, line 12, after "of" insert "the chairman of the legislative management, or the chairman's designee;"

Page 1, line 14, remove ", who shall appoint one of them to serve as chairman"

Page 1, line 14, after the underscored semicolon insert "the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees;"

Page 1, line 14, after "four" insert "nonvoting"

Page 1, line 14, replace the second "one" with "two"

Page 1, line 15, replace "is" with "are"

Page 1, line 15, remove "and one of"

Page 1, remove line 16

Page 1, line 18, replace "one" with "two"

Page 1, line 18, replace "is" with "are"

Page 1, remove line 19

Page 1, line 20, remove "county"

Page 1, line 20, after "one" insert "nonvoting"

Page 1, line 23, after the underscored period insert "The chairman of the legislative management shall designate the chairman from among the voting members of the committee."

Page 1, line 24, after the underscored period insert "The emergency medical services advisory council established under section 23-46-02 shall provide advisory assistance to the emergency medical service and fire protection district funding committee as requested."

Page 2, line 1, after "assistance" insert "from the oil-producing counties emergency medical service and fire protection district grant fund or funds provided by legislative appropriation"

Page 2, line 2, after "emergency" insert "medical"

Page 2, line 2, after "districts" insert "providing service in one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. Funding under this section may be provided only for that portion of the service area of emergency medical service providers or fire protection districts within one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 2, line 8, after the underscored period insert "The committee shall develop policies of best practices for efficient and effective use of grant award funds for full-time, part-time, and volunteer staffing of emergency medical service and fire protection district service providers.

SECTION 2. A new section to chapter 52-04 of the North Dakota Century Code is created and enacted as follows:

Contribution and wage report - Employee occupational and geographic code.

An employer's quarterly contribution and wage report must contain, for each individual performing covered employment during the calendar quarter, the individual's occupational code and the geographic code for the place where the individual performed work within the state."

Page 2, line 9, replace "Two" with "Three"

Page 2, after line 17, insert:

""Private covered employment engaged in the mining industry", for purposes of data compiled by job service North Dakota, must include employment by an oil refinery or a facility processing oil or gas, or both, in this state."

Page 3, line 23, after the first "of" insert "the chairman of the legislative management, or the chairman's designee;"

Page 3, line 25, remove "who shall appoint one of them to serve as chairman"

Page 3, line 25, after the underscored semicolon insert "the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees;"

Page 3, line 25, after "two" insert "nonvoting"

Page 3, line 28, after "two" insert "nonvoting "

Page 4, line 1, after the underscored period insert "The chairman of the legislative management shall designate the chairman from among the voting members of the committee."

Page 4, line 11, replace "b" with "c"

Page 4, line 11, replace "exceeded a level of" with "received"

Page 4, line 12, after "dollars" insert "or more"

Page 5, line 12, replace "exceeded a level of" with "received"

Page 5, line 12, after "dollars" insert "or more"

Page 5, line 19, overstrike "during that fiscal year" and insert immediately thereafter "in a taxable year after 2012"

Page 5, line 19, overstrike "does not levy" and insert immediately thereafter "is not levying"

Page 7, line 21, replace "attendance" with "membership"

Page 7, line 21, after "basis" insert "for kindergarten through grade twelve"

Page 7, line 30, after "in" insert "uncommitted"

Page 8, line 1, replace "during that fiscal year" with "in a taxable year after 2012"

Page 8, line 20, replace "may" with "shall"

Page 8, line 24, after "districts" insert "providing service in counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year"

Page 8, line 24, remove "A standing and continuing appropriation is provided to the"

Page 8, remove line 25

Page 8, line 31, replace "during that fiscal year" with "in a taxable year after 2012"

Page 8, line 31, replace "does not levy" with "is not levying"

Page 12, line 18, replace "exceeded a level of" with "received"

Page 12, line 18, after "dollars" insert "or more"

Page 12, line 28, replace "$250,000,000" with "$170,000,000"

Page 12, line 30, remove "non-oil-producing"

Page 12, line 30, after "counties" insert "that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 12, line 31, after the period insert "The amounts available for allocation under this section must be allocated in the amount of $45,000,000 on or before May 1, 2013, and in the amount of $125,000,000 on or before May 1, 2014."

Page 13, line 9, replace "$17,550,000" with "$8,760,000"

Page 13, line 10, remove "department of transportation for the purpose of allocation"

Page 13, remove line 11

Page 13, line 12, replace "counties" with "state treasurer for allocation to counties for allocation to or for the benefit of townships in oil-producing counties"

Page 13, line 12, remove "Allocations among"

Page 13, remove lines 13 through 15

Page 13, line 16, replace "miles of township roads in the county." with "The funding provided in this section must be distributed in equal amounts on or before May 1, 2013, and May 1, 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of $15,000 each year to each organized township and a distribution of $15,000 each year for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this section, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities in oil-producing counties pursuant to the method provided in subsection 4 of section 54-27-19 and shall distribute twenty percent of the remaining funds to counties and townships in oil-producing counties pursuant to the method provided in section 54-27-19.1."

Page 13, line 17, after "has" insert "uncommitted"

Page 13, line 18, replace "during that fiscal year" with "in a taxable year after 2012"

Page 13, line 18, replace "does not levy" with "is not levying"

Page 13, line 22, after the period insert "For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 but less than $5,000,000 for the preceding state fiscal year."

Page 13, line 25, replace "upper great plains transportation institute" with "department of transportation"

Page 13, line 29, replace "$6,000,000" with "$6,250,000"

Page 13, line 30, replace "treasurer as directed" with "department of health for allocations"

Page 13, line 30, after "medical" remove "service"

page 13, replace "and fire protection district funding committee" with "services advisory council"

Page 13, line 31, remove "grants under section 1 of this"

Page 4, line 1 replace " Act" with "state financial assistance under chapter 23-46"

Page 14, line 1, remove "and fire protection districts providing service in"

Page 14, line 2, replace "non-oil-producing counties" with "for that portion of the emergency medical service provider's service area in counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year"

Page 14, line 3, replace "$3,000,000" with "$3,125,000"

Page 14, line 23, after the boldfaced period insert "Section 2 of this Act is effective July 1, 2015."

Page 14, line 23, replace the second "2" with "3"

Page 14, line 23, replace "3" with "4"

Page 14, line 25, replace "6, 7, and 8" with "7, 8, and 9"

Renumber accordingly

13.9550.01000

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Prepared by the North Dakota Legislative Council
staff for Representative Skarphol
February 2013

OIL AND GAS TAX AND COAL TAX COLLECTIONS AND DISTRIBUTIONS - FISCAL YEARS 1976-2012

The table below provides information on oil and gas tax and coal tax revenue collections and distributions from fiscal years 1976 through 2012. The table shows the amount and the amount as a percentage of the total collections for each distribution between the state funds and political subdivisions.

	OIL AND GAS TAX COLLECTIONS AND DISTRIBUTIONS					COAL TAX COLLECTIONS AND DISTRIBUTIONS				
		Formula Distributions to:					Formula Distributions to:			
		State Funds		Political Subdivisions[2]			State Funds		Political Subdivisions[2]	
Fiscal Year	Total Oil Tax Collections[1]	Amount	Percent	Amount	Percent	Total Coal Tax Collections	Amount	Percent	Amount	Percent
1976	$8,283,268	$5,384,124	65.0%	$2,899,144	35.0%	$5,283,249	$4,325,381	81.9%	$957,868	18.1%
1977	9,288,175	6,037,314	65.0	3,250,861	35.0	7,073,224	6,633,777	93.8	439,447	6.2
1978	10,729,667	6,974,284	65.0	3,755,383	35.0	9,774,058	7,531,548	77.1	2,242,510	22.9
1979	13,532,669	8,796,235	65.0	4,736,434	35.0	14,207,620	11,030,488	77.6	3,177,132	22.4
1980	29,601,845	21,956,485	74.2	7,645,360	25.8	17,154,369	13,240,078	77.2	3,914,291	22.8
1981	87,406,224	72,676,628	83.1	14,729,596	16.9	18,866,574	14,684,023	77.8	4,182,551	22.2
1982	168,935,733	148,387,904	87.8	20,547,829	12.2	21,125,944	16,350,905	77.4	4,775,039	22.6
1983	166,667,590	145,996,456	87.6	20,671,134	12.4	21,449,096	16,603,837	77.4	4,845,259	22.6
1984	176,595,062	157,284,675	89.1	19,310,387	10.9	29,452,016	23,780,305	80.7	5,671,711	19.3
1985	150,813,165	128,971,024	85.5	21,842,141	14.5	37,867,095	30,583,132	80.8	7,283,963	19.2
1986	119,774,168	101,852,668	85.0	17,921,500	15.0	35,067,337	28,171,625	80.3	6,895,712	19.7
1987	69,345,886	56,969,198	82.2	12,376,688	17.8	38,266,892	30,875,285	80.7	7,391,607	19.3
1988	72,213,819	59,689,791	82.7	12,524,028	17.3	31,333,935	22,778,486	72.7	8,555,449	27.3
1989	56,783,893	45,272,859	79.7	11,511,034	20.3	34,736,117	24,423,971	70.3	10,312,146	29.7
1990	64,749,997	51,516,254	79.6	13,233,743	20.4	34,706,948	24,192,942	69.7	10,514,006	30.3
1991	85,591,629	69,107,107	80.7	16,484,522	19.3	34,500,189	24,126,774	69.9	10,373,415	30.1
1992	59,194,819	46,582,528	78.7	12,612,291	21.3	35,860,103	25,147,558	70.1	10,712,545	29.9
1993	56,398,266	44,606,678	79.1	11,791,588	20.9	37,096,294	25,866,758	69.7	11,229,536	30.3
1994	38,337,220	29,220,371	76.2	9,116,849	23.8	38,839,395	27,456,991	70.7	11,382,404	29.3
1995	40,141,709	29,932,182	74.6	10,209,527	25.4	38,884,814	27,751,183	71.4	11,133,631	28.6
1996	43,373,480	32,145,226	74.1	11,228,254	25.9	37,908,208	27,234,512	71.8	10,673,696	28.2
1997	53,852,053	40,702,281	75.6	13,149,772	24.4	37,641,659	26,998,041	71.7	10,643,618	28.3
1998	44,849,521	33,213,274	74.1	11,636,247	25.9	38,057,692	27,567,606	72.4	10,490,086	27.6
1999	34,780,583	24,888,459	71.6	9,892,124	28.4	38,274,527	27,537,203	71.9	10,737,324	28.1
2000	59,064,985	44,650,831	75.6	14,414,154	24.4	38,959,421	27,845,249	71.5	11,114,172	28.5
2001	70,823,024	53,764,377	75.9	17,058,647	24.1	39,539,107	28,217,111	71.4	11,321,996	28.6
2002	53,583,918	40,269,054	75.2	13,314,864	24.8	38,200,783	27,379,009	71.7	10,821,774	28.3
2003	66,095,602	50,059,038	75.7	16,036,564	24.3	39,448,602	28,435,646	72.1	11,012,956	27.9
2004	73,157,989	56,680,805	77.5	16,477,184	22.5	40,556,786	28,609,297	70.5	11,947,489	29.5
2005	119,612,847	97,245,915	81.3	22,366,932	18.7	37,723,016	26,607,574	70.5	11,115,442	29.5
2006	169,501,306	140,760,582	83.0	28,740,724	17.0	39,799,251	28,072,267	70.5	11,726,984	29.5
2007	188,191,961	157,983,495	83.9	30,208,466	16.1	40,900,014	29,190,904	71.4	11,709,110	28.6
2008	391,823,087	351,808,445	89.8	40,014,642	10.2	39,047,086	27,729,792	71.0	11,317,294	29.0
2009	404,891,757	360,410,986	89.0	44,480,771	11.0	41,640,124	29,651,009	71.2	11,989,115	28.8
2010	571,782,783	503,794,924	88.1	67,987,859	11.9	37,660,601	24,977,287	66.3	12,683,314	33.7
2011	953,163,260	858,332,667	90.1	94,830,593	9.9	34,372,905	21,719,745	63.2	12,653,160	36.8
2012	1,588,273,331	1,470,195,853	92.6	118,077,478	7.7	36,432,447	23,191,474	63.7	13,240,973	36.3
Total	$6,371,206,291	$5,554,120,977	87.2%	$817,085,314	12.8%	$1,197,707,498	$866,518,773	72.3%	$331,188,725	27.7%

[1]Oil and gas tax collections allocated to Indian tribes are not included in these amounts.

[2]These amounts do not include Legislative Assembly appropriations of state funds that were distributed to political subdivisions for energy development-related impact grants or other related purposes.

13.0134.09006
Title.

Prepared by the Legislative Council staff for Representative Skarphol
February 23, 2013

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1358

Page 1, line 1, remove ", a new section to chapter"

Page 1, line 2, remove "52-04,"

Page 2, remove lines 24 through 29

Page 3, line 5, replace "containing the majority of the area" with "with the highest student enrollment"

Page 3, line 6, after "within" insert "the city limits of"

Page 8, line 19, replace "membership" with "attendance"

Page 8, line 19, after "twelve" insert "students residing within the county"

Page 10, line 5, after "basis" insert "for kindergarten through grade twelve students residing within the county"

Page 13, line 5, after "**APPROPRIATION**" insert "**- JOB SERVICE**"

Page 13, line 12, after "**APPROPRIATION**" insert "**- STATE TREASURER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND**"

Page 13, line 14, replace "$206,000,000" with "$190,000,000"

Page 13, line 17, replace "$103,000,000" with "$95,000,000"

Page 13, line 27, after "**APPROPRIATION**" insert "**- DEPARTMENT OF TRANSPORTATION**"

Page 13, line 28, replace "$170,000,000" with "$150,000,000"

Page 14, line 3, replace "$125,000,000" with "$105,000,000"

Page 14, line 5, remove "A county is not eligible for an allocation"

Page 14, remove lines 6 and 7

Page 14, line 8, remove "and county road purposes."

Page 14, line 11, after "**APPROPRIATION**" insert "**- STATE TREASURER**"

Page 15, line 4, after "**APPROPRIATION**" insert "**- DEPARTMENT OF TRANSPORTATION**"

Page 15, line 9, after "**APPROPRIATION**" insert "**- STATE DEPARTMENT OF HEALTH**"

Page 15, line 18, replace "**DEPARTMENT OF TRUST**" with "**COMMISSIONER OF UNIVERSITY AND SCHOOL**"

Page 16, after line 2, insert:

"**SECTION 12. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $6,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering a grant program for nursing homes, basic care facilities, and providers that serve individuals with developmental disabilities located in oil-producing counties to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of commerce shall allocate funding in January of each year of the biennium, based on the number of full-time equivalent positions of each nursing home, facility, or provider as determined by the department of human services. The annual allocation for each full-time equivalent position may not exceed ninety dollars per month. When setting rates for the entities receiving grants under this section, the department of human services shall exclude grant income received under this section as an offset to costs. This funding is considered one-time funding for the 2013-15 biennium. The department of commerce shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year.

SECTION 13. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $5,000,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year."

Page 16, line 5, remove "Section 2 of this Act becomes effective July 1, 2015."

Page 16, line 6, replace "3" with "2"

Page 16, line 6, replace "4" with "3"

Page 16, line 7, replace "7, 8, and 9" with "6, 7, and 8"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes a section requiring employer's contribution and wage reports.
- Adjusts the definition of a hub city school district and the distribution basis for determining school district funding allocations.
- Reduces funding from the strategic investment and improvements fund for road projects in oil-producing counties by $16 million from $206 million to $190 million.

- Reduces funding from the general fund for road projects in non-oil-producing counties and oil-producing counties with lower oil production by $20 million from $170 million to $150 million and removes the requirement that counties must levy at least 10 mills for roads to be eligible for these funds.
- Adds a section appropriating of $6 million from the strategic investment and improvements fund to the Department of Commerce for grants to nursing and basic care facilities and developmental disability providers to address the effects of oil and gas and related economic development activities in oil-producing counties.
- Adds a section appropriating $10 million from the strategic investment and improvements fund to the Department of Human Services for grants to critical access hospitals in oil-producing counties and counties contiguous to oil-producing counties to address the effects of oil and gas and related economic development activities in oil-producing counties.

13.0134.09003
Title.

Prepared by the Legislative Council staff for Representative Streyle
February 18, 2013

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1358

Page 5, line 6, replace "fifty" with "fifty-five"

Page 15, line 20, replace "$5,000,000" with "$155,000,000"

Page 15, line 22, remove "distributions to eligible counties experiencing new oil and gas development"

Page 15, line 23, replace "activities" with "oil and gas development impact grants to political subdivisions"

Page 15, line 23, after the period insert "From the funds appropriated by this section, the commissioner of university and school lands shall:

1. Earmark ~~$15,000,000~~ $12,500,000 for grants to each hub city, as defined in section 57-51-01, but which has more than two percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota.

2. Earmark $5,000,000 for grants to eligible counties experiencing new oil and gas development activities."

Page 15, line 25, replace "section" with "subsection"

Page 15, line 28, replace "section" with "subsection"

Page 15, line 30, after "with" insert "new"

Renumber accordingly

Prepared by the North Dakota Legislative Council staff

February 2013

HB 1358
2/26/13
Attachment 1

OIL AND GAS GROSS PRODUCTION TAX - COMPARISON OF FORMULA CHANGE PROPOSALS

This memorandum provides a comparison of formula change proposals under consideration by the Legislative Assembly for distribution of oil and gas gross production tax collections. The proposals are included in Senate Bill No. 2258 and Engrossed House Bill No. 1358. The oil and gas gross production tax is 5 percent of the gross value at the well on oil produced. The estimated total collections from the gross production tax for the 2013-15 biennium are $2.30 billion. The gross production tax is distributed among various state funds and political subdivisions. Under the **current distribution formula (Appendix A)**, an estimated $2.01 billion will be deposited in various state funds and distributed to the tribes, and $287 million will be distributed to political subdivisions for the 2013-15 biennium. Under the formula proposed in the **2013-15 executive budget as included in Senate Bill No. 2258 (Appendix B and B1)**, an estimated $1.78 billion would be deposited in various state funds and distributed to the tribes, and $520 million would be distributed to political subdivisions. Under the formula proposed in **Engrossed House Bill No. 1358 with proposed amendments (LC #13.0134.09006) (Appendix C and C1)**, an estimated $1.56 billion would be deposited in various state funds and distributed to the tribes, and $742 million would be distributed to political subdivisions. The schedule below compares the estimated distributions for the 2013-15 biennium under current law and under each of the proposals.

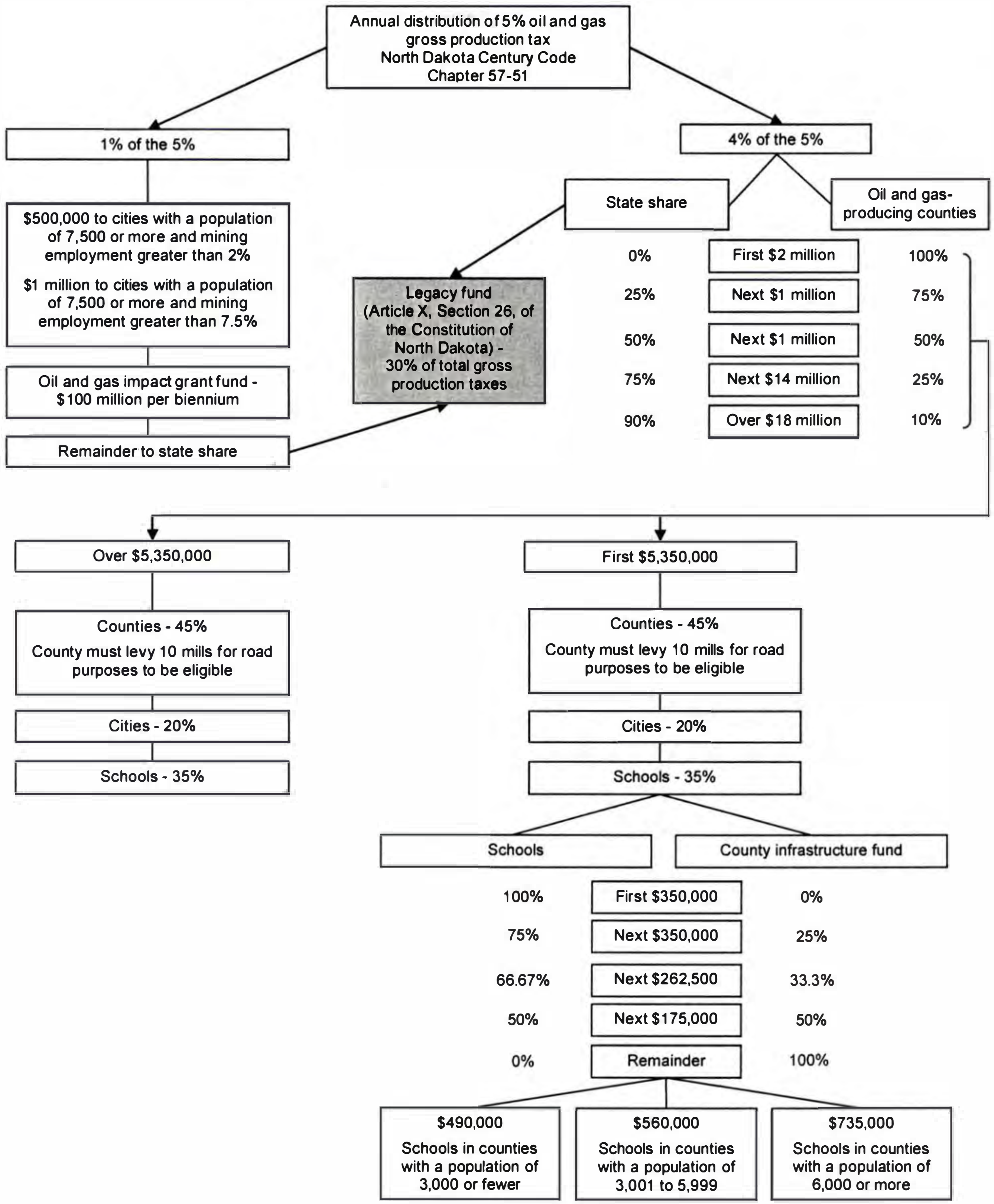
	Current Law	Senate Bill No. 2258	House Bill No. 1358
Legacy fund	$660,600,000	$660,600,000	$660,600,000
Oil and gas research fund	2,670,000	2,670,000	2,670,000
Tribal share	98,400,000	98,400,000	98,400,000
Oil and gas impact grant fund	100,000,000	214,000,000	150,000,000
Remaining state share	1,151,400,000	804,560,000	646,660,000
Political subdivisions	287,490,000	520,330,000	742,230,000
Total	$2,300,560,000	$2,300,560,000	$2,300,560,000

In addition to changing the distribution formula, Engrossed House Bill No. 1358 with proposed amendments (LC #13.0134.09006) also appropriates a total of $376,745,000 from the general fund, the oil and gas impact grant fund, and the strategic investment and improvements fund for the 2013-15 biennium as shown below.

General fund appropriations	
Job Service North Dakota - Data collection	$150,000
Department of Transportation - Road projects in counties that receive less than $5 million of annual oil tax allocations	150,000,000
State Treasurer - For township road or infrastructure projects in oil-producing counties that receive less than $5 million of annual oil tax allocations	8,760,000
Department of Transportation - Enhanced testing of road substructure, quality, and lifespan	585,000
State Department of Health - Grants to emergency medical services providers in counties that receive less than $5 million of annual oil tax allocations	6,250,000
Total general fund	$165,745,000
Oil and gas impact grant fund appropriations	
Commissioner of University and School Lands - Eligible counties impacted by new oil and gas development activities	$5,000,000
Strategic investment and improvements fund appropriations	
State Treasurer - For road projects in counties that receive $5 million or more of annual oil tax allocations	$190,000,000
Department of Commerce - Grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties	6,000,000
Department of Human Services - Grants to critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county	10,000,000
Total strategic investment and improvements fund	$206,000,000
Total appropriations	$376,745,000

ATTACH:3

CURRENT LAW
DISTRIBUTION OF FIVE PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



SENATE BILL NO. 2258 - EXECUTIVE BUDGET

Summary Description

This bill, to implement provisions included in the 2013-15 executive budget, increases the allocation of oil and gas gross production tax revenues to counties and changes how funds are allocated within the counties starting on July 1, 2013. The provisions of Senate Bill No. 2258 increase the "lowest tier" of allocation to counties to 100 percent of the first $5 million. After the first $5 million, 25 percent of the remaining amount is allocated to counties and 75 percent to the state.

Section Details

Section 1 - Updates language to increase the allocation of oil and gas gross production tax revenues to political subdivisions (Appendix B1):

- Increases the amount first allocated to the counties from $2 million to $5 million.
- Changes the remaining allocation to 25 percent to the county and 75 percent to the state for all revenue exceeding $5 million.
- Increases the amount subject to the initial allocation requirements from $5,350,000 to $6,850,000 for distributions to schools and the county infrastructure fund.
- Changes the amounts allocated to the school districts in the county and the county infrastructure fund.

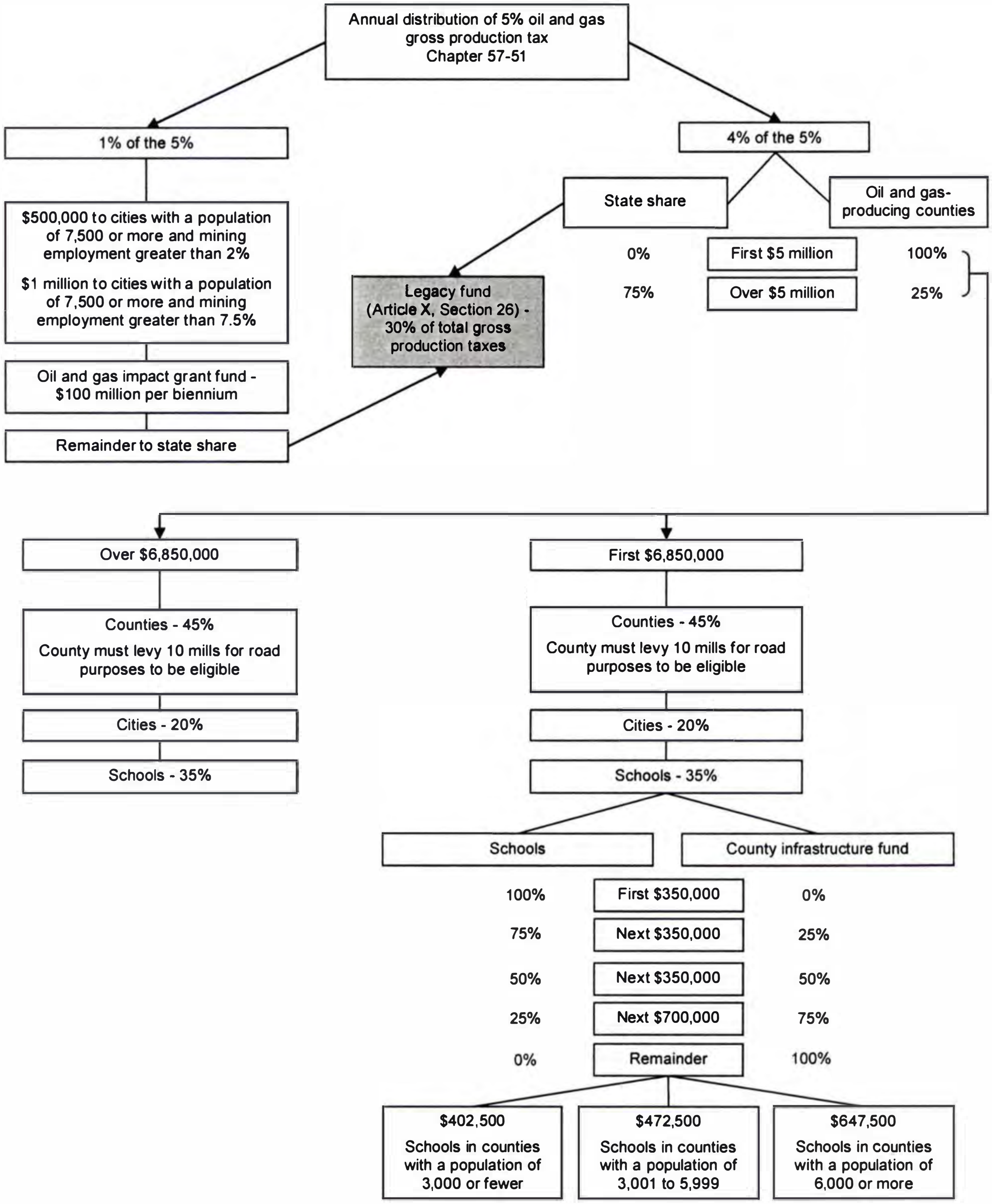
Section 2 - Provides an effective date for all taxable events after June 30, 2013.

Estimated Fiscal Impact - 2013-15 Biennium

	General Fund	Other Funds	Total
1. Reduces revenues to the strategic investment and improvements fund and increases allocations to the counties by $233 million for the 2013-15 biennium	$0	($233,000,000)	($233,000,000)

ATTACH:1

SENATE BILL NO. 2258
PROPOSED DISTRIBUTION OF FIVE PERCENT
OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



ENGROSSED HOUSE BILL NO. 1358
WITH PROPOSED AMENDMENTS (LC #13.0134.09006)

Summary Description

This bill establishes an emergency medical service and fire protection district funding committee, changes the distribution of the oil and gas gross production tax collections, and provides appropriations.

Section Details

Section 1 - Establishes an emergency medical service and fire protection district funding committee to accept and approve requests for grant funding to emergency medical service providers and fire protection districts in counties that receive more than $5 million.

Section 2 - Defines a "hub city," a "hub city school district," and "private covered employment engaged in the mining industry."

Section 3 - Changes the oil and gas gross production tax allocation (Appendix C1):

- Hub cities receive $750,000 each fiscal year for each full or partial percentage point of private employees engaged in mining.
- Hub city school districts receive $250,000 each fiscal year, a portion of which is available for school construction projects, for each full or partial percentage point of private employees engaged in mining.
- Creates a hub city school impact committee that can redirect funding for other extraordinary expenditures that would mitigate the negative effects of oil development impact affecting school districts.
- Adjusts the oil and gas gross production amounts allocated to hub cities and hub city school districts each fiscal year by one-third of the percentage change in total tax collections.
- Increases funding to the oil and gas impact grant fund from $100 million to $150 million per biennium.
- Provides $1.75 million each fiscal year to school districts in counties that receive more than $5 million.
- Provides for a transfer from the strategic investment and improvements fund if the revenues are insufficient to make the necessary allocations and transfers provided for in this section.
- Increases the amount allocated to counties.
- Changes the distribution of funding to counties that receive more than $5 million in allocations by distributing funds to the county general fund, cities, school districts, townships, sheriff's departments, emergency medical services, and fire protection districts.
- Excludes hub cities and hub city school districts from selected allocations.
- Retains the current distribution formula for funding to counties that receive less than $5 million in allocations.
- Requires counties to file a report with the Tax Commissioner detailing the amounts received and expended from the allocations.

Section 4 - Removes the designation of 35 percent of the funds available in the oil and gas impact grant fund to large cities.

Section 5 - Appropriates $150,000 from the general fund to Job Service North Dakota for improving data collection relating to employment.

Section 6 - Appropriates $190 million to the State Treasurer from the strategic investment and improvements fund to counties that receive $5 million or more of annual oil tax allocations for road projects that meet the American Association of State Highway and Transportation Officials pavement design procedures. Of the $190 million, $95 million would be allocated on May 1, 2013, and $95 million would be allocated on May 1, 2014.

Section 7 - Appropriates $150 million from the general fund to the Department of Transportation for road projects in counties that receive less than $5 million annually of oil tax allocations. Of the $150 million, $45 million would be allocated on May 1, 2013, and $105 million would be allocated on May 1, 2014.

Section 8 - Appropriates $8.76 million from the general fund to the State Treasurer for road or other infrastructure projects in townships in oil-producing counties that receive more than $500,000, but less than $5 million annually of oil tax allocations, do not have uncommitted reserve funds exceeding $100,000 and levy a tax of at least

10 mills for township purposes. The funding must be allocated in equal amounts on May 1, 2013, and May 1, 2014.

- Both organized and unorganized townships receive $15,000 each year.
- Any remaining funds are distributed as 80 percent to counties and cities in oil-producing counties and 20 percent to counties and townships in oil-producing counties.

Section 9 - Appropriates $585,000 from the general fund to the Department of Transportation for enhanced testing of road substructure and analysis of road quality and lifespan.

Section 10 - Appropriates $6.25 million from the general fund to the State Department of Health for grants to be awarded by the emergency medical services advisory council to emergency medical service providers in counties that receive less than $5 million annually of oil tax allocations. The funding must be allocated in equal amounts for each year of the biennium.

Section 11 - Appropriates $5 million from the oil and gas impact grant fund to the Commissioner of University and School Lands to provide distributions to eligible counties experiencing new oil and gas development activities. Of the $5 million, $1.25 million would be provided to each eligible county.

Section 12 - Appropriates $6 million from the strategic investment and improvements fund to the Department of Commerce for grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities located in oil-producing counties to address the effects of oil and gas and related economic development activities.

Section 13 - Appropriates $10 million from the strategic investment and improvements fund to the Department of Human Services for a grant program to critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities.

Section 14 - Provides legislative intent that the provisions of this bill are the initiation of a 10-year plan.

Section 15 - Provides an effective date for Sections 2 and 3 for taxable events after June 30, 2013.

Section 16 - Declares Sections 6, 7, and 8 to be an emergency measure.

Estimated Fiscal Impact - 2013-15 Biennium

	General Fund	Other Funds	Total
1. Reduces funding to the strategic investment and improvements fund and increases allocations to counties, cities, and school districts, as follows:	$0	($454,900,000)	($454,900,000)

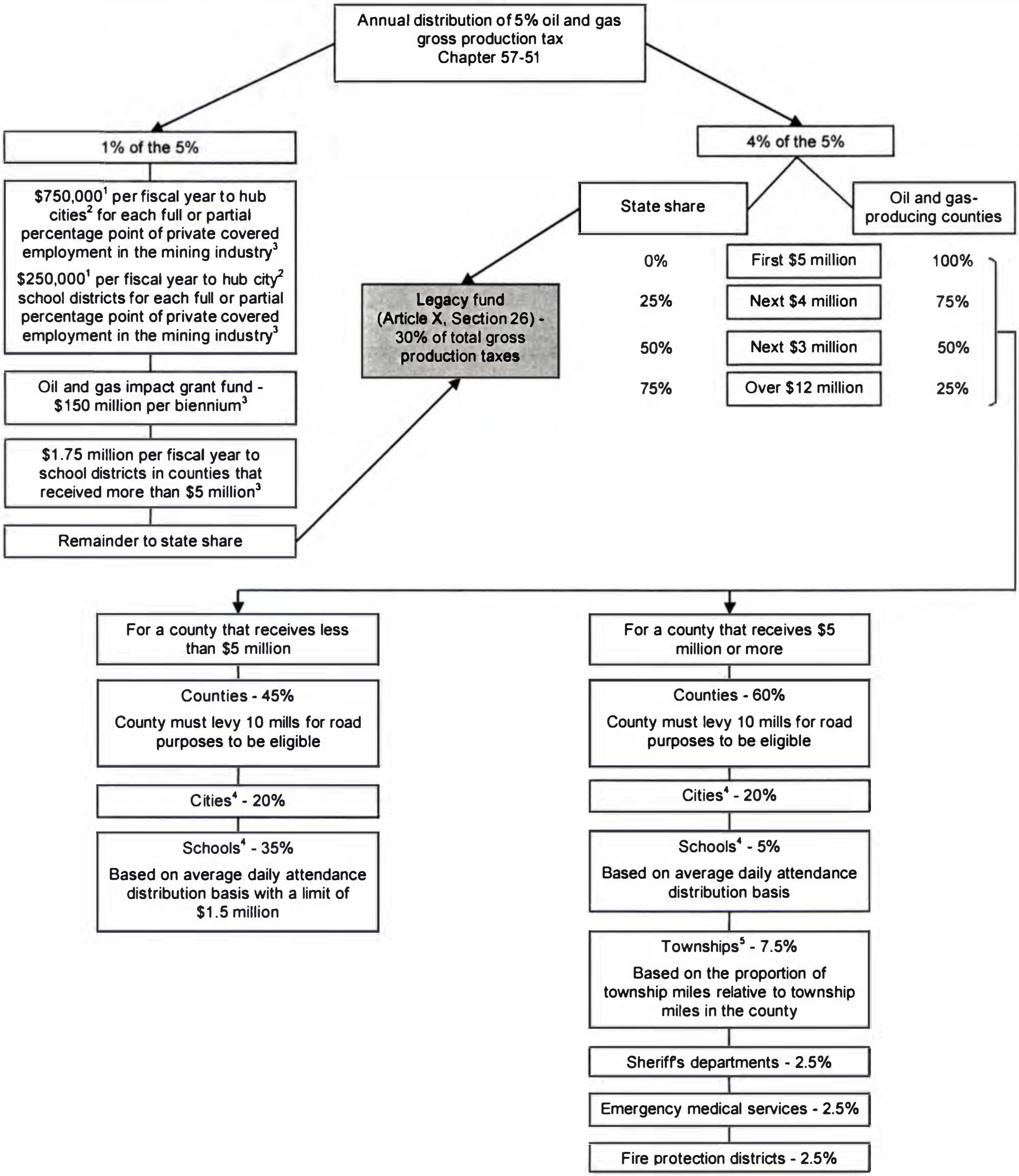
Counties	$292,900,000
Cities	94,000,000
School Districts	68,000,000
Total	$454,900,000

	General Fund	Other Funds	Total
2. Provides **one-time funding** to Job Service North Dakota from the general fund for updating data collection related to employment	$150,000	$0	$150,000
3. Provides **one-time funding** to the State Treasurer from the strategic investment and improvements fund for an allocation to oil-producing counties for road projects	$0	$190,000,000	$190,000,000
4. Provides **one-time funding** to the Department of Transportation from the general fund for road projects in counties that receive less than $5 million annually of oil tax allocations	$150,000,000	$0	$150,000,000
5. Provides **one-time funding** to the State Treasurer from the general fund for an allocation to townships for road projects in counties that receive more than $500,000, but less than $5 million annually of oil tax allocations	$8,760,000	$0	$8,760,000

6. Provides **one-time funding** from the general fund for a Department of Transportation study of road substructure and road quality and lifespan	$585,000	$0	$585,000
7. Provides **one-time funding** to the State Department of Health from the general fund for grants as determined by the emergency medical service advisory council to emergency medical service providers in counties that receive less than $5 million annually of oil tax allocations	$6,250,000	$0	$6,250,000
8. Provides **one-time funding** from the oil and gas impact grant fund to the Commissioner of University and School Lands for distribution to eligible counties experiencing new oil and gas development activities	$0	$5,000,000	$5,000,000
9. Provides **one-time funding** from the strategic investment and improvements fund to the Department of Commerce for grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties	$0	$6,000,000	$6,000,000
10. Provides **one-time funding** from the strategic investment and improvements fund to the Department of Human Services for grants to critical access hospitals in oil-producing counties	$0	$10,000,000	$10,000,000

ATTACH:1

ENGROSSED HOUSE BILL NO. 1358 WITH PROPOSED AMENDMENTS (LC #13.0134.09006)
PROPOSED DISTRIBUTION OF FIVE PERCENT
OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



[1]These amounts will be adjusted each fiscal year by one-third of the percentage change in total tax collections.

[2]A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.

[3]If revenues are insufficient to make the necessary allocations and transfers, the State Treasurer shall transfer the amount needed from the strategic investment and improvements fund.

[4]Hub cities and hub city school districts must be omitted from this apportionment.

[5]An organized township is not eligible for an allocation if that township has $100,000 or more in uncommitted reserve funds or if that township is not levying at least 10 mills for township purposes.

13.9592.02000

Prepared by the North Dakota Legislative Council staff for House Appropriations
February 2013

HB 1358
2/26/13
Attachment

ESTIMATED 2013-15 DISTRIBUTION TO POLITICAL SUBDIVISIONS - OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS

This memorandum provides a comparison of the current and proposed distributions of the 5 percent oil and gas gross production tax collections to the political subdivisions. Under the **current distribution formula (Appendix A)**, an estimated $287 million will be distributed to the political subdivisions for the 2013-15 biennium. Under the formula proposed in the **2013-15 executive budget as included in Senate Bill No. 2258 (Appendix B)**, an estimated $520 million would be distributed to political subdivisions. Under the formula proposed in **Engrossed House Bill No. 1358 with proposed amendment (LC# 13.0134.09006) (Appendix C)**, an estimated $742 million would be distributed to political subdivisions. The schedule below compares the estimated distributions for the 2013-15 biennium under current law and under each of the proposals.

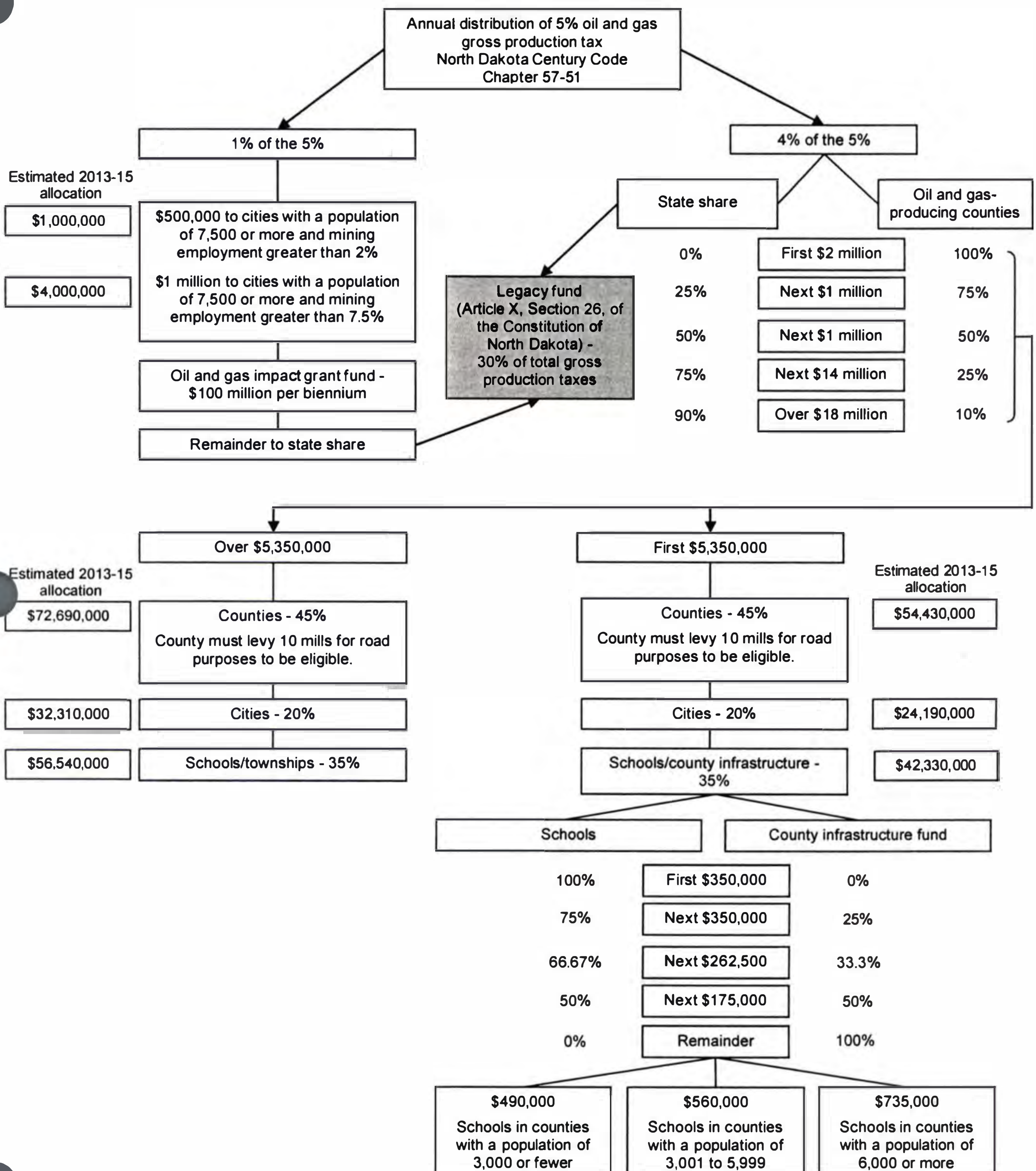
	Current Law	Senate Bill No. 2258	Engrossed House Bill No. 1358
Counties	$127,120,000	$231,900,000	$342,360,000
Cities	61,500,000	108,060,000	214,050,000
Schools[1]	0	0	102,340,000
Townships[1]	0	0	41,750,000
Schools/townships/county infrastructure[1]	98,870,000	180,370,000	0
Sheriff's departments	0	0	13,910,000
Emergency medical services	0	0	13,910,000
Fire protection districts	0	0	13,910,000
Total	$287,490,000[1]	$520,330,000	$742,230,000

[1]The distribution formula under current law and the distribution formula proposed under Senate Bill No. 2258 allocate funding based on a percentage to a combined category for schools, townships, and county infrastructure. The distribution formula proposed under Engrossed House Bill No. 1358 distributes funding to schools and townships in separate allocations based on a percentage.

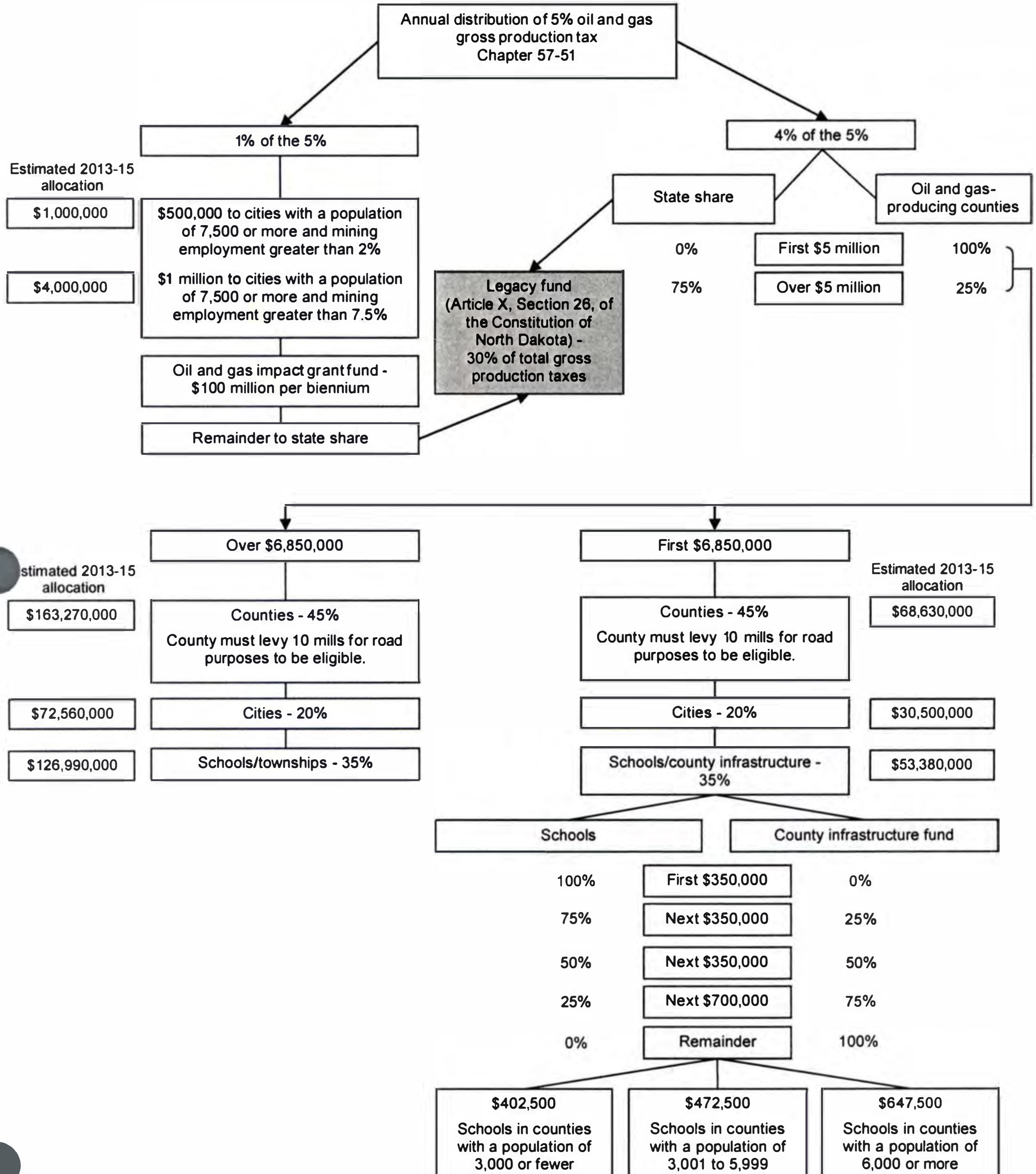
NOTE: The amounts reflected on this schedule are estimates based on February 2013 oil price and production estimates for the 2013-15 biennium and Tax Department estimates for individual county oil production for 2014. **The actual amounts allocated for the 2013-15 biennium may differ significantly from these amounts** based on actual oil price and production by county during the 2013-15 biennium.

ATTACH:3

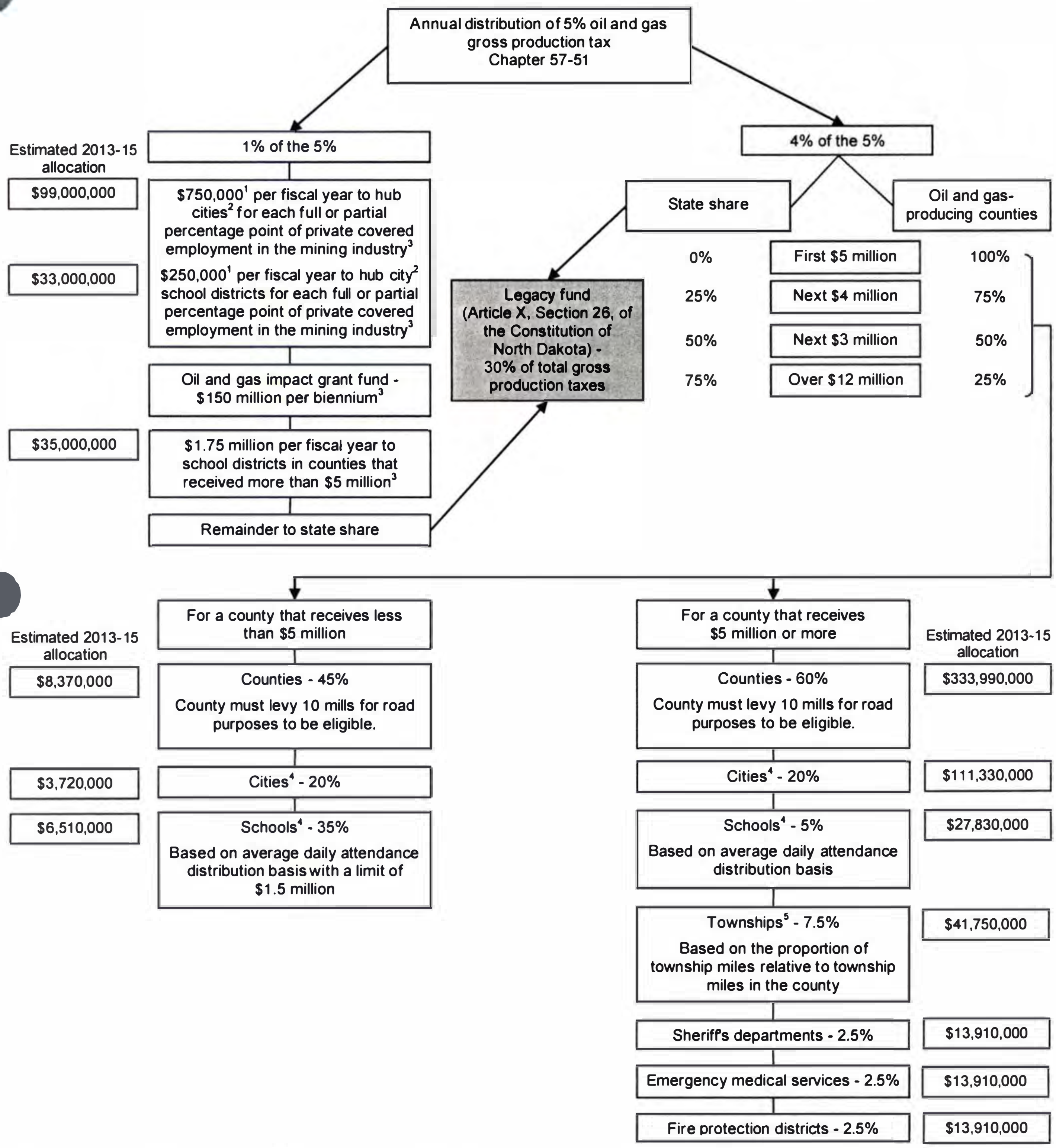
CURRENT LAW
DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



SENATE BILL NO. 2258
PROPOSED DISTRIBUTION OF 5 PERCENT
OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



ENGROSSED HOUSE BILL NO. 1358 WITH PROPOSED AMENDMENTS (LC #13.0134.09006) PROPOSED DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



[1]These amounts will be adjusted each fiscal year by one-third of the percentage change in total tax collections.

[2]A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.

[3]If revenues are insufficient to make the necessary allocations and transfers, the State Treasurer shall transfer the amount needed from the strategic investment and improvements fund.

[4]Hub cities and hub city school districts must be omitted from this apportionment.

[5]An organized township is not eligible for an allocation if that township has $100,000 or more in uncommitted reserve funds or if that township is not levying at least 10 mills for township purposes.

 HB 1358 2/26/13 Attachment 3

Prepared by the North Dakota Legislative Counci
staff for House Appropriations
February 2013

ESTIMATED ANNUAL OIL TAX REVENUE DISTRIBUTIONS TO POLITICAL SUBDIVISIONS

The table below provides information on distributions of the counties' share of oil and gas gross production tax revenue using the formula in current law and the proposed formula in Engrossed House B o. 1358 with proposed amendments (LC #13.0134.09006) that provides for a greater share of the oil and gas gross production tax being allocated to counties. Counties generating less than $5 million in oil ar as tax revenue will continue to receive allocated funds under the current formula. The amounts shown include allocations to hub cities, hub school districts, and school districts from the first one-fifth of oil ar as gross production tax collected. The amounts shown below do not include an estimated allocation of $5 million to Mandan for hub city and hub school district designations.

	Current Formula	Proposed Formula[1]		Current Formula	Proposed Formula[1]		Current Formula	Proposed Formula[1]		Current Formula	Proposed Formula[1]		Current Formula	Proposed Formula[1]
illings	$6,786,685	$12,841,712	**Bottineau**	$3,990,793	$8,222,377	**Bowman**	$8,170,446	$16,301,119	**Burke**	$6,838,063	$12,970,167	**Divide**	$8,158,104	$16,270,2
County share	$3,054,008	$6,655,027	County share	$1,795,857	$3,883,427	County share	$3,676,701	$8,730,671	County share	$3,077,128	$6,732,094	County share	$3,671,147	$8,712,1
Cities	$1,357,337	$2,218,342	Cities	$798,159	$1,294,476	Cities	$1,634,089	$2,910,224	Cities	$1,367,613	$2,244,031	Cities	$1,631,621	$2,904,0
Hub cities			Hub cities			Hub cities			Hub cities			Hub cities		
Hub school			Hub school			Hub school			Hub school			Hub school		
School districts		$2,304,586	School districts		$2,073,619	School districts		$2,477,556	School districts		$2,311,008	School districts		$2,476,0
School/township	$2,375,340		School/township	$1,396,777		School/township	$2,859,656		School/township	$2,393,322		School/township	$2,855,336	
Township		$831,878	Township		$485,428	Township		$1,091,334	Township		$841,512	Township		$1,089,0
EMS		$277,293	EMS		$161,809	EMS		$363,778	EMS		$280,504	EMS		$363,0
Fire protection		$277,293	Fire protection		$161,809	Fire protection		$363,778	Fire protection		$280,504	Fire protection		$363,0
Sheriff		$277,293	Sheriff		$161,809	Sheriff		$363,778	Sheriff		$280,504	Sheriff		$383,0
unn	$15,503,793	$34,634,481	**Golden Valley**	$3,025,416	$3,025,416[2]	**McHenry**	$81,469	$81,469[2]	**McKenzie**	$25,126,360	$58,690,903	**Mountrail**	$29,149,465	$68,748,6
County share	$6,976,707	$19,730,689	County share	$1,361,437	$1,361,437	County share	$36,661	$36,661	County share	$11,306,862	$34,164,541	County share	$13,117,259	$40,199,1
Cities	$3,100,759	$6,576,896	Cities	$605,083	$605,083	Cities	$28,514	$28,514	Cities	$5,025,272	$11,388,180	Cities	$5,829,893	$13,399,7
Hub cities			Hub cities			Hub cities			Hub cities			Hub cities		
Hub school			Hub school			Hub school			Hub school			Hub school		
School districts		$3,394,224	School districts			School districts			School districts		$4,597,045	School districts		$5,099,9
School/township	$5,426,327		School/township	$1,058,896	$1,058,896	School/township	$16,294	$16,294	School/township	$8,794,226		School/township	$10,202,313	
Township		$2,466,336	Township			Township			Township		$4,270,568	Township		$5,024,9
EMS		$822,112	EMS			EMS			EMS		$1,423,523	EMS		$1,674,9
Fire protection		$822,112	Fire protection			Fire protection			Fire protection		$1,423,523	Fire protection		$1,674,9
Sheriff		$822,112	Sheriff			Sheriff			Sheriff		$1,423,523	Sheriff		$1,674,9
enville	$2,806,200	$2,806,200[2]	**Slope**	$2,144,380	$2,144,380[2]	**Stark**	$8,140,678	$29,140,679	**Ward**	$210,618	$4,210,618[2]	**Williams**	$22,245,295	$91,488,2
County share	$1,262,790	$1,262,790	County share	$964,971	$964,971	County share	$2,763,305	$6,234,407	County share	$94,778	$94,778	County share	$10,010,383	$29,842,9
Cities	$561,240	$561,240	Cities	$428,876	$428,876	Cities	$1,228,136	$2,078,136	Cities	$42,124	$42,124	Cities	$4,449,059	$9,947,6
Hub cities			Hub cities			Hub cities		$12,750,000	Hub cities		$3,000,000	Hub cities		$30,000,0
Hub school			Hub school			Hub school		$4,250,000	Hub school		$1,000,000	Hub school		$10,000,0
School districts			School districts			School districts		$2,269,534	School districts			School districts		$4,236,9
School/township	$982,170	$982,170	School/township	$750,533	$750,533	School/township	$2,149,237		School/township	$73,716	$73,716	School/township	$7,785,853	
Township			Township			Township		$779,301	Township			Township		$3,730,3
EMS			EMS			EMS		$259,767	EMS			EMS		$1,243,4
Fire protection			Fire protection			Fire protection		$259,767	Fire protection			Fire protection		$1,243,4
Sheriff			Sheriff			Sheriff		$259,767	Sheriff			Sheriff		$1,243,4

The amounts shown for schools include $1.75 million from the first one-fifth of oil and gas gross production tax collected for each county that received $5 million or more in oil tax revenues for the previous fiscal year.
Counties with less than $5 million in oil and gas tax revenue will continue to receive allocations under the current law formula.

NOTE: The amounts reflected on this schedule are estimates based on February 2013 oil price and production estimates for the 2013-15 biennium and Tax Department estimates for individual county roduction for 2014. **The actual amounts allocated for the 2013-15 biennium may differ significantly from these amounts** based on actual oil price and production by county during the 2013-15 biennium.

HB 1358
2/26/13
Attachment 4

Minot Jobs Data

2010 - 17 companies with 560 employees

2012 - 53 companies with 2,901 employees

Job Service Current Data

2011 Annual Averages

Area Name	Population	Total Empl.	Private Sector Empl.	Mining	% Total	% Prvt.
STATEWIDE	**646,844**	**379,433**	**312,525**	**16,786**	**4.4%**	**5.4%**
Williston	13,014	20,775	19,426	7,619	**36.7%**	**39.2%**
Dickinson	16,265	14,686	12,822	2,178	**14.8%**	**17.0%**
Minot	36,256	28,019	24,456	890	**3.2%**	**3.6%**

Total Bldg Permit Issuance

	2011	2012	% Change
Dickinson	$ 144,296,463	$ 408,735,488	183%
Minot	$ 204,560,200	$ 342,297,136	67%
Williston	$ 357,708,114	$ 470,101,124	31%
Fargo	$ 233,673,178	$ 292,635,872	25%

Single Family Housing Permit Issuance

Dickinson	137	589	330%
Minot	286	368	29%
Fargo	231	306	32%
Williston	310	208	-33%

1

13.0134.10002
Title.

Prepared by the Legislative Council staff for Representative Skarphol
March 13, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 2, after line 22, insert:

"The emergency medical service and fire protection district funding committee shall attempt to fully allocate or make commitments of all of the oil-producing counties emergency medical service and fire protection district grant fund. Within thirty days after the end of a state fiscal year, the state treasurer shall transfer into the oil and gas impact grant fund any unexpended and uncommitted balance at the end of a state fiscal year exceeding five thousand dollars in the oil-producing counties emergency medical service and fire protection district grant fund. Any amount transferred to the oil and gas impact grant fund under this section must be allocated in energy infrastructure and impact grants within counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year."

Page 4, line 27, after "year" insert ", in four quarterly installments,"

Page 6, line 5, overstrike "credited" and insert immediately thereafter "deposited"

Page 6, line 5, overstrike "to" and insert immediately thereafter "in"

Page 6, line 6, overstrike "credited"

Page 6, line 7, overstrike "to" and insert immediately thereafter "deposited by the state treasurer in"

Page 8, line 14, after "percent" insert "must be apportioned no less than quarterly by the county treasurer"

Page 12, line 13, overstrike "must be considered"

Page 13, line 4, after the period insert "Job service North Dakota shall implement upgraded oil and gas-related employment data collection and reporting not later than January 1, 2015."

Page 16, line 27, after "that" insert "enactment of sections 1 through 4 of"

Renumber accordingly

2

March 11, 2013

Summary of Legislative General Fund Changes as of Crossover

The schedule below compares major general fund legislative changes to the executive budget as of crossover.

	GENERAL FUND (Amounts in Millions)
Estimated June 30, 2013, balance as of crossover	($844.1)
Governor's recommended June 30, 2013, balance	80.5
Difference	($924.6)
Major legislative changes resulting in the ending balance reduction:	
Additional income tax relief (Total of $503.4 million) (HB 1250, SB 2156)	($378.4)
Changes tax law for certain investment income (HB 1277)	(73.6)
Additional property tax relief (Total of $742.2 million (HB 1013, HB 1198, SB 2036)	(28.0)
Additional funding for energy impacts and transportation distributions (HB 1358)	(165.2)
Additional funding for Medical School option 3 (SB 2333)	(55.7)
Additional funding to oil-producing townships and license plate issue (SB 2012)	(17.7)
Funding reserved for moving Missouri River Correctional Center (HB 1312)	(12.2)
Reduces funding for Department of Human Services (HB 1012)	31.5
Removes funding for Homestead Tax Credit expansion (HB 1006)	20.0
Changes funding source for Water Commission to resources trust fund (HB 1020)	17.8
Increases estimated transfer to the budget stabilization fund	(199.0)
Other changes (net)	(64.1)
Total changes	($924.6)

The schedule below compares revenue and appropriation changes made by the House and Senate to the executive budget adjusted for property tax relief the executive budget recommended to be appropriated from special funds and other transfers and appropriations recommended to occur prior to July 1, 2013.

General fund revenues:	
House changes (includes additional income tax effect of $251 million HB 1250 over SB 2156)	($324.3)
Senate changes (includes income tax effect of SB 2156 of $125 million over executive budget)	(138.7)
Budget stabilization fund transfer increase	(199.0)
February revenue forecast revision	(4.4)
Total legislative changes affecting general fund revenue	($666.4)
General fund appropriations:	
House changes - Additional appropriations	($144.4)
Senate changes - Additional appropriations	(113.8)
Total legislative changes increasing general fund appropriations	($258.2)
Total legislative changes	($924.6)

House Bill 1358

PREPARED FOR:

SENATE FINANCE AND TAXATION COMMITTEE
SENATOR DWIGHT COOK, CHAIRMAN

Chairman Cook and Committee, I am Dan Brosz, President of the ND Association of Oil and Gas Producing Counties. Our Association has been working with Legislators and the Governor to change the formula that returns Gross Production Tax revenues to local political subdivisions for the past two years. The impact to our members has been as extraordinary as the growth in exploration and production. We have been playing catch up to the impacts from day one.

The change in the formula proposed in this bill will go a long way in helping with these impacts. Our members asked last session to change the formula especially the bottom category from the 10 percent local and 90 percent state. We have been advocating a 50/50 split. The 25 local and 75 state split in this bill is better then what we have presently. The adjustment on the lower brackets helps all our members. This bill treats the larger cities, Williston, Dickinson, Minot and possibly others with a funding source that will allow them to be the hub of this machine that is growing our entire State. Likewise the small cities in the counties of the large cities have been left short because the monies have been split by population. This bill will help the Tioga's, Ray's, South Heart's or Belfield's.

We also feel the bill helps address the issues in our schools in oil county. Schools have been getting little help with their short or long term impacts. Schools need books, desks, teachers and building because of increasing enrollment.

The most important issue we need resolved besides more funding is changing the formula which this bill does. Our local political subdivisions cannot plan with the present formula and grants every two years. This bill goes a long way in addressing our needs. I have several representatives of our members that can do a much better job of explaining their impacts then I can.

I will lead off with some information from one of the cities I mentioned earlier, the City of Ray. The Mayor and Auditor could not make it here today but sent the following testimony. I will give you the short version of what they are presenting.

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City of Ray

Incorporated March 9, 1914

Post Office Box 67

Ray, North Dakota 58849-0067

Telephone: 701-568-2204 *** Email: raynd@nccray.net

January 25, 2013

My name is Kimberly Steffan and I am the City Auditor for the City of Ray, North Dakota. I was asked to give you some information regarding the recent oil activity in our area and the resulting impacts.

The City of Ray, North Dakota had a population of around 500 people when I started as the City Auditor in December, 2008. In the summer of 2009 we replaced every water meter in the city which amounted to 198 meters. We currently have 406 meters. Our population has doubled and we are bursting at the seams.

Our waste water lagoon is at full capacity. The City used their discharge permit for the first time in many, many years. The State Health Department has kindly guided many waste water treatment facilities to help us with our waste water problem but all of them have come at a cost we can't afford. We have applied for Impact funding every year. In 2011 we received a grant for $50,000 to help cover the cost of engineering that we commissioned for a waste water lagoon project. In 2012 we received $1,800,000 for our waste water project. The City of Ray borrowed SRF funds to replace water mains in the amount of $1,000,000 with an additional $1,500,000 in loan forgiveness. We also borrowed $1,242,000 with loan forgiveness around $500,000 to assist in our waste water pond issue and to replace collapsing sewer mains. In order to cover our loan payments, our water rates were increased by 67%, and our sewer rate jumped from $1.50 per month to $27.82 per month. We cannot increase rates again to pay for any more debt. Our residents simply can't afford it.

With the increase in population the stress on water and sewer mains has been tremendous. We have replaced 18,000 feet of cast iron pipe that was installed in the early 1950's with the funds borrowed from SRF. We sponsored a Safe Routes to School Project that is imperative for students to be able to get to school and school functions safely due to the increased traffic. We have hired planners who have re-written our Planning & Zoning Ordinance to assist with dealing with the developers that are bombarding us to develop here since Highway 2 runs through our city. Our engineers have been working diligently to help solve the problems we are facing and even though we have a debt of approximately $2,500,000, we still have a funding shortfall of $20,212,000. Our biggest needs include a new wastewater pond system, new sewer mains to replace aging collapsing mains, an adequate water tower to supply fire suppression and water for our growing population, and due to increased traffic and funding shortfalls, our city streets are crumbling.

The City annexed 213 acres of property for housing and commercial development. The expansion is a 76% increase to the size of the City of Ray. There are currently three developments that would provide much needed housing that could add an additional 1,000 people to our population by 2014. They are currently unable to continue development until the waste water system is completed, so housing is still an issue. Our school district and local businesses had to resort to purchasing homes to provide housing for desperately needed teachers and employees. The City had to turn a parking lot into a mobile home park in order to have housing for the contractors that are working on our water and sewer mains.

Other issues we are faced with, that we can't even begin to address, are law enforcement and public buildings. We have no law enforcement and can't afford to hire due to lack of funding. The Williams County Sheriff's Department has provided the law enforcement, but they must cover the entire County and can't always be available if a problem arises in Ray.

While we appreciate every penny that is directed to the City of Ray, it just isn't covering all the needs this oil activity has produced. Our growing population and resulting needs are placing a very high burden on the residents of Ray. We have lost many long time residents because they just can't afford to live here anymore. We can't keep up with increasing costs. The City of Ray would be grateful for any relief that can be directed to our community and the other communities directly impacted by oil activity.

Kimberly Steffan

Kimberly Steffan
Ray City Auditor

5

Testimony to the Senate Finance and Taxation Committee
Chairman Dwight Cook
Prepared by Shane Goettle, Special Assistant City Attorney, Minot
goettles@gmail.com

HOUSE BILL 1358

Chairman Cook, Senate Finance and Taxation Committee members, my name is Shane Goettle, and I am representing the City of Minot. We are in favor of HB 1358, but are seeking some amendments. In a minute I will introduce Minot Mayor, Curt Zimbleman, but before I do, I want to provide some background that supports amending this bill.

Two years ago, the 2011 Legislative Session raised the oil and gas impact fund from an $8 million fund to a $100 million fund. At that time, what we would now call the hub cities, namely, Williston, Dickson and Minot, were allocated 35 percent (35%) or $35 million against which they could apply for grants, and the non-hub cities were allocated sixty-five percent (65%) of that fund, or $65 million dollars, for granting purposes. This was in recognition of the fact that it is unfair to the small city grant requests to be placed in direct competition against large city grant requests.

During the special session, that $100 million grant fund was increased by $30 million, bringing the oil and impact fund to a total of $130 million for the biennium. HB 1358 proposes to now increase that fund to $150 million for the biennium. Under present law, this would mean that 35 percent (35%), or $52.5 million would be allocated to the three large cities and $97.5 million would be set aside for the small cities. This would be the case EXCEPT for the fact that HB 1358 would eliminate this separation and invite large and small cities to compete against each other for grants.

That having been said, it is important to recognize that HB 1358 also proposes to fund these hub cities through a hub city formula that is based on the percentage of employed workers in the "mining" classification as calculated and reported by job service North Dakota. This would, in theory, reduce the need for hub cities to apply for energy-related impact grants, however, that also assumes that the hub city formula adequately addresses those needs. We would submit that this is where HB 1358 begins to falter. The proposed formula in the bill is inadequate for at least two of the hub cities, forcing them to compete against the small cities for grants from the oil and gas impact fund.

Thus, while we agree with the policy of trying to fund the hub cities through a formula, for reasons Mayor Zimbleman will expand on in a moment, the proposed formula does not adequately measure the impacts to the hub cities.

So we are proposing a fix. You have some amendments in front of you that are probably best explained in the chart attached to this testimony. Let me walk you through the chart as means to understand the proposed amendments:

1. Weight the front end of the hub city formula, and take into account cities with a refinery in or nearby--together this requires we add $40.5 million to the formula;
2. Create a zero fiscal impact of this change by reducing the $150 million oil and gas impact fund by $40.5 million, leaving a fund of $109.5 million, and more importantly, relieving the pressure of hub city grant applications competing against small city applications. Note: this leaves MORE in the oil and gas impact fund for the small cities than if the present ratio of 35 percent/65 percent were applied to this grant fund—in fact $12 million more.

Mr. Chairman and members of the committee, following my testimony, you will hear specific support for the approach I have outlined from the hub cities that would most directly benefit from this change. For that purpose, I want to introduce Minot Mayor Curt Zimbleman, but before I do, I would stand for any questions.

Percent	$ Millions	Dickinson - 17%	Minot - 4%	Williston - 40%	TOTALS
1%	$ 2,500,000	$ 2,500,000	$ 2,500,000	$ 2,500,000	
2%	$ 2,500,000	$ 2,500,000	$ 2,500,000	$ 2,500,000	
3%	$ 2,500,000	$ 2,500,000	$ 2,500,000	$ 2,500,000	
4%	$ 2,500,000	$ 2,500,000	$ 2,500,000	$ 2,500,000	
5%	$ 2,500,000	$ 2,500,000	$ -	$ 2,500,000	
6%	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	
7%	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	
8%	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	
9%	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	
10%	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	
11-25%	$ 500,000	$ 3,500,000	$ -	$ 7,500,000	
26-40%	$ 500,000	$ -	$ -	$ 7,500,000	
41%+	$ 250,000	$ -	$ -	$ -	
Total		**$ 21,000,000**	**$ 10,000,000**	**$ 32,500,000**	$ 63,500,000
HB 1358		**$ 12,750,000**	**$ 3,000,000**	**$ 30,000,000**	$ 45,750,000
Difference					$ 17,750,000

1) Reduce Impact Grant Fund by Highlighted Amount = Cost Neutral

2) Any Hub City with 25%+ Jobs in the Mining Industry can NOT apply to the Energy Impact Grant Fund.

3) Any City with 12,500+ in Population that has Gas or Oil Refinery with 15 Square Miles of the City Limits = $2,500,000/Year Payment

6

13.0134.10003
Title.

Prepared by the Legislative Council staff for
Senator Burckhard
March 12, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 3, line 8, overstrike "Allocate"

Page 3, line 8, remove "to each hub city a monthly amount that will provide a total allocation of"

Page 3, line 9, remove "seven"

Page 3, line 9, overstrike "hundred"

Page 3, line 9, remove "fifty"

Page 3, line 9, overstrike "thousand dollars per fiscal year"

Page 3, line 14, after "~~percent~~" insert "Utilize data compiled by job service North Dakota to allocate to each hub city a monthly amount that will provide a total fiscal year allocation of:

(1) Two million five hundred thousand dollars"

Page 3, line 14, after "point" insert ", not exceeding five percentage points,"

Page 3, line 15, overstrike ", according to data compiled by job"

Page 3, line 16, overstrike "service North Dakota"

Page 3, after line 16, insert:

"(2) One million dollars for each full or partial percentage point, exceeding five percentage points but not exceeding ten percentage points, of its private covered employment engaged in the mining industry;

(3) Five hundred thousand dollars for each full or partial percentage point, exceeding ten percentage points but not exceeding forty percentage points, of its private covered employment engaged in the mining industry; and

(4) Two hundred fifty thousand dollars for each full or partial percentage point, exceeding forty percentage points, of its private covered employment engaged in the mining industry;"

Page 3, line 17, after "b." insert "Allocate a monthly amount that will provide a total fiscal year allocation of two million five hundred thousand dollars to any city, whether or not it is a hub city, with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has an oil and gas refinery producing refined product within fifteen miles of its city limits;

c."

Page 3, line 21, replace "c." with "(1)"

Page 3, line 21, after "under" insert "this"

Page 3, line 21, remove "b"

6

Page 3, line 22, after "treasurer" insert "shall"

Page 4, line 5, after the underscored period insert "(2)"

Page 4, line 22, replace "and" with an underscored comma

Page 4, line 22, after "b" insert ", and c"

Page 4, line 26, replace "fifty" with "nine"

Page 4, line 26, after "million" insert "five hundred thousand"

Page 12, line 18, after "subdivision" insert ". The director may not recommend that a hub city with more than twenty-five percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota, receive any funds from the oil and gas impact grant fund, with the exception of grants to or for public airports impacted by oil and gas development"

Renumber accordingly

7

Testimony to the Senate Finance and Taxation Committee
Chairman Dwight Cook
Prepared by Curt Zimbelman, Mayor of Minot
Mayor@minotnd.org

HOUSE BILL 1358

Chairman Cook, Senate Finance and Taxation Committee members, my name is Curt Zimbelman, and I am the Mayor of Minot. I am representing the City of Minot and urge a DO PASS with the **amendment** to House Bill 1358 as just proposed.

Minot is in an interesting but challenging position in relation to oil and gas development. It is not in a county that has large oil production but it is impacted heavily from the development of oil in western North Dakota.

We have distributed a document with this testimony that highlights the impacts from oil development to Minot. I won't walk you through the document today but I hope you will take the time to look through it at your convenience. The document really speaks for itself in terms of the impacts.

The 2010 census reports Minot's population at 40,888. Our current estimate is around 50,000 with many long-term stay individuals in hotels. The hotel rooms in Minot have more than doubled in the last two years going from approximately 1,600 rooms to over 3,000 in that time period.

Not only has there been an increase in hotel rooms but also in total building permits issued for both residential and commercial buildings. In 2011 Minot issued over two hundred and four million dollars ($204,000,000) in total permits. In 2012 that total was over three hundred forty-two million dollars ($342,000,000) in total permits of which forty million dollars ($40,000,000) was flood related. If you removed the flood related permits, permits for 2012

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increased forty-nine percent (49%). The following chart shows the total building permits for the three hub cities.

TOTAL BUILDING PERMIT ISSUANCE					
CITY	2011		2012		PERCENT CHANGE
Dickinson	$ 144,296,463		$ 408,735,488		183%
Minot	**$ 204,560,200**		**$ 342,297,136**		**67%***
Williston	$ 357,708,114		$ 470,101,124		31%
* Removal of flood permits reduces the number to 49%					

The impact to a city is in the initial onslaught of development. Minot, just like the other hub cities, is experiencing this onslaught from the oil development in western North Dakota. Not only has Minot experienced considerable growth as demonstrated by the hotels and the building permits in total, employment in Minot has increased in the energy sector. Minot has seen a four hundred eighteen percent (418%) increase in energy and oil related companies locating their businesses in Minot in the last two years, bringing not only more traffic, but also heavy-duty truck traffic

The current formula in House Bill 1358 is based on hub cities receiving seven hundred fifty thousand dollars ($750,000) per year for each full or partial percentage point of private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota. I want to emphasize that this formula is flawed and creates inequities for two reasons: first, it only counts workers specifically classified in "mining" and not other oil and gas related jobs; second, it only counts people where their paycheck is cut, and not where they may actually live. For example, we know that we are approaching three thousand (3,000) employees on the payroll of companies located in Minot, but we also know we have many more employees living in Minot who are employed by companies outside of Minot. The present formula simply doesn't account for all of the impacts. The formula doesn't consider the heavy truck traffic from frac sand and other oil field inputs that are coming through Minot and creating both traffic issues and impacts on our roads.

We believe the inequities in the formula **CAN** be addressed if the formula is weighted at the front end. This takes into account the fact that the initial impacts are greater than those that occur later. For example, a city that moves from four percent to six percent in mining employment in one year will feel that impact much more acutely than one moving from forty percent to forty two percent. The former is simply a bigger leap than the latter.

We strongly recommend and propose to this committee that the hub city formula be restructured to increase the funding level based on the initial percentage increases.

That change to the formula provides more funds based on the initial impact to a city and levels out as the percentage continues to increase. To ensure this does not increase the appropriation, I would suggest the increase in the funds in this option be paid for out of the hundred fifty million ($150,000,000) grant fund set aside for oil impacted cities. You can also include language that states that hub cities that have reached a certain level of mining employment not be eligible for grants from the oil and gas impact fund. That would preserve a strong grant program for small cities that will then be in a much more competitive position for grants since the hub cities won't have a need to compete against them.

Finally, for the reasons set forth above, I strongly support Section 5. which will provide funding to Job Services of North Dakota to upgrade the collection and use of employment data to more accurately identify and include all employees for statistical purposes in determining the level of oil and gas related employment. However, that data will not be updated and useful for quite some time, and we simply cannot wait for those adjustments. Our impacts are immediate and need to be addressed now.

I strongly urge the Committee to incorporate the amendment as recommended and I would encourage a DO PASS with that amendment. Thank you for your time today and for considering the testimony I have presented. I would be happy to address any questions.

North Dakota Senate Finance and Taxation
House Bill No. 1358
March 13, 2013

Mr. Chairman and members of the committee, my name is Dennis Johnson. I serve as President of the Dickinson City Commission. I am here today to speak in support of House Bill No. 1358 including the amendment offered by the City of Minot.

The City of Dickinson is experiencing significant population growth and multiple oil related infrastructure and social impacts. To prepare for and manage the infrastructure needs due to the oil impacts, Dickinson retained KLJ Engineering in June 2011 to develop a Comprehensive Plan (Dickinson 2035: Roadmap to the Future) and retained North Dakota State University in September 2011 to develop housing and population projections. NDSU issued its report in August 2012 and KLJ issued its Draft Comprehensive Plan in November 2012. The final draft will be adopted shortly by the city and the documents are available at www.dickinsonplan.com.

NDSU forecasts Dickinson will reach a service population of 47,000 by 2022. Its permanent population is expected to stabilize by 2030 at about 42,000. Dickinson's 2000 Census was just over 16,000 and the 2010 Census at just under 18,000. My present estimate is that Dickinson is serving about 25,000 people.

Dickinson, in 2010-2011, was the fourth fastest growing small city in the United States. Since that time, as the tables below indicate, Dickinson's growth has accelerated.

City of Dickinson	2010	2011	2012
Construction Permit Values	$75,414,000	$123,515,000	$389,495,000
New Building Permits (Res-Com-Ind)	258	255	783
Housing Units	211	331	1,517
City Size	6,734 acres	6,817 acres	8,237 acres

Single Family Housing Permit Issuance

	2011	2012	% Change
Dickinson	137	589	330%
Minot	286	368	29%
Fargo	231	306	32%
Williston	310	208	-33%

During the past two years, the city's new building permit values have grown five times and its physical footprint has increased by 22%. The Dickinson City Planner expects building permits to approach $500 million in 2013. Dickinson's population growth is substantial and we believe sustainable. Based on the housing forecast, Dickinson has the potential to increase its current stock of housing by 80 percent in 10 years.

The City's infrastructure is under stress and in several aspects, maxed out. We are adding new properties to the system every day. Both the City's water distribution and its wastewater collection and treatment systems are experiencing significant capacity issues. The existing water system was evaluated in terms of water pressure, fire flows, and overall water storage. The planning process revealed that much of Dickinson does not meet fire flow standards, due to several reasons, including inadequate water storage and water pressure. Dickinson annual water consumption in the past two years has grown by 46% to just over one billion gallons.

The table below outlines the major projects Dickinson is undertaking during this biennium and the recommended projects for the next biennium (Exhibit "A"). The projects listed on Exhibit "A" are all city wide projects and are not specific to any one neighborhood. Infrastructure that is specific to a development is paid for the developer. Dickinson's funding deficiency for the current biennium is $40.6 million. The city is adding $40.5 million of debt. With the passage of HB No. 1358 without the Minot amendment, Dickinson may be required to add another $54 million in debt during the next biennium. With the Minot amendment, Dickinson will still add $37.5 million in debt.

City of Dickinson

	Biennium Ending 6/30/13	**Biennium Ending 6/30/15**
Water Projects		$35,350,000*
Waste Water Projects	$48,400,000**	$44,400,000*
Public Works Building	$18,000,000	
Public Safety Center	$8,000,000	
Subtotal	$74,400,000	$79,750,000
Impact Funding/ HB 1358	$12,300,000	$25,500,000***
City of Dickinson Funds	$20,000,000****	$0
Funding Deficiency	$40,600,000	$54,250,000
City of Dickinson Debt	**$40,500,000*** ****	**$54,250,000**

*See Exhibit "A" for detail
**Mechanical Waste Water Treatment Facility currently under construction.
***HB 1358 Not Amended
****Commits Dickinson's ½% sales tax monies through 2016
*****State Revolving Fund; 20 year term at 2.5%; annual payment of $2,600,000

I have not included costs for the City's transportation projects. I am assuming the North Dakota DOT will provide the funding for the major projects. I have also not included landfill expansion costs. Dickinson operates a regional landfill that serves 23 other area communities. Increased solid waste volumes will require expansion. I have not included any monies for the Theodore Roosevelt Regional Airport. We are expecting additional funding needs for air and ground transportation during the next biennium.

We have yet to determine final project priorities and cost estimates for the landfill, the airport, and city street extensions and signals. These project costs are significant and will require completion during the next 6 years.

I am frequently asked about the impact to city revenues due to the increased sales and property tax collected by the city. The City of Dickinson has a 1% and a ½% sales tax that were imposed on separate occasions by a vote of the people. Each sales tax is subject to different use restrictions as outlined in Exhibit "C".

The table below has three years of sales tax collections. During this time sale tax collections have doubled illustrating the dramatic energy impact on Dickinson. While the increases are substantial they fall far short of providing sufficient revenue to fund Dickinson's numerous infrastructure requirements.

Sales Tax Collections	2010	2011	2012
1%	$3,538,219	$5,000,809	$7,062,878
½%	$1,769,110	$2,500,404	$3,531,439

The ½% sales tax is the city's least restrictive and most versatile tax. Now that the West River Community Center bond is retired, this tax is used to reduce property tax ($744,600 in 2013) and invest in infrastructure. Monies from this tax will be used for the construction of the Public Works Building and Public Safety Center.

The City of Dickinson levies property tax dollars and not mills. The City attempts to keep its share of property taxes stable on a per property basis with increases if any within the general rate of inflation. This is particularly challenging given the city's high operating cost environment and rapid escalation of individual property values.

Given the many additions of new property to the city tax rolls, Dickinson's increase in property tax collections have been modest. Furthermore, as the table below illustrates, property taxes fund a relatively small portion of the City's general fund expenditures ranging from 24 to 33 percent.

City of Dickinson General Fund Property Taxes

City General Fund	2010	2011	2012	2013 Budget
Property Tax Collections	$3,025,219	$3,131,853	$3,273,199	$3,452,000
Expenditures	$9,215,923	$11,527,063	$13,898,165	$13,550,120
Property Tax as a % of General Fund Expenditures	32.8%	27.2%	23.6%	25.5%

The 20.6% increase in 2012 over 2011 General Fund expenditures is indicative of the oil impact on the City of Dickinson. The increase is due to multiple reasons such as building projects, additional staff, equipment, and increased demand for city services. See the attached Exhibit "B" for more detailed information. Also contributing to the variance are employee wage and salary increases which were greater than normal. While the 2012 increase in expenditures were large, the 2012 general fund revenues exceeded expenditures by nearly $1.9 million largely driven by greater than anticipated state aid and building permit revenue.

The decrease in General Fund expenditures for the 2013 budget is due largely to city owned land sales. City land sales are both a revenue and expense to the General Fund. The proceeds from land sales are received into the General Fund and then at year-end transferred out of the General Fund into the City's Future Fund. City land sales in 2012 totaled $1,563,000. There is no city owned land sales budgeted for 2013.

Dickinson is a major oil hub city. It has grown substantially. Much more growth is forecasted for Dickinson. The city is attempting to manage the oil impact "the right way" by professional planning. We retained experts to lead us through the comprehensive planning process employing objectivity and science to determine the required investments the city must make to cope with the energy impact and maintain its "quality of place". The planning is complete and the time for the city to act is now. Dickinson must aggressively invest in its infrastructure now to accommodate the growth being thrust upon the city.

My testimony has focused on water and wastewater issues because the city has no option but to provide water and fire protection to the citizens of Dickinson and collect and treat the community's wastewater. We can defer traffic projects and force people to put up with traffic congestion. We can defer expansion of the landfill until there is no choice, but we cannot defer essential water and wastewater projects. Without significant support from the State of North Dakota, Dickinson has no choice but to take on substantial debt if it is to provide the vital infrastructure to support the housing needed for North Dakota's energy development.

I lived in Dickinson during the oil boom of the 70's and the oil bust of the 80's. It was excessive debt that got cities like Dickinson and Williston into financial difficulty. Please do not let history repeat itself. Grant Dickinson sufficient funding so it can develop its infrastructure in a financially responsible manner.

Thank you for the opportunity to present my testimony. I ask that you act favorably on House Bill No. 1358 including the Minot amendment.

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EXHIBIT "A"

City of Dickinson
Water & Wastewater Projects
Biennium Ending 6/30/2015

Water Projects

1.5 MG & .5 MG Water Storage Tanks	$ 7,140,000
18" Transmission Main (21,100 feet) Zone 2 West	$ 4,470,000
18" Transmission Main (14,200 feet) Zone 3 West	$ 4,970,000
24" Water Main (6,600 feet) Zone 1 East	$ 3,300,000
Booster Pumping Station Zone 3 West	$ 1,120,000
14' Trunk Water Main West & East	$ 7,350,000
Finish Water Pumping Station	$ 4,000,000
Addition of Looping	$ 3,000,000
Total Water Projects	**$35,350,000**

Wastewater Projects

Lift Station #12 Upgrade & new Force Main	$ 8,590,000
West Lift Station and Force Main	$12,260,000
West Side Trunk Sewer Phase 1	$ 2,640,000
West Side Trunk Sewer Phase 2	$ 2,010,000
Lift Station #5 Upgrade & Force Main	$ 4,310,000
Gravity Sewer Decommission Lift Station #4	$ 730,000
Lift Station #1 Capacity Upgrade	$ 890,000
Basin 4, 5, & 6 I/I Investigation & Remediation	$ 320,000
East Lift Station & Force Main	$ 4,900,000
Gravity Sewer, Decommission Lift Station #16	$ 870,000
Gravity Sewer, Decommission Lift Station #17	$ 1,170,000
Basin 15, 16, 17 I/I Investigation and Remediation	$ 320,000
Septage Receiving Station	$ 1,350,000
Lift Station #14 Upgrade & Force Main	$ 3,940,000
Collection System Odor & Corrosion Control	$ 100,000
Total Wastewater Projects	**$44,400,000**

EXHIBIT "B"

General Fund Expenditure Variances 2012 vs. 2011

City of Dickinson

Description	Amount
Additional Office Space: Remodel City Hall Basement	$500,000
Architectural & Engineering Fees for Public Works Building	$500,000
I-94 Bore for Water & Sewer	$400,000
Attorney Fees for Prosecution and other legal services such as annexation	$220,000
Additional Planner, Outsource building plan approvals & Comprehensive Plan	$550,000
Additional Public Safety employees and equipment	$750,000
Additional staff for HR, Assessor office,	$150,000
Employee housing: FEMA trailers	$100,000
Total	**$3,170,000**

EXHIBIT "C"

Sales Tax Dedicated Uses

City of Dickinson

One Percent City Sales Tax (1%) Use of Funds

- 50% shall be dedicated to bonded indebtedness, property tax reduction, and infrastructure (streets, water, and sewer). *This fund has historically been used to fund the city's share of street projects such as chip seals, mill and overlays, major reconstructions, and construction of new urban streets.*
- 30% shall be dedicated to capital improvements to enhance social and economic vitality of Dickinson and the Southwest area.
- 20% shall be dedicated to job creation and senior citizen activities.

One Half Percent City Sales Tax (1/2%) Use of Funds

- Construction of a public building (community center) to be used for the purpose of an aquatic center, gymnasium and related uses
- Operation, maintenance and repair expenses for community center
- Property tax reduction and infrastructure (streets, water and sewer)

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City of
WILLISTON
NORTH DAKOTA

P.O. Box 1306
Williston ND 58802-1306
PHONE: 701-577-8100
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TDD: 711

March 13, 2013

Chairman Dwight Cook
Senate Finance and Taxation Committee

RE: HB 1358

Chairman Dwight Cook and Committee Members,

My name is Brad Bekkedahl, Finance Commissioner of Williston since 1998. I am honored to have the opportunity to testify before you today in support of HB 1358.

The bill before your consideration today is a product of state-wide discussions on infrastructure needs since the last Legislative Session. It has had significant input from the North Dakota Association of Oil and Gas Counties and the full support of their Board. While we feel HB 1358 is the most comprehensive state-wide local infrastructure bill ever proposed for the State of North Dakota and also fully endorse its passage, my testimony today will focus on the positive impacts to Williston, and the vital industry expansion we support. The hub cities formula additions and amendments in sections 2 and 3 sets up funding based upon actual and measurable indicators directly related to activity levels and impacts. It acknowledges the fact that hub cities over 12,500 population provide valuable services to the industry and its growth in the areas of schools, water systems, sewage disposal, landfills, hospitals and emergency services, air/rail transportation, housing, retail services, and commercial and industrial space development. It is our belief that a hub cities concept and provision of predictable revenue to the hub cities is absolutely essential to any final product addressing infrastructure of western North Dakota that comes out of this Legislative Assembly.

As the City that is at Ground Zero in the industry development, we have grown from 14,750 population in 2010 to a service population of temporary and permanent residents of over 38,000 in 2012. This has not happened without substantial associated costs and fiscal demands. In 2011, our Capital Improvements Plan (CIP) showed $185 million in infrastructure improvements to accommodate industry growth. By 2012, our updated CIP revealed necessary improvements expanding to $616 million over the time period of 2013 to 2019.

Since 2010, the City of Williston has annexed, serviced, and developed areas equal to the original size of our City. With construction permits leading the State the last 3 years at a cumulative $1 billion, demand continues to outpace supply. The rapid pace of development has placed even greater strains on our ability to cope. Our then record $44 million in city building permits in year 2009 have swelled to a new record of $470 million in 2012, a ten-fold increase in 3 years. We have developed or are currently developing housing and commercial space on all of the previously annexed areas and need further expansion capacity now. With the recent City annexation of 5,000 acres in January, we are now in need of infrastructure funding to prepare its development and construction to meet demands.

While we are appreciative of previous State funding assistance, prior attempts to fund these improvements to service industry demands for facilities and housing through impact funding have always fallen short of the need to meet the activity levels and impacts. In the 2011-13 biennium, the City has used our $22 million impact fund allocation to develop new infrastructure through bonding of over $60 million. Our City sales tax and development fees have provided long-term payment resources for most of this expense, but the ability to continue that level is constrained by the amount of obligations we have already assumed. By providing a measurable source of formula funding through HB 1358, we feel we may have the necessary revenue resource that allows us to consider expanded bond funding sources for long-term financing that permits us to aggressively move infrastructure development forward today in an attempt to catch up with the industry's phenomenal pace of growth. In view of our recent credit downgrade, we also hope that it will give financial review agencies the assurances they need to return our credit rating to its previous level.

We have also had huge increases in City service demands related to this growth. Our City employment, which declined after the 1980's oil bust from 240 to 86, has now been forced to increase to 200 employees once again. With the highest average annual wages in the State at $80,000/year, we have had to increase our compensation schedules to recruit and retain critical personnel. The highest housing costs in the State have also meant we have had to pay housing subsidies to new and existing employees. These are just a few of the reasons our annual operating expenditures have increased $14.7 million in one year from 2012 to 2013. The funding formula change in HB 1358 will allow us the ability to help fund these increasing expenses as well.

It is our feeling as a City that the formula changes provided in HB 1358 grants us a level of optimism to finally address the demands placed upon our community and citizens by the rapid pace of industry development. Understand that with the current formula funding, Williston receives approximately $1.5 million annually, which is less than one tenth of one percent of current oil and gas tax receipts. We do not feel the State of North Dakota has a revenue problem in this current expansion, it is an issue of proper allocation of resources to the demands generated by the growth, which we feel this bill addresses. We support passage of HB 1358, respectfully request your consideration of a Do Pass recommendation, and appreciate your time and attention to our testimony. I will now hand out copies of our Impact booklet as well as our current 2012 Capital Improvements Plan for your review and support for this testimony. This concludes my testimony and I stand ready to address your questions.

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Senate Finance and Tax Committee
March 13th, 2013
HB 1358 Testimony by Dr. Steven Holen
Superintendent of Schools – McKenzie County Public School District #1 (Watford City)

Good morning. My name is Steve Holen. I am the superintendent of schools for McKenzie County Public School District #1 - Watford City. I am also a member of the North Dakota Oil and Gas Producing Counties Executive Committee representing schools districts in oil producing counties. I am here to testify in strong support of HB 1358 and the proactive approach taken to the funding of school districts through the oil and gas production tax.

Having testified previously to this committee regarding the oil and gas production tax and the inclusion of schools in this formula past the previous cap; I do not want to repeat the information again for the committee. I believe the committee is well informed about the current formula and the treatment of schools within the formula (Infrastructure Fund). I also believe the committee is well informed about the impacts being experienced by school districts in high oil production areas. Rather than cover these well publicized impacts of my school district or others in our area; I will attempt to answer some questions I have most commonly heard in regards to schools being included in additional oil and gas production tax funding. I believe school districts want to be transparent and answer the difficult questions regarding our need for additional funding outside the state foundation aid formula.

1. **Why do schools need to be included in the gross production tax? Doesn't the state already fund school districts at 70%? Why do school districts need this additional money? Is it simply greed?**
   The gross production tax was originally established to address the state's interest in having taxes paid by oil production go directly to the state– the production tax formula established an in lieu of property tax provided back to the local political subdivisions for the "tax exemption" provided by the state. Schools were included in this formula based on its dependence on property tax and "lost" revenue from the property tax not included in local taxable valuations as typical of other business or entities that impact a school district. The production tax revenue is not "additional" money requested by school districts; it is our local property tax revenue paid back to us from the state. If the taxing authority was at the local level; we wouldn't be having this conversation. This unique taxing situation with the production and extraction taxes brings us to this bill discussion. The production tax needs to be viewed as local revenue for school districts (local property tax). Every district has a different taxable valuation based on their district size and location. This is not a debate regarding state funding – it is the ability of the local school district to generate funds for its operations. Every district has unique local revenue sources based on taxable valuation – some districts are unable to tax their property due to federal or state government land or have the benefit of a large business that generates a substantial amount of taxable valuation (i.e. Crystal Sugar for the Hillsboro school district). While the perception may be greed or the inability to manage funds; my experience with western ND school districts is not of extravagant facilities and programs. It is often the opposite; it seems western ND often lags behind our eastern ND counterparts in terms of curriculum and facility access. The request for additional oil and gas revenue is not greed; but the ability to provide education at levels expected in any part of the state.

2. **The current format of imputation and the proposed legislation in HB 1319 will not allow school districts to keep all the revenue received from the formula. School districts will only be able to keep 25% of the funds provided to them. Therefore, most of it will not get to western ND anyway. Why bother?**
While the effects of imputation varied district by district in the current formula (MCPSD #1 was not impacted by imputation in the 6 years it has been in law); the current HB 1319 will indeed account for 75% of this revenue as part of its local contribution. In essence, the state views this revenue as local property tax revenue and part of the local contribution. In no other circumstances across the state is the local taxable authority limited due to impact on the state foundation program. Large districts that were experiencing large valuation increases were not "capped" of this local authority; the state foundation aid program accounted for this "wealth" in numerous ways the past decades. While the obvious ability to receive the 25% without inclusion in the state foundation aid formula is a benefit to school districts; ***perhaps the largest benefit of receiving these funds is the current language of HB 1319 that allows school districts to make payments on school construction loans through the state ($200 million) based on future production tax revenue.*** This is a similar format established for coal school districts during the late 1970s. Because school districts are limited in bonding authority (5 or 10% of total assessed valuation); this production tax method will not "constitute a general obligation of the school district and may not be considered a debt of the district". This is extremely important for school districts to address bonding caps; this revenue is needed to help utilize the school construction loan proposal in HB 1319 and expand school facility infrastructure.
3. **Additional revenue cannot be provided through the gross production tax to school districts as it will cause problems with "equity" and the state's pursuit of school district funding equity? Won't this cause another lawsuit?**
Equity does not mean "equal" to all school districts. Equity means providing school district an equal opportunity to provide an "adequate" education to all students. Virtually every school district receives some form of local property tax and that amount varies district to district. This will never change as long as property tax is used as a school district funding source. The taxable valuations of districts impacted with oil production do not accurately reflect the activity and taxable value of this activity. The reality is this situation is not found in other environments in the state; the method of which the oil industry (coal) provides it local tax contributions is not comparable to other school districts. This environment is different and needs a different approach to meet the needs of students. Consideration needs to begin for the other argument – school districts in western ND may not be treated equitable in that the state is not fairly sharing its production tax revenue with the largest user of local property taxes. **Equity is often not considered a valid pursuit in regards to educational funding. Adequacy is the desired pursuit.** Adequacy ensures all districts have the ability to address the educational needs of its students based on local challenges and demographic differences. Based on recent impacts; western ND school districts are not receiving adequate funds to address its impacts. Equity should not be used as a reason for not including school districts in the production tax formula. The question to consider is if the school districts are receiving adequate funds to meet the needs of its students. I believe our eastern

school districts are also sympathetic of the needs in our area and acknowledge the unique situation of our school districts (not many are "envious" of our current situation).

4. **With a booming economy and more students; western ND school districts should be doing "very well". Increased taxable valuations equates to district wealth. With these rapidly increasing taxable valuations; school district should be able to address their impacts locally. School districts simply want state money for infrastructure without their own "skin in the game".**
   Taxable valuations are indeed increasing at record rates in most areas of western ND. The taxable valuation increase for MCPSD #1 of 75% is difficult to comprehend under "normal" circumstances. However, with the 12% cap on general fund levies, school districts such as ours are unable to fully utilize this increased local tax capacity. Even with consecutive 12% increases; the MCPSD #1 dropped from 100.76 mills to 53.15 mills. Despite the need for additional revenue; MCPSD #1 is only able to tax at the 53.15 rate. If the district was "able" to tax at the current 110 mill cap; it would generate an additional $1.7 million in local revenue. However, it would be difficult to go to our patrons and ask for that amount of increase (if it was even possible) due to valuation increases across the county. Despite the drastic property tax "relief" provided to our patrons, the valuation increases have negated the impact of that relief. Most patrons are paying about the same taxes now as with the 100.76 mills – increasing the mills would just add tax burden on local patrons. Aren't they supposed to receive property tax relief? Add the potential of bond issues on top of local taxes; our local taxpayers have plenty of skin in the game. MCPSD #1 already has $11.5 million in debt obligations for its elementary construction project. Paying for the new families populating the school buildings and living in temporary housing (not paying property taxes) is difficult for the "locals" to understand – especially given the surpluses at the state level. HB 1319, in its current form, may also penalize school districts in not being able to reach the predetermined levy amounts (50 or 70 mills) and state payment will be lost without any possible options for the local school board. The oil and gas production tax, if the 12% cap is maintained, could help account for local taxable authority lost with the cap.
5. **The intent of the oil revenue going back to counties was to provide for roads and infrastructure issues. School districts are not infrastructure; they should not be included in the formula.**
   Local school districts are mandated by state law to educate **ALL** students ages 7-16 residing in their district boundaries. There is no discretion in this mandate or allowances for delaying this education until the appropriate infrastructure is in place. The consequence of cities and counties extending water and sewer lines to provide needed housing and oil companies seeking employee retention – which is best accomplished by moving families to the area; has a direct effect on this mandate. Our city is recognizing this fact and looking for ways to address this infrastructure need as a direct relation to the quality of life offered in the community. Inevitably; the local city and county will be called upon to assist the school districts within their borders. Someone is going to have to address this issue; if not the state, it will be our local subdivisions and taxpayers.
6. **School districts are exaggerating or overestimating potential student growth (i.e.**

Williston's estimate for 2012-2013). There is a distinct possibility school districts will overbuild and waste taxpayer/state dollars.
While school districts face the same challenges as cities and counties in predicting growth in this rapidly changing environment; there is no definitive approach to predicting student growth. However, the recently published study performed by North Dakota State University provided a statistical analysis of potential enrollment expectations over the next five years. Three separate models were used to provide a variety of approaches to determine potential student growth. The study confirms the idea school districts will continue to see student growth; in particular, when the industry fully converts to a production stage that involves increased service needs and typically more family orientated employment. This study, in a similar manner as the Upper Great Plains Study, should provide a statistical baseline for determining needs and start acting proactively to address the upcoming challenges for school districts. The MCPSD #1 has hired a demographer to provide the district a more detailed plan for addressing developments within our district. School districts are performing quality planning processes to ensure appropriate use of taxpayer dollars. School districts do not want to overbuild; but we need to be proactive as well and not rely on temporary solutions for the next 20 years. The full report is readily available through the North Dakota Oil and Gas Producing Counties for committee review regarding specific school districts.

I believe HB 1358 offers a much needed proactive approach to funding infrastructure in western ND and at last; offers school districts an opportunity to plan for future growth with a revenue source that can be budgeted and planned for. I ask for your support of HB 1358 in its current form and the many benefits it provides all aspects of western ND infrastructure; in particular, a step forward for school districts.

The following represents a list of facts regarding MCPSD #1 and the process that occurs in a district with rapid enrollment growth. The needs of school districts in western ND will continue for years to come as our cities/counties grow; these statistics begin to show the picture of need as our school districts plan for this unprecedented student growth.

School District facts for McKenzie County Public School District #1:

1. School Enrollment for Spring 2010 = 543 students (K-12)
   School Enrollment for Fall 2012 = 872 students (K-12)
   61% growth in 2.5 years
   333 new students enrolled for the 2012-2013 school year (just under 300 students enrolled 2011-2012)
2. Since fall of 2010 – 14.5 FTE new teaching positions added to accommodate new sections plus one new administrative position. *Transition from two sections in elementary to four sections in K-2.* 5 new aides hired in 2012-2013 due to larger classroom sizes at the elementary school.
   Both grades kindergarten and first grade have approximately 80 students. With 20+ students per classroom; the district is over classroom size expectations, but additional classrooms not available.
3. Elementary school building was supporting around 225 students in grades K-6 in 2008.

Current enrollment in grades K-6 is approximately 510 students. All potential areas were converted to classrooms – school lost its computer labs, music room (utilizing a portable classroom), storage room, and teacher workroom. Current capacity of elementary building is 450 students. Sixth grade students transferred to high school building fall of 2012 to remain within capacity. Current $11.5 million dollar expansion/renovation will increase capacity to 600 students and be ready August, 2013. This may provide a 1-2 year window before other adjustments need to be made in facilities to accommodate students. An additional **$50 million** may be needed to accommodate projected levels of population and permanent households over 5 year period.

4. The revenue received directly from the oil and gas production tax has remained constant since 2005. The only change in revenue occurred when the district exceed 6,000 population as per the formula. The school district received approximately $1.2 million in oil and gas production tax revenue in 1982; today it receives less than $950,000. The 1982 school district budget was around $3 million. Current budget is just under $10 million. Watford City High school built for approximately $5 million in 1984. Current building would cost around $25 million to replace.
5. School district acquired an ELL instructor for the 2012-2013 year to accommodate the new ELL population of up to 12 students (currently).
6. Special education numbers show a slight increase; however, the impacts are found in the variety and level of disabilities not typically seen in our area.
7. The MCPSD #1 currently has 115 students that qualify as "homeless" by the McKinney Vento Act. Students are living in RVs or hotels to qualify for the homeless definition.
8. The continual in/out migration of students creates ultimate challenges to teachers and office/administration in registering and transferring students on a continual basis. District educates students as if they will be in the district permanently.
9. 2010 Taxable Valuation = $12,625,353.
   2012 Taxable Valuation = $30,022,004
   2010 General Fund Mills = 100.76 mills
   2012 General Fund Mills = 53.15 mills
   **** This drop in mills occurred while district levies the maximum 12% each year.**
10. School district purchases 8 housing units during the summer of 2012. School district commits funds for additional eight units for 2013; may need to consider more units to accommodate the hiring of a minimum 12 new teachers for 2013-2014.
11. School district hired a demographer and planner to begin process of planning for future student enrollment increases to accommodate a projected Watford City population of 10,000 and McKenzie County population of 20,000+.
12. McKenzie County School District #1 general fund carryover percentage is around 25% and has fluctuated between 20% and 30% over the past several years. NDCC allows for 45% + $20,000.
13. The MCPSD #1 received $288,139 of the $640,780 it was eligible for with state Rapid Enrollment Grants.
14. The MCPSD #1 needs to find a funding mechanism for the $620,000 annual bond payment required for the current elementary addition project; which has yet to be determined. Current additional state funding used for new staffing and other supplies/books needed for additional student population; is not suitable for additional infrastructure issues.

11

March 13, 2013
Honorable Members of the House Finance &Taxation
HB 1358 Testimony

Chairman Cook, members of the committee, good morning. I am David Hynek, County Commissioner from Mountrail County. Thank you for the opportunity to testify on HB 1358. The Mountrail County Commissioners are in support of House Bill #1358.

Protecting the revenue stream created by the development of the Bakken/Three Forks oil play can be accomplished in three ways: (1) favorable tax policy, (2) adequate but not burdensome regulations, and (3) mitigating the negative impacts of the oil and gas industry.

The Bakken oil play started being developed in Mountrail County during late 2006. It quickly turned into an invasion of almost unmanageable proportions. Our way of life has been changed forever.

We in Mountrail County and numerous other folks throughout North Dakota have worked hard during the last three legislative sessions to bring about the change necessary to get sufficient oil and gas revenue returned to various counties to help meet our impact needs in an attempt to protect the revenue stream.

Little did we know how difficult the task would be. Finally, during the past two years, the conversation and mind set of the administrative and legislative branches of State government has turned, realizing the need for more funding for oil producing counties and non-oil counties. House Bill 1358 begins to address the critical funding needs. First and foremost it changes the distribution formula in a positive way. The change will allow for more long range planning by counties, especially in the area of road construction. Secondly House Bill 1358 allows for money to go to targeted critical impact areas; education, law enforcement, fire and ambulance, hub cities, and townships. During the current biennium the impacts to these critical areas have attempted to be mitigated by the oil and gas impact fund through the State Land Board. I have had the privilege of serving on the Advisory Board to the State Land Board for the past two years. During this time frame we have reviewed applications requesting dollar amounts in excess of **$600,000,000**. Ninety five plus percent (95%) of these requests are legitimate to help mitigate impacts of the oil and gas industry. We have had a little over one hundred twenty four million ($124,000,000) to work with. This gross disparity between critical needs and available funding will shrink somewhat by targeting education, hub cities, emergency services, law enforcement and townships direct~~or~~ly through House Bill 1358. However, there will still remain a large unfunded amount of critical needs to be addressed by the oil impact grant fund. It is my opinion and urgent request, based on experience as a county commissioner and an advisory board member, that the one hundred fifty million dollars ($150,000,000) currently proposed in House Bill 1358 be left in tacked. I respectfully suggest that no one entity be able to receive money from this source other than through the established application process.

It has been brought to my attention that some members of the legislative assembly are beginning to develop a sense of unease about the amount of money attached to House Bill 1358. That unease is not warranted. If one focuses on the enormous needs associat~~ion~~ed with impacts of the oil and gas industry rather than a dollar amount associated with specific legislation you will find that House Bill 1358 is a very good start in an attempt to protect the revenue stream of oil and gas. There will be a need for more revenue in coming legislative sessions to help alleviate oil and gas impacts statewide, specifically in the area of maintaining the excellent road infrastructure that will be built over the next 10 years by enacting House Bill 1358.

The increase in efficiency and productivity by the oil and gas industry created by improved road infrastructure will be tremendous. The revenue stream will not only be protected but enhanced. Two specific examples: see attached chart on 90th Ave NW (Ross South Road) and 93rd Ave NW (Manitou North Road).

In conclusion, I refer you to Page 2 of the Mountrail County Facts and Goals.

The infrastructure that will be built statewide will be a tremendous legacy not only to the oil and gas industry but also to the wisdom and foresight of the legislative assembly.

Chairman Cook and members of the committee, I strongly support House Bill 1358 and respectfully request your support.

11

Thank you,

David J. Hynek
Mountrail County Commissioner
9148 59th St NW
Ross, ND 58776
701.755.3372 Phone
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Quality Infrastructure Provides Efficiency and Increased Revenue
Actual Example: 90th Ave NW, Mountrail County - 9.2 Miles

	Gravel Surface (80,000 lb weight restriction)	**Paved Surface** (105,500 lbs year round)
Minutes/Mile Travel Time	9.2 Miles X 15 mph = 4 Minutes	9.2 Miles X 60 mph - 1 Minute
Travel Time Per Vehicle	9.2 Miles X 4 Minutes - 36.8 Minutes	9.2 Miles X 1 Minute - 9.2 Minutes
Traffic Count Vehicles per day	2000 Vehicles (2011)	4000 Vehicles (2012)
Total Travel Time per day	2000 X 36.8 = 73,600 Minutes or 1226 hours	4000 X 9.2 = 36,800 Minutes or 613 hours

We doubled the traffic count on this road and cut the travel time in half!

Our goal in Mountrail County is to do this on an additional 260-300 miles of road over the next 10 years. HB 1358 will help us accomplish this goal, thereby increasing oil and gas revenues to the State and helping the oil and gas industry become more efficient and productive.

Quality Infrastructure Provides Efficiency and Increased Revenue
Actual Example: 93rd Ave NW, Mountrail County - 16.5 Miles

	Gravel Surface (80,000 lb weight restriction)	**Paved Surface** (105,500 lbs year round)
Minutes/Mile Travel Time	16.5 Miles X 20 mph = 3 Minutes	16.5 Miles X 60 mph - 1 Minute
Travel Time Per Vehicle	16.5 Miles X 3 Minutes - 49.5 Minutes	16.5 Miles X 1 Minute - 16.5 Minutes
Traffic Count Vehicles per day	1000 Vehicles (2012)	2000 Vehicles (Estimated)
Total Travel Time per day	1000 X 49.5 = 49,500 Minutes or 825 hours	2000 X 16.5 = 33,000 Minutes or 550 hours

We doubled the traffic count on this road and cut the travel time by 275 hours per day or .333%

Our goal in Mountrail County is to do this on an additional 260-300 miles of road over the next 10 years. HB 1358 will help us accomplish this goal, thereby increasing oil and gas revenues to the State and helping the oil and gas industry become more efficient and productive.

12

Testimony to the
Senate Finance & Taxation Committee
Prepared March 13, 2013 by
Chad Peterson, Cass County Commissioner
North Dakota County Commissioners Association

Regarding: Engrossed House Bill No. 1358

Mr. Chairman and committee members, I am Chad Peterson, and I serve on the Cass County Commission and the Legislative Committee of the North Dakota County Commissioners Association. I am here today to communicate strong support for Engrossed House Bill 1358 and the profound impact it will have on our State's secondary road infrastructure.

County Commissioners across the state understand that the Legislature, and particularly the Tax and Appropriations Committees, have a large challenge ahead in balancing the revenue available with the numerous needs of our vast state. In meeting that challenge with respect to infrastructure funding, we believe this bill is a huge step in the right direction.

Wisely the Legislature, last Session, continued the examination of rural road needs by the Upper Great Plains Transportation Institute. This study has been extremely helpful as a guide for policy makers as well as those implementing engineers and road superintendents. The most recent UGPTI study outlines the infrastructure investments necessary to support, maintain and enhance our energy, manufacturing and agricultural industries throughout the State. The members of this committee are well aware of the increased traffic by the heavier and heavier vehicles needed to efficiently move our products within and beyond our state's borders; and the effect of these vehicles on our rural roadways. HB1358 directly addresses these effect on county and townships roads throughout the state, as well the related infrastructure concerns of oil-impacted cities and essential emergency services.

From the perspective of an eastern non-oil impacted county, the appropriations for our county roads (Section 7) and township roads (Section 8) are critical. The county allocation in Section 7 by road miles seems logical and appropriate as a onetime funding proposal.

Mr. Chairman and Committee members, thank you for the opportunity to provide this testimony, I urge a Do Pass recommendation.

Testimony to the
Senate Finance & Taxation Committee
Prepared March 13, 2013 by
Doug Graupe, Divide County Commissioner
President – North Dakota County Commissioners Association

Regarding: Engrossed House Bill No. 1358

Mr. Chairman and committee members, I am Doug Graupe, a Divide County Commissioner and I am fortunate to serve as the President of the North Dakota County Commissioners Association. I wish to provide overall support for Engrossed House Bill 1358 and the many ways that it will support local government within the oil producing counties and across the State.

This bill is a large policy shift toward dedicating much needed revenue to our state's deteriorating infrastructure. It also recognizes the unique needs of our major "hub cities", law enforcement, EMS, and other critical public services.

I am supportive of the dedication of State funds for our critical access hospitals in the oil patch; although it would be preferable if was an additional appropriation rather than a reduction in the needed funding for roads.

County commissioners from across the state recognize the challenges that this committee and Legislature has before it, to balance all of the needs of our great State. We urge you to pass HB1358 as an essential component of what is needed to meet those challenges.

Thank you Mr. Chairman and committee members for this opportunity, and I urge a Do Pass recommendation on HB 1358.

14

Bill #: HB 1358

Committee: Senate Finance and Taxation Committee

Date: March 13, 2013

Presenter: Brent Sanford, Watford City Mayor

My name is Brent Sanford. I am the mayor of Watford City. Thank you Chairman Cook and Committee members, for the opportunity to speak in support of HB 1358. I am speaking for Watford City and the other smaller oil country cities. HB 1358 is a historic comprehensive oil impact funding bill for local impact needs. We want to thank Representative Skarphol for his tireless work in crafting the bill. It brings together oil producing counties, hub cities, small oil country cities, hub city schools, airports, health care facilities, townships, law enforcement, emergency service providers and fire districts.

The last time I testified to this committee was in support of SB 2258. In that hearing, I stressed the importance of the increase in the allocation distribution percentages from the 5% gross production tax (GPT) to the impacted local governments. A higher % share of GPT would allow local impacted counties and cities to plan ahead with more significant predictable recurring revenues. Predictable enough to perform future planning and budgeting and even to leverage for revenue bonding purposes. Currently, we have to wait for the impact grant rounds, then finalize design and hope we aren't too late to miss the construction season. These higher percentage allocations of the GPT revenues would put us on a path towards self-reliance gradually reducing the needs for the one-time impact grant funding. The GPT allocation is the best way to mirror funding with the energy impacts occurring in the particular county. The part of this bill's GPT allocation formula we are most excited about is the continuing percentage at the end of the formula. Increasing this bracket from 10% to at least the 25% shown in this bill has been seen as a key to allowing the oil impacted counties/cities/schools to be able to keep pace with impacts as production levels rise.

When I was here testifying in favor of SB 2258, I thanked you for the energy infrastructure impact grant funding increase to $130,000,000 from last session. It has allowed communities to lay trunk water and sewer lines, improve lagoons, build firehalls, improve law enforcement facilities, provide temporary housing for new schoolteachers in rapid enrollment districts... the list goes on and on. Thank you for the vision shown last session to put this kind of investment into local oil impacted infrastructure.

However, the one disappointment in this bill from the small cities and other taxable jurisdiction perspective is the similar level of funding for the energy infrastructure impact grant program as last biennium. It looks to me that 'apples to apples' we are looking at $150,000,000 in this bill. The challenge is that the core infrastructure needs for the smaller non-hub communities have risen exponentially in two years as the monthly oil production has doubled. We are still definitely playing catch up. Watford City's core infrastructure needs are 9 times greater than they were last session. So since the energy impact grant funds aren't going up 9 times, it is forcing us to prioritize to the top 10% of our needs list.

For Watford City we are currently prioritizing for the upcoming two construction seasons. During my last testimony to this committee on SB 2258, I shared that we have a 2013-2015 infrastructure plan that totals $193,886,000 which would allow us to fulfill the population projections shown in the Vision West plan performed by NDSU and take advantage of the developers planning in all corners of the five mile by five mile square around Watford City. I hope you each still have a copy from my SB2258 testimony. If not, I will refresh your memory. We have the following needs by area:

• Water System Improvements	$25,032,000
• Wastewater System Improvements	$40,659,000
• Existing Transportation Improvements	$ 9,725,000
• Expanded Transportation Improvements	$118,141,000
• Master Planning	$ 329,000
Total	$193,886,000

Below are the individual projects from the previous categories that absolutely have to be bid soon to begin construction this season, or the progress and current developments will grind to a stop in Watford City. Not completing these projects would create impossible bottlenecks resulting in new homes and apartments sitting without water and sewer access, if not begun ASAP.

- Water System Improvements
  - Northwest Water Tower $ 3,290,000
  - East Water Tower $ 3,422,000
- Wastewater System Improvements
  - Land Purchase (agreement signed – 107 acres) $ 2,675,000
  - Secondary Storage expansion (to 7,500 pop.) $ 9,930,000 (currently good to 2,500 people)
  - Wastewater Treatment Existing Pond Rehab $ 1,768,000

Total $ 21,085,000

So how will we pay for this? Last biennium from Energy Impact grant awards, we received $12,000,000 from the first round and $4,000,000 from the second round. It is conceivable that if we were to receive similar awards to last biennium, in combination with the increased GPT distributions from this bill, we could fund these projects without further indebtedness. The second list above represents the minimum necessary to keep the current developments moving forward.

Speaking of bonding debt, questions were raised in the SB 2258 hearing regarding Watford City's ability or inability to borrow money for these improvements, as other citizens borrow for their own infrastructure in other ND cities. We had a meeting with our bond consultants, Dougherty and Company to officially discuss the market's appetite for further borrowing from a community of our size. One of the key ratios the bond market assesses is debt per capita. Watford City's current borrowing consists of $1,853 per capita. So our existing debt per capita ratio already compares to Mandan's $2,000 per capita borrowing for the $35 million project for 17,500 people discussed in the SB 2258 hearing. That is before we have even explored borrowing for some portion of the $172,000,000 of unfunded projects from our $193,000,000 core infrastructure needs plan. Dougherty and Company were not inclined to put together any debt offerings to push us over that per capita debt level, so the answer for the shortfall is that the developers will have to pay for City core infrastructure projects as "off-site" improvements, or they won't be able to hook into the water and sewer trunklines we constructed this biennium or the water towers and lagoons we plan to construct next biennium. They view this as heavy handed, but we have little choice. It no doubt will slow down the developing in and around Watford City.

During testimony on HB 1358 on the House side, a question was brought up whether projects could actually even be completed if these large requests for infrastructure money were awarded. During the last biennium we constructed $16,000,000 of sewer and water trunklines using 5 different general contractors. Most of them being from out of state. We are at substantial completion for most of these projects. We could have undertaken more projects and still handled the load. We have a talented city planner, public works superintendent and building inspector on staff. We contract with AE2S for the construction management and project monitoring. Our team feels they could handle a lot more as these projects were all pipelining of sewer and water mains, and installing lift stations. Whereas next summer's projects are more new construction in nature– lagoon and water tower construction. We also would gladly taken on some energy impact road construction projects if the impact grant funding were increased enough where the Energy Infrastructure Impact Group would consider funding new corridor roads for rapidly expanding cities.

To another concern raised in the HB1358 hearing regarding contract prices, we feel there was adequate competition to keep prices down, as evidenced by all of the projects coming in at or below engineer's estimates.

In summary I would like to thank you for considering this comprehensive local oil impact funding bill. We are supportive in current form, but would like to reserve a soft suggestion for an increased base energy infrastructure impact grant funding above the $150,000,000 level to help with the much higher core infrastructure needs among smaller non-hub cities in oil country this biennium. A lot of small oil country towns need lagoon upgrades, let alone new corridor roads, new water and sewer trunklines and water towers. These small cities do not have the borrowing base to bond for all of these items. These small cities in the center of the Bakken play, in between the hub cities, need to be able to house the future long-term oil and gas production and maintenance employees. Without the ability for employees to live within 15-20 minutes of their job, it will be difficult for our oil operators to recruit and retain the production and maintenance staff of the future.

Thank you

Bragg testimony – HB 1358 – 3/13/13

My name is Mark Bragg. I am the president of Bakken Housing Partners, a development company based in Watford City, North Dakota. We came to Watford City because we saw the need for housing and we are housing developers. The project we initiated covers 300 acres and consists of a master-planned community of 1,400 units including apartments, town homes, single family homes, offices, a hotel and retail shops. When we describe this project, people frequently say "won't you double the size of the town?" Our answer is the town has already doubled and doubled again and doubled again. The city now estimates there are more than six thousand people living in campers and trailers and the backs of pick-up trucks. . . .Third World conditions no one in this room would tolerate for long.

And the people living in these conditions won't tolerate it for long either. We are now informed by some of the oil companies that their turnover rates have reached unacceptable levels. . . as much as thirty percent per quarter in some job descriptions. If you are in business, you know training and retraining costs in this kind of environment are very high. Since there is already a discount in the market for Bakken crude because of high transport costs, high employee costs add to those totals and make it more difficult for us in the Bakken to compete with Niobrara, Mississippian Lime, Marcellus, Utica and all the other shale plays where the challenges and the costs are smaller.

Our job is to provide housing. . . . permanent housing. . .first for workers and then for their families. Both Watford City and McKenzie County now prohibit new settlements of temporary housing because that's not what North Dakota residents want for their communities. They want decent, affordable housing . . . and they want it now. So what's stopping us? The answer is infrastructure. The Vision West study that all of our potential investors see online says Watford City and McKenzie County need $200 million of new infrastructure. . .sewer, hospitals, emergency medical technicians, police, firefighters, schools and teachers. Our School system of 700 kids got 300 new ones last

September alone. As we construct houses, more families will come bringing more students. . . and we have no place to put them.

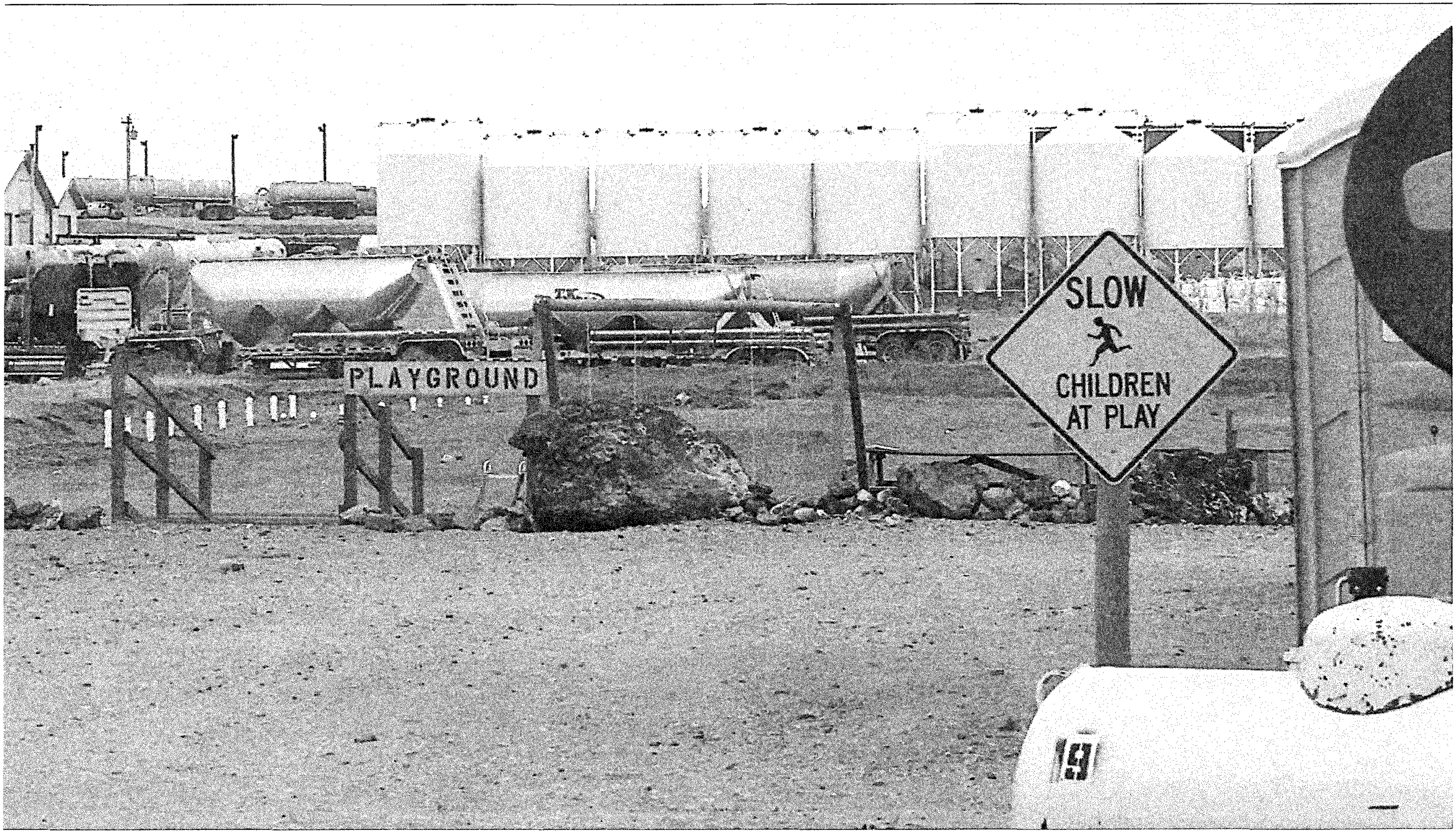
Our company was engaged last summer to develop affordable housing for essential services personnel and a new daycare center. Our 40 child daycare center has a waiting list of more than 200 kids. All this demand has been created by an oil boom that has imposed enormous costs on McKenzie County and Watford City. McKenzie County alone sent more than $400 million in tax revenue to Bismarck last year and Bismarck sent back only $18 million. . . 4.5% . . .to help pay for these costs. So as we tried to find financing for this housing and daycare project for our suffering community, we found there isn't any. . . .almost nothing from the state that's receiving all this revenue.

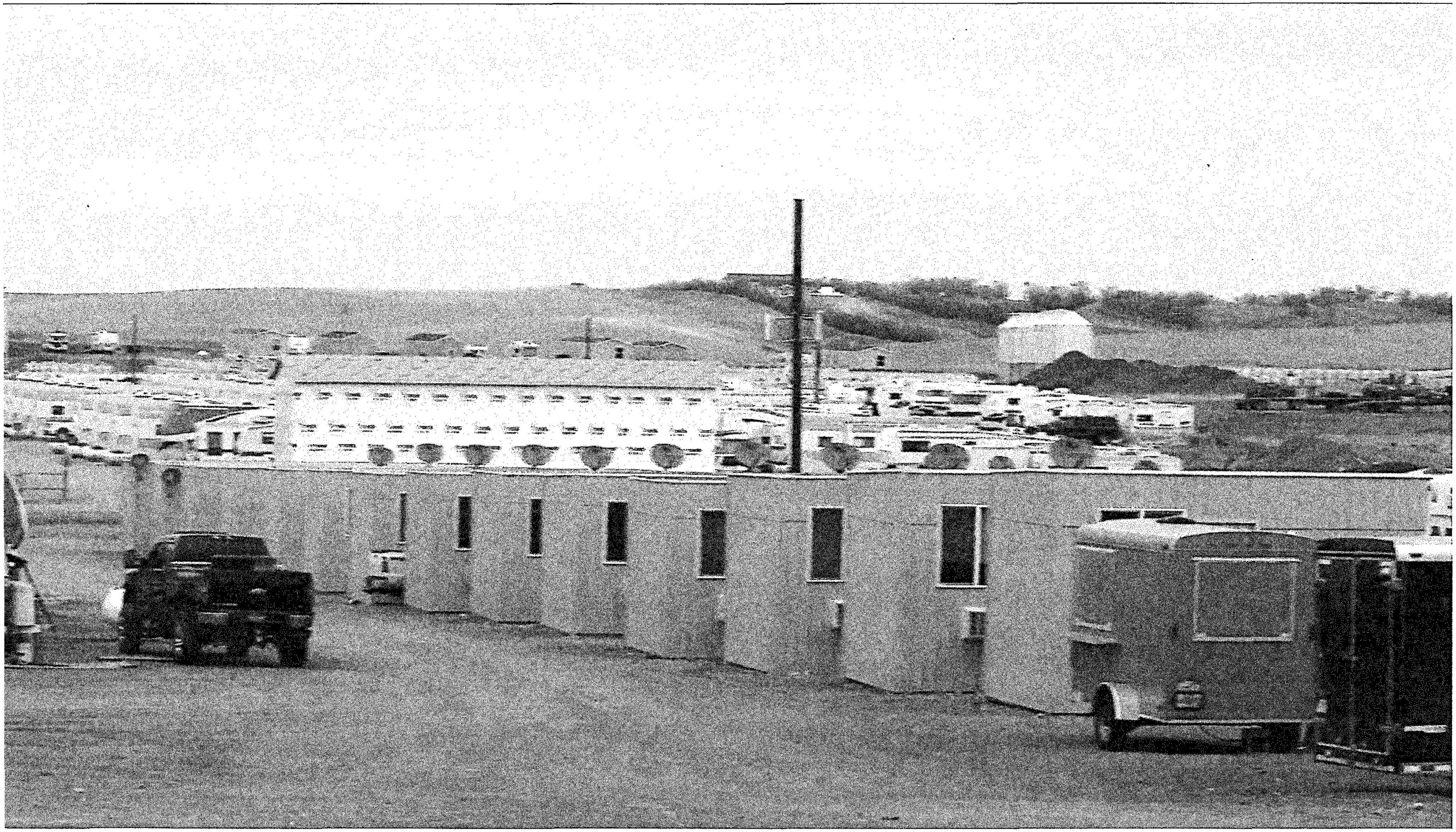
So we had to start begging. We started asking the oil industry to help. And although they are paying an enormous tax on their gross revenues, several of those companies have stepped in to help....Whiting, QEP, MBI and PowerFuels have all made substantial contributions and we will begin construction later this month using local funds and charitable contributions on a project called Wolf Run Village and Wolf Pup Daycare Center. Without this project, there would be no housing for cops or teachers or new county workers that we desperately need to provide the legitimate services of government. . . .and no daycare to free mothers to help fill the huge number of service jobs in the rest of the community.

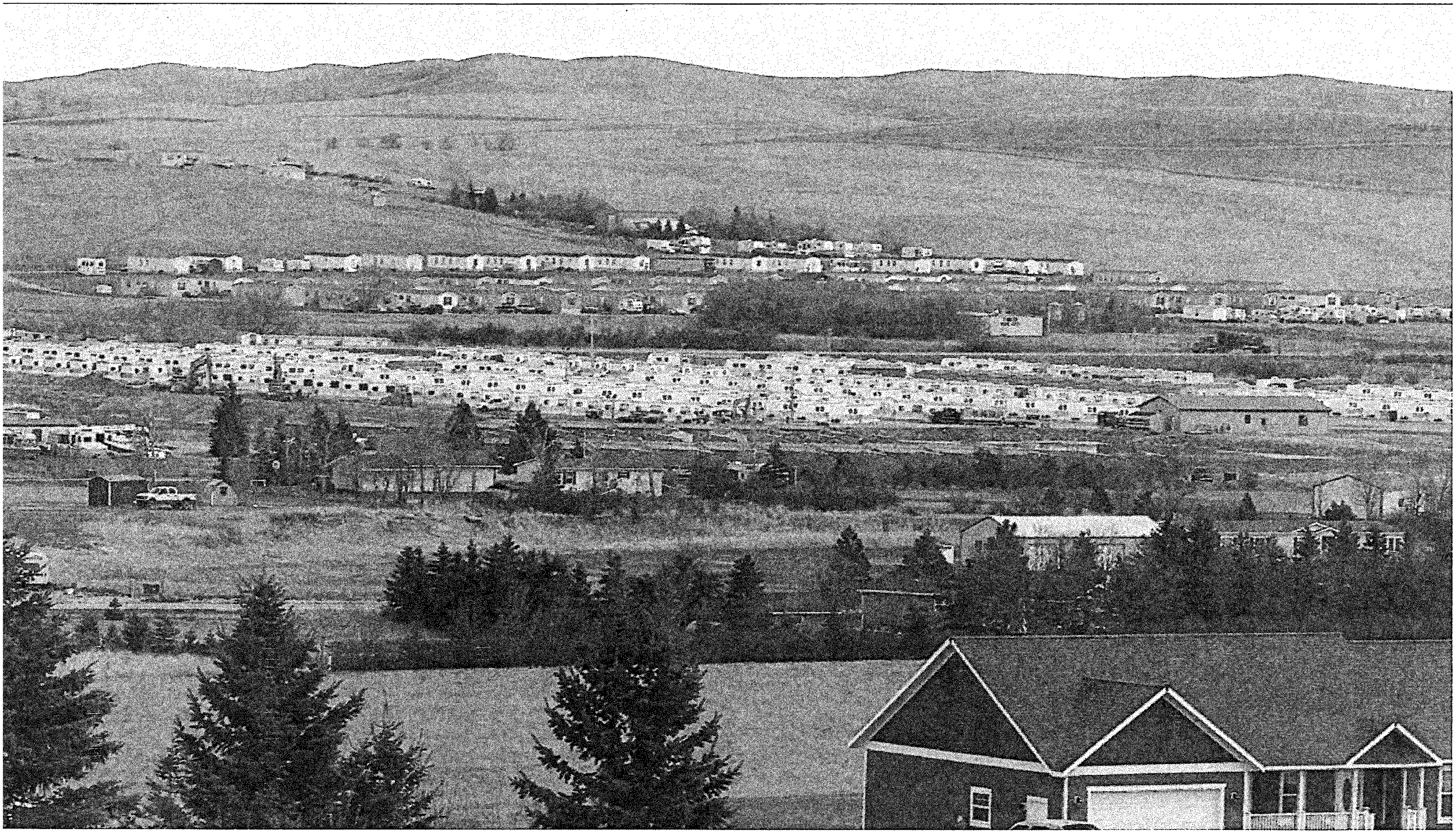
Perhaps it is easy to ignore these needs if you haven't been out to see our circumstances. In case that's true, I have attached pictures of these conditions to copies of my testimony so you can see for yourself. I have also attached an artist's rendering of where some of the returning money from the state would be used for a new high school. Better yet, I invite any member of this chamber to visit us in Watford City, and I will show you personally that we are taking the initiative to solve our problems. But we need your help. HB 1358 will help. In my opinion, it will take twice what this bill is proposing to address the capital expenditures we must make in order to keep pace with the influx of people who are making this state the richest, per capita, in America. Perhaps we can find a source for some of that capital requirement in the extraction tax war chest that's been building at an amazing rate, and we are examining that possibility.

But for now, as a private, commercial company that wants to contribute to the success of everyone, I would ask you to please pass HB 1358. It isn't enough, but it's a start.

In my testimony in the Senate subcommittee last month, I quoted several of our prospective investors. I would leave you with a condensed version of that quote that came from a very significant investment team when they decided not to come to Watford City. Quote:


PLAYGROUND
SLOW
CHILDREN
AT PLAY





-----Original Message-----
From: [redacted] <[redacted]@[redacted].[redacted]>
To: [redacted] <[redacted]@[redacted].[redacted]>; mbragg <mbragg@bakkenhousingpartners.com>
Sent: Fri, Jan 11, 2013 1:51 pm
Subject: due diligence on Watford City

Mark, in general, investors understand there are significant infrastructure deficiencies in the Bakken region. However, as each city hires consultants to perform these assessments, there is a consequence and "chilling" effect that quantifying these deficiencies, without a companion phased solution – has on private capital. There is little prioritization, or phasing in this report which would help. Also, in the list of projects coming on line could be prioritized and matched with infrastructure. I find that government officials forget that the client of many of these reports are invisible potential investors doing on-line research on their communities. "#1. Is my investment capital safe here?" next "What will be my return on investment be (and when can I reasonable expect that return to be realized) in this location versus other competing opportunities?" and "What are the threats to my investment; price of oil, federal, state, local regulatory environment, infrastructure availability and cost, cost of living, labor availability and cost, market demand, availability of financing for buyers, quality of schools, availability of goods and services, etc." Every internet obtainable message coming from Watford City should be sensitive that "we" are reading and reviewing from a distance.

I assume Watford City officials and you will be armed with this report and others as you advocate at the State Legislature for ND to allow McKenzie County to invest some of its surplus revenues in local infrastructure; as a prerequisite for building quality, sustainable communities and a diversity of commercial and residential developments.

[redacted]

16.

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House Bill 1358 Testimony
Senate Finance and Taxation Committee
Wednesday, March 13, 2013 9:00 a.m.
North Dakota Emergency Medical Services Association

Good morning, Chairman Cook and members of the committee. For the record my name is Curt Halmrast, and I am the President of the North Dakota Emergency Medical Services Association and a Paramedic with Oakes Ambulance. I am here today in support of HB 1358.

The EMS industry supports this bill as it will provide crucial dollars that are needed in the oil producing counties and an appropriation in section 9 for ambulance services in the remaining portions of the state would provide continued support for staffing and other operations costs.

EMS agencies in North Dakota are struggling with reimbursement issues, mainly a high incidence of non-insured and under-insured patients. A demand from increasing call volumes has also put additional stress on EMS, most notably in the oil impacted region. Many services there have had call volumes increase anywhere from 20% to 125% over the past five years. Ideally an increase in call volume would mean additional dollars, however bad debt and invalid contact information, has often left them frustrated with nowhere to turn. In an October 2012 report the Government Accountability Office determined that Medicare, a significant source of revenue for EMS, reimburses EMS below cost, nevertheless there is no improvement in sight for this reimbursement. On April 1st all EMS agencies will see an across the board 2% reduction in Medicare reimbursement due to sequestration.

Across our state we continue to see a decline in volunteerism. Staffing grants have addressed this issue since 2007 and those grants continued until July 1, 2012 at which time the Rural EMS Assistance Grant program began. This program, administered by the ND Department of Health Division of EMS and Trauma (DEMST), established 94 funding areas, encouraged services to collaborate to better utilize state resources, and more importantly allowed grant dollars for both staffing and operation costs. Grant requests totaled $7.3 million, or 254% above what was available in the first year of this new grant program. It is quite evident with an upcoming grant round just one month away there will still be a significant need for continued EMS funding in our state. The funding appropriated in section 9 will continue to support this grant program.

I do thank you for your support of emergency services and hope you look favorably at supporting this bill and the funding it provides to many rural volunteer ambulance services. This concludes my testimony, I am happy to answer any questions you may have.

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TESTIMONY
House Bill 1358 – Section 11 - Provider Impact Aid Program
Senate Finance and Taxation
Senator Cook, Chairman
March 13, 2013

Chairman Cook, members of the Senate Finance and Taxation Committee, I am Mary Anderson, Executive Director of ABLE, Inc. We are located in Dickinson, Bowman and Hettinger. Today I am here to give testimony on Section 11 of HB 1358, the provider Impact Aid Program.

I have worked for ABLE, Inc. for over 27 years. I was hired at the tail end of the last oil boom. I remember my previous boss saying that she would quit before she'd through another oil boom. I now understand what she meant!

We are at a crisis point! In Dickinson we run 63 Full Time Equivalent Direct Support Professionals. Right now we have approximately 19 openings. This equates to 760 hours a week that we have to fill. To drill that down further; in one particular site we need 58 hours a week of staff support and weekly we have to scramble to fill 30 to 40 hours of that schedule.

We are using a multipronged approach to deal with this crisis:

1. Not admitting any new clients if we have to recruit staff.
2. Developing a "backup" plan that identifies terminating supports to clients. First looking at terminating supports to clients who are more independent while maintaining the supports to those most in need.
3. We are working at retaining current employees;
    a. Last year we stretched our budget to give out 2 raises for a total of 7% increase which was over and above what the State of ND provided.

b. Requesting that DSP's work overtime. Note our overtime doubled last year. So far this year it has tripled.

c. Professional staff are filling in for DSP's, including, case managers, nurses, business office, human resource professionals and myself.

4. For the first time in the history of ABLE, Inc. we have hired replacement staff through a traveling nursing company. This was done because the current employees cannot possibly fill all the shifts and we were losing staff to burnout. There are no companies that provide Direct Support Professionals so we are robbing from the pool of Certified Nursing Assistants that routinely "fills in" for nursing homes and training them to be DSP's. CNA's have asked, when will housing keeping come in, doesn't dietary prepare the meals, when do the nurses pass the medications, who transports people; really, you expect us to do Gastrointestinal feeding, urinary catheterizations and insulin shots? Senators our Direct Support Professionals do all these things.

    a. Costs of replacement

    ABLE, Inc. 2013 budgeted average hourly DSP wage is $14.55, full time DSP's receive an additional 33% in benefits.
    Calculation: $14.55 x 1.33 = $19.35

    ABLE, Inc. currently has 19 full time equivalents positions open
    Calculation: 19 x 40 hours per week = 760 hours a week to fill.

    Traveling CNA's hourly rate is $33.00 with no benefits.
    Therefore the differences in cost= $33.00 – 19.35 = $13.65/hour

    Calculation: $13.65 x 760 hours/week = $10,374 extra per week x 52 weeks a year = $539,448 extra for replacement of employees annually. My last payment to Dakota Travelers was $19,000 for a little over two weeks. So we are right on schedule.

5. We are working on recruitment
    a. Advertising budget has tripled. We stopped using the local paper because ads are buried along with all the other businesses that are advertising.
    b. Still our applicant pool has been cut in half

Senators, what I am doing today is to communicate to you our crisis! If we had the ability to meet this crisis without your help we would. WE CAN'T. Our prices are locked into a contract rate with the State of ND. I cannot set my own prices for the product. So today I am asking for your assistance.

And here is how you can help:

1. Reinstate our original request of the $500/FTE/month with the understanding that we will be increasing our salaries to be more attractive for recruitment and retention while still having to cover the costs of replacement staff.
2. Extend the oil impact to other affected communities; Ward County, was not included.

Thank you for your time. It will take your support to make it through this crisis!

Testimony In Favor of House Bill 1358
Senate Finance and Taxation Committee
March 13, 2013

Chairman Cook and members of the Finance and Taxation Committee, I thank you for the opportunity to speak in favor of House Bill 1358. My name is Daniel Kelly, and I am the Chief Executive Officer of the McKenzie County Healthcare Systems, Inc. in Watford City, North Dakota. The McKenzie County Healthcare Systems, Inc. consists of the Critical Access Hospital, Skilled Nursing Facility, Basic Care Facility, Assisted Living Facility, Rural Health Clinic and the Connie Wold Wellness Center.

As an engaged citizen of McKenzie County I can attest to the overwhelming needs our county currently experiences given the 400% increase in population. Thus I support the House Bill 1358. This morning I will speak specifically to Section 12, the appropriation to the Department of Human Services from the Strategic Investment and Improvement Fund.

Healthcare systems in general and the McKenzie County Healthcare System specifically are facing the following operational challenges:

Staff Recruitment and Retention
Increased Staffing Expense
Housing
Increased Utilization of Emergency Services
Increased Emergency Room Provider Costs
Significant Rise in Bad Debt
A Lack of Day Care

I will briefly address each of these.

Staffing Recruitment and Retention-We are experiencing an increase in open positions principally in dietary, housekeeping, maintenance and certified nurse aid positions. At any one time we have had a high of 32 to a low of 17 open positions. Long term employees that have come into oil income have retired or quit, their children are not seeking employment and individuals are leaving the area. In concert with the diminished workforce we are experiencing an inability to offer competitive wages. Despite having increased the starting wage of a housekeeper to $11.00 they can work at the local gas station for $14.00 per hour or elect to clean oil employee housing units for $20.00 per hour.

Increased Staffing Expense-To maintain quality healthcare we have used "traveler staff." Our November Human Resources report notes that for that one month at the hospital alone we incurred traveler staff expense of $24,648.27. This figure does not include the traveler staff expense we incur for the nursing home, rural health clinic or physician coverage in the emergency room. For the month of November the healthcare system incurred $175,426.23 in traveler or locum physician expense.

Housing- There is a shortage of affordable apartments and/or homes to purchase. Apartments easily rent for $1500.00 and those few homes that are listed for sale have asking prices of in excess of $250,000.00. I currently have staff that have accepted an employment offer but have not started working given they cannot find an affordable place to live.

Increased Utilization of Emergency Services-Thus far, the report notes an increase in open positions, a lack of reasonably priced apartments and/or homes and to that mix is added the appreciable increase in the utilization of emergency services currently experienced by the healthcare system.

In fiscal year 2011 we averaged 256 emergency room visits per month. We averaged 159 emergency room visits per month in fiscal year 2010. In contrast to the above, we presently average in excess of 450 visits per month. For many months we are seeing in excess of 500 patients.

This increased activity results in two areas of concern.

> **Physical Space**-At times the healthcare system is seeing four patients present at the same time as a result of traffic accidents. The emergency room was not designed to handle that volume of patients.
>
> **Trauma**-While this facility is equipped to handle trauma cases, the frequency with which those cases are presenting has increased creating a strain on our physical and manpower resources.

Increased Emergency Room Provider Costs-Prior to the marked increase in Emergency Room visits the hospital would staff the department by having a clinic physician leave the clinic and come to the emergency room. With this increase in activity and especially given the increase in trauma or cases of a more serious nature, our clinic physician frequently had to spend their "clinic hours" covering the emergency room. Thus the clinic patients were frustrated given the difficulty they experience in scheduling a clinic visit exasperated by the possibility that they would not get to see the physician as their provider was providing coverage in the emergency room.

To address this growing community discontent we are now covering the emergency room with contracted emergency room physicians. Until we can recruit permanent providers to fill this need we are using the services of locum tenens physicians at appreciable expense.

Significant Rise in Bad Debt- For the 2012 fiscal year the healthcare system wrote off $1,218,185 in bad debt compared to $659,284 for the prior fiscal year and $300,151 for the preceding year. This despite our investing approximately $50,000.00 in verification software and implementing up front collection processes. This impacts our hospital and clinic operations more than our nursing home.

Day Care- Our City and County are presently seeking ways to address this shortage. If we are able to overcome the obstacles of starting salary and housing often times the lack of day care for working mothers precludes our hiring much needed employees.

I, as Chief Executive Officer, am trying everything I know possible to address these operational issues. The assistance afforded us in House Bill 1358 will make the difference between our continuing to offer healthcare services in the region over the next three years or our closing.

House Bill 1358 is an investment in the future of North Dakota and in North Dakotans. The Bakken play is a long term economic for North Dakota. Businesses and Employees will decide where they choose to live and work based on factors not the least of which is whether there is a good school system and a viable hospital. Having business and families choose to reside in our counties means increased tax revenue.

I would be happy to explain any of these items further or to answer any questions the committee may have.

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Testimony - House Bill 1358
Senate Finance and Taxation Committee
March 13, 2013

Good Morning Chairman Cook and members of the Senate Finance and Taxation Committee. My name is Darrold Bertsch, and I am the CEO Sakakawea Medical Center in Hazen and the Interim CEO of Coal Country Health Center in Beulah. I am here to testify in support of HB 1358, and specifically Section 12 which appropriates funds to the Department of Human Services for the purposes of administering a grant program for Critical Access Hospitals located in oil producing counties and in counties contiguous to an oil producing county to address the effects of oil and gas related economic development activities.

Sakakawea Medical Center is a 25 bed Critical Access Hospital that also owns and operates a Rural Health Clinic, Basic Care Services, a Home Health Agency and Hospice services. Coal Country Community Health Center is a Community Health Center located in Beulah. Our facilities as well as the communities of Beulah and Hazen are feeling the impact of the oil activity in western North Dakota.

Healthcare facilities in general and especially those located in western North Dakota, including CAH are experiencing operational challenges. Some of these include:

Staffing Recruitment and Retention – We are finding it increasing difficult to recruit and retain the staff we need to provide services. Where 3 years ago we might have had 3 or 4 vacant positions in the hospital, as of yesterday we had 12 unfilled positions. These vacant positions included RNs, Nursing Assistants, Dietary and Housekeeping staff and Business Office/Reception Staff. In the case of some of our vacant positions, individuals can work in the oil field and get a much higher wage than we are able to pay. And, they do not need to help staff shifts that often include night, evening and weekend shifts providing services 24 hours a day, 7 days a week, in comparison to a normal 8 hour per day 5 day per week job.

Staff and Provider Expense – An additional challenge we have is to remain competitive with our salary and benefit structure. As you well know, the salary markets are changing and we must remain competitive in order to recruit and retain the staff we need to provide patient care and supportive services at our facilities. Also, with the increase in patient activity, we need to hire additional staff in order to meet the demands that are placed upon us. This includes hospital staff and physicians and midlevel providers to staff our hospital ERs and our clinics.

Increased Need to Update Facilities and Equipment – we must remain diligent in the planned and systematic updating of our facilities and equipment to remain competitive in the market and to meet the patient's needs and wants. The financial challenges our facilities experience make it increasing difficult to update patient rooms, emergency rooms and to update equipment in areas such as laboratory, radiology, etc.

Financial Challenges – the Critical Access Hospitals located in western North Dakota are facing increasing financial challenges due to the changing demographics and costs. In a recent financial analysis done of the Critical Access Hospitals in North Dakota, 9 of the 12 facilities located in western North Dakota experienced losses from operations, with the median operating loss of those facilities being a -5.3%. These losses were due primarily to the increased costs facilities are experiencing along with the significant increases realized in uncompensated care that is provided. In aggregate, the CAHs in North Dakota experienced an increase in patient revenue of 12 % from 2011 to 2012, while expenses increased by15% and uncompensated care increasing by nearly 50% from 2011 to 2012. These changes accounted for the operating losses experienced by the majority of the CAHs in western North Dakota.

Having local access to healthcare services is vital for our rural communities. This bill will help insure the availability of these services. I would ask for your support of House Bill 1358, and specifically Section 12, the Appropriation to the Department of Human Services for a grant fund for Critical Access Hospitals. Thanks you for allowing me this time to provide testimony. I would be happy to answer any questions that you may have.

Respectfully,

Darrold Bertsch, CEO
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Interim CEO, Coal Country Community Health Center, Beulah
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Cell Phone 701-880-1440

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Testimony on HB 1358
Senate Finance and Taxation Committee
March 13, 2013

Good morning Chairmen Cook and members of the Senate Finance and Taxation Committee. My name is Kurt Stoner. I am the administrator of Bethel Lutheran Nursing and Rehabilitation Center in Williston, ND. Bethel is comprised of 168 skilled care beds, 19 basic care beds and 33 assisted living units. In addition our Foundation owns and manages 62 senior independent apartments.

I am here today to testify in support of HB 1358 and encourage you to support section 11 of HB 1358, which appropriates six million dollars to the Department of Commerce for the purpose of administering a grant program.

Bethel has provided care and services to our regions senior and at need population for over 64 years. I can honestly say our ability to continue this rich tradition has never been more challenged than it is as we sit here today.

Our audited financial statements for year ending, June, 30 2012 reflects a loss of operations of $844,561 from skilled and basic care. During this time span Bethel hired 221 new employees. During this same time span 201 employees retired, resigned, or were terminated. Of the 201 employees 138 started and ended their employment within 12 months.

The vast majority of our new hires are not from Williston, the State of North Dakota, or even neighboring states. The competition for qualified employees in Williston is intense. Currently starting pay at Walmart is $17.00 an hour, hotels pay $15.00 per hour for housekeepers and for employment of supporting roles directly in the oil field, salaries are much higher. Facilities like Bethel must remain competitive if we are to deliver care and services.

In order to continue to meet the needs of our residents, Bethel, like many nursing facilities in Western North Dakota has had to utilize agency staff to supplement our staffing needs. In year ending June 30, 2012 Bethel spent 1.3 million on agency CNAs, LPNs and RNs. In addition to the added expense of utilizing agency staff, the dollars spent on overtime, call-in pay, and sign on bonuses is more than we have ever paid before.

As a result of the large increase in expenditures to maintain quality care Bethel now finds itself over the Direct Care limit. What this means for Bethel is approximately $109,000 of Direct Care spending that cannot be included in our new daily rates.

Currently Bethel has open positions in nursing, laundry, housekeeping, activities and maintenance. Together these open positions account for 23 full time equivalents. I wish I could tell you that it is getting easier to be a non-oil related employer in Williston. You have probably all heard of the rapid expansion in housing and rental units in Williston. While it is true there is a lot of building taking place….it is unaffordable. I am not aware of any newly built, market rate apartment complexes with rents below $2,200.00 for a two bedroom unit. In addition, the majority of existing apartment complexes have been sold to new investors ready to make their fortune.

Recently an apartment complex that was built in the 1950's was sold and rents increased to $2,000.00 per month with only a 30 day notice. Another large complex built in the early 1980's has steadily increased its rent to $1450.00 for a two bedroom unit with a one month rent term. The tenant does not even get the peace of mind knowing their rent will remain the same for over a one month period.

Bethel's Activity Supervisor recently resigned. She has been forced to move back to her hometown of Watford City after her rent for the 3 bedroom apartment in Williston she was leasing increased to $4,000.00 per month. The building had been sold and it was obvious the new owner needed it for their own employees.

On a bright note, Williston State College is currently building a 72 unit apartment complex designed for service workers. The units will be affordable, but in reality, they are just a fraction of the number of units in Williston that are no longer affordable. We have been told that Bethel may be able to utilize up to 10 of these units, at the present time we have more than that number of our current employees on a list who can no longer afford where they live.

Many of our employees live in smaller communities surrounding Williston, including eastern Montana. To some extent they are able to find housing somewhat more affordable. This also presents another challenge with the recent blizzard we experienced 11 call-ins who were unable to report to work.

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The lack of affordable daycare in Williston is also a limiting factor for many who need to work. Our Human Resources Supervisor is limited to working two days a week because of the lack of daycare.

Senior care services were greatly diminished in Williston with the closure of the Kensington in December of 2012. As recently as 2010 the Kensington provided senior care to 39 Assisted Living tenants and 71 Basic Care residents. As a direct result of the Bakken today this facility houses only oil field workers.

Recently our Long-Term Care Association was informed that the Good Samaritan Society will no longer operate the nursing facility in Crosby, ND. It is hopeful that the local hospital will take over operation.

If facilities are to remain viable we have to remain competitive in the market to attract caring, compassionate staff. The residents that we care for are the same residents that have made Western North Dakota what it is today. My hope is that we do not forget the sacrifices that these residents have made in times less fortunate as they find themselves now in need of our care.

Thank you for allowing me to share about Bethel's challenges as a provider of Senior Care Services in the heart of the Bakken. I ask for your support of HB 1358.

Testimony on HB 1358
Senate Finance & Taxation Committee
March 13, 2013

Good morning Chairman Cook and members of the Senate Finance & Taxation Committee. I am unable to be in attendance for the hearing on HB 1358 so wish to submit comments for your consideration. My name is Shelly Peterson, President of the North Dakota Long Term Care Association (NDLTCA). The NDLTCA represents 207 assisted living, basic care and nursing facility providers in North Dakota. NDLTCA is in strong support of HB 1358.

Section 11 of HB 1358 appropriates six million dollars to the Department of Commerce for the purpose of administering a grant program for nursing homes, basic care facilities and providers that serve individuals with developmental disabilities located in the seventeen oil producing counties. Attached is a map of the seventeen oil producing counties. The purpose of the grants will be to help facilities address the staffing crisis affecting facilities in the seventeen county area. In the past three months, two facilities, the Kensington Williston, LLC of Williston, a 71 bed basic care facility and 39 assisted living facility and Sanford Health Underwood Continuing Care Center of Underwood, a 50 bed nursing facility have closed. The owner of the facility in Williston cited the "staffing crisis" as the reason for closure. They flew staff in from out of state, used contract agency staff, paid overtime and double time and still could not find staff to care for their residents. The facility closed their doors on December 31, 2012. The building now houses individuals from the energy industry. The facility in Underwood closed their doors just this month. Their reasons for closing: Staff shortages and declining occupancy. You can't operate a facility without staff.

North Dakota Long Term Care Association

1900 N. 11th St., Bismarck, ND 58501
Phone: 701-222-0660
www.ndltca.org

If you are a nursing facility operating in one of the seventeen energy impact areas, you are almost three times more likely (58% vs. 21%) to exceed an operating limit established in the payment system. This means you are operating over limits and once you do this, you become financially frail. Today, every nursing facility in northwestern North Dakota utilizes "contract nursing staff." Facilities are doing this so they have staff to provide daily resident care. They are forced to do this because they simply have run out of staff and can't find any to recruit. Long term care facilities in the energy impact area are in crisis and need your help.

Under HB 1358, the Department of Commerce will allocate funding to long term care facilities based upon the full time equivalent positions. This count will also include the equivalent number of FTE's spent on contract nursing. This grant will be distributed in January 2014 and January 2015. Facilities will utilize the money for their greatest needs and will report on the use to the Department of Commerce. This grant will not solve the crisis facilities are facing, but it will certainly help them address the multitude of issues confronting them.

Thank you for your consideration of HB 1358.

Shelly Peterson, President
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17 North Dakota Oil [illegible]ucing Counties

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NDLTCA Issue Brief

Long Term Care Facilities Impacted by the Energy Boom

Long Term Care Needs:

- Sufficient staffing, available/affordable housing and daycare are the top issues facing long term care facilities in the energy producing counties.
- Nursing turnover and vacant positions are at record highs.
- All nursing facilities in North Western North Dakota utilized contract nursing agencies to provide daily resident care, because permanent staff are unattainable.

Three Solutions that will Help:

1. Have Nursing Facilities Qualify for Energy Infrastructure Grants
2. Expand Funding for Housing Incentive Fund with a Reliable Source of Funding
3. Allow Nursing Facilities and Basic Care Facilities to Provide Housing as an Employee Benefit

North Dakota Long Term Care ASSOCIATION

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August 2012

DEPARTMENT OF COMMERCE TESTIMONY ON HOUSE BILL 1358
MARCH 13, 2013, 9:00 A.M.
SENATE FINANCE & TAXATION COMMITTEE
LEWIS & CLARK ROOM
SENATOR DWIGHT COOK, CHAIRMAN

ALAN ANDERSON – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Alan Anderson and I serve as the Commissioner for the North Dakota Department of Commerce. As Commerce Commissioner I also have the pleasure of serving as the chairman of the EmPower North Dakota Commission.

The EmPower North Dakota Commission was established by the 2007 legislative assembly and made permanent by the 2009 legislative assembly. Its members are appointed by the Governor. It is an industry lead effort that allows all of our energy industries, both renewable and traditional, to have a voice into the state's energy policy.

On behalf of the EmPower ND Commission, I am here today to speak in favor of a provision in House Bill 1358.

Section 5 of House Bill 1358 provides a $150,000 appropriation to Job Service North Dakota to enhance their ability to collect data regarding employment related to the oil & gas industry. Job Service ND utilizes Bureau of Labor Statistics standards for determining employment statistics related to the oil & gas industry. This appropriation would allow Job Service ND to collect additional information in order to identify jobs that are related to oil & gas activities, but are not currently tracked as oil & gas industry jobs. This could include people in the transportation sector that haul materials and products for the industry.

Having this data available would help to identify workforce needs tied to oil & gas development. It could also potentially be used to more accurately determine employment levels for purposes of allocating gross production tax revenues to cities in NDCC § 57-51-15.

Mr. Chairman and members of the Finance & Taxation Committee, I respectfully request your favorable consideration of House Bill 1358. That concludes my testimony and I am happy to entertain any questions.

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In support of HB 1358

March 12, 2013

Senate Finance and Tax Committee

Chairman Cook and Committee Members, I am Larry Syverson a farmer from Traill County where I grow soybeans, I am also the chairman of Roseville Township and the President of the North Dakota Township Officers Association. NDTOA represents the 6,000 Township Officers that serve in more than 1,300 townships across the state.

First I wish to thank Representative Skarphol and the others that have put so much work into this bill.

At our December annual convention the membership resolved that we support increased funding for the townships in the oil producing counties. We are very pleased to see that Section 8 of HB 1358 does just that.

These townships were left out of the special session bill that provided $10,000 to each township in the non-oil counties. They were supposed to be provided for through their counties on a grant basis, but in practice that has not happened, reports we have heard indicate that most if not all applications are denied and the county uses the funds for their own much needed projects. These funds in Section 8 are directed to the townships, this will insure that oil-county townships will have funding just like those in the non-oil counties got.

Chairman Cook and Committee Members, NDTOA fully supports HB 1358, and asks that you give HB 1358 a favorable recommendation.

NDHA

North Dakota Hospital Association

Vision
The North Dakota Hospital Association will take an active leadership role in major Healthcare issues.

Mission
The North Dakota Hospital Association exists to advance the health status of persons served by the membership.

Testimony: HB 1358
Oil and Gas Impact Aid Program
Senate Finance & Taxation Committee
March 13, 2013

Chairman Cook and Members of the Senate Finance and Taxation Committee; I am Jerry E. Jurena, President of the North Dakota Hospital Association. I am in supportive of HB 1358, specifically Section 12.

Section 12 of HB 1358 appropriates funds to the Department of Human Services to provide for a grant program for Critical Access Hospitals in oil producing counties and counties contiguous to an oil producing county to offset some of the costs associated with oil and gas production.

In the last three years communities in western North Dakota have witnessed a surge in population growth as a result of people coming in to the state to meet the demands of drilling for oil. Many communities have doubled and some have experienced a growth factor of two to four times their population of three years ago. As a result of this new activity healthcare providers have been struggling to meet the increased demands on their services. In the past trauma cases were rare, now they are occurring almost daily. Clinics are inundated with new people trying to schedule appointments and hospital emergency rooms are overwhelmed.

The result of this activity is hospitals are spending more than ever trying to meet the increase demands on their services. Additional staff is needed in every department and in order to attract staff they must increase their wages to be competitive with oil companies, money they do not have. A difficult task when over half of their reimbursement is fix or limited. In addition to expanding their workforce to meet the needs they are dealing with a new cliental which have no allegiance to the community or the state. Uncompensated care which was manageable a few years ago has exploded creating new challenges. Many hospitals have had to add non-healthcare staff to address the issue of collecting personal data with no increase in their revenue.

The list of challenges to maintain quality of care in oil impacted counties has created undue stress on the hospitals. Again the increased demands include: additional staff if they can be found, increased expenses to provide services, housing for staff, day care and an increase in non-payments by out of state people coming to make big dollars in the oil fields.

The result is hospitals in oil producing counties need a little help at this time to get over the initial changes to their communities. Therefore, NDHA supports a program to provide grant dollars to hospitals in oil producing counties to give them a little help at this time.

I ask that you give HB 1358 a do pass.

Respectfully,

Jerry E. Jurena, President
North Dakota Hospital Association

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Testimony of John Stumpf, Vice President – Strategic Planning, MDU Resources Group, Inc. to the ND Senate Finance & Tax Committee.

March 13, 2013

Chairman Cook and Members of the Senate Finance Committee:

My name is John Stumpf, Vice President of Strategic Planning for MDU Resources Group. I would like to draw your attention to our recent announcement to commence construction of a diesel refinery to be located between the communities of Dickinson and South Heart. We plan to start construction as soon as the weather permits. MDU Resources and its subsidiary companies are involved in other significant development projects in western North Dakota ranging from oil & gas exploration and production to road construction to natural gas and electric utility service and construction.

Through our involvement in these various activities, we would like to draw your attention to the substantial infrastructure challenges those communities face. An example of a vital, ready to go project which would benefit the public, commerce, the environment and our diesel refinery project is the proposed waste water line between South Heart and Dickinson whereby waste water would be processed by the soon to be constructed Dickinson waste water plant. This system would accommodate the growth being experienced in both South Heart and Dickinson and would eliminate much of the existing lagoon system in South Heart and the lagoon which would otherwise be needed by our refinery. This provides obvious benefits to the environment and quality of life. This infrastructure would also accommodate the future 100 or so permanent workers and their families who will support our diesel plant.

Our refinery intends to use the treated and processed waste water from the Dickinson sewage treatment plant, as a source of feed water to support the industrial processes at the refinery, another benefit to the environment from a water conservation perspective.

We appreciate your consideration and support of vital infrastructure funding needed to accommodate future growth in western North Dakota and I appreciate the opportunity to testify today.

Thank you.

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TESTIMONY
House Bill 1358 – Section 11 - Provider Impact Aid Program
Senate Finance and Taxation
Senator Cook, Chairman
March 13, 2013

Chairman Cook, members of the Senate Finance and Taxation Committee, I am Barbara Murry, Executive Director of the North Dakota Association of Community Providers. I am submitting written testimony on Section 11 of HB 1358, the provider Impact Aid Program

The North Dakota Association of Community Providers is made up of 29 organizations across the state, providing services in 110 communities. Our services may be provided in group homes and work centers, in the individual's home or the family home, or at their place of work. We represent approximately 6,000 dd staff, 4,900 of whom are Direct Support Professionals, or DSP's, and a total of approximately 7,000 staff serving all populations. We serve approximately 4,000 individuals with developmental disabilities. Services are most often, lifelong.

Developmental disability providers in oil country are struggling with high turnover and retention of staff. Our starting wages, while improved, do not match wages in many other areas. For example, ABLE, Inc., in Dickinson has reported that with a starting wage of $12.65, staff have to pay as much as 55% of their wages for a one bedroom apartment, and 73% of their wages for a two bedroom apartment. Their applicant pool has been cut in half and their overtime has tripled.

We would like to request several additions to the proposed legislation. (1) We request that the impact aid program be expanded to cover Ward County, which is also experiencing significant problems with employee recruitment and retention. (2) We would request that the dollar per FTE grant amount be increased from the current amount of $90 per FTE. We had originally requested $500 per FTE. (3) We request that the programs eligible for participation in the grant program include oil county developmental disabilities guardianship, which is under DD operations budget and not found in DD grants, and for DD Infant Development program staff in oil producing counties. This will not create a large increase in FTEs but will make the grant program more equitable within agencies. Those FTE numbers are available from the DHS Developmental Disabilities Division.

Additionally, providers in Ward County, such as Rehab Services, Inc., have recruitment and retention pressures for staff in programs beyond developmental disabilities.

Senate Finance and Taxation Committee

March 25, 2013

Lewis and Clark Room

NDDOT

North Dakota

Department of Transportation

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Overview

- **Today we will discuss:**
  - History of Spending – Local and DOT.
  - Transportation Needs.
  - Funding legislation being considered for 2013-15 biennium.

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Department of Transportation

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History of Local Transportation Funding 2011-13

- Per your request we have developed a table which shows the total amount of funding appropriated for local governments that could be used for transportation, including transit, was approximately $550 million during the 2011 session.

- It should be noted that from the $550 million, approximately $126.4 million is distributed to the counties and cities through the gross production tax and is not necessarily used for transportation.

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Department of Transportation

Local Transportation Funding 2011-2013

ATTACHMENT 1 - North Dakota Department of Transportation Schedule of Local Transportation Funding – 2011 Legislative Session								
Current Biennium Funding	**Recipient**	**System**	**Funding Source**	**Local Match**		**Administration Method**	**Funding Amount**	**Total Funding**
County and Township Road Reconstruction Program	OP-C	C,T	GF to HF	10%		COI Grant	$ 142,000,000	$ 142,000,000
Non-oil Transportation Funding Distributions								
Non-oil Transportation Funding Distributions	NOP-Cty	Cty	GF to ST			AST	$ 20,800,000	
Non-oil Transportation Funding Distributions	NOP-C	C	GF to ST			AST	35,200,000	
Non-oil Transportation Funding Distributions	NOP-T	T	GF to ST			AST	27,000,000	83,000,000
Highway Tax Distribution Fund Allocations per NDCC								
City Allocations	Cty	Cty	FTMV		x	AST	$ 64,100,000	
County Allocations	C	C	FTMV		x	AST	112,900,000	
Township Allocations	T	T	FTMV		x	AST	13,900,000	
Public Transportation Allocations	PT	PT	FTMV		x	AST	7,700,000	198,600,000
Gross Production Tax Estimates (counties & cities)	Cty,C	Cty, C	GPT			AST	126,400,000	126,400,000
Total Local Transportation Funding - All Sources								**$ 550,000,000**

Legend for Attachment 1 = AST - Direct Allocation Through the ND State Treasurer, C – Counties, COI Grant - County Oil Impact - Separate Appropriation, Line-Handled as a grant, Cty-Cities, FTMV-Fuel Taxes & Motor Vehicle Registrations, GF - General Fund, GPT-Gross Production Tax, HF - Highway Fund, NOP-Non oil producing, OP - Oil producing, PTF-Public Transportation Fund, ST - State Treasurer, T-Townships, x-Distributions reflect revised projections as of 3-29-2012.

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Local Federal Funding 2011-13

- In addition to state funding, counties and cities receive approximately 25% of the state's federal funding.

- In the 2011-13 biennium it is estimated:
  - Counties received approximately $46.5 million
  - 12 major cities received approximately $69.7 million
  - Transit received approximately $13.7 million.

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NDDOT Projects Bid for 2011-13

(Includes city, county & federally funded projects)

2011 – 2013 BIENNIUM				
Funding	Oil Impact Area (Minot, Williston & Dickinson Districts) ($ Millions)	Bismarck, Valley City, Devils Lake, Grand Forks, & Fargo Districts ($ Millions)	Statewide ($ Millions)	Total ($ Millions)
Oil Impact Funds for State Highways	$228.6 M	---		$228.6 M
Oil Impact Funds for County Roads	$142.0 M	---		$142.0 M
Bid Openings (2011 – 2012) (Fed funds, state & local match)	$316.7 M	$347.6 M		$664.3 M
Emergency Relief (ER)	$86.4 M	$197.7 M		$284.1 M
Total	**$773.7 M**	**$545.3 M**		**$1,319.0 M**

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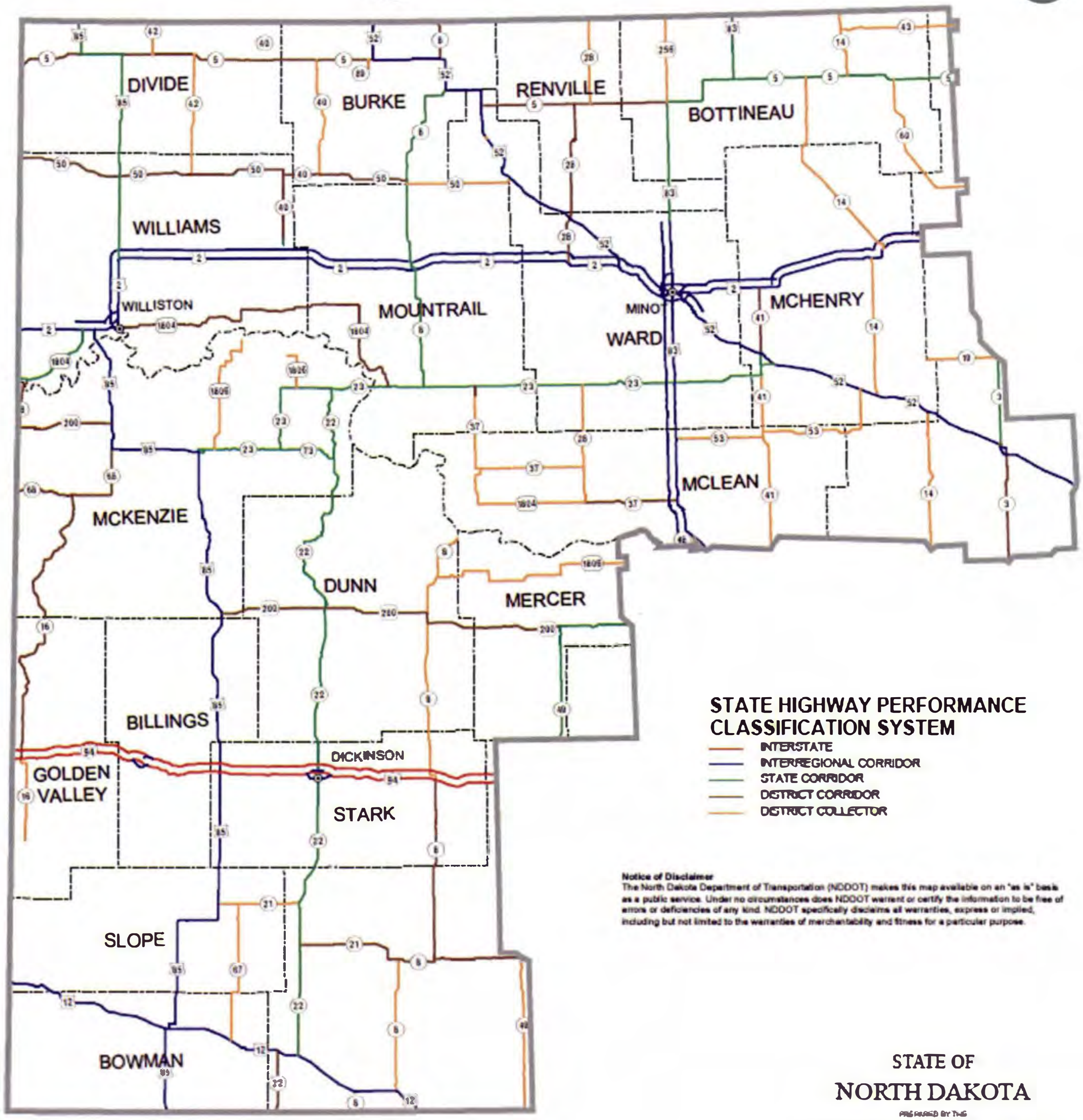
Department of Transportation

Western ND Highways



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Department of Transportation

STATE HIGHWAYS FOR NON-WESTERN DISTRICTS

STATE HIGHWAY PERFORMANCE CLASSIFICATION SYSTEM

- INTERSTATE
- INTERREGIONAL CORRIDOR
- STATE CORRIDOR
- DISTRICT CORRIDOR
- DISTRICT COLLECTOR

Notice of Disclaimer
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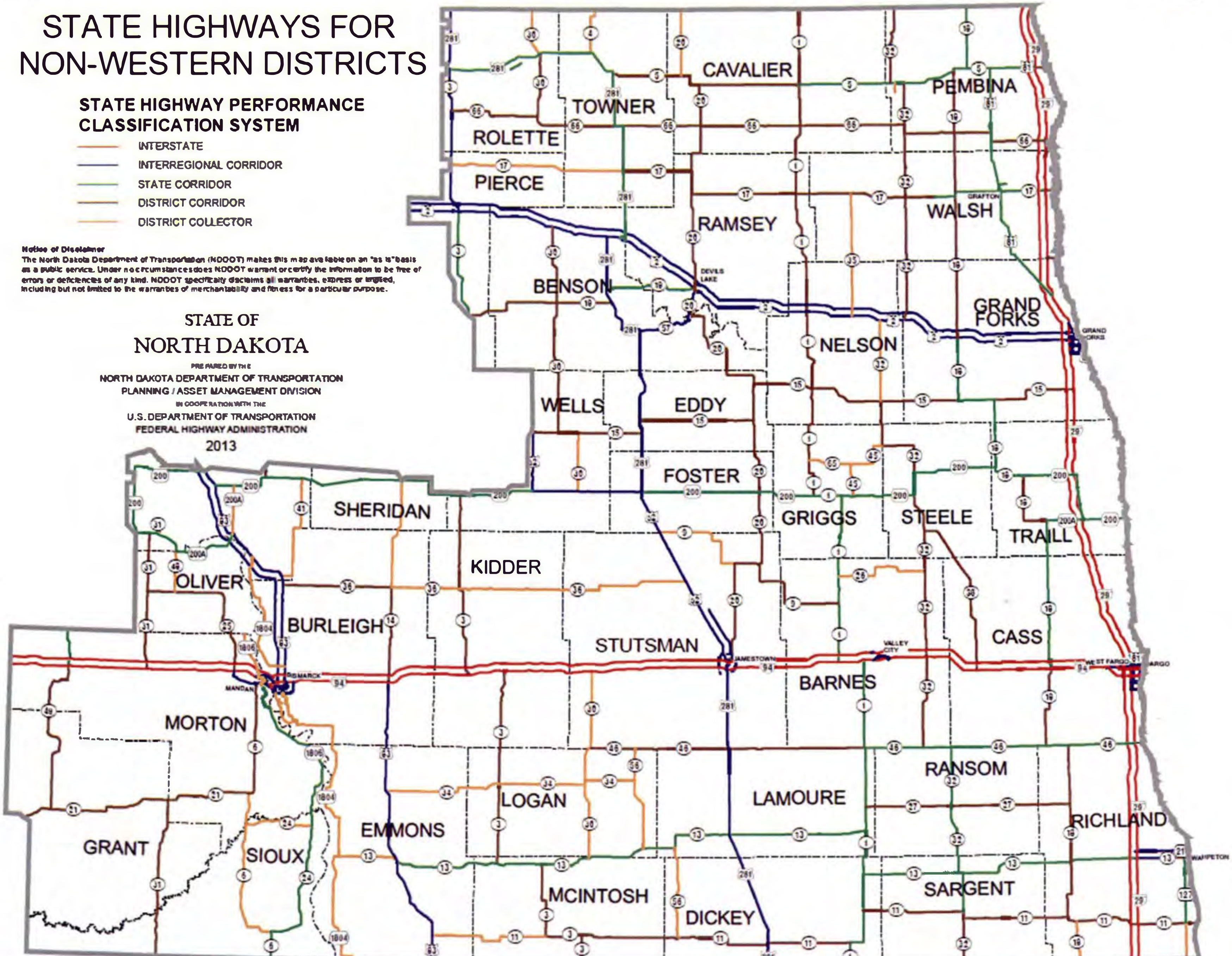
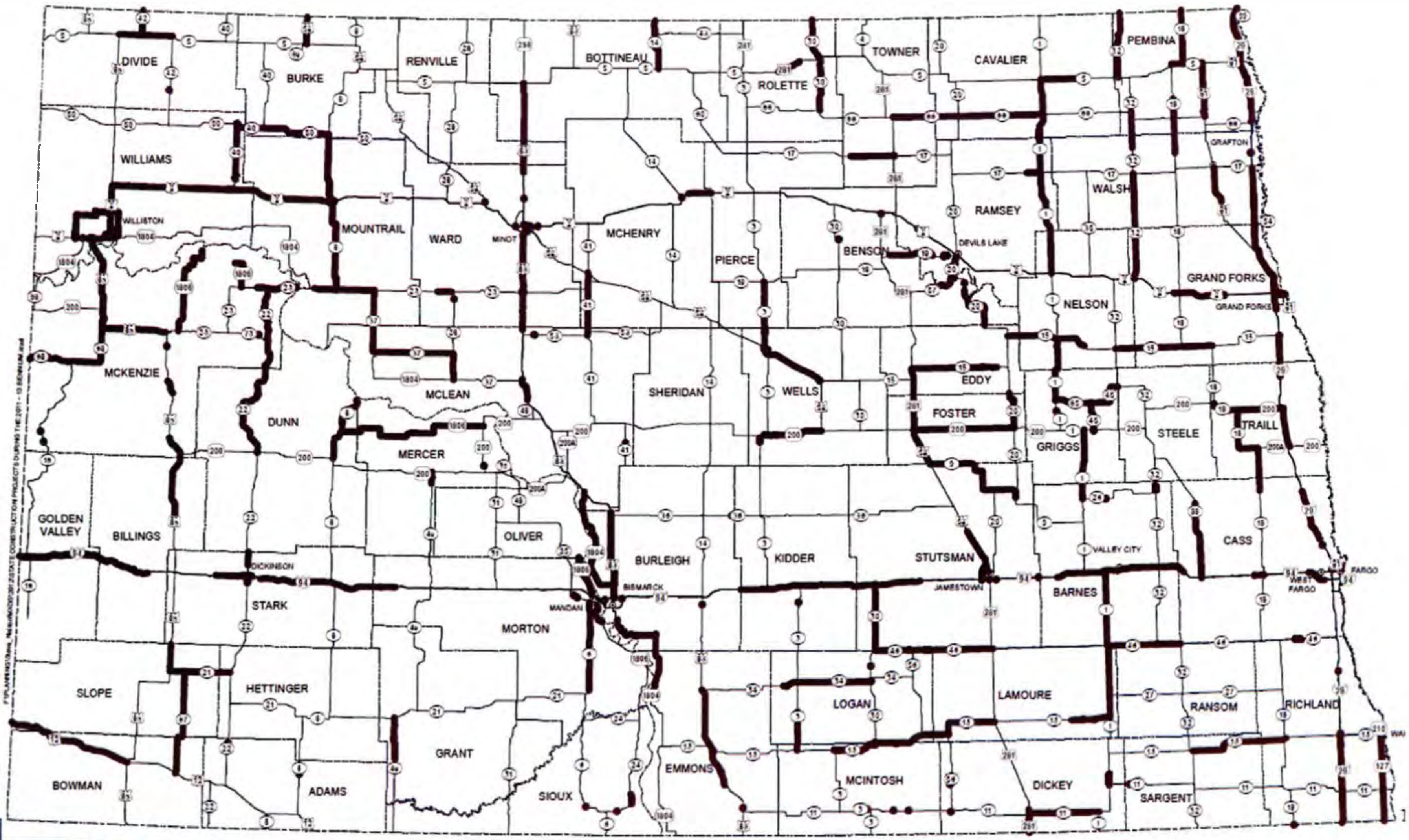
STATE OF
NORTH DAKOTA
PREPARED BY THE
NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
PLANNING / ASSET MANAGEMENT DIVISION
IN COOPERATION WITH THE
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
2013



2011-13 Biennium NDDOT Projects



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Highway projects completed statewide 2011-13

- **Work progressed on several projects including:**
  - West Fargo Main Avenue
  - ND 57 east of Fort Totten
  - US 2 north of Williston
  - ND 20 near Devils Lake
  - US 85 west of Watford City
  - US 281 near Carrington
  - US 8 near Bowbells
  - ND 200 east of Mayville
  - I-94 near Dawson
  - ND 18 south of Cavalier
  - ND 23 east of New Town
  - US 83 in Bismarck and south of Minot
  - Williston temporary bypasses.

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Projects Bid through DOT from 2007– 2012

State:	
Oil Producing Counties	$945,714,000
Non Oil Producing Counties	$1,153,063,000
***County:**	
Oil Producing Counties	$71,427,000
Non Oil Producing Counties	$159,905,000
Urban:	
Oil Producing Counties	$77,528,000
Non Oil Producing Counties	$249,527,000
Totals	
Oil Producing Counties	**$1,094,669,000**
Non Oil Producing Counties	**$1,562,495,000**

* Does not include HB 1012 appropriation of $142M or Highway Tax Distribution.

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History of System Design

Many state highways were designed and built in the 1950's and 60's. Roadways in the western part of the state were originally built to handle agriculture traffic (small grains and ranching) and were not built to carry the heavy loads associated with oil development.

- Over the years many of the roads in the eastern part of the state have been built to carry heavier loads associated with more intense agricultural development (sugar beets, potatoes, corn etc.)

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Upper Great Plains Transportation Institute Needs Study

Biennium	Roadways	Statewide Needs Total $$$ In Millions
2013-2015	State Highways	$2,414.7
2015-2017	State Highways	$1,352.9
2013-2015	County & Township Roads	$ 834.0
2015-2017	County & Township Roads	$ 772.0

- The UGPTI State Needs Study was completed in January 2013 and the UGPTI County Needs Study was completed in September 2012.

- UGPTI based cost estimates on information available at the time of the study. Since completion, costs have gone up. DOT costs have increased 11 % per year and local governments are experiencing the same issues. In addition to right-of-way costs increasing dramatically across the state.

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Upper Great Plains Transportation Institute Needs Study

- In addition to the roadway needs study, UGPTI recently completed a needs study for county and township bridges. The study estimates the total cost to repair and replace bridges in the serious or worse category to be $95.7 million.

- No recent needs study has been completed for the cities.

- The UGPTI studies only cover the costs for capital improvement projects, not operation or maintenance costs. Typically, counties, townships and cities use a portion of the highway tax distribution fund for operation and maintenance.

- The DOT operational and maintenance costs are included in the biennium appropriation.

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System Condition

- Increased traffic volumes, (particularly heavy trucks), have accelerated the deterioration of county, township, tribal roads and state highways in the oil impacted areas. Roadways in the western part of the state were originally built to handle agriculture traffic (small grains and ranching) and were not built to carry the heavy loads associated with oil development.

- The picture illustrates damage that has occurred on US 85 due to increased heavy truck traffic.

US Highway 85
August 2011

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System Condition

ND Highway 1806 on September 2, 2010

ND Highway 1806 on April 28, 2011

Cost Of Doing Business

We have also noted an increase cost of doing business in western North Dakota versus working on projects in other areas of the state.

2012 Road Construction Costs Per Mile		
Non interstate rural work	Western ND	Statewide
Mine and blend	$1,700,000	$1,050,000
Mine and blend with widening	$2,500,000	$2,000,000
Surfacing	$420,000	$350,000

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NDDOT Projects Bid for 2013-15

(Includes city, county & federally funded projects)

2013 – 2015 BIENNIUM (SB 2012 & SB 2176)				
Funding	Oil Impact Area (Minot, Williston & Dickinson Districts) ($ Millions)	Bismarck, Valley City, Devils Lake, Grand Forks, & Fargo Districts ($ Millions)	Statewide ($ Millions)	Total ($ Millions)
Projected Oil Impact Funds for State Highways	$1,161.6 M	---		$1,161.6 M
Projected Oil Impact Funds for County Roads	$142.0 M	---		$142.0 M
SB2012 Amendment - County & Township Bridge Program			$27.0 M	$27.0 M
STIP (2013 -2014) (Fed funds, state & local match)	$148.8 M	$450.0 M		$598.8 M
ER Carryover (from 2011-2013 biennium)	$31.1 M	$77.0 M		$108.1 M
Total 2013- 2015 Biennium	**$1,483.5 M**	**$527.0 M**	**$27.0 M**	**$2,037.5 M**

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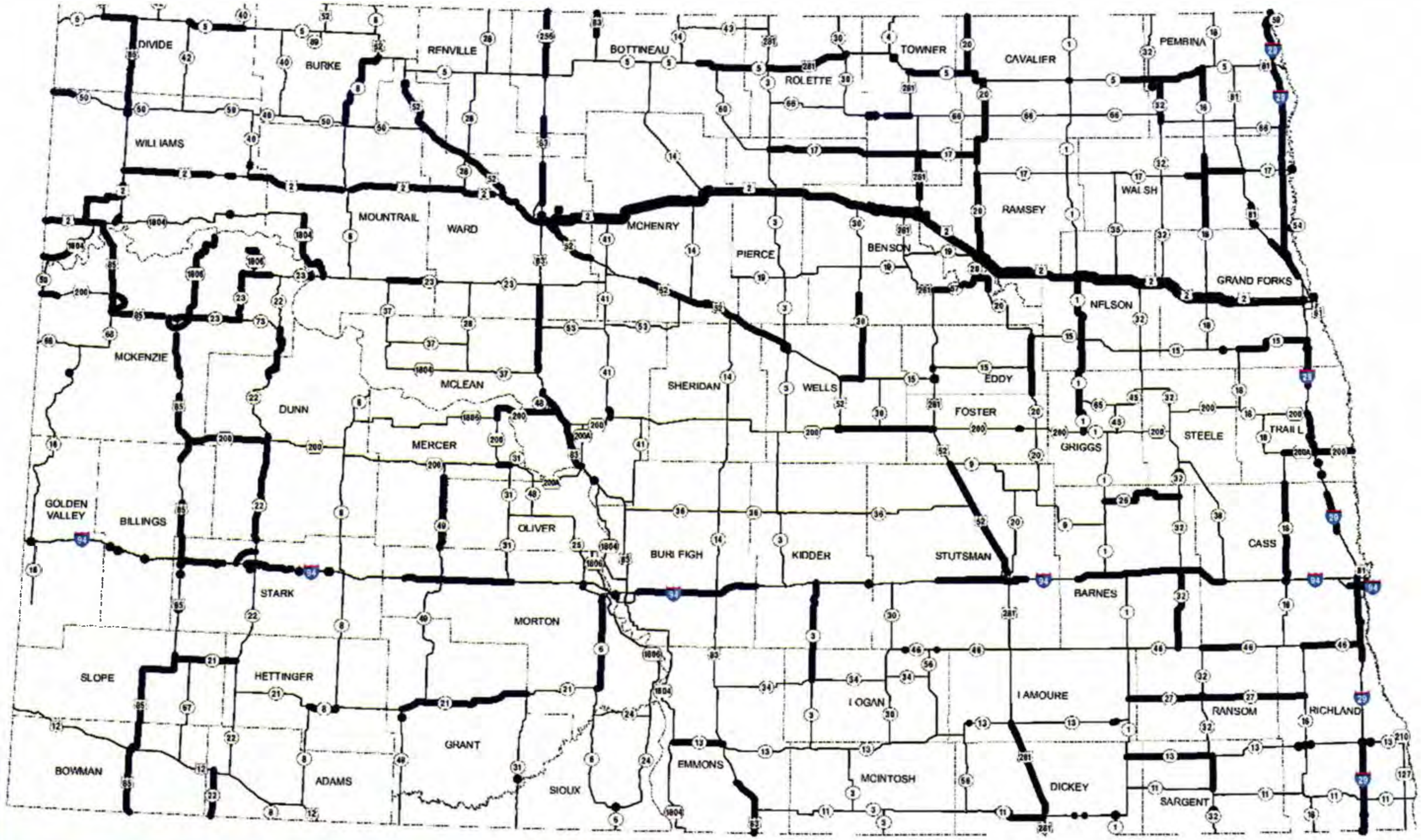
STIP Projects 2013-16



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SB 2012 – Transportation Program Appropriations

$1.16 billion in one-time funding from the general fund for enhanced state highway investments:

- $146.8 million - Projects moved from 2011-13 biennium.
- $300 million - upgrading two-lane highways to four-lane highways, and constructing underpasses.
- $324.7 million - truck reliever routes around cities.
- $390.1 million - extraordinary state highway maintenance and repair.

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Where funds will be spent 2013-15

- Various projects we plan on utilizing the $1.16 billion state funding:

- US 2 west of Williston
- ND 23 Parshall to US Hwy 83
- ND 22 north of Killdeer
- ND 8 south of Bowbells
- US 85 near Belfield
- Truck bypasses/reliever routes
- US 85 – four lane between Watford City and Williston

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Proposed Legislation for Local Transportation Funding 2013-15

- The second table developed shows funding proposed through several bills: SB2012, SB2176, SB2221, SB2013, HB1358, and the estimated funding to be received from the highway tax distribution fund. The total amount of funding appropriated for local governments, including transit, is approximately $1.2 billion.

- It should be noted that from the $1.2 billion, approximately $379 million is distributed to the counties and cities through the gross production tax and is not necessarily used for transportation.

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ATTACHMENT 2 - Schedule of Local Transportation Funding – 2013 Legislative Session

Bill/NDCC	Section	Recipient	System	Allocation Basis	Funding Source	Local Match	Administration Method	Funding Amount	Total Funding
SB2012									
County and Township Road Reconstruction Program	1,4	OP-C	C,T	UGPTI/NDDOT	GF to HF	10%	COI Grant	142,000,000	
County and Township Bridge Reconstruction Program	1,5	C	C,T	UGPTI/NDDOT	SIIF	10%	CBR Grant	27,000,000	
Township Transportation Funding Distributions	8	OP-C,T	T	LSA	GF to ST		AST	10,000,000	
Contingent Public Transportation Funding	7	PT		LSA/NDDOT	GF to PTF		G	1,100,000	
Township Transportation Funding Corrections	9,10	C,T	C,T	LSA	GF to ST		AST	1,005,000	$ 181,105,000
SB2176									
Non-oil Transportation Funding Distributions	2	NOP-Cty	Cty	HTDF	GF to ST		AST	$ 24,200,000	
Non-oil Transportation Funding Distributions	2	NOP-C	C	HTDF	GF to ST		AST	39,800,000	
Non-oil Transportation Funding Distributions	2	NOP-C	C	HTDF	GF to ST		AST	3,200,000	
Non-oil Transportation Funding Distributions	2	NOP-T	T	HTDF	GF to ST		AST	12,800,000	
Non-oil Transportation Funding Distributions	2	NOP-C	T	LSA	GF to ST		AST	5,100,000	
Non-oil Transportation Funding Distributions	2	NOP-T	T	LSA	GF to ST		AST	14,900,000	100,000,000
SB2221									
County and Township Scenic and Recreation Roads	1,2	C,T	C,T	NDDOT	SIIF to SRF		G	$ 20,000,000	20,000,000
SB2013									
Dust Control Pilot Project	9	OP-3C	C	LSA	USCL to C		G	$ 3,000,000	
Contingent Oil & Gas Impact Grant for Dust Control	10	OP-C	C	LSA	USCL to C		G	7,000,000	
Gross Productn Tax Allocation Oil Gas Impact Grant Fund	12	OP-C	T	LSA	USL to C		G	15,000,000	25,000,000
HB1358									
Oil Producing County Distributions	6	OP-C	C	POP	SIIF to ST		AST	$ 190,000,000	
Non-oil County Transportation Funding Distributions	7	NOP-C	C	PCRM	GF to HF		G	150,000,000	
Oil Producing Township Distributions	8	OP-C	T	LSA/HTDF	GF to ST		AST	8,760,000	
Gross Production Tax Allocation	3	C	NS	LSA	GPT		AST	292,900,000	
Gross Production Tax Allocation	3	Cty	NS	LSA	GPT		AST	86,500,000	728,160,000
Highway Tax Distribution Fund Allocations per NDCC									
City Allocations	54-27-19	Cty	Cty	HTDF	FTMV		AST	$ 74,100,000	
County Allocations	54-27-19	C	C	HTDF	FTMV		AST	130,400,000	
Township Allocations	54-27-19	T	T	HTDF	FTMV		AST	16,000,000	
Public Transportation Allocations	54-27-19	PT	PT	HTDF	FTMV		AST	8,900,000	$229,400,000
Total Local Transportation Funding – All Sources									**$1,283,665,000**

Legend for Attachment 2 = 3C - Three counties in oil impacted areas, AST - Direct Allocation Through the ND State Treasurer, C – Counties, CBR Grant - County/Township Bridge Reconstruction, Separate Appropriation Line - Handled as a grant, COI Grant - County Oil Impact - Separate Appropriation, Line-Handled as a grant, Cty-Cities, FTMV-Fuel Taxes & Motor Vehicle Registrations, G-Grant, GF - General Fund, GPT-Gross Production Tax, HF - Highway Fund, HTDF - Highway Tax Distribution Formula, LSA - Legislative Set Allocation, NDCC-North Dakota Century Code, NDDOT - North Dakota Department of Transportation, NOP-Non oil producing, NS-Requirement for use of funding not specified. Could be used for transportation purposes, OP - Oil producing, PCRM-Prorated based on county road mileage, POP-Proportional based on oil production, PTF-Public Transportation Fund, SIIF - Strategic Investment and Improvements Fund, SRF-Special Roads Fund, ST - State Treasurer, T-Townships, UGPTI - Upper Great Plains Transportation Institute, USL-University and School Lands

Local Federal Funding 2013-15

- In addition to state funding, counties and cities receive approximately 25% of the state's federal funding.

- In the 2013-15 biennium it is estimated:
  - Counties will receive approximately $39.9 million
  - 12 major cities will receive approximately $72.2 million.
  - Transit will receive approximately $14.8 million.

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Questions?

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State Funding for EMS

2007 - 200	Staffing Grant	$ 1,250,000.00	
	Training Grant	$ 1,240,000.00	
Total		$ 2,490,000.00	
2009 - 201	Staffing Grant	$ 2,500,000.00	
	Training Grant	$ 1,240,000.00	
Total		$ 3,740,000.00	
2011 - 201	Staffing Grant	$ 1,250,000.00	1st year of the biennium only (decrease of $1,250,000)
	Training Grant	$ 940,000.00	Reduction of $300,000
	Rural EMS Assistance	$ 3,000,000.00	2nd year of the biennium only
Total		$ 5,190,000.00	
20013 - 20	Training Grant	$ 940,000.00	
	Rural EMS Assistance	$ 4,250,000.00	
Total		$ 5,190,000.00	

Oil Impact Grants for EMS

Early 2012 Grant Round

	Applications	Awards	Requested Amount	Amount Awarded	Percent Awarded
Ambulance	43	29	$ 6,877,698.00	$ 4,050,488.00	59%

Late Grant Round 2012

Ambulance	33	20	$ 4,807,893.00	$ 848,518.00	18%

Funding for EMS in North Dakota

Rural EMS Assistance Fund

One Year 2012 - 2013

The following is a synopsis of EMS funding for the last year of the 2011 – 2012 biennium relating to the EMS Assistance Fund.

- 94 funding areas
- 76 applications
- 12 were not funded
- 18 funding areas did not apply
- $2.9 million available
- $7,365,000 requested
- Funded 39% if the request
- Funded 72.35% of each area's allowable request
- Staffing was the largest category at 38.11%
- If all funding areas would have applied – request would have been $10,817,343 annually

Effects of HB 1358

- Decreases funding areas by a net of 16 funding areas
- Eliminates 21 or more ambulance services (border services not counted) that would not be eligible for Rural EMS Assistance Funds

STATE OF NORTH DAKOTA
OFFICE OF STATE TREASURER
Kelly L. Schmidt, State Treasurer

TO: Senate Finance and Taxation Committee
FROM: Jeb Oehlke, Deputy State Treasurer
DATE: March 25, 2013
Re: Suggest amendments for HB 1358

MEMORANDUM

Requested Amendments for Section 1 of the Bill:

- Page 2, line 14, replace "state treasurer" with "director of the energy impact office"
    - The energy impact office already performs duties similar to, or the same as those described in this section, so they would be more properly placed with that office.
    - Amendments may be required in subsequent sections of the bill (on pages 8 & 9) to clearly show that administration of the duties in this section lie with the energy impact office.

Requested Amendments for Section 3 of the Bill:

- Page 3, line 21, remove "the state"
- Page 3, line 22, remove "treasurer"
- Page 4, line 28, remove "by the county treasurer"
- Page 5, line 3, replace "state treasurer" with "commissioner of university and school lands"
- Page 5, line 4, after "fund" insert ", to the oil and gas production tax distribution fund,"
- Page 6, line 3, replace "credited" with "distributed"
- Page 6, line 3, replace "county" with "state"
- Page 8, line 9 replace "county" with "state"
- Page 8, line 10, replace "attendance" with "membership"
- Page 8, line 11, replace "county" with "state"
- Page 8, line 14, after "to" insert "the county treasurer for subsequent allocation to"
- Page 8, line 19, remove "if"
- Page 8, remove line 20
- Page 8, line 21, remove "funds on hand or"
- Page 9, line 10, replace "state treasurer" with "director of the energy impact office"
- Our ultimate wish is to have the differentiation between the under $5 million/$5 million+ counties removed from the bill which would require removing all of the underscored beginning on page 9, line 17 and continuing to page 10, line 8. This would require additional amendments to the language in subsections 1 and 4 which are not included in the above amendments.
- If the striking of the differentiation between the low/high oil producing counties we ask for the following amendments to subsection 5 of section 3 of HB 1358:
    - Page 9, line 19, replace "credited" with "distributed"

- Page 9, line 19, replace "county" with "state"
- Page 9, line 25, replace "county" with "state"
- Page 9 line 26, replace "attendance" with "membership"
- Page 9, line 28, replace "county" with "state"

Requested Clarification for Section 3 of the Bill:

- Page 3, lines 23-26, we request guidance for the distribution of the construction funds to the Hub City School Districts (HCSD's).
  - Will the HCSD's be required to request the funds and certify the availability of matching funds before the STO releases the funds?
  - Since the funds "may be released…" does that mean the STO is allowed to deny the release of the funds to the HSCD's?
  - Who is responsible for making the decision whether to release the funds?
- Page 3, lines 26-31, we request guidance of the distribution of funds to a HSCD for an "extraordinary expenditure.
  - Does the use of permissive language on line 28 (i.e., "may be released…") suggest that the STO is authorized to deny distribution of funds even if the application from the HSCD is approved by the Hub City School Impact Committee?
- Page 4, lines 27-31, does the language in subdivision f of subsection 1 mean that we are to allocate $1,750,000 to each of the school districts in each $5 million+ county, or allocate $1,750,000 divided between all school districts in each $5 million+ county?
- Page 9, lines 30-31, does this language mean that each school district in a county is capped at $1,500,000 during each state fiscal year, or that the county cap is $1,500,000 and all school districts must share this amount base on enrollment?

Requested Amendments for Section 6 of the Bill:

- Page 13, line 11, replace "on May 1, 2013," with "no later than June 30, 2013,"

Requested Amendments for Section 8 of the Bill:

- The State Treasurer's Office asks that Section 8 of HB 1358 be removed in favor of the distribution to townships in the oil producing counties contained in Section 8 of SB 2012 (the DOT budget).
- Failing the removal of Section 8 we ask for the following amendments:
  - Page 14, line 8, replace "on or before May 1, 2013," with "no later than June 30, 2013,"
  - Page 14, line 18, remove "if that township has"
  - Page 14, line 19, remove "uncommitted reserve funds on hand exceeding $100,000 or"
  - Page 14, line 26, remove "but less than $5,000,000"
  - Page 14, line 26, replace "for" with "during"

Oil and Gas Gross Production Tax, Oil Impact Fund, and Insurance Premium Tax Allocations to Political Subdivisions - Estimated 2011-13 and 2013-15 Biennium (In Millions)

	Estimated - 2011-13					House Version - 2013-15					Executive Budget - 2013-15				
	57-51-15 *Oil Taxes*	**HB1013** *Impact Fund*	**SB2010** *Insur Premium*	**HB1012** *Co. & Twnshp Roads*	*Total*	**HB1358** *Oil Taxes*	**HB1358** *Approps*	**HB1358** *Impact Fund*	**HB1145** *Insur Premium*	*Total*	**SB2258** *Oil Taxes*	**SB2013** *Impact Fund*	**HB1010** *Insur Premium*	**SB2012** *Co. & Twnshp Roads*	*Total*
Counties	109.0	3.9			**112.9**	342.4		4.0		**346.4**	231.9	4.0			**235.9**
Cities	52.4	100.0			**152.4**	214.1		100.0		**314.1**	108.1	100.0			**208.1**
Schools/townships/county infrastructure fund*	84.8	12.6			**97.4**	144.1		30.0		**174.1**	180.4	30.0			**210.4**
Ambulance		2.7			**2.7**	13.9		3.0		**16.9**		3.0			**3.0**
Fire districts		4.9	6.2		**11.1**	13.9		5.0	15.3	**34.2**		5.0	7.0		**12.0**
Law enforcement					**0.0**	13.9				**13.9**					**0.0**
Airports					**0.0**					**0.0**		60.0			**60.0**
Colleges					**0.0**					**0.0**		4.0			**4.0**
Other		10.9			**10.9**			8.0		**8.0**		8.0			**8.0**
County and township road funding				142.0	**142.0**		348.8			**348.8**				142.0	**142.0**
Total	**246.2**	**135.0**	**6.2**	**142.0**	**529.4**	**742.3**	**348.8**	**150.0**	**15.3**	**1,256.4**	**520.4**	**214.0**	**7.0**	**142.0**	**883.4**

* NDCC Section 57-51-15 currently provides that 35% of gross production taxes are allocated to schools, up to a cap of $1.6 million per county per year. Once the cap is reached, 35% of gross production taxes are allocated to the county infrastructure fund, which can be used for grants to schools and townships, or for the county road and bridge fund.

13.9600

Prepared by the Nor to tive Council staff
Marc. 2013

ESTIMATED ANNUAL OIL TAX REVENUE DISTRIBUTIONS TO POLITICAL SUBDIVISIONS

The table below provides information on distributions of the counties' share of oil and gas gross production tax revenue using the formula in current law and the proposed formula in Engrossed House Bill No. 1358 with proposed amendments (LC #13.0134.09007) that provides for a greater share of the oil and gas gross production tax being allocated to counties. Counties generating less than $5 million in oil and gas tax revenue will continue to receive allocated funds under the current formula. The amounts shown include allocations to hub cities, hub school districts, and school districts from the first one-fifth of oil and gas gross production tax collected.

	Current Formula	Proposed Formula[1]		Current Formula	Proposed Formula[1]		Current Formula	Proposed Formula[1]		Current Formula	Proposed Formula[1]		Current Formula	Proposed Formula[1]
Billings	**$6,786,685**	**$12,841,712**	**Bottineau**	**$3,990,793**	**$8,222,377**	**Bowman**	**$8,170,446**	**$16,301,119**	**Burke**	**$8,838,063**	**$12,970,157**	**Divide**	**$8,158,104**	**$16,270,257**
County share	$3,054,008	$6,655,027	County share	$1,795,857	$3,883,427	County share	$3,676,701	$8,730,671	County share	$3,077,128	$6,732,094	County share	$3,671,147	$8,712,155
Cities	$1,357,337	$2,218,342	Cities	$798,159	$1,294,476	Cities	$1,634,089	$2,910,224	Cities	$1,367,613	$2,244,031	Cities	$1,631,621	$2,904,052
Hub cities			Hub cities			Hub cities			Hub cities			Hub cities		
Hub school			Hub school			Hub school			Hub school			Hub school		
School districts		$2,304,586	School districts		$2,073,619	School districts		$2,477,556	School districts		$2,311,008	School districts		$2,476,013
School/township	$2,375,340		School/township	$1,396,777		School/township	$2,859,656		School/township	$2,393,322		School/township	$2,855,336	
Township		$831,878	Township		$485,428	Township		$1,091,334	Township		$841,512	Township		$1,089,019
EMS		$277,293	EMS		$161,609	EMS		$363,778	EMS		$280,504	EMS		$363,006
Fire protection		$277,293	Fire protection		$161,809	Fire protection		$363,778	Fire protection		$260,504	Fire protection		$363,006
Sheriff		$277,293	Sheriff		$161,809	Sheriff		$363,778	Sheriff		$260,504	Sheriff		$363,006
Dunn	**$15,503,793**	**$34,634,481**	**Golden Valley**	**$3,025,416**	**$3,550,832[2]**	**McHenry**	**$81,469**	**$81,469[2]**	**McKenzie**	**$25,126,360**	**$58,690,903**	**Mountrail**	**$29,149,465**	**$68,748,662**
County share	$6,976,707	$19,730,689	County share	$1,361,437	$1,597,875	County share	$36,661	$36,661	County share	$11,306,862	$34,164,541	County share	$13,117,259	$40,199,196
Cities	$3,100,759	$6,576,896	Cities	$605,063	$710,166	Cities	$28,514	$26,514	Cities	$5,025,272	$11,388,180	Cities	$5,629,893	$13,399,732
Hub cities			Hub cities			Hub cities			Hub cities			Hub cities		
Hub school			Hub school			Hub school			Hub school			Hub school		
School districts		$3,394,224	School districts			School districts			School districts		$4,597,045	School districts		$5,099,933
School/township	$5,426,327		School/township	$1,058,696	$1,242,791	School/township	$16,294	$16,294	School/township	$8,794,226		School/township	$10,202,313	
Township		$2,466,336	Township			Township			Township		$4,270,568	Township		$5,024,900
EMS		$622,112	EMS			EMS			EMS		$1,423,523	EMS		$1,674,967
Fire protection		$622,112	Fire protection			Fire protection			Fire protection		$1,423,523	Fire protection		$1,674,967
Sheriff		$622,112	Sheriff			Sheriff			Sheriff		$1,423,523	Sheriff		$1,674,967
Renville	**$2,806,200**	**$3,112,402[2]**	**Slope**	**$2,144,380**	**$2,192,506[2]**	**Stark**	**$6,140,678**	**$29,140,679**	**Ward**	**$210,618**	**$4,210,618[2]**	**Williams**	**$22,245,295**	**$91,488,239**
County share	$1,262,790	$1,400,581	County share	$964,971	$986,628	County share	$2,763,305	$6,234,407	County share	$94,778	$94,776	County share	$10,010,383	$29,842,943
Cities	$561,240	$622,460	Cities	$428,676	$436,501	Cities	$1,228,136	$2,076,136	Cities	$42,124	$42,124	Cities	$4,449,059	$9,947,648
Hub cities			Hub cities			Hub cities		$12,750,000	Hub cities		$3,000,000	Hub cities		$30,000,000
Hub school			Hub school			Hub school		$4,250,000	Hub school		$1,000,000	Hub school		$10,000,000
School districts			School districts			School districts		$2,269,534	School districts			School districts		$4,236,912
School/township	$982,170	$1,089,341	School/township	$750,533	$767,377	School/township	$2,149,237		School/township	$73,716	$73,716	School/township	$7,785,853	
Township			Township			Township		$779,301	Township			Township		$3,730,368
EMS			EMS			EMS		$259,767	EMS			EMS		$1,243,456
Fire protection			Fire protection			Fire protection		$259,767	Fire protection			Fire protection		$1,243,456
Sheriff			Sheriff			Sheriff		$259,767	Sheriff			Sheriff		$1,243,456

[1]The amounts shown for schools include $1.75 million from the first one-fifth of oil and gas gross production tax collected for each county that received $5 million or more in oil tax revenues for the previous fiscal year.

[2]Counties with less than $5 million in oil and gas tax revenue will continue to receive allocations under the current law formula.

NOTE: The amounts reflected on this schedule are estimates based on February 2013 oil price and production estimates for the 2013-15 biennium and Tax Department estimates for individual county oil production for 2014. **The actual amounts allocated for the 2013-15 biennium may differ significantly from these amounts** based on actual oil price and production by county during the 2013-15 biennium.

3C

HB 1358

Source data … Legislative Council 13.9600.02000

		2010 County Pop	Current School/township	**Current School estimate**	Proposed HUB Cities	HUB Schools	Big School Districts	Little School/township	**Proposed School Total**
04	Billings	783	2,375,340	**1,365,009**			2,304,586		**2,304,586**
05	Bottineau	6,429	1,396,777	**875,009**			2,073,619		**2,073,619**
06	Bowman	3,151	2,859,656	**1,435,009**			2,477,556		**2,477,556**
07	Burke	1,968	2,393,322	**1,365,009**			2,311,008		**2,311,008**
12	Divide	2,071	2,855,336	**1,365,009**			2,476,013		**2,476,013**
13	Dunn	3,536	5,426,327	**1,435,009**			3,394,224		**3,394,224**
17	Golden Valley	1,680	1,058,896	**835,707**				1,242,791	**1,242,791**
25	McHenry	5,395	16,294	**16,294**				16,294	**16,294**
27	McKenzie	6,360	8,794,226	**1,610,009**			4,597,045		**4,597,045**
31	Mountrail	7,673	10,202,313	**1,610,009**			5,099,933		**5,099,933**
38	Renville	2,470	982,170	**797,344**				1,089,341	**1,089,341**
44	Slope	727	750,533	**646,190**				767,377	**767,377**
45	Stark	24,199	2,149,237	**1,610,009**	12,750,000	4,250,000	2,269,534		**6,519,534**
51	Ward	61,675	73,716	**73,716**	3,000,000	1,000,000		73,716	**1,073,716**
53	Williams	22,398	7,785,853	**1,610,009**	30,000,000	10,000,000	4,236,912		**14,236,912**
		150,515	49,119,996	**16,649,341**	45,750,000	15,250,000	31,240,430	3,189,519	**49,679,949**
						99,359,898			

HUB schools

11,437,500	75% retained in special fund
5,718,750	50% may be used for matched construction
5,718,750	Remainder can be used for impact purposes … overseen by legislative management
	Unobligated carried over

Current County Allocation for Schools		School	Township	Total
100%	350,000	350,000	-	350,000
75%	350,000	262,500	87,500	350,000
67%	262,500	175,009	87,491	262,500
50%	175,000	87,500	87,500	175,000
0%	-	-		-
Total School Funding		875,009	262,491	1,137,500

	Remainder	Max
Small < 3000	490,000	1,365,009
Middle < 6000	560,000	1,435,009
Large	735,000	1,610,009

Note: Schools can access county infrastructure fund for repair/replacement of school vehicles.

33

13.9592.03000

Prepared by the North Dakota Legislative Council staff

March 2013

ESTIMATED 2013-15 DISTRIBUTION TO POLITICAL SUBDIVISIONS - OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS

This memorandum provides a comparison of the current and proposed distributions of the 5 percent oil and gas gross production tax collections to the political subdivisions. Under the **current distribution formula (Appendix A)**, an estimated $292 million will be distributed to the political subdivisions for the 2013-15 biennium. Under the formula proposed in the **2013-15 executive budget (Appendix B)**, an estimated $525 million would be distributed to political subdivisions. Under the formula proposed in **Engrossed House Bill No. 1358 with proposed amendments (LC #13.0134.09007) (Appendix C)**, an estimated $737 million would be distributed to political subdivisions. The schedule below compares the estimated distributions for the 2013-15 biennium under current law and under each of the proposals.

	Current Law	Executive Budget	Engrossed House Bill No. 1358
Counties	$129,380,000	$234,150,000	$345,310,000
Cities	62,490,000	109,060,000	207,540,000
Schools[1]	0	0	100,150,000
Townships[1]	0	0	42,110,000
Schools/townships/county infrastructure[1]	100,620,000	182,120,000	0
Sheriff's departments	0	0	14,040,000
Emergency medical services	0	0	14,040,000
Fire protection districts	0	0	14,040,000
Total	$292,490,000[1,2]	$525,330,000[1,2]	$737,230,000[2]

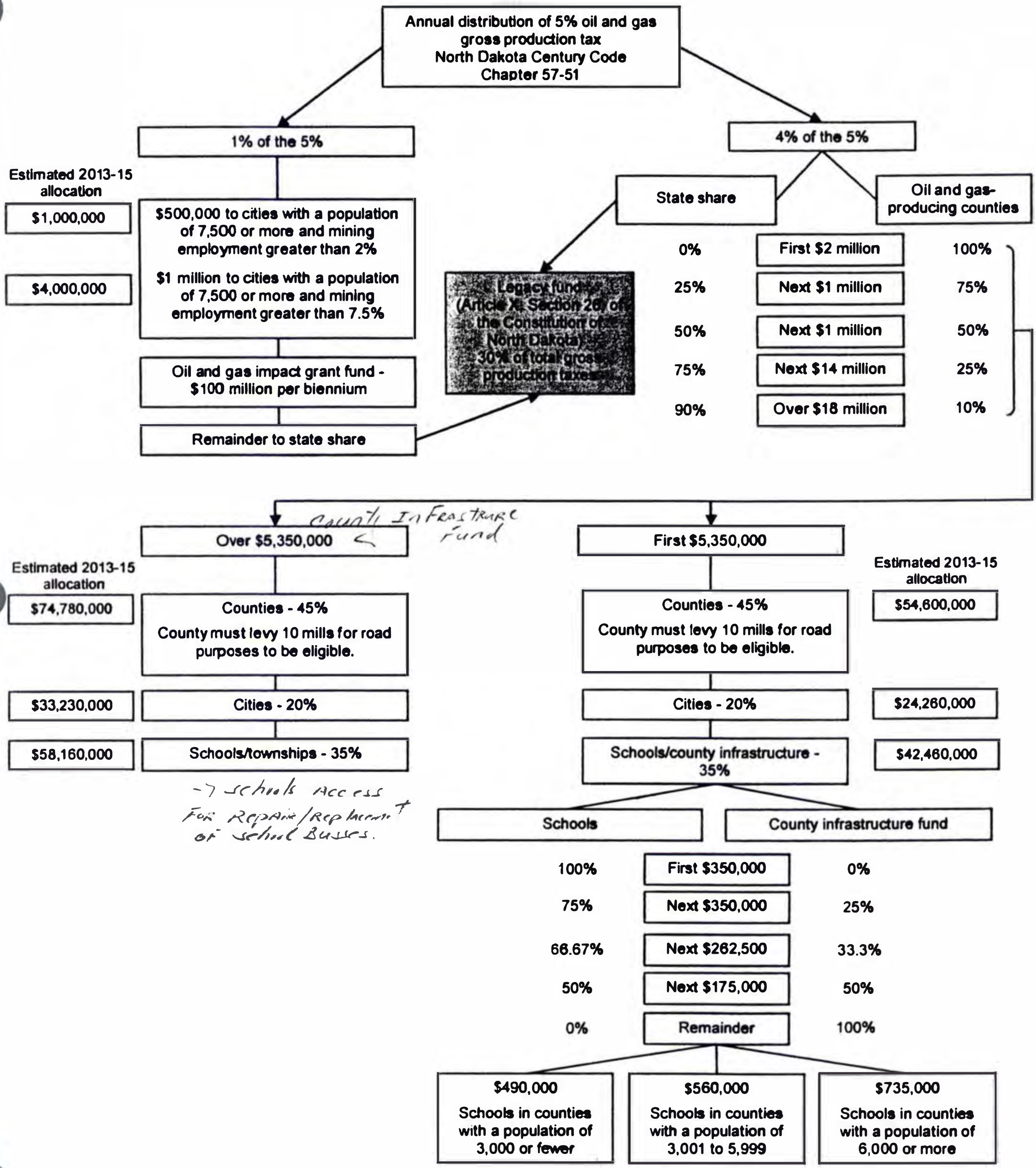
[1]The distribution formula under current law and the distribution formula proposed under the executive budget allocate funding based on a percentage to a combined category for schools, townships, and county infrastructure. The distribution formula proposed under Engrossed House Bill No. 1358 distributes funding to schools and townships in separate allocations based on a percentage.

[2]The amounts allocated to political subdivisions include the amounts allocated under North Dakota Century Code 57-51-15(1) related to the 1 percent of the 5 percent oil and gas gross production tax.

NOTE: The amounts reflected on this schedule are estimates based on February 2013 oil price and production estimates for the 2013-15 biennium and Tax Department estimates for individual county oil production for 2014. **The actual amounts allocated for the 2013-15 biennium may differ significantly from these amounts** based on actual oil price and production by county during the 2013-15 biennium.

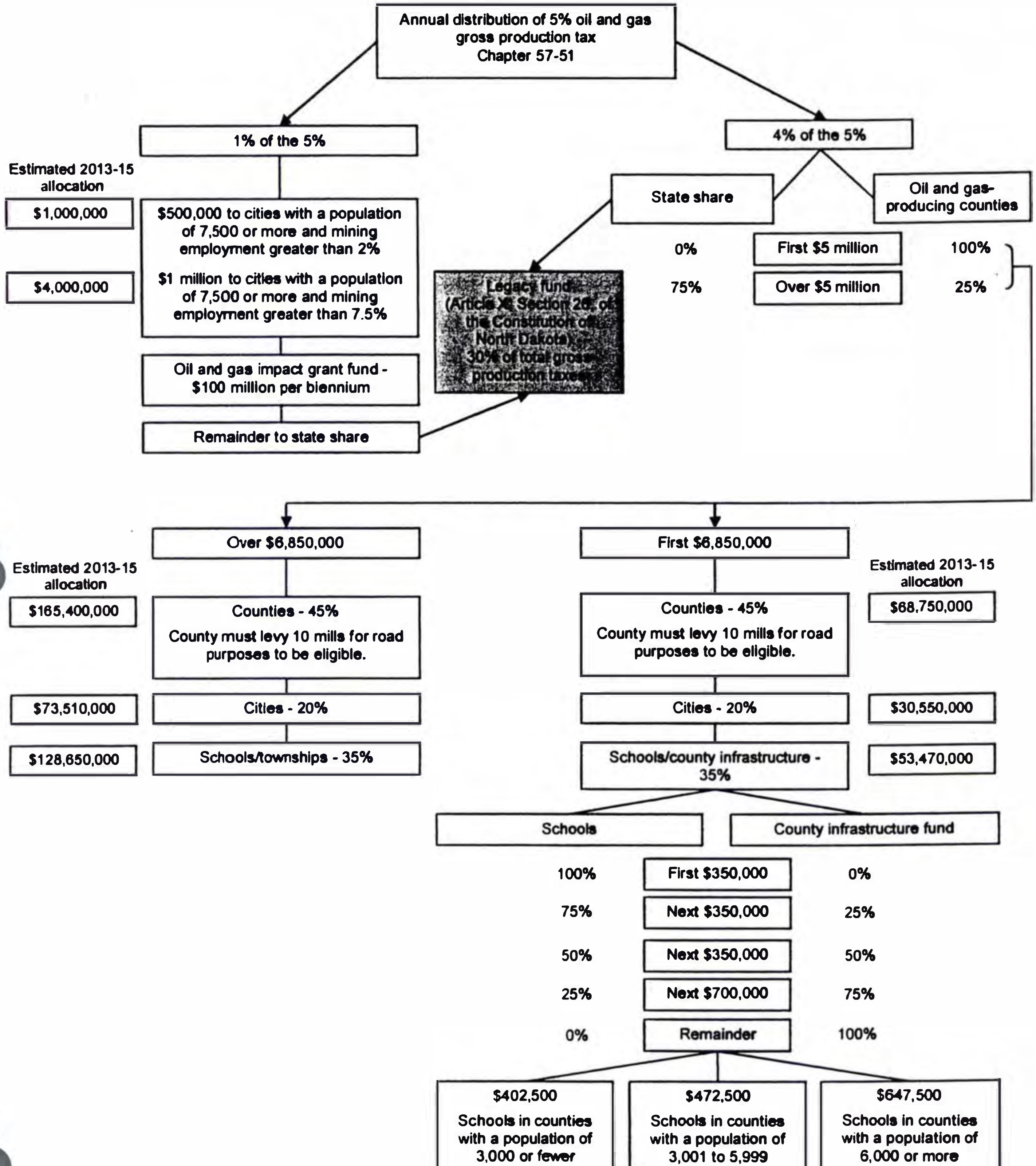
ATTACH:3

CURRENT LAW
DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



APPENDIX B

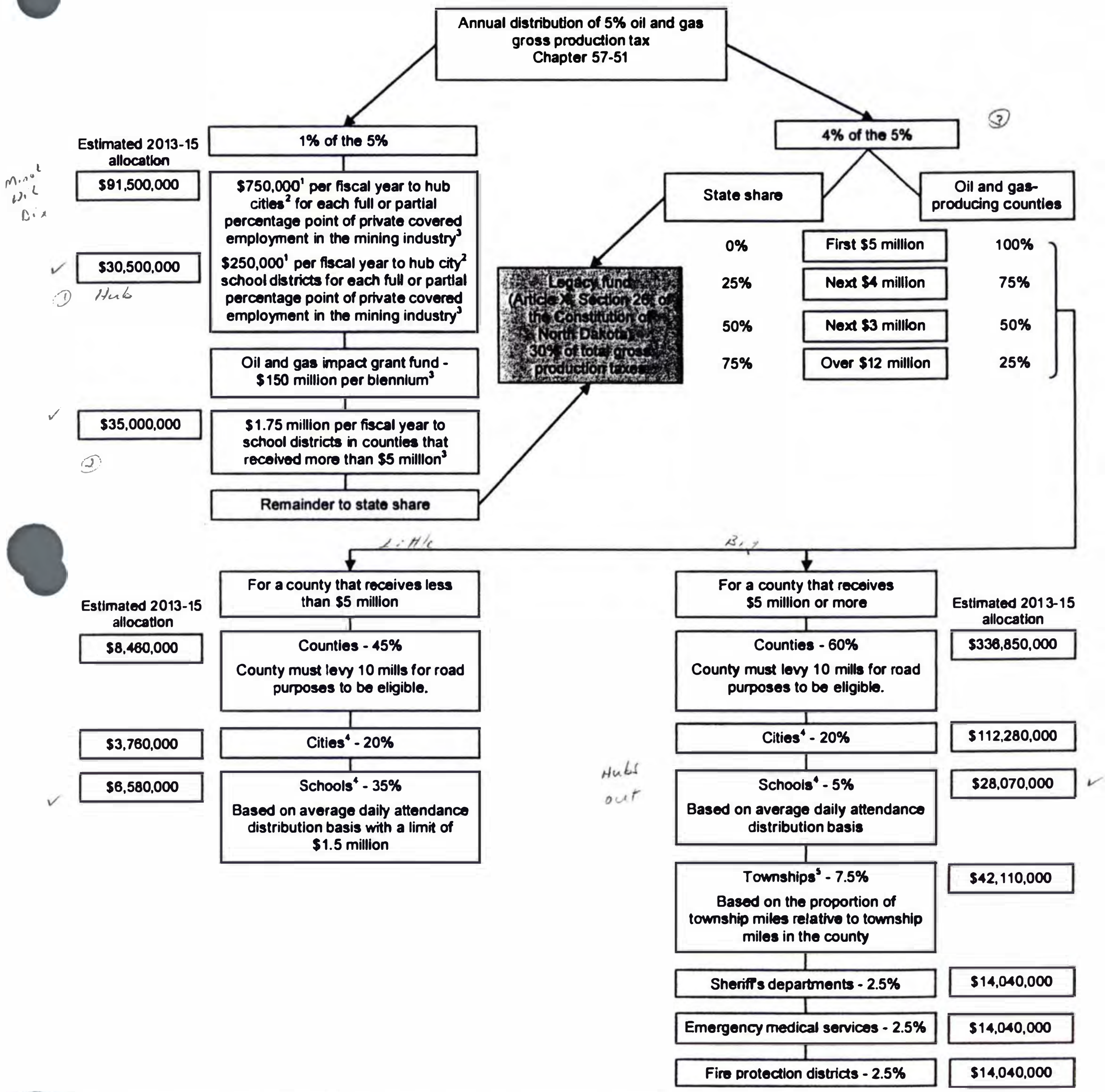
EXECUTIVE BUDGET
PROPOSED DISTRIBUTION OF 5 PERCENT
OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



54

APPENDIX C

ENGROSSED HOUSE BILL NO. 1358 WITH PROPOSED AMENDMENTS (LC #13.0134.09007) PROPOSED DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



[1]These amounts will be adjusted each fiscal year by one-third of the percentage change in total tax collections.

[2]A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.

[3]If revenues are insufficient to make the necessary allocations and transfers, the State Treasurer shall transfer the amount needed from the strategic investment and improvements fund.

[4]Hub cities and hub city school districts must be omitted from this apportionment.

[5]An organized township is not eligible for an allocation if that township has $100,000 or more in uncommitted reserve funds or if that township is not levying at least 10 mills for township purposes.

Prepared by the Legislative Council staff for
Senator Cook

April 1, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 6, after the the first semicolon insert "and"

Page 1, line 6, remove "; and to declare an emergency"

Page 1, remove lines 8 through 24

Page 2, remove lines 1 through 22

Page 3, line 21, remove "the state"

Page 3, line 22, remove "treasurer"

Page 3, line 23, replace "Up" with "Upon application and assurance by the school district that it will provide matching funds, up"

Page 3, line 24, replace "may" with "shall"

Page 3, line 28, replace "may" with "shall"

Page 4, line 27, after "year" insert "for each school district in each county that has received five million dollars or more of allocations under subsection 2 during the preceding state fiscal year"

Page 4, line 28, replace "county" with "state"

Page 4, line 28, after "districts" insert "in that county"

Page 4, line 29, remove "for each county that has received five million dollars"

Page 4, line 30, remove "or more of allocations under subsection 2 during the preceding state fiscal year"

Page 5, line 3, replace "state treasurer" with "commissioner of university and school lands"

Page 5, line 4, after "fund" insert ", to the oil and gas production tax distribution fund,"

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 8, line 9, replace the first "county" with "state"

Page 8, line 11, replace the second "county" with "state"

Page 8, line 14, after "to" insert "the county treasurer for subsequent allocation to"

Page 8, line 19, remove "if"

Page 8, remove line 20

Page 8, line 21, remove "funds on hand or"

Page 8, line 23, replace "Two" with "Seven"

Page 8, line 23, remove "allocated by the board of county"

Page 8, line 24, remove "commissioners to or for the benefit of the county sheriff's department to offset"

Page 8, line 24, after "offset" insert "credited to the"

Page 8, line 25, remove "development"

Page 8, line 25, remove "causing a need for increased sheriff's department"

Page 8, line 26, replace "services staff, funding, equipment, coverage, and personnel training" with "grant fund"

Page 8, remove lines 27 through 30

Page 9, remove lines 1 through 16

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the first "county" with "state"

Page 9, line 30, replace "to" with "among"

Page 9, line 30, after "districts" insert "in the county"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 11, replace "on May" with "no later than July"

Page 13, line 26, replace "period" with "biennium"

Page 13, line 27, replace "May" with "July"

Page 13, line 28, replace "on or before May" with "no later than July"

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace the first "May" with "July"

Page 14, line 18, remove "if that township has"

Page 14, line 19, remove "uncommitted reserve funds on hand exceeding $100,000 or"

Page 14, line 26, replace "for" with "during"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 31

Page 16, remove lines 1 through 23

Page 16, line 28, replace "2" with "1"

Page 16, line 28, replace "3" with "2"

Page 16, remove lines 30 and 31

Renumber accordingly

1m

Oil and Gas Gross Production Tax Allocations and Appropriations
2013-15 Biennium
(In Millions)

	Current Law	Executive Budget SB2258 SB2013	House Version HB1358	4/3/2013 Senate Version HB1358
Gross Production Tax Allocations				
Counties				
< $5 million			8.46	8.46
> $5 million			336.85	326.95
Total counties	129.38	234.15	345.31	335.41
Cities				
Hub cities			91.50	45.75
Other cities in counties > $5 million			112.28	75.45
Cities in counties < $5 million			3.76	3.76
Total cities	62.49	109.06	207.54	124.96
Schools				
Hub city schools			30.50	15.25
$1.75 million to other schools in counties > $5 million			35.00	
% allocation to other schools in counties > $5 million			28.07	12.58
% allocation to schools in counties < $5 million			6.58	6.58
Total schools			100.15	34.41
Townships			42.11	37.73
Schools/townships/county infrastructure fund	100.62	182.12		
Sheriffs			14.04	
EMS			14.04	
Fire districts			14.04	
Oil impact road fund (new)				50.30
Oil and gas impact grant fund	100.00	214.00	150.00	250.00
Total allocations	**392.49**	**739.33**	**887.23**	**832.81**
Appropriations				
Job Service			0.15	0.12
State Treasurer - Oil-producing counties			190.00	0.00
State Treasurer - Non oil-producing counties			150.00	0.00
State Treasurer - Townships in oil-producing counties			8.76	8.76
Dept of Health - EMS			6.25	0.00
Commerce - Nursing home grants			6.00	0.00
Human Services - Critical access hospitals			10.00	0.00
Total appropriations	**0.00**	**0.00**	**371.16**	**8.88**
Total allocations and appropriations	**392.49**	**739.33**	**1,258.39**	**841.69**

HB 1358 #1

Sen. Dwight Cook
4-9-13

Oil and Gas Gross Production Tax Allocations and Appropriations
2013-15 Biennium
(In Millions)

	Current Law	Executive Budget SB2258 SB2013	House Version HB1358	4/3/2013 Senate Version HB1358
Gross Production Tax Allocations				
Counties				
< $5 million			8.46	8.46
> $5 million			336.85	326.95
Total counties	129.38	234.15	345.31	335.41
Cities				
Hub cities			91.50	45.75
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Dept of Health - EMS			6.25	0.00
Commerce - Nursing home grants			6.00	0.00
Human Services - Critical access hospitals			10.00	0.00
Total appropriations	**0.00**	**0.00**	**371.16**	**8.88**
Total allocations and appropriations	**392.49**	**739.33**	**1,258.39**	**841.69**

13.9653.03000

Prepared by the North Dakota Legislative Council staff

Allen Knudson
4-9-13 HB 1358

April 2013

2

OIL AND GAS GROSS PRODUCTION TAX - COMPARISON OF PROPOSED FUNDING CHANGES

This memorandum provides a comparison of formula change proposals under consideration by the Legislative Assembly for distribution of oil and gas gross production tax collections. The schedule below provides information on the estimated distributions for the 2013-15 biennium under current law, the executive budget recommendation, Engrossed House Bill No. 1358 (House version), and the proposed Senate version of Engrossed House Bill No. 1358 with proposed amendments (LC #13.0134.10021).

	Current Law	Executive Budget	Engrossed House Bill No. 1358 House Version	Senate Version	Difference
Legacy fund	$660,600,000	$660,600,000	$660,600,000	$660,600,000	$0
Oil and gas research fund	2,670,000	2,670,000	2,670,000	2,670,000	0
Tribal share	98,400,000	98,400,000	98,400,000	98,400,000	0
Oil and gas impact grant fund	100,000,000	214,000,000	150,000,000	250,000,000	100,000,000
Oil-producing county infrastructure enhancement fund[1]				50,190,000	50,190,000
Remaining state share	1,146,400,000	799,560,000	651,660,000	707,560,000	55,900,000
Political subdivisions[2]	292,490,000[2]	525,330,000[2]	737,230,000[2]	531,140,000[2]	(206,090,000)
Total	$2,300,560,000	$2,300,560,000	$2,300,560,000	$2,300,560,000	$0

[1]Provisions of Engrossed House Bill No. 1358 with Senate amendments (LC #13.0134.10021) reflect this amount being deposited in the oil and gas impact grant fund, but the appropriation to the Department of Transportation is from the oil-producing county infrastructure enhancement fund.

[2]The amounts allocated to political subdivisions include the amounts allocated under North Dakota Century Code Section 57-51-15(1) related to the 1 percent of the 5 percent oil and gas gross production tax.

In addition to changing the distribution formula, the House and Senate versions of Engrossed House Bill No. 1358 provide appropriations for the 2013-15 biennium, as shown in the schedule below.

	House Version	Senate Version	Difference
General fund appropriations			
Job Service North Dakota - Data collection	$150,000	$120,000	($30,000)
Department of Transportation - Road projects in counties that receive less than $5 million of annual oil tax allocations	150,000,000	0	0
State Treasurer - For township road or infrastructure projects in oil-producing counties that receive less than $5 million of annual oil tax allocations	8,760,000	8,760,000[1]	0
State Department of Health - Grants to emergency medical services providers in counties that receive less than $5 million of annual oil tax allocations	6,250,000	0	(6,250,000)
Total general fund	$165,160,000	$8,880,000	($156,280,000)
Oil and gas impact grant fund appropriations			
Commissioner of University and School Lands - Eligible counties impacted by new oil and gas development activities	$5,000,000	$5,000,000	$0
Oil-producing county infrastructure enhancement fund appropriations			
Department of Transportation - For road projects in counties that receive $5 million or more of annual oil tax allocations	$0	$60,000,000	$60,000,000
Strategic investment and improvements fund appropriations			
State Treasurer - For road projects in counties that receive $5 million or more of annual oil tax allocations	$190,000,000	$0	($190,000,000)
Department of Commerce - Grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties	6,000,000	0	(6,000,000)
Department of Human Services - Grants to critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county	10,000,000	0	(10,000,000)
Total strategic investment and improvements fund	$206,000,000	$0	($206,000,000)
Total appropriations	$376,160,000	$73,880,000	($302,280,000)

[1]The Senate version removes the requirement that an eligible township's uncommitted reserve funds not exceed $100,000.

13.9592.05000

Allen Knudson
HB 1358
4-9-13

Prepared by the North Dakota Legislative Council staff

April 2013

3

ESTIMATED 2013-15 DISTRIBUTION TO POLITICAL SUBDIVISIONS - OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS

This memorandum provides a comparison of the current and proposed distributions of the 5 percent oil and gas gross production tax collections to the political subdivisions. Under the **current distribution formula (Appendix A)**, an estimated $292 million will be distributed to the political subdivisions for the 2013-15 biennium. Under the formula proposed in the **2013-15 executive budget (Appendix B)**, an estimated $525 million would be distributed to political subdivisions. Under the formula proposed in **Engrossed House Bill No. 1358 (House version) (Appendix C)**, an estimated $737 million would be distributed to political subdivisions. Under the formula proposed in the **Senate version of Engrossed House Bill No. 1358 with proposed amendments (LC #13.0134.10021) (Appendix D)**, an estimated $531 million would be distributed to political subdivisions. The schedule below compares the estimated distributions for the 2013-15 biennium under current law and under each of the proposals.

			Engrossed House Bill No. 1358		
	Current Law	Executive Budget	House Version	Senate Version	Difference
Counties	$129,380,000	$234,150,000	$345,310,000	$334,520,000	($10,790,000)
Cities	62,490,000	109,060,000	207,540,000	124,725,000	(82,815,000)
Schools[1]	0	0	100,150,000	34,255,000	(65,895,000)
Townships[1]	0	0	42,110,000	37,640,000	(4,470,000)
Schools/townships/county infrastructure[1]	100,620,000	182,120,000	0	0	0
Sheriff's departments	0	0	14,040,000	0	(14,040,000)
Emergency medical services	0	0	14,040,000	0	(14,040,000)
Fire protection districts	0	0	14,040,000	0	(14,040,000)
Total	$292,490,000[1,2]	$525,330,000[1,2]	$737,230,000[2]	$531,140,000[2]	($206,090,000)

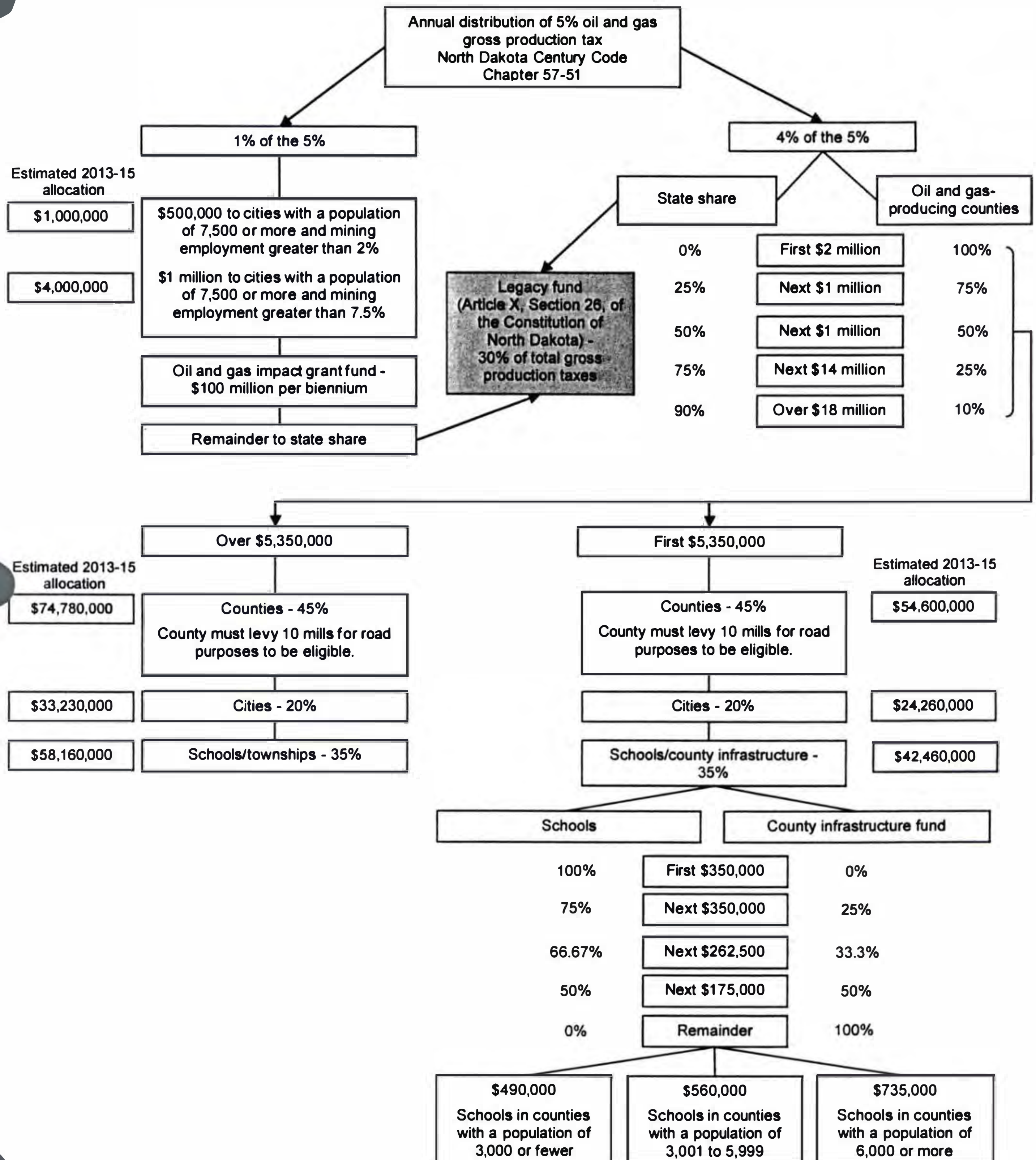
[1]The distribution formula under current law and the distribution formula proposed under the executive budget allocate funding based on a percentage to a combined category for schools, townships, and county infrastructure. The distribution formula proposed under Engrossed House Bill No. 1358 distributes funding to schools and townships in separate allocations based on a percentage.

[2]The amounts allocated to political subdivisions include the amounts allocated under North Dakota Century Code 57-51-15(1) related to the 1 percent of the 5 percent oil and gas gross production tax.

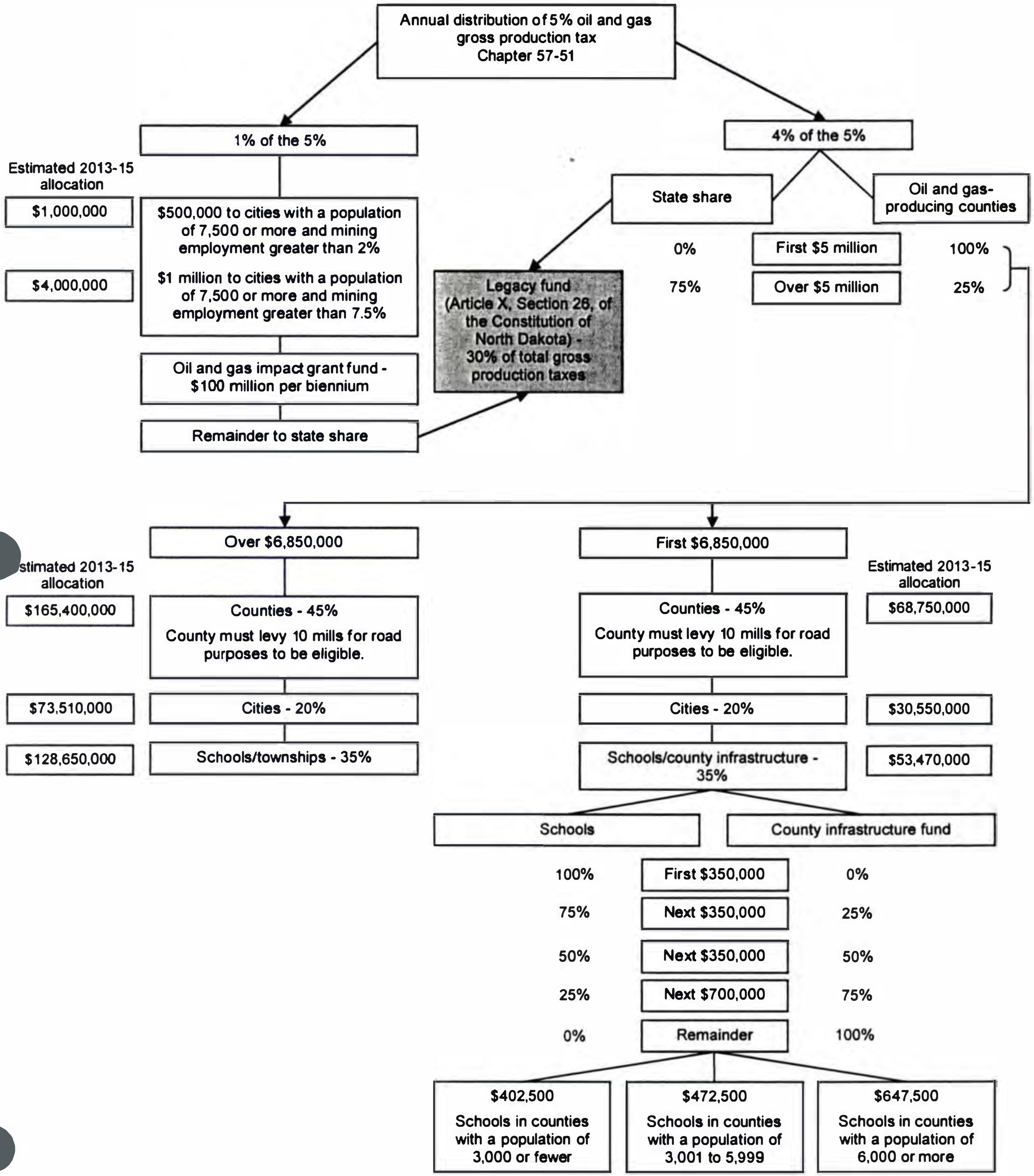
NOTE: The amounts reflected on this schedule are estimates based on February 2013 oil price and production estimates for the 2013-15 biennium and Tax Department estimates for individual county oil production for 2014. **The actual amounts allocated for the 2013-15 biennium may differ significantly from these amounts** based on actual oil price and production by county during the 2013-15 biennium.

ATTACH:4

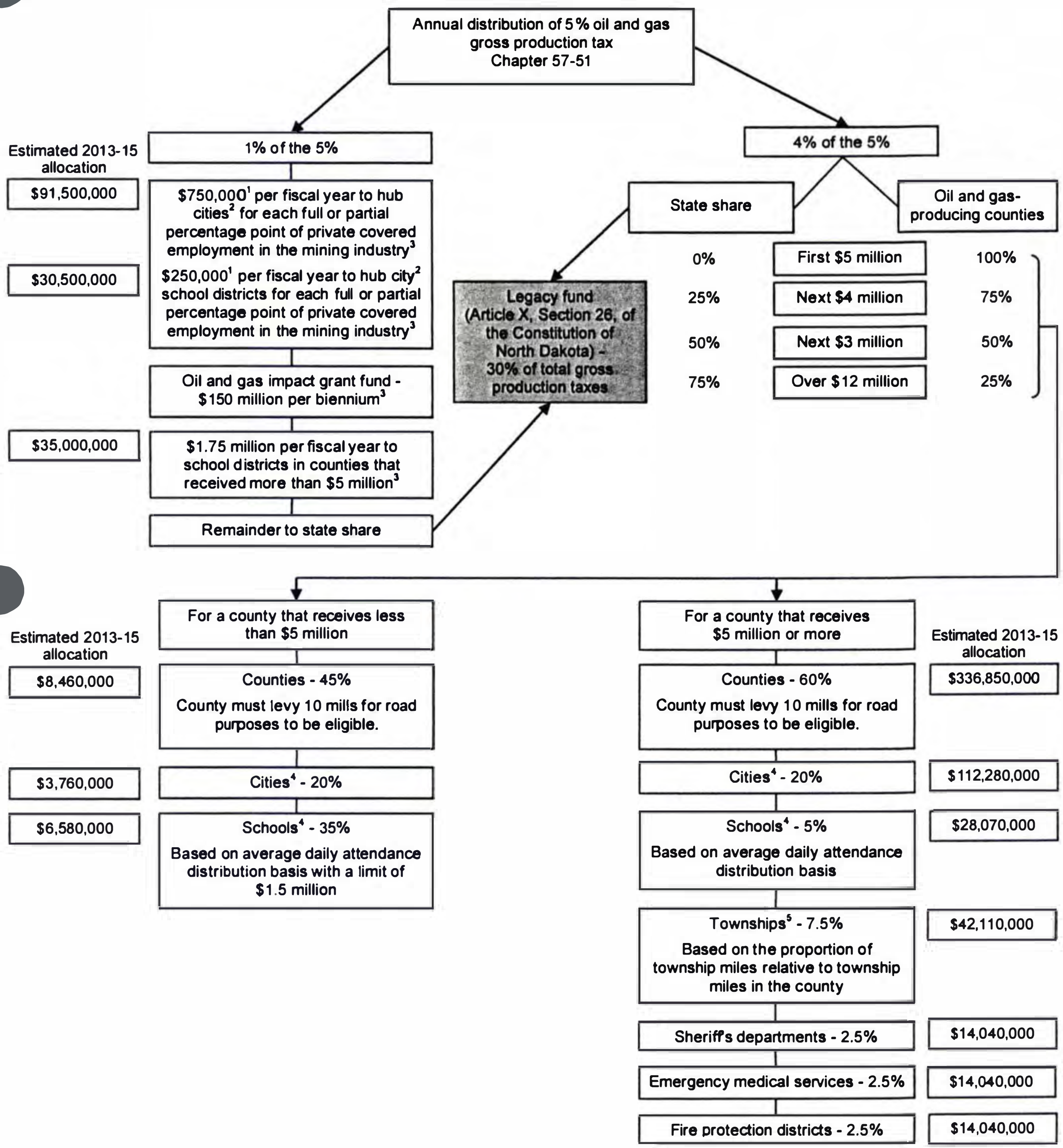
CURRENT LAW
DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



EXECUTIVE BUDGET
PROPOSED DISTRIBUTION OF 5 PERCENT
OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



ENGROSSED HOUSE BILL NO. 1358 (HOUSE VERSION) PROPOSED DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



[1]These amounts will be adjusted each fiscal year by one-third of the percentage change in total tax collections.

[2]A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.

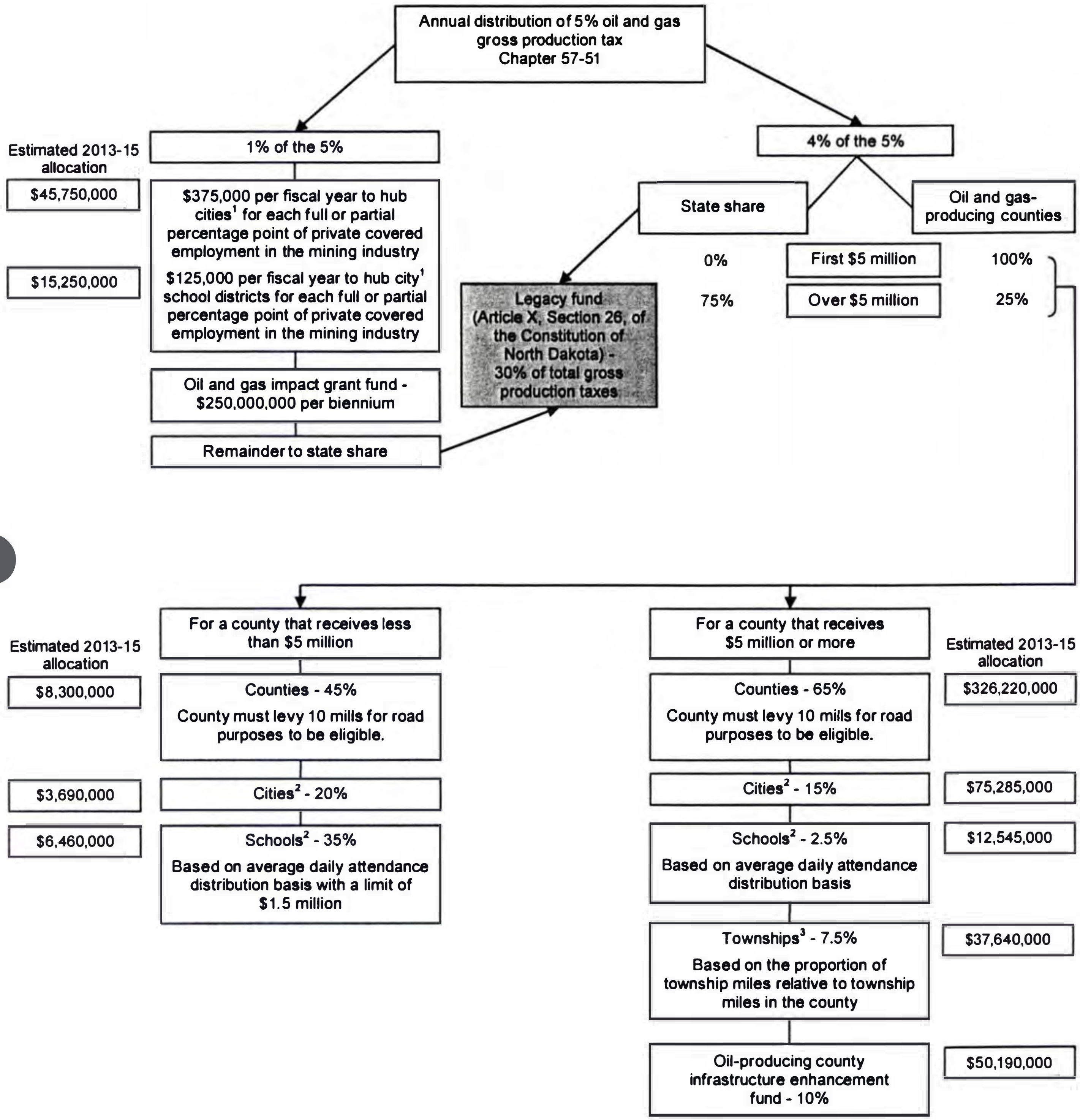
[3]If revenues are insufficient to make the necessary allocations and transfers, the State Treasurer shall transfer the amount needed from the strategic investment and improvements fund.

[4]Hub cities and hub city school districts must be omitted from this apportionment.

[5]An organized township is not eligible for an allocation if that township has $100,000 or more in uncommitted reserve funds or if that township is not levying at least 10 mills for township purposes.

APPENDIX D

SENATE VERSION OF ENGROSSED HOUSE BILL NO. 1358 WITH PROPOSED AMENDMENTS (LC #13.0134.10021) PROPOSED DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



[1]A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.

[2]Hub cities and hub city school districts must be omitted from this apportionment.

[3]An organized township is not eligible for an allocation if that township is not levying at least 10 mills for township purposes.

Page 9 from 13.0134.10022 #4

John Walstad
HB 1358
4-9-13

townships. An organized township is not eligible for an allocation, and must be excluded from the calculation of township road miles, ~~if that township has one hundred thousand dollars or more in uncommitted reserve funds on hand or if~~ that township in a taxable year after 2012 is not levying at least ten mills for township purposes.

~~e. Two and one-half percent must be allocated by the board of county commissioners to or for the benefit of the county sheriff's department to offset oil and gas development impact causing a need for increased sheriff's department services staff, funding, equipment, coverage, and personnel training.~~

~~f. Two and one-half percent must be deposited by the state treasurer in the oil-producing counties emergency medical service and fire protection district grant fund and available for grants by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties.~~

~~g. Two and one-half percent must be deposited by the state treasurer in the oil-producing counties emergency medical service and fire protection district grant fund and available for grants by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties.~~

~~h. Funds deposited in the oil-producing counties emergency medical service and fire protection district grant fund shall be paid out by the state treasurer upon approval by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers or fire protection districts providing service in counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year.~~

e. Ten percent must be deposited in the oil-producing counties infrastructure enhancement fund in the state treasury.

13.0134.10023
Title.

John Walstad
HB 1358
4-9-13

Prepared by the Legislative Council staff for
Senate Finance and Taxation Committee
April 9, 2013

#4A

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

In lieu of the amendments adopted by the Senate as printed on pages 1131-1136 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 3, after "reenact" insert "paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove "; to provide a"

Page 1, line 6, remove "statement of legislative intent"

Page 1, line 6, after the first semicolon insert "and"

Page 1, line 6, remove "; and to declare an emergency"

Page 1, remove lines 8 through 24

Page 2, replace lines 1 through 22 with:

"**SECTION 1. AMENDMENT.** Paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

(1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08 <u>and mineral revenue received by the school district by direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual</u>;"

Page 3, line 9, replace "<u>seven</u>" with "<u>three</u>"

Page 3, line 9, replace "<u>fifty</u>" with "<u>seventy-five</u>"

Page 3, line 18, replace "<u>two</u>" with "<u>one</u>"

Page 3, line 18, replace "<u>fifty</u>" with "<u>twenty-five</u>"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "<u>e.</u>" with "<u>c.</u>"

Page 4, line 26, overstrike "one" and insert immediately thereafter "<u>two</u>"

Page 4, line 26, after the semicolon insert "<u>and</u>"

Page 4, remove lines 27 through 30

Page 4, overstrike line 31

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, replace "Sixty" with "Sixty-five"

Page 7, line 25, overstrike "Twenty" and insert immediately thereafter "Fifteen"

Page 8, line 7, replace "Five" with "Two and one-half"

Page 8, line 9, replace the first "county" with "state"

Page 8, line 11, replace the second "county" with "state"

Page 8, line 14, after "to" insert "the county treasurer for subsequent allocation to"

Page 8, line 19, remove "if"

Page 8, remove line 20

Page 8, line 21, remove "funds on hand or"

Page 8, remove lines 23 through 30

Page 9, replace lines 1 through 16 with:

"e. Ten percent must be deposited in the oil-producing counties infrastructure enhancement fund in the state treasury."

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 30, replace "to" with "among"

Page 9, line 30, after "districts" insert "in the county"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS**" with "**DEPARTMENT OF TRANSPORTATION - OIL-PRODUCING COUNTIES INFRASTRUCTURE ENHANCEMENT**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "oil-producing counties infrastructure enhancement"

Page 13, line 8, replace "$190,000,000" with "$60,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, remove lines 21 through 31

Page 14, remove lines 1 and 2

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove the second "1,"

Page 14, line 18, remove "if that township has"

Page 14, line 19, remove "uncommitted reserve funds on hand exceeding $100,000 or"

Page 14, line 26, replace "for" with "during"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 5

Page 15, remove lines 22 through 31

Page 16, remove lines 1 through 27

Page 16, line 28, replace "2" with "1"

Page 16, line 28, replace "3" with "2"

Page 16, remove lines 30 and 31

Renumber accordingly

Dan Brosz
HB 1358 #5
4-9-13

Testimony on House Bill 1358

PREPARED FOR:

SENATE APPROPRIATIONS COMMITTEE

SENATOR RAY HOLMBERG, CHAIRMAN

I am Dan Brosz, President of the ND Association of Oil and Gas Producing Counties. Our Association has been working very hard with all policy makers to change the formula that returns Gross Production Tax revenues to local political subdivisions. While we support this bill, there were changes made to the bill from the House version that we do not support. The changes to Sections 1 and Section 3.c eliminating the new committees and having the Land Board make any of those decisions would be fine with us.

The reduction of the Hub City funds and Hub City School funding by half in Section 3, subsection 1 is a concern. The elimination of two categories in Section 3, subsection 2 also reduces the funding to all local political subdivisions. The changing of the distribution percentages of the local political subdivision money in Section 3, subsection 4 does increase the funding to county government, but reduces the money to cities and schools. The impacts to those two entities are just as much as in the counties. Some cities will see a small increase in funding, while the majority receive reduced funding amounts. Schools under this proposal will all get reduced funding. This proposal does not even make them whole in comparison to the current funding formula.

In Section 3, the amendments provide for an increase of 100 million dollars in the oil and gas impact grant fund. I have many in my association that feel this is much needed. The thing that is a problem for most is the fact that any given local political entity cannot plan on this money. They have to wait for an application period, then an evaluation time frame, and then hopefully a grant. The amount of the grant is never known in advance and is most often less than needed. These grants cannot be used for personnel or ongoing maintenance.

We are not in agreement with the elimination of the funding for law enforcement, fire districts and EMS services and putting the money into a special road fund. Prior to the amendments to this bill, there was a method for fire districts and EMS districts with service coverage areas in multiple counties to get funding from the appropriate political subdivision. There was also language in the original version of the bill to fund the hiring of full time personnel for areas where volunteers are experiencing burned-out. Funding for ongoing needs like personnel can only be done with a

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consistent funding mechanism, as in a formula and not the grant process. Secondly, funding a special road fund, as in the amended subsection e, is unprecedented. This type of funding has always come from state money, not local money. The amended language may potentially take money from one county's gross production tax revenue allocation and makes it available to all other counties receiving at least 5 million dollars in gross production tax allocations. We are strongly against this.

Reducing the money available in Section 6 from 190 million to 60 million of our own money does us no good. The 60 million is just taking money from our own pockets and putting it into another, but it doesn't build any more roads. We understand there are 142 million in SB 2012 (the NDDOT budget) for county roads in oil country. The Upper Great Plains Institute study that the legislature funded indicated there was a need for over 500 million for oil country alone. The 142 million in SB 2012 and the 190 million that were removed still are only a little over half of what was recommended in that study. By removing the 190 million, we are just going to fall further behind and will need more money in the future.

Taking out the 150 million in Section 7 for the non oil producing counties has the same effect in the eastern part of the state. The 100 million that was appropriated earlier in this session by SB 2176 was split between counties, cities and townships. The amount that has gone to counties and the 150 million that was in this bill prior to the amendments again would only have funded slightly more than half the recommended level of funding.

Cutting EMS funding for the non oil producing part of the state and help for health care providers in oil producing counties is much needed. We have been told this is being taken care of in other legislation. You have to understand, it's like having a bird in the hand or two in the bush. We feel more comfortable if it is left in HB 1358.

We think there is a perception that the local people in western ND are getting a break and that we are asking the state to provide all the money for our needs. That is far from the truth. Local property taxes in most communities in the oil counties have gone up the last five years like in other parts of the state. The debt incurred by those communities has also risen faster than most parts of the state. I know you can find a school district or a city government that has not needed to increase and may even have built up a nest egg. This is the exception and not the norm. Please don't penalize all the other political subs in oil country because of some unusual circumstance. We have plenty of "skin in the game".

Thank you for your time.

Roger Chinn
HB 1358
4-9-13

#6

Testimony to the
Senate Appropriations Committee
Prepared April 9, 2013 by
Roger Chinn, President
North Dakota Association of Counties

Regarding: Engrossed House Bill No. 1358
With Senate Amendments

Mr. Chairman and committee members, I am Roger Chinn, and I serve as President of the North Dakota Association of Counties. I am here today to discuss House Bill 1358 and the profound statewide impact it can have on our State's secondary road infrastructure, with the restoration of the funds removed in the Finance and Taxation Committee.

Wisely the Legislature, last Session, continued the examination of rural road needs by the Upper Great Plains Transportation Institute. This study has been extremely helpful as a guide for policy makers as well as for county engineers and road superintendents. The most recent UGPTI study outlines the infrastructure investments necessary to support, maintain and enhance our energy, manufacturing and agricultural industries throughout the State. The members of this committee are well aware of the increased traffic by the heavier and heavier vehicles needed to efficiently move our products within and beyond our state's borders; and the effect of these vehicles on our rural roadways. HB1358, as it came out of the House, proposed a very significant effort to address these effects on county and townships roads throughout the state, as well the related infrastructure concerns of oil-impacted cities and essential emergency services.

From the perspective of both oil-impacted and non-oil impacted counties, the Gross Production Tax allocations, and dedicated appropriations for our county and township roads that were added in the House are critical. We believe that as one-time funding, the provisions that were contained in the bill to ensure a dedication of local revenue were reasonable. I am here to urge you to restore HB1358 to its former funding level.

Mr. Chairman and Committee members, thank you for the opportunity to provide this testimony.

Ward Koeser
HB 1358
4-9-13

#7

City of WILLISTON
NORTH DAKOTA

P.O. Box 1306
Williston ND 58802-1306
PHONE: 701-577-8100
FAX: 701-577-8880
TDD: 711

April 9, 2013

Chairman Ray Holmberg
Senate Appropriations Committee

RE: HB 1358

Chairman Holmberg and Committee Members,

My name is Ward Koeser, Mayor of the City of Williston since 1994. I am honored to have the opportunity to represent our citizens in support of the House passed version of HB 1358. I also want to personally thank you and your committee members that were able to come to Williston during the Interim to see our activity levels and impacts first hand.

Judging by the dozens of International media visits and interviews I and City Staff have had in the last year, the Bakken play is of great significance to the World, and Williston, as the namesake for the Williston Basin, remains at Ground Zero for the energy resurgence of the United States. We have hundreds of companies coming to North Dakota and to Williston because they not only recognize they can be successful here, but they also recognize that in many respects, North Dakota is now driving American energy policy – and the center for that is Williston. The burdens and responsibilities placed on all of us are enormous, and we rely on your ability to reject the amendments presented today in HB 1358 to meet these challenges with us.

adopted by Senate F + Tax Com. —(correction)

HB 1358, which passed the House overwhelmingly, is a product of state-wide discussions on infrastructure needs since the last Legislative Session. It has had significant input from the North Dakota Association of Oil and Gas Producing Counties and the full support of their Board. While the House passed version of the bill is the most comprehensive state-wide local infrastructure bill ever proposed, my testimony today will focus on the positive aspects to Williston, and the vital industry expansion we support for the benefit of the entire State. As the hub city most impacted by the industry growth and development, we have grown from 14,750 population in 2010 to a service population of temporary and permanent residents of over 38,000 in 2012. This has not happened without substantial associated costs and fiscal demands. With construction permits leading the State the last 3 years at a cumulative $1 billion, demand continues to outpace supply. The rapid pace of development has placed even

#7

greater strains on our ability to cope. Our then record $44 million in city building permits in year 2009 have swelled to a new record of $470 million in 2012, a ten-fold increase in 3 years.

With the recent annexation of 5,000 acres in January, and several thousand more in current review, we are now in need of infrastructure funding to prepare its development and construction to meet demands. All of the $22 million of funding granted to the City of Williston during the 2011 Session has been used to place infrastructure for industry growth and expansion. We leveraged the funds with city sales tax revenue, and developer fees to bond for over $60 million in projects. But because our current sales tax authority ends in 2020, our ability to continue any further bonding is constrained by the amount of obligations we have already been forced to assume.

By providing a measurable source of formula funding through the House version of HB 1358, we feel we may have the necessary revenue that allows us to consider expanded bonding for long-term financing that permits us to aggressively move infrastructure development forward today in an attempt to catch up with the industry's phenomenal pace of growth. Understand without State assistance to the level of the House passed version of HB 1358, our ability to cope is questionable, and this industrial activity may destroy or bankrupt our community. Even with rejecting the Senate amendments and fully funding the bill as passed by the House, we as a City will assume 70% of the funding, bonding, and risk on our projects that keep this industry viable for the State.

It is our feeling as a City that the formula changes provided in the House passed version of HB 1358 grants us a level of optimism to finally address the demands placed upon our community and citizens by the rapid pace of industry development. Understand that with the current formula funding, Williston receives approximately $1.5 million annually, which is less that on tenth of one percent of current oil and gas tax receipts. In conclusion, we urge you to reject the amendments presented to HB 1358 that remove our ability to cope, and pass the version sent to you by the House.

I will now hand out copies of our Impacts booklet, a two page summary document, and our current 2012 Capital Improvements Plan for your review and as support for this testimony. Thank you Chairman Holmberg. This concludes my testimony, and I would be happy to address any questions you or the Appropriations Committee may have.

E. Ward Koeser, Mayor
City of Williston, North Dakota

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www.ae2s.com

MEMORANDUM

To: Mayor Ward Koeser

From: Dawn Keeley, Funding Strategist

Re: **City of Williston – Estimated Additional Cost of Doing Business in 2013**

Copy: **Williston City Commission**
John Kautzman, City Auditor

Date: **September 25, 2012**

As the largest City within the heart of the Bakken Formation, the City of Williston is the primary economic hub of the Bakken Oil Play. As the economic hub of the play, demand for City services has increased at excessive rates through industrial, commercial, and residential growth. There are varied estimates on the City's actual population growth, however, it is widely agreed that the City's population has more than doubled since 2009. Expectedly, the City's operational costs have more than doubled within many line items in the City budget between 2009 and 2013. The City's "additional cost of doing business" is the sum of the costs above 100 percent for the line items within the City's 2013 budget compared to 2009 actual expenses. **The additional cost of doing business is estimated at $13.2 million in the 2013 City Budget.**

Expense line items that have had the most substantial increases include: machinery and equipment purchases, salaries, contracted professional and management services, insurance, and contracted repair and maintenance. The additional cost of doing business also includes notable measures including securing and subsidizing employee housing and providing employee retention bonuses.

Additional Cost of Doing Business Operational Expenses

Of the estimated 624 line items within the City Budget relating to operational costs, approximately 400 line items had increases in excess of 100% from 2009 to 2013. Notable increases of the specific line items with an increase greater than 100 percent in the 2013 budget include:

- Machinery and Equipment $3,208,775
- Salary $2,762,078
- Contracted Professional/Management Services $2,373,726
- Insurance $ 761,000
- Contracted Repair and Maintenance $ 566,000

Expectedly within the operational expenses highlighted above are additional measures that the City has taken to assist in employee retention and recruitment. These additional measures include securing and subsidizing employee housing as well as providing employee retention bonuses. These two specific measures are highlighted below.

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Employee Housing

The City has secured 41 apartments to assure City staff will have adequate housing. The City is expecting to secure an additional 30 units in 2013. The City offers these units to staff at a subsidized rental rate. It is estimated the City's cost of the rental subsidy will $1.3 million in 2013 with 71 units.

Employee Retention Bonuses

City employees not utilizing employee housing can qualify for a quarterly retention bonus in the amount of $350. Based on an estimated 117 employees qualifying for the retention bonus, the estimated cost to the City in 2013 is $163,800.

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City of WILLISTON

CAPITAL IMPROVEMENTS PLAN

September 2012

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TECHNICAL MEMORANDUM

	City of Williston
From:	David Johnson, PE Operations Manager, AE2S
Re:	**Capital Improvements Plan Update**
Date:	8/27/2012

INTRODUCTION

The City of Williston has experienced a large and rapid growth in population over the last few years as a result of the activity associated to the oil industry In western North Dakota. The City has undertaken several planning efforts to identify growth areas and plan for infrastructure needs to serve the growth areas. The infrastructure needs Identified in these planning efforts amount to hundreds of millions of dollars of studies, architectural and engineering fees and construction projects. These costs are far beyond the City's ability to absorb on its' own. Significant financial help from the State of North Dakota will be necessary to fund all the projects necessary to support the anticipated growth.

In 2010 Advanced Engineering and Environmental Services, Inc. (AE2S) prepared a Capital Improvements Plan for the City of Williston to identify future infrastructure needs and associated costs. This plan used population milestones to denote when specific projects would need to be done to serve the growth areas. In June, 2012 the City hired AE2S to update the Capital Improvements Plan to include a current list of anticipated projects and associated costs. The City also requested that the information be presented in a timeline format rather than by population milestones. This technical memorandum presents the current anticipated projects, the anticipated project timelines and the associated costs.

GROWTH ANALYSIS

The City has contracted with SRF Consulting Group to prepare a Future Land Use Plan to identify future growth areas and land uses as the City expands. Their work, while looking at where growth will be and what kinds of uses may make up that growth, does not address the timing of the growth. To address the timing of the growth and anticipated populations, the State has contracted with North Dakota State University to analyze the growth occurring in western North Dakota and project population increases and timing of growth for various cities In the region. This work is currently underway, but results of this work are not anticipated to be available until Fall 2012.

AE2S has conducted interviews with the various City departments to gather Information about where the City anticipates growth will occur and the timing of that growth. Information was also gathered about what kinds of capital improvements each department anticipated would be necessary to serve that growth. The growth information was compiled and used to prepare a

Projected Future Growth Areas by Biennium map. This map, along with the input from the various departments, was used to prepare a list of infrastructure projects, projected costs, and anticipated timing.

INFRASTRUCTURE AND BUILDING PROJECTS

The list of infrastructure and building projects has been broken down by category. Specific projects that have been identified by the various City departments have been noted within each category. General projects (i.e.: future trunk sewer and watermain projects) have been included for future growth areas where specific projects have not been identified.

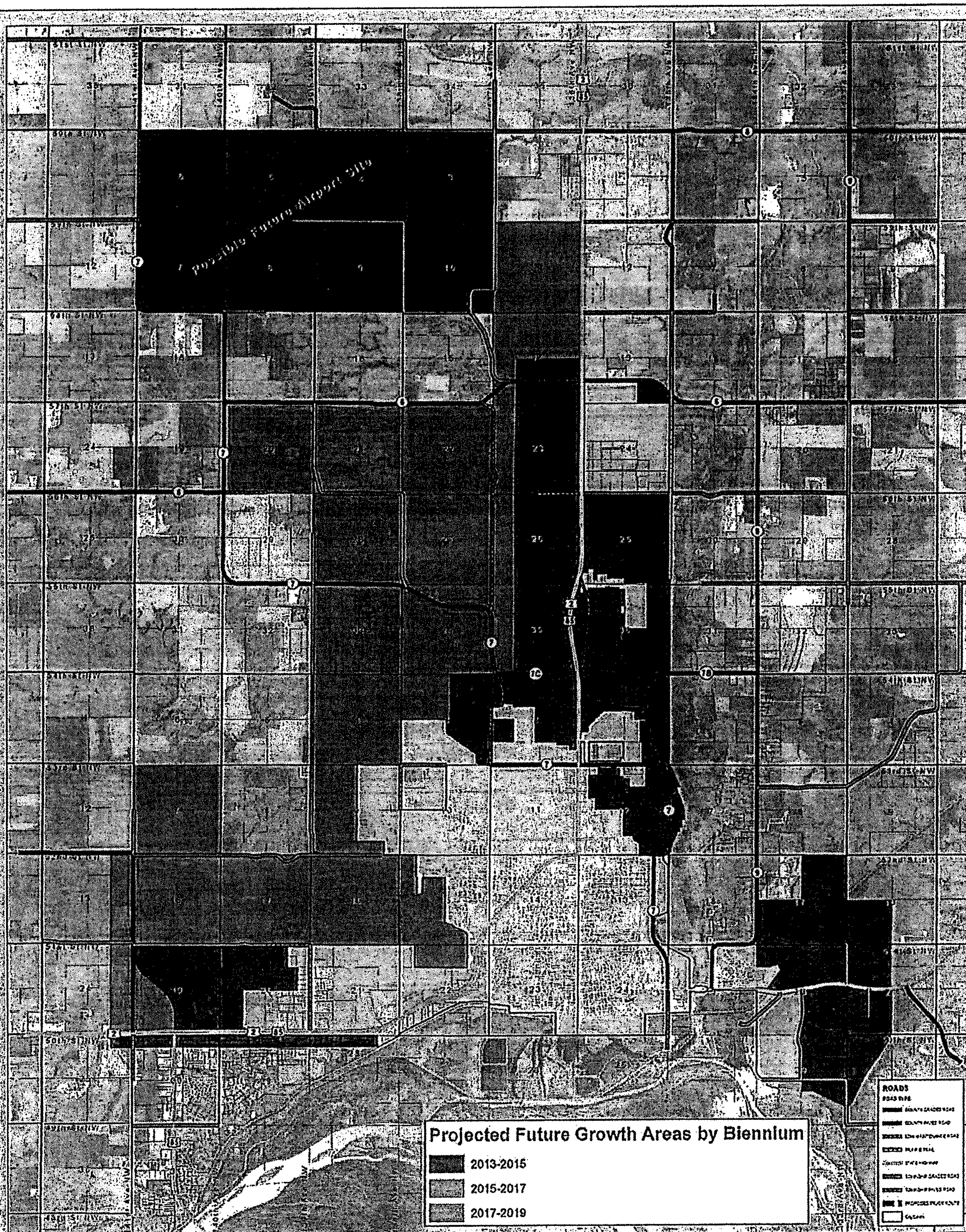
OPINION OF PROBABLE COSTS

Costs were determined using representative projects in the City of Williston within the last two years, adjusted for inflation. The construction cost opinions presented are based on 2012 dollars. Inflation factors should be applied to the costs as appropriate to determine the actual cost for future costs.

COST SUMMARY

	2013-2015	2015-2017	2017-2019	Totals
Transportation	$98,520,000	$148,770,000	$2,640,000	$249,930,000
Airport	$36,000,000	$24,000,000	$0	$60,000,000
City Buildings	$34,910,000	$30,350,000	$9,230,000	$74,490,000
Wastewater	$40,340,000	$43,900,000	$3,420,000	$87,660,000
Water	$6,530,000	$12,350,000	$4,770,000	$23,650,000
Stormwater	$32,350,000	$47,400,000	$22,500,000	$102,250,000
Solid Waste	$6,000,000	$12,400,000	$0	$18,400,000
TOTALS	$254,650,000	$319,170,000	$42,560,000	$616,380,000

Attachments: 1 - Projected Future Growth Areas by Biennium
2 - Cost Breakdown Spreadsheet



City of Williston
Projected Future Growth Areas by Biennium

AE2S

AUGUST 2012

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Williston 2012 CIP Update

(all costs in millions of dollars)

	2013-2015	Biennium 2015-2017	2017-2019
Transportation			
11th Street Extension		11.85	
26th Street Extension		8.03	
32nd Avenue Extension*	10.60		
32nd Street Extension**	2.00		
University Avenue Extension**	10.61		
135th Avenue Improvements**	5.47		
56th Street NW Improvements	1.90		
Highway 2/85 Bypass Intersection Improvements	17.50	6.00	
42nd Street/County Road 7/County Road 7C	8.30		
Existing Rural Subdivisions to be Annexed	32.42	3.09	
New School Improvements***	2.20		
Future Minor Arterial Roads & Intersections	7.52	71.62	
Future Collector Roads		48.18	2.64
Subtotal	$98.52	$148.77	$2.64

**Includes sewer cost*
***Includes water cost*
****Includes sewer and water cost*

	2013-2015	2015-2017	2017-2019
Airport			
New Airport*	36.00	24.00	
Subtotal	$36.00	$24.00	$0.00

**$150 est cost, 40% est. city share (project has not been reviewed by FAA, costs may change)*

	2013-2015	2015-2017	2017-2019
City Buildings			
Facility/Needs Studies	0.20		
City Hall	15.70	15.70	
Public Works	10.28	10.28	
Police			4.86
Fire	8.73	4.37	4.37
Subtotal	$34.91	$30.35	$9.23

	2013-2015	2015-2017	2017-2019
Wastewater			
West Forcemain	4.00		
Highway 2/85 Interceptor	2.30		
West Lift Station	4.00		
Treatment Plant	25.00	25.00	
I & I Remediation		0.50	0.40
Trunk Sewer for Future Growth Areas	5.04	17.65	2.52
Lift Stations for Future Growth Areas		0.75	0.50
Subtotal	$40.34	$43.90	$3.42

Water					
	East Pump Station & Reservoir		3.00		
	Northwest Pump Station & Reservoir				3.00
	Trunk Watermain for Future Growth Areas		3.53	12.35	1.77
		Subtotal	**$6.53**	**$12.35**	**$4.77**
Stormwater					
	Stormwater Master Plan/Studies		1.25	0.50	0.20
	Retrofits/ Improvements to Existing System		10.00	10.00	10.00
	Stormwater Infrastructure for Future Growth Areas		17.00	30.00	10.00
	Land Acquisition Cost		4.10	6.90	2.30
		Subtotal	**$32.35**	**$47.40**	**$22.50**
Solid Waste					
	Open New Cell/Permitting			2.40	
	Land Acquisition Cost		6.00	10.00	
		Subtotal	**$6.00**	**$12.40**	**$0.00**
		Totals	**$254.65**	**$319.17**	**$42.56**

City Priorities/Leader: 1
City Preparation: 2
City Growth Projections: 3
Fastest Growing Micropolitan Area: 4/5
City Growth Map: 6/7
City Infrastructure Needs: 8
Western Area Water Supply (WAWS): 9
City Budget: 10
City Employment: 11
City Police, Fire & EMS Service Calls: 12/13
City Traffic Accidents: 14
City School District Enrollment: 15
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City Housing Units Built: 21
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Oil & Gas Rig Locations: 36/37
Gas Plant Locations: 38/39
City Growth in Acres/Sq. Miles: 40

The City of Williston

HB 1358
4-9-13

7A

2013 Top State Funded Priorities:

- Sewage Treatment Plant
- East & West Permanent Truck Reliever Route
- Grade Separation on Current Bypass
- Affordable Housing
- Operational Dollars Provided by Change in Formula Funding

2012 State Leader in:

- Taxable Sales and Use
- Oil Rigs within a 70 Mile Radius
- Mining Employment
- Number of Oil Companies
- Crew Camp Capacity and Occupancy
- Building Permits Statewide
- Average Annual Salary Statewide
- Housing Shortage/Rent Inflation
- Oil Truck Traffic within City Limits
- Power Usage and Consumption
- Oilfield Water Usage
- Micropolitan Growth for the U.S.

Community Preparation for Future Impact

Williston first noticed this increasing activity level beginning in 2004. To prepare, the city increased major infrastructure capacity for up to 40% more population.

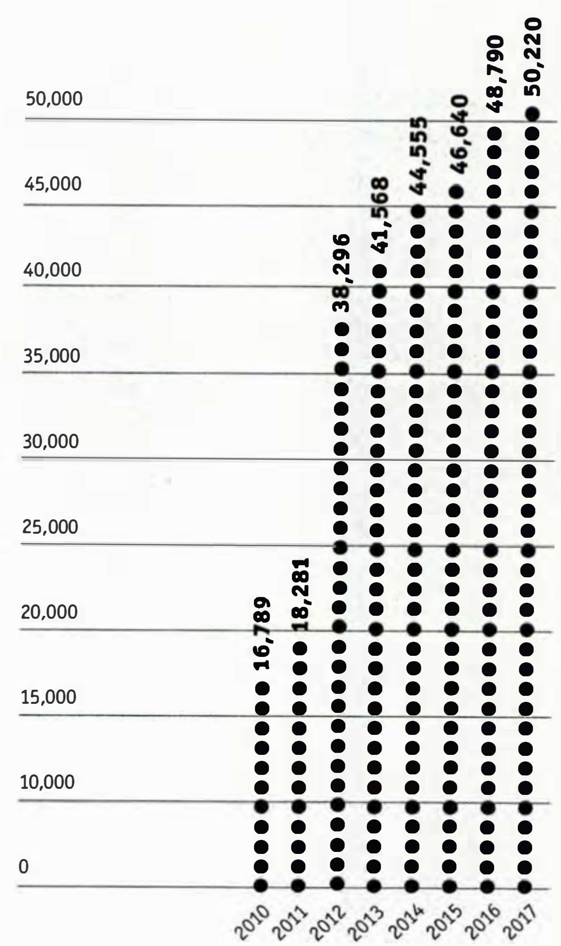
We have since far exceeded that excess capacity, and are working with the Governor and Legislature to further extend our water, sewer, and road infrastructure for workforce housing and industry facility needs.

The City of Williston has committed over one million dollars in studies addressing the impact and future needs of the community.

- Comprehensive Master Plan
- Annexation Options and Implications
- Infrastructure Capital Improvement Plan
- Regional Water Study
- Transportation Study
- Housing Study
- Labor Availability
- Petroleum Workforce Needs Study
- Williston Parks and Rec Master Plan
- Williston State College Master Plan
- Williston School Needs Study
- Day Care Master Plan
- Population Study
- Oil and Gas Workforce Needs
- City Facility Study
- Emergency Services Study

City of Williston Growth Projections

(service population)



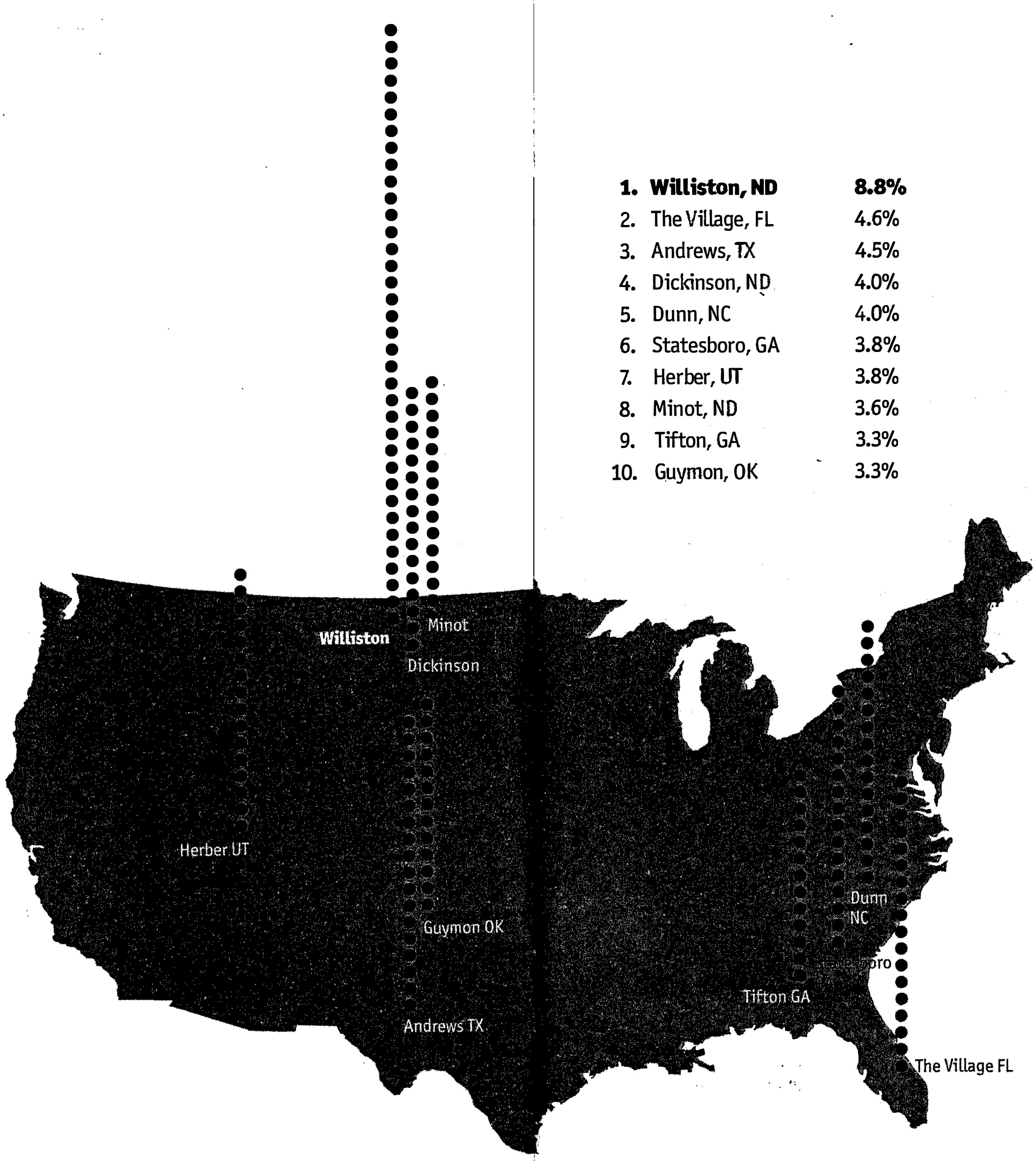
Source: City of Williston Population Study

USA 10 Fastest Growing Micropolitan Area's

From April 1, 2010 to July 1, 2011

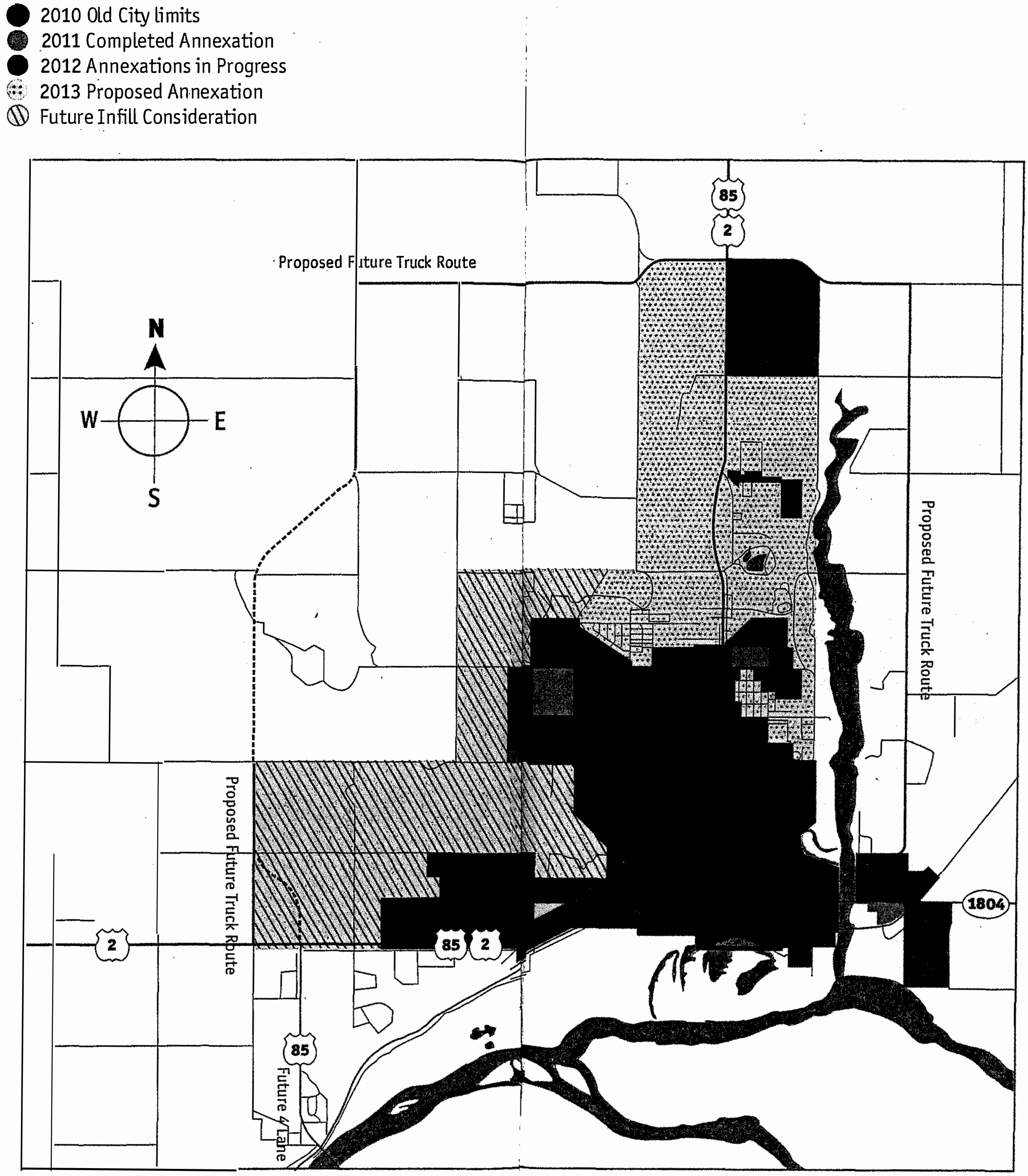
Williston Ground Zero

1. **Williston, ND** **8.8%**
2. The Village, FL 4.6%
3. Andrews, TX 4.5%
4. Dickinson, ND 4.0%
5. Dunn, NC 4.0%
6. Statesboro, GA 3.8%
7. Herber, UT 3.8%
8. Minot, ND 3.6%
9. Tifton, GA 3.3%
10. Guymon, OK 3.3%



Source: U.S.Census Bureau

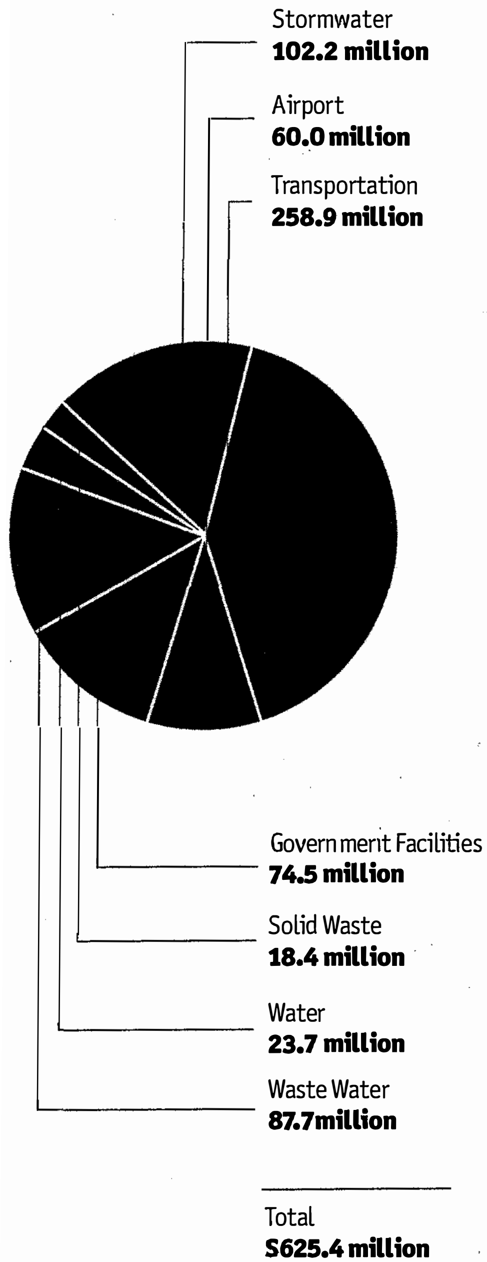
Williston Growth Map*



*see page 40 for acreage/square miles amounts

Williston Infrastructure Needs

6 Year Projection

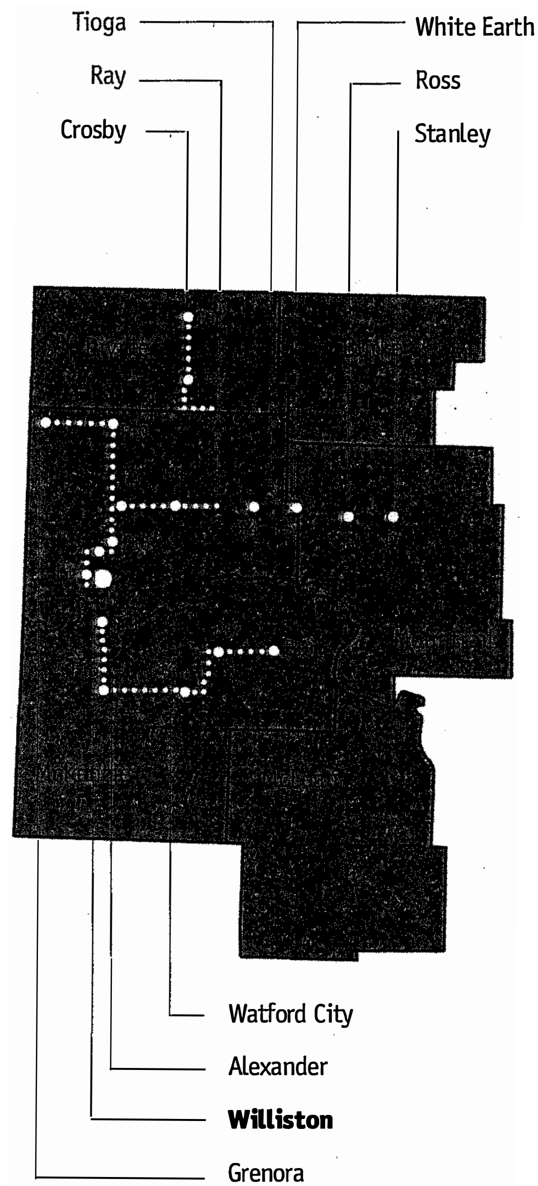


Source: City of Williston

Western Area Water Supply (WAWS)

The City of Williston is integral to the Western Area Water Supply as it holds a permit for up to 36 million gallons per day of Missouri River water access from its water treatment plant.

The WAWS system also provides critical water infrastructure for Williston's projected growth needs in expanding the city.



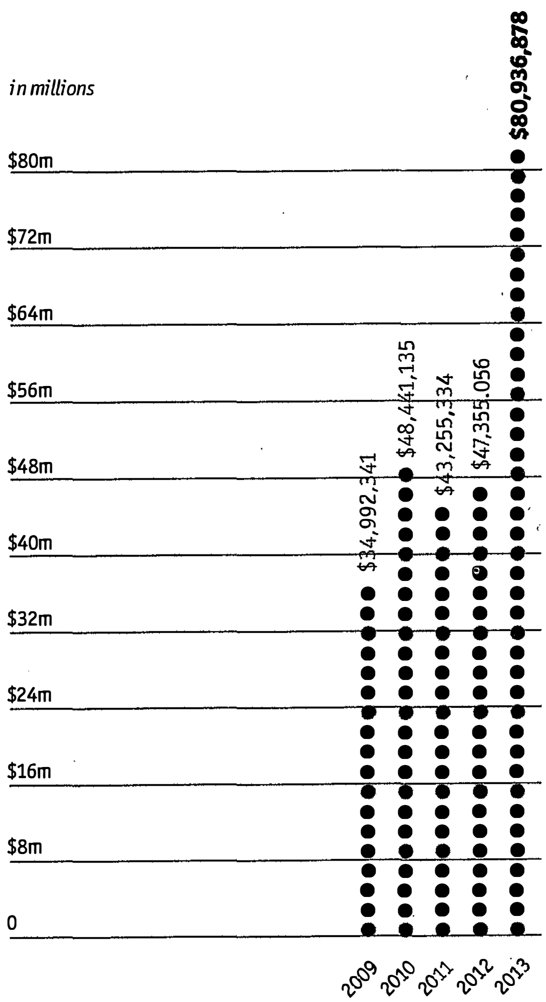
City of Williston Operations Budget

For the Year 2013

Revenue: 52 million

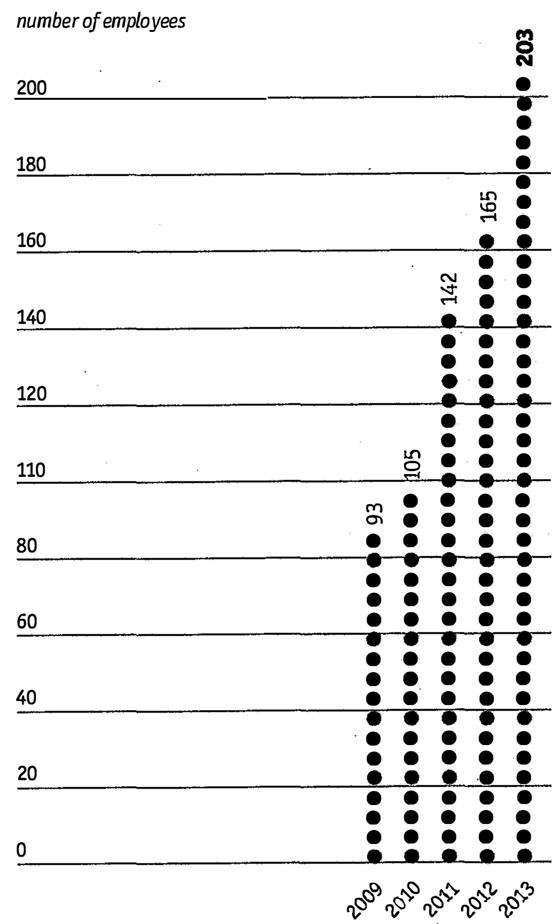
Expenditures Budgeted: 81 million

Deficit: 29 million in projects dependent on state aid.



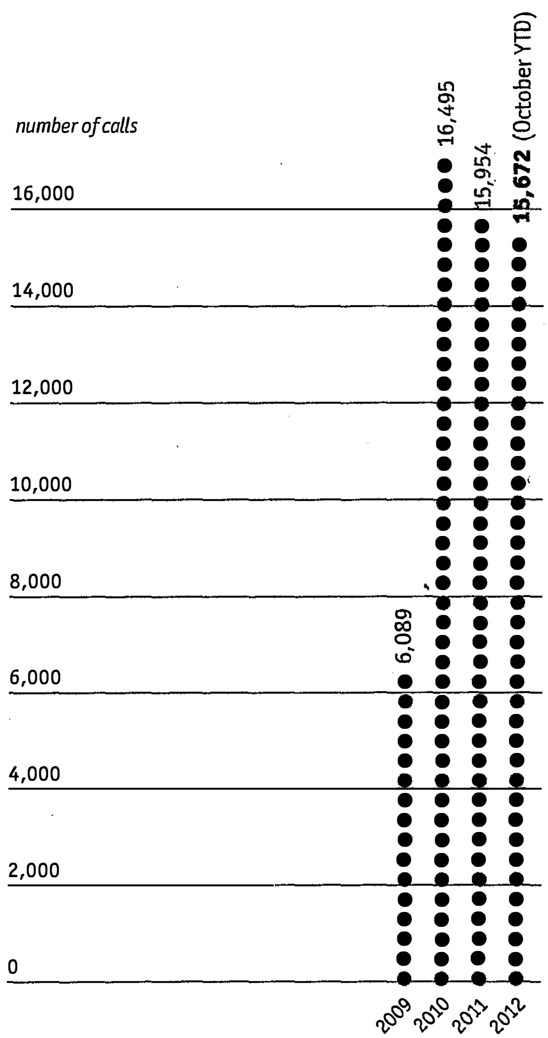
Source: City of Williston

City of Williston Employment



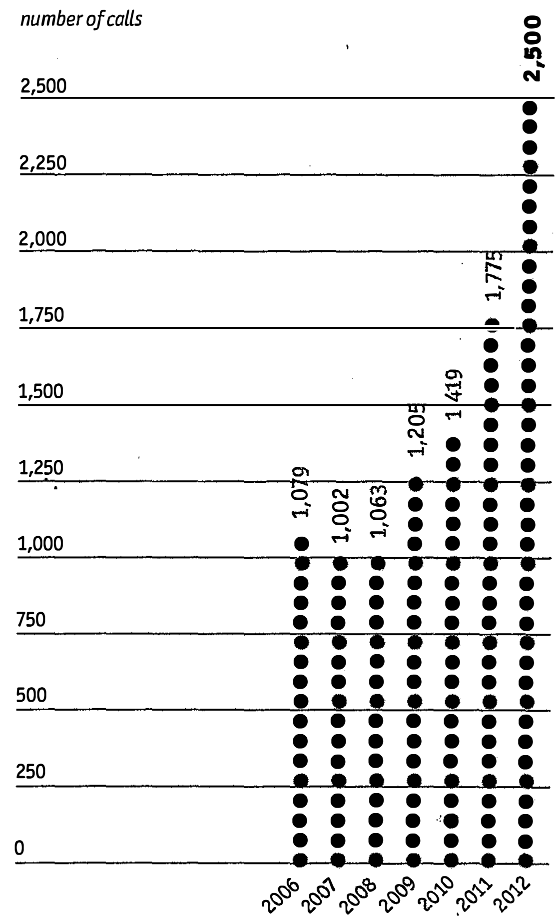
Source: City of Williston

Williston Police Calls for Service



Source: City of Williston Police Department

Williston Fire/EMS Calls for Service



Source: City of Williston Fire Department

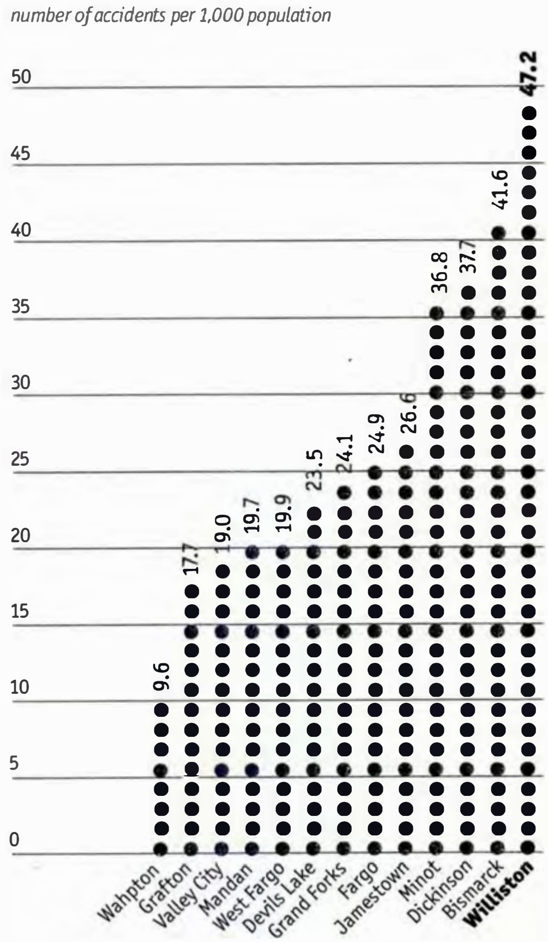
ND City Reportable Traffic Accidents

As of November 2012

According to statistics from the ND Highway Patrol, 26 people have been killed in Williams County in 2012, followed by McKenzie County with 16.

The northwestern region of the state has accounted for 64 of the 146 total fatalities.

Bismarck Tribune, November 23, 2012



Source: ND Crash Summary 2011

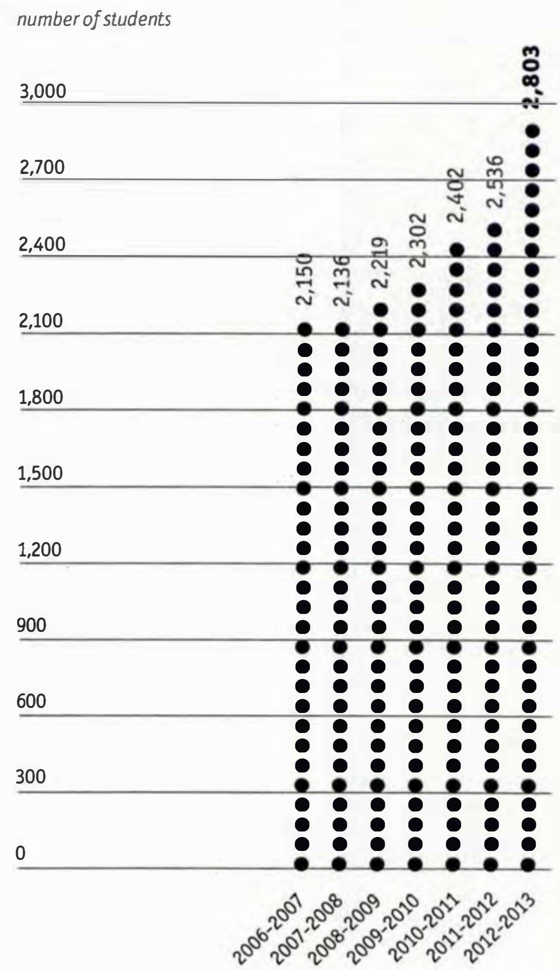
Williston School District 1 Enrollment

Kindergarten through 12th Grade

"In the past five years we've had 650 students added to the district... that's an entire school."

Dr. Viola Lafountaine
Superintendent, District 1

Williston Herald, November 15, 2012

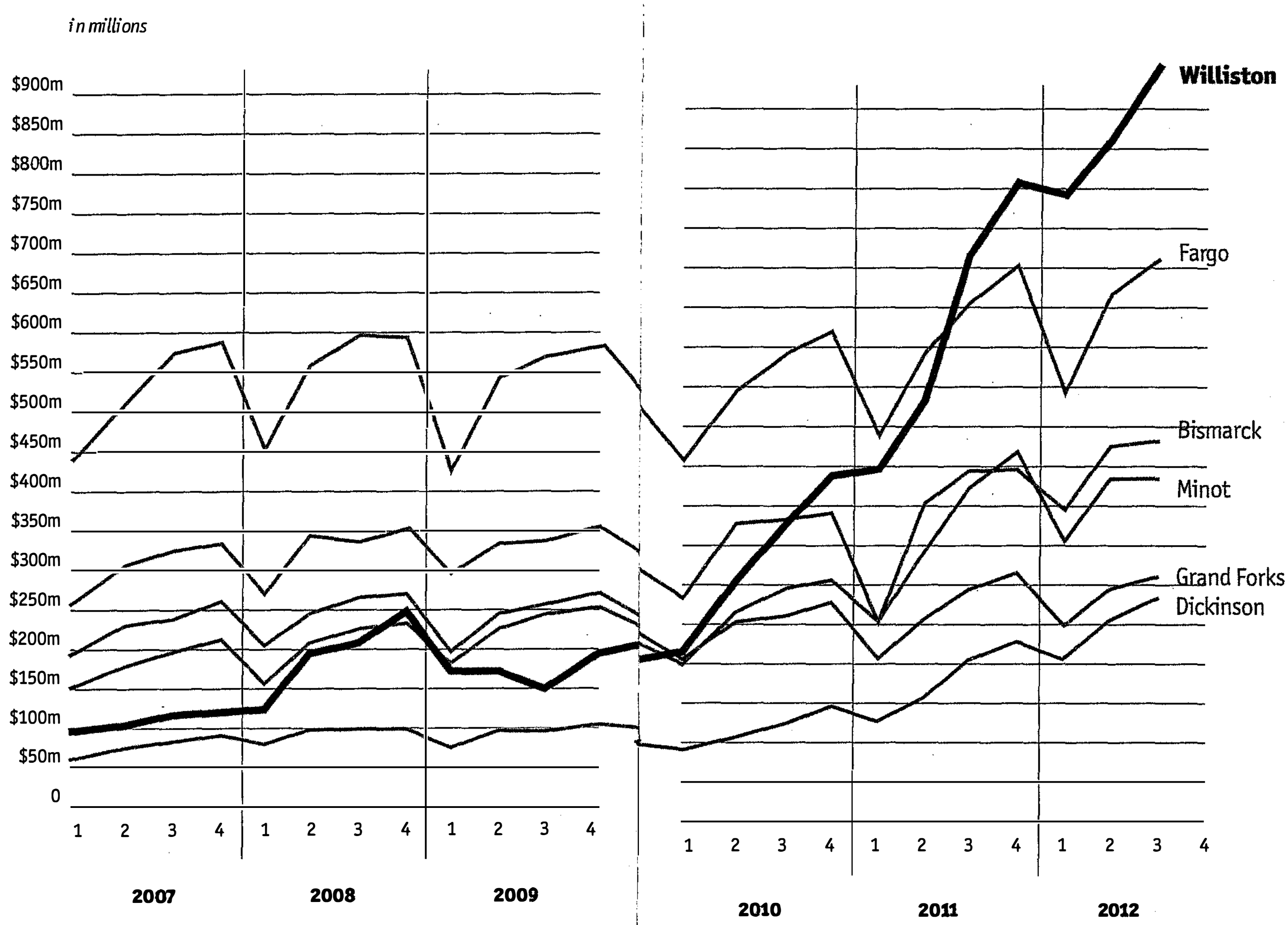


Source: Williston School District 1

"I trust that the rest of the state recognizes that at the moment, Williston is at the center of the engine that is driving the state's economy"

Ward Koeser
Mayor, City of Williston

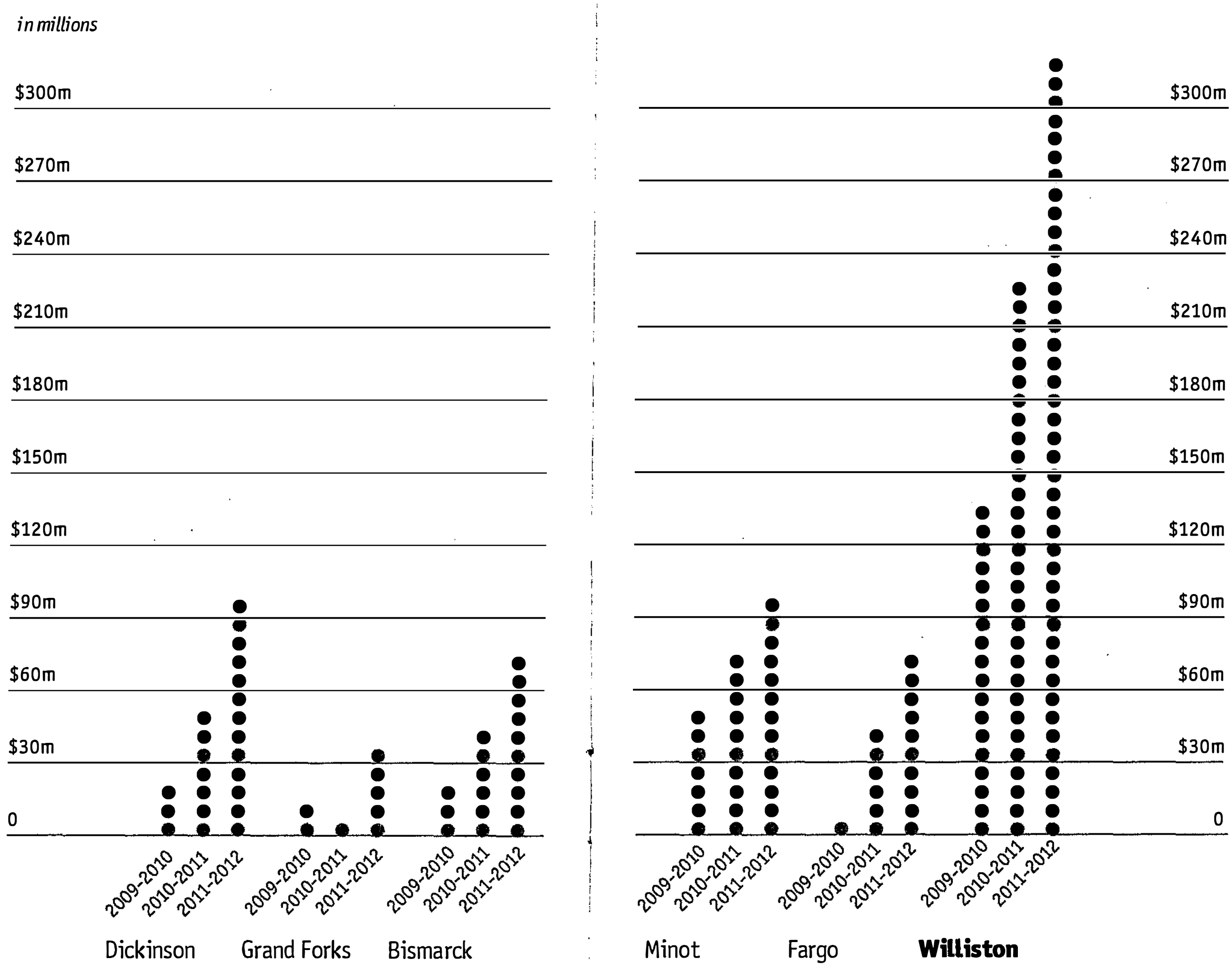
Williston Herald, October 5, 2012



Source: ND Office of State Tax Commission

ND City Sales Tax Gain/Loss

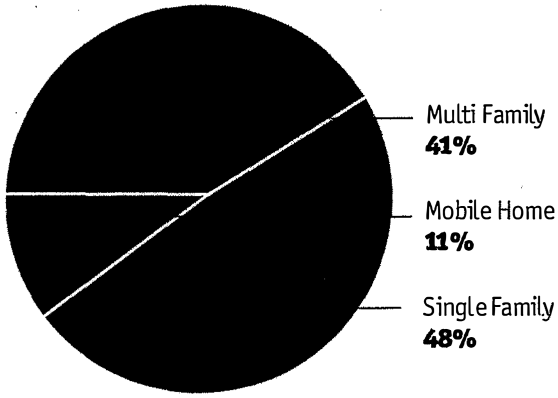
Major Cities Second Quarter Comparison

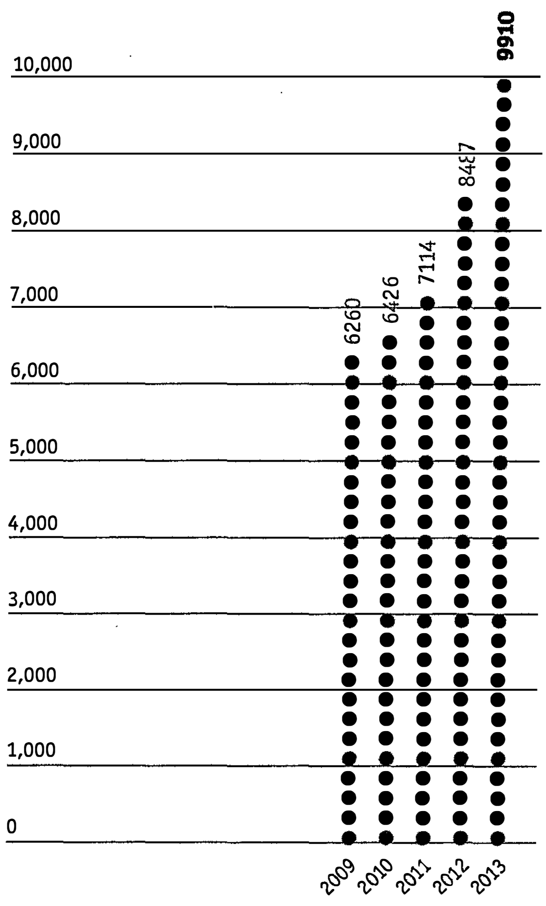


Source: ND Office of State Tax Commission

Williston Housing Stock

Projection for the year 2013

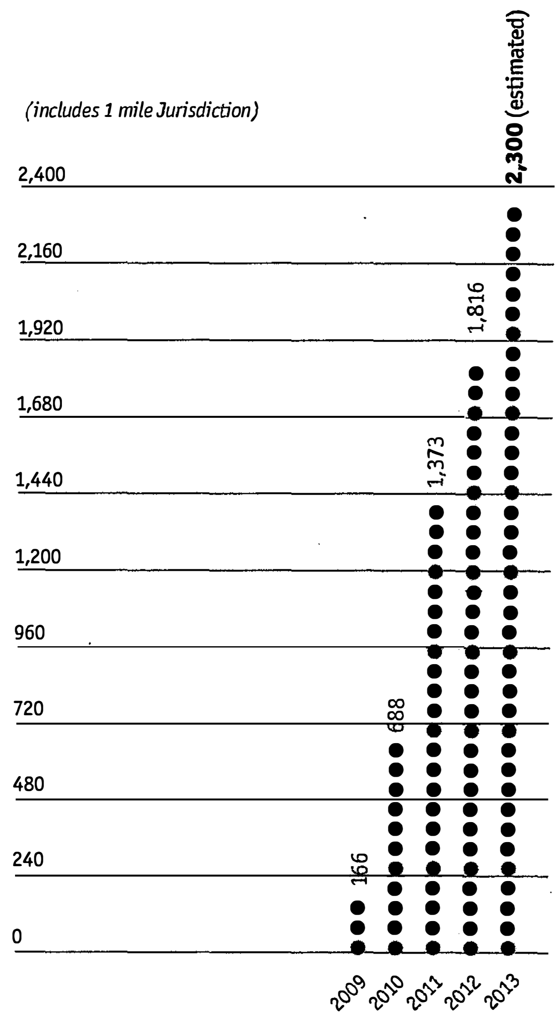




Source: City of Williston, Building Department

Williston Housing Units Built

Includes Single Family, Apartments, Manufactured, Duplex, and Twin Homes

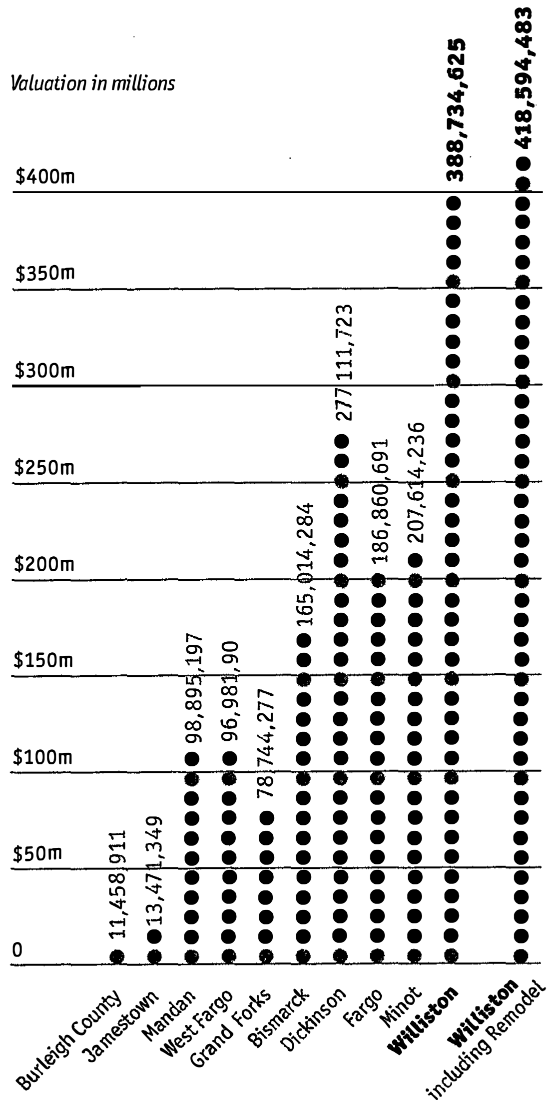


Source: City of Williston Building Department

ND City Valuations of Building Permits

Year to Date, November 2012
(numbers indicate new build construction only)

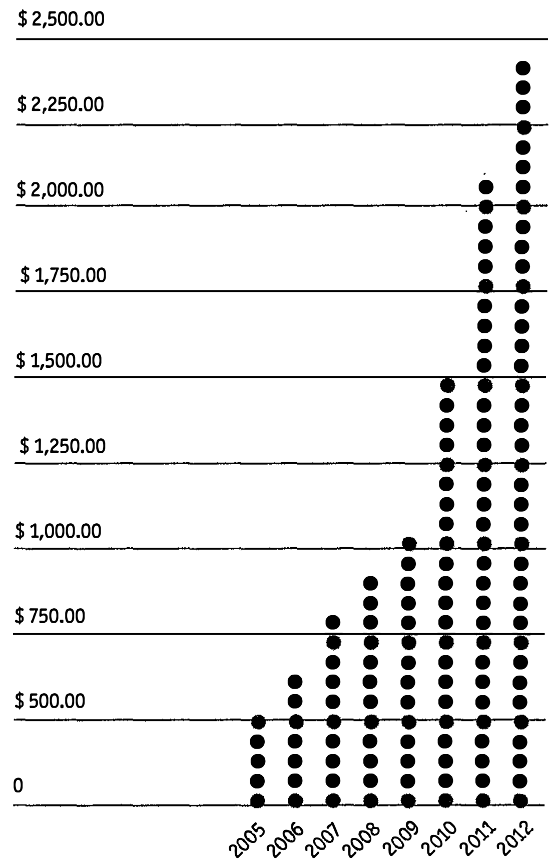
Williston is projected to top 470-million in new construction and remodel permit valuation in 2012.



Source: ND Association of Builders Permit Data

Williston Rent Inflation

One/two bedroom apartments

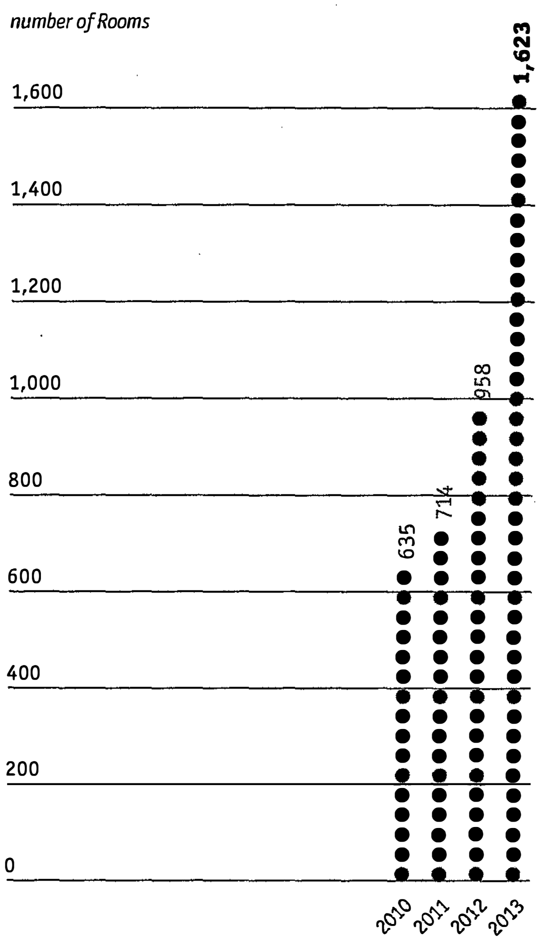


Source: Williston Economic Development

Williston Hotel Development

For the Years 2010-2013

The City of Williston has added 12 new hotel properties since 2010.



Source: Williston Economic Development and Convention and Vistors Bureau

Williston/Williams Co. Crew Camps

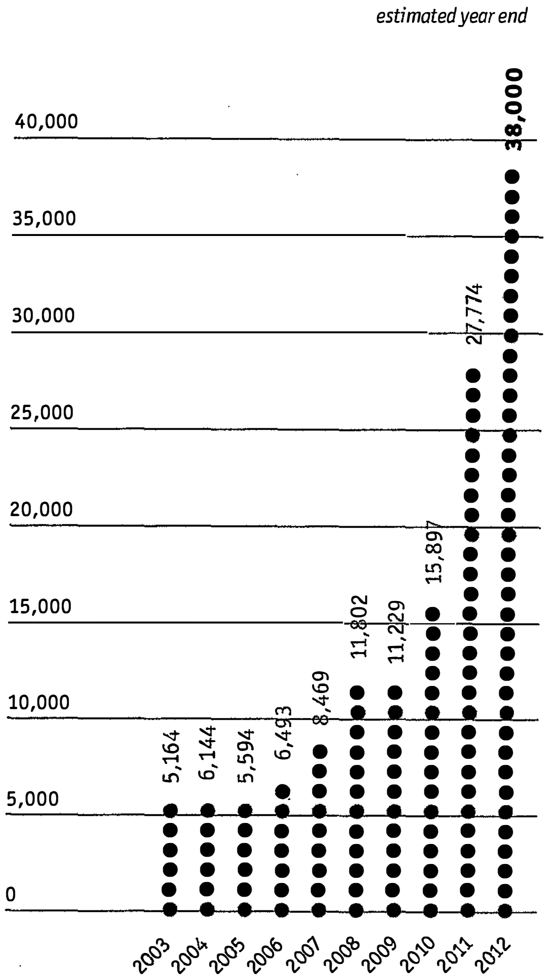
Permitted Capacity

Williston	
Blackhawk Energy	30
Sabin Metals	10
Weatherford	500
United Pulse	10
Love's	50
Oasis Petroleum	80
Sun Well	94
Pioneer	144
Flying J	150
Prairie Packing	24
Halliburton	312
Sun Well	24
Burke	224
Total Units:	1,652
Tioga	
Capital Lodge	2,500
Target Tioga	1,250
Total Units:	3,750
Trenton	
Falcon/Solsten XP	343
Moran/Roughrider Holding	604
Total Units:	943
Williams County	
Target North	450
Bear Paw	608
Target Cabins	90
Black Gold	900
Atco	200
Target Muddy River	158
Prairie Packers	90
Judson Lodge	100
Total Units:	2,596

Note: A moritorium on future crew camp development within Williams County and Williston is currently in effect

Williston Airport Boardings

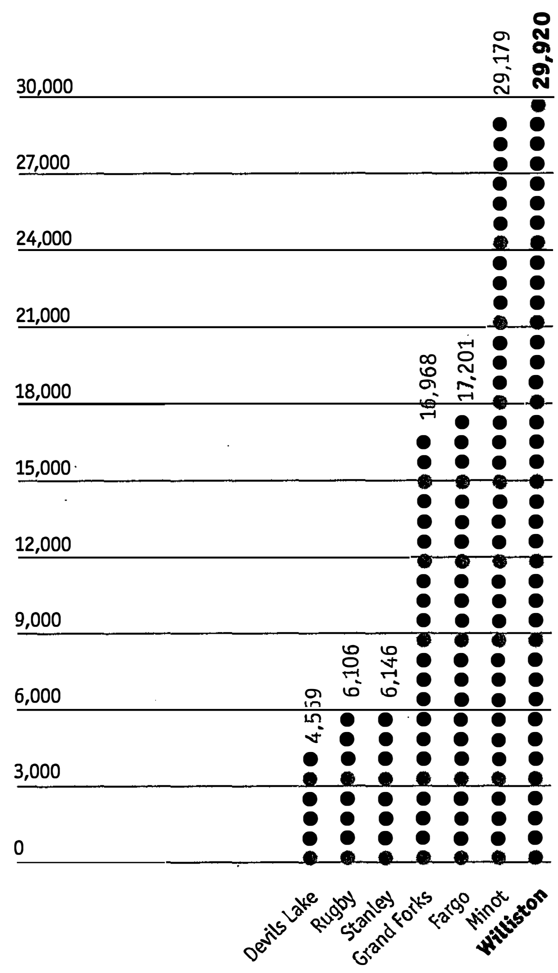
With the increase in airline flights and aircraft size to Sloulin Field, officials estimate 2013 will see between 60,000 to 90,000 enplanements. This does not include private charter traffic. Sloulin Field's current terminal is designed to handle 6,000 enplanements annually.



Source: ND Aeronautics Commission, Sloulin Field

ND AmTrak Station Boardings

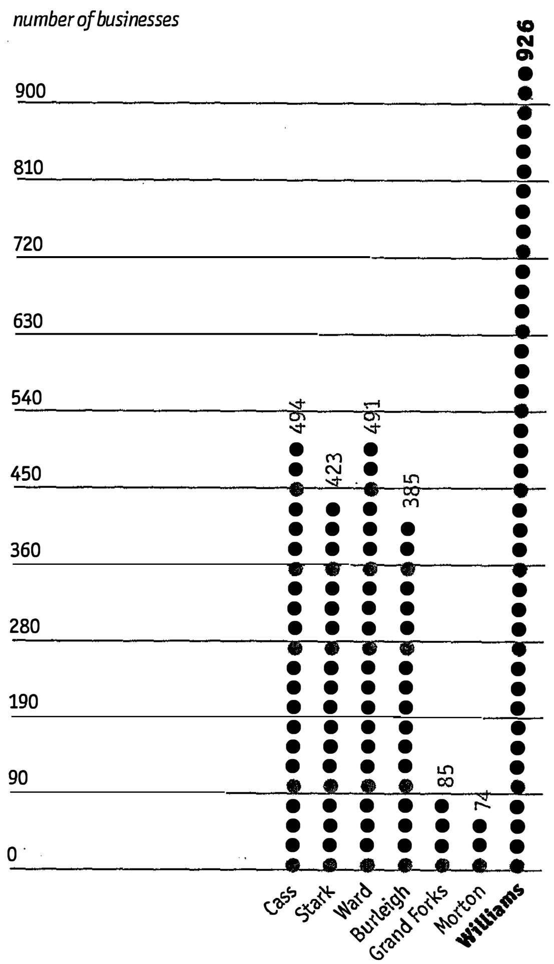
Fiscal Year, 2011



Source: AmTrak

ND County New Business Growth

1st Quarter 2007 through 2nd Quarter 2012

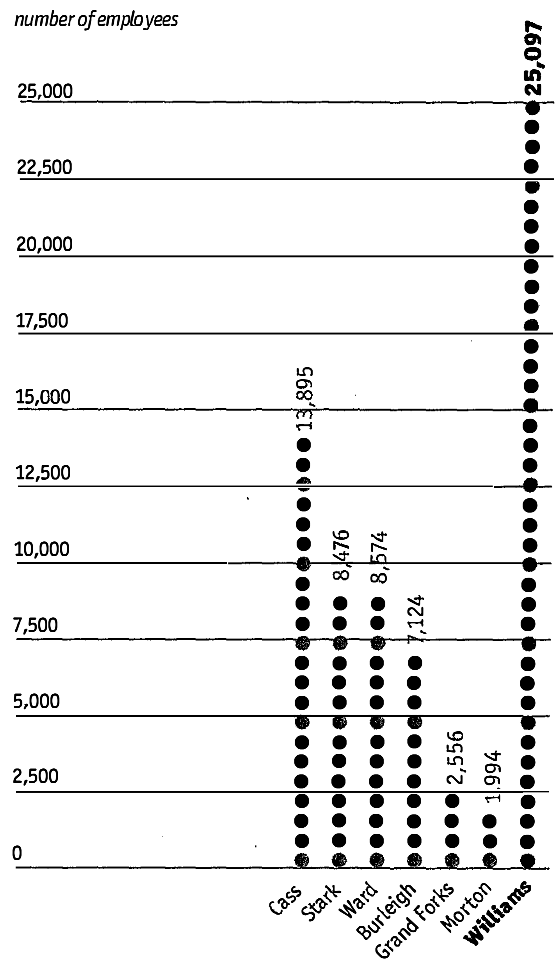


source: Job Service North Dakota

ND County New Job Creation

1st Quarter 2007 through 2nd Quarter 2012

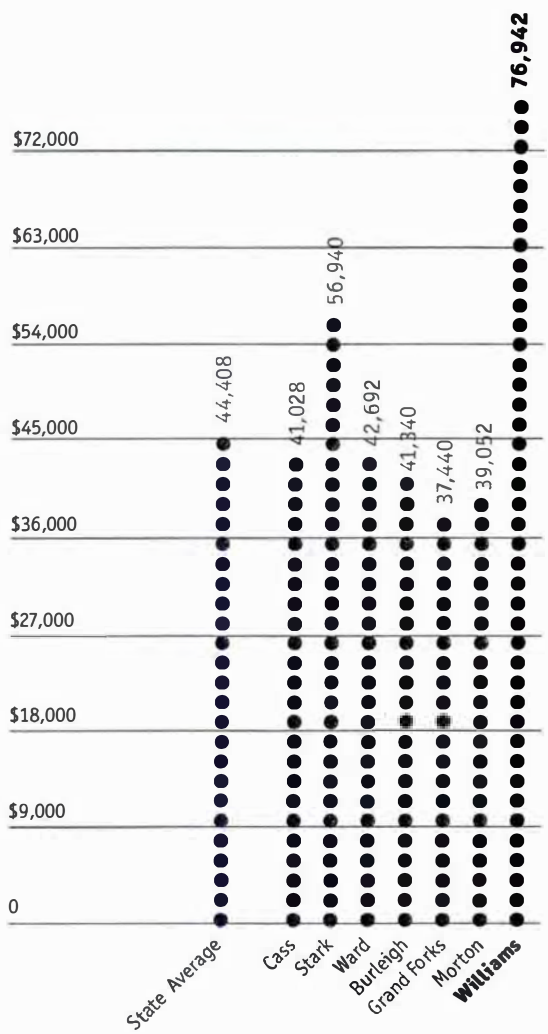
Williams County boasts the lowest unemployment rate in the nation at .7%.



source: Job Service North Dakota

ND County Average Annual Wage

2nd Quarter 2012

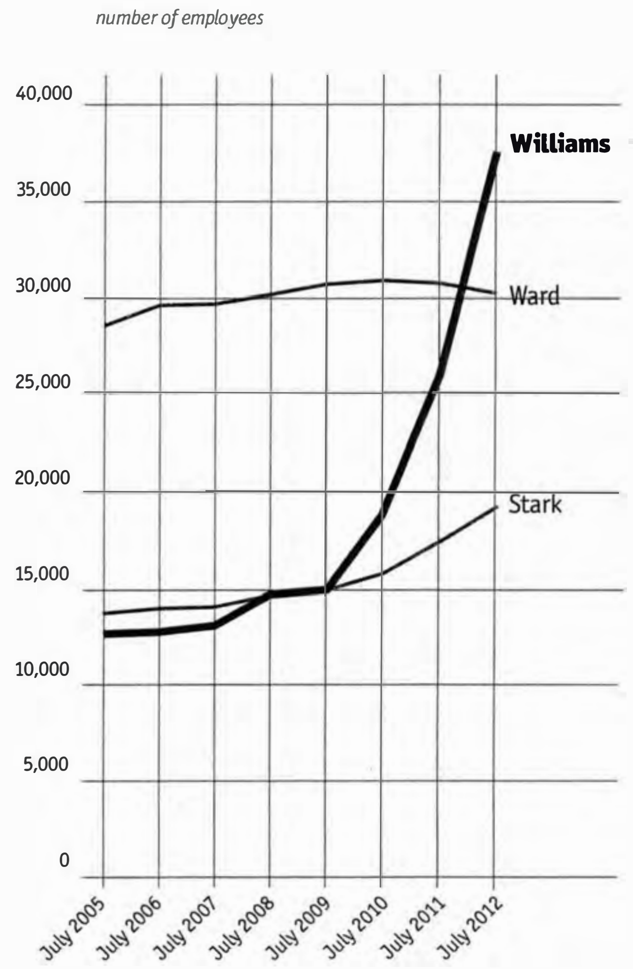


source: Job Service North Dakota

ND County Civilian Labor Force

First Quarter 2012

The civilian labor force is a single count by place of residence. The number includes those over the age of 16 who are employed or actively seeking employment.

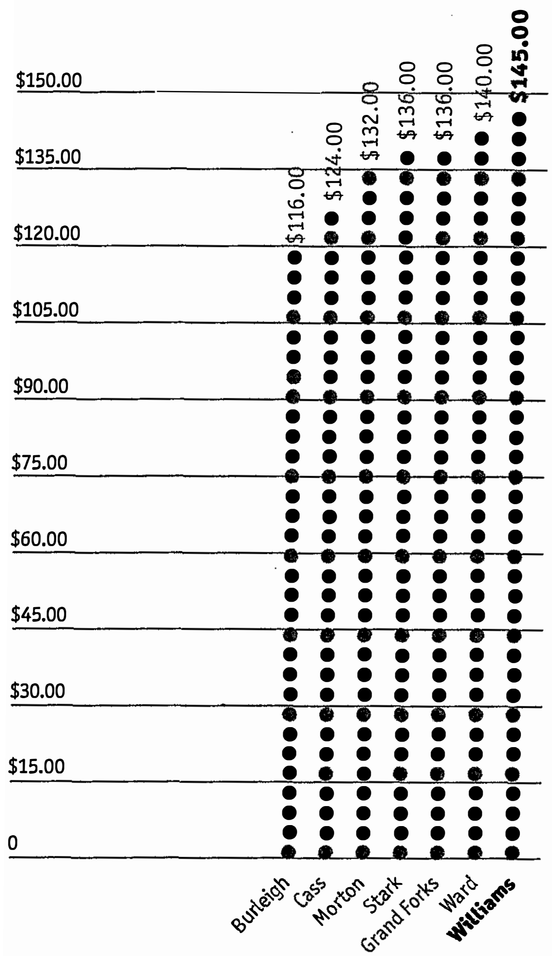


source: Job Service North Dakota

ND County Cost of Child Care

Average Weekly Cost, Ages 0-5years
Family/Group/Center

- Williams County currently demonstrates a potential need of 1,500 child care spaces
- Williams County meets 18% of it's potential demand for child care



Source: Child Care Resource and Referral
Williston Economic Development

Williston Ground Zero

Western North Dakota is hosting the largest oil play in the lower 48 states. Due to current State oil tax legislation: **State resources are in record surplus, estimated $2 billion annual oil and gas receipts.**

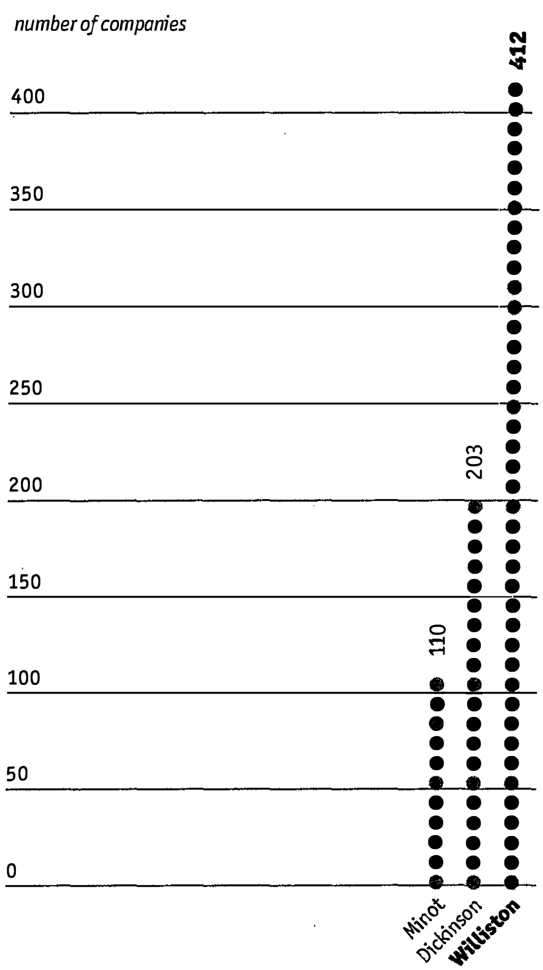
Local resources are in deficit and are overwhelmed, **Williston's portion of State oil and gas tax formula funding is $1.5 million per year or .075 %** of total State oil and gas collections.

Williston Basin
Bakken Formation

ND City Oil & Gas Companies Locations

Top Three Cities

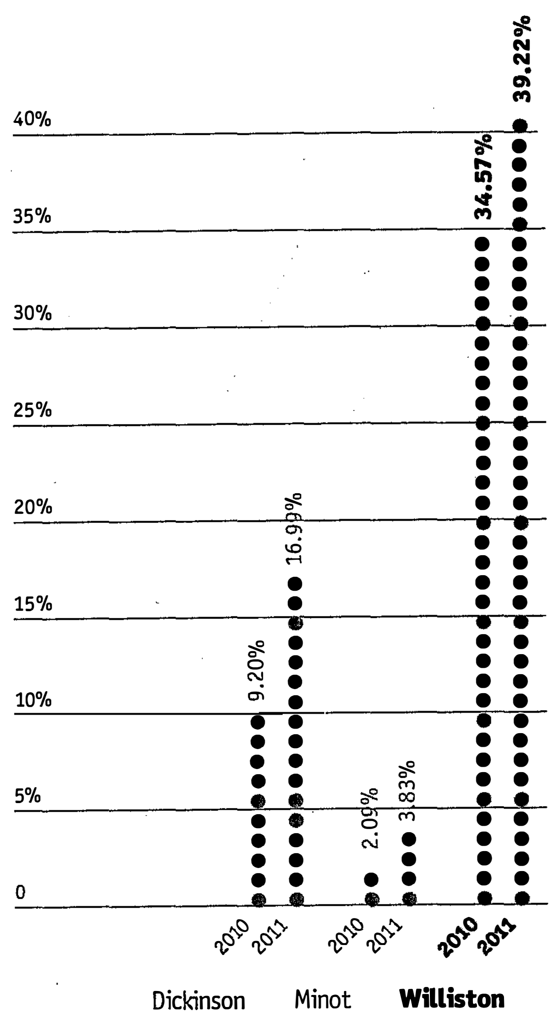
Five of the top ten employers in Williston are related to the Oil & Gas Industry. The top ten Oil & Gas service companies in the world have operations in Williston.



Source: Don's Oil & Gas Directory 2012, Mountain States Directory

ND City Percentage of Oil & Gas Employment

Cities above 7,500 with percentage employment in Mining greater than 2.0% of Covered Private Employment 2011 annual average

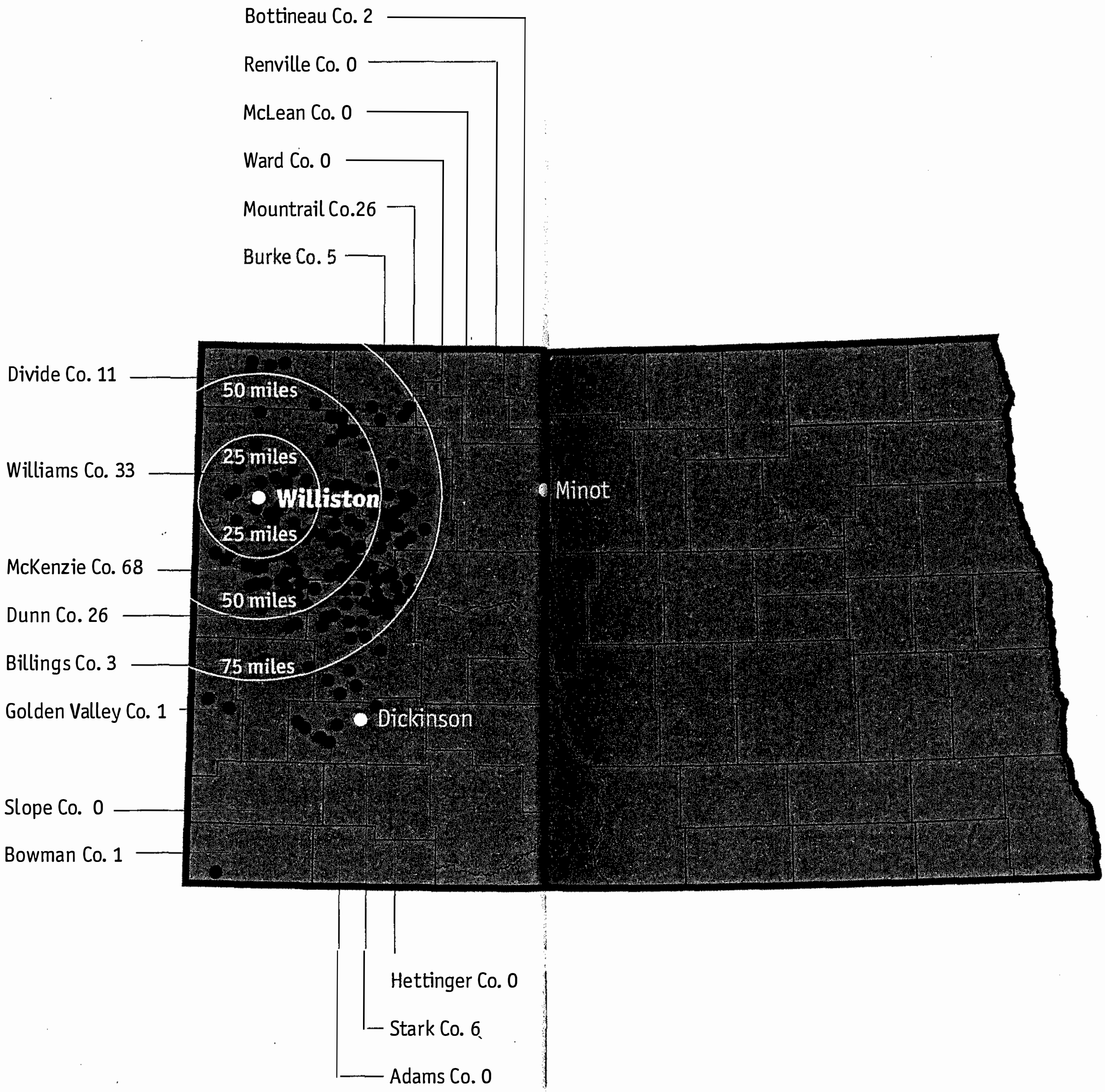


Source: Quarterly Census of Employment & Wages, June 12, 2012

ND Oil & Gas Drilling Rig Locations

Total 186, as of October 15, 2012

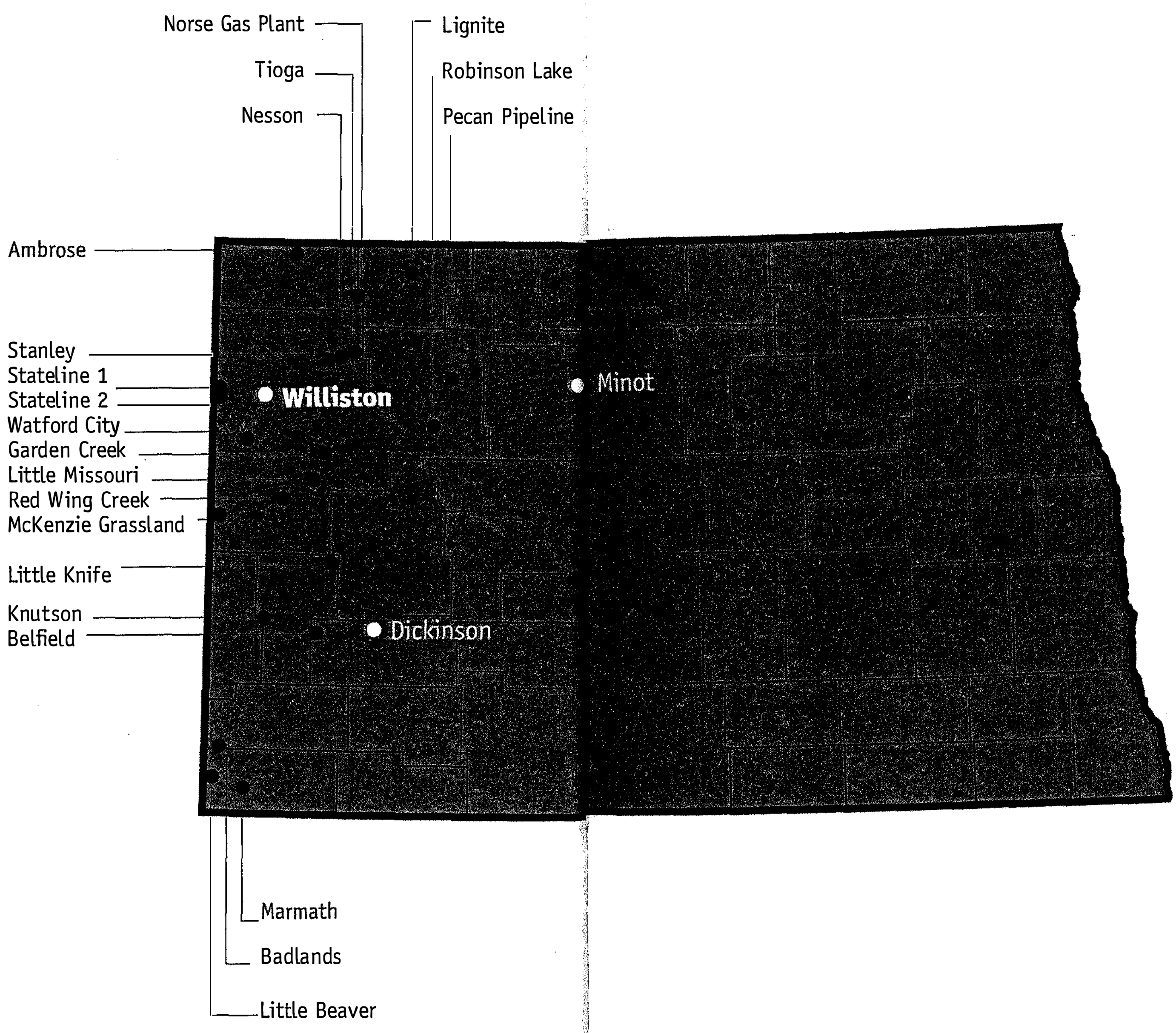
Williston Ground Zero



Source: ND Oil and Gas Commission

ND Gas Plant Locations

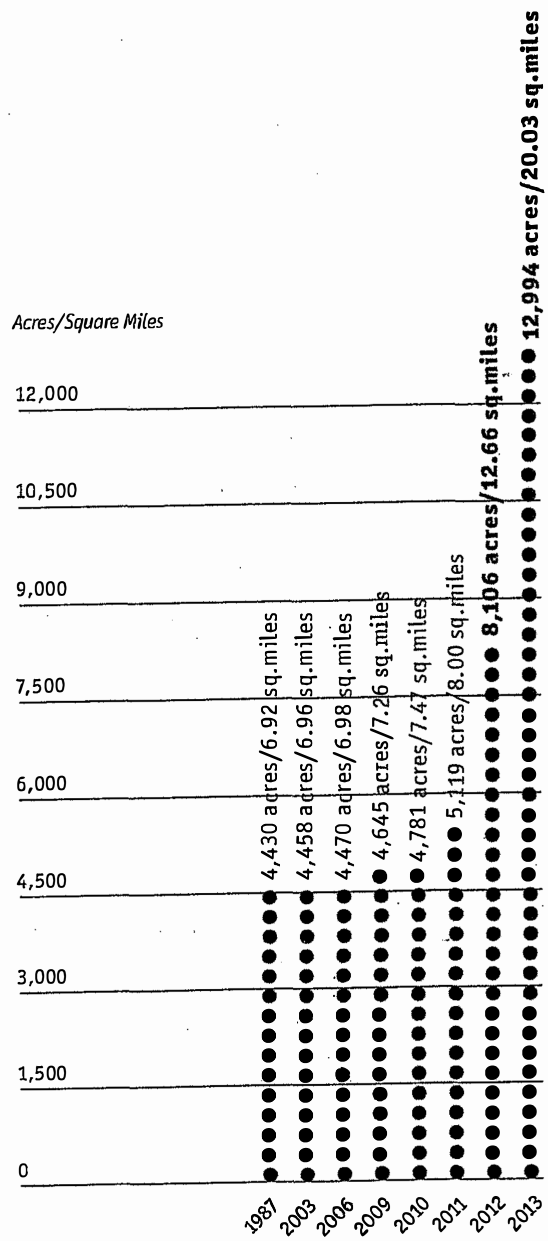
October 15, 2012



Source: ND Oil and Gas Commission

Williston Growth in Acres / Sq. Miles

as of 2012, City's total acreage is 8,980



(continued from pages 6/7)

Testimony to the

Senate Appropriations Committee

Prepared April 9, 2013 by

David Hynek, County Commissioner

Mountrail County

David Hynek
HB 1358
4-9-13

#8

Regarding: Engrossed House Bill No. 1358
With Senate Amendments

Chairman Holmberg, members of the committee, I am David Hynek, County Commissioner from Mountrail County. We as a board of commissioners are very disappointed that the Senate amendments to House Bill 1358 have substantially reduced the appropriations for infrastructure to oil and gas producing counties.

We believe that the revenue stream being generated by the oil and gas industry must be protected for the benefit of all of North Dakota. The most effective way to not only protect the revenue stream but enhance it is to build top quality infrastructure in the oil and gas producing counties. Building a road system with an all weather surface capable of handling loads of 105,500 lbs. year round creates an incredible increase in efficiency and productivity as the two attached charts clearly show. North Dakota will receive more oil and gas revenue than otherwise projected. The Legacy Fund will grow faster. Future legislative assemblies will have greater ability to use that Fund for keeping property taxes low, if they so choose.

The amendment to increase the Oil Impact Fund from $150,000,000 to $250,000,000 is a positive move. However, given the demands placed upon that fund, this amount is still woefully inadequate. I serve on the advisory committee to the State Land Board. This current biennium we have had solid, legitimate requests in excess of $600 Million and only slightly over $124 Million to work with. The process that the State Land Department has in place for oil and gas impact grant applications works well. The applications are thoroughly reviewed not only by the advisory committee but also by the State Land Board. The money is wisely spent.

I know there are concerns that the dollar amount in House Bill 1358 prior to being amended constituted a huge appropriation. I disagree. What House Bill 1358 was, prior to amendments, was an extraordinary investment opportunity to protect and enhance the revenue stream generated by the oil and gas industry and help guarantee its viability for the benefit of all of North Dakota. House Bill 1358, as it stands now, will simply continue the "day late and dollar short" mindset that has prevailed in the past. Infrastructure needs do not go away; they only get worse. We can do better. The Mountrail County Board of Commissioners respectfully requests that funding be restored.

Mr. Chairman and Committee members, thank you for the opportunity to provide this testimony.

Quality Infrastructure Provides Efficiency and Increased Revenue
Actual Example: 90th Ave NW, Mountrail County - 9.2 Miles

	Gravel Surface (80,000 lb weight restriction)	**Paved Surface** (105,500 lbs year round)
Minutes/Mile Travel Time	9.2 Miles X 15 mph = 4 Minutes	9.2 Miles X 60 mph - 1 Minute
Travel Time Per Vehicle	9.2 Miles X 4 Minutes - 36.8 Minutes	9.2 Miles X 1 Minute - 9.2 Minutes
Traffic Count Vehicles per day	2000 Vehicles (2011)	4000 Vehicles (2012)
Total Travel Time per day	2000 X 36.8 = 73,600 Minutes or 1226 hours	4000 X 9.2 = 36,800 Minutes or 613 hours

We doubled the traffic count on this road and cut the travel time in half!

Our goal in Mountrail County is to do this on an additional 260-300 miles of road over the next 10 years. HB 1358 will help us accomplish this goal, thereby increasing oil and gas revenues to the State and helping the oil and gas industry become more efficient and productive.

#8

Quality Infrastructure Provides Efficiency and Increased Revenue
Actual Example: 93rd Ave NW, Mountrail County - 16.5 Miles

	Gravel Surface (80,000 lb weight restriction)	**Paved Surface** (105,500 lbs year round)
Minutes/Mile Travel Time	16.5 Miles X 20 mph = 3 Minutes	16.5 Miles X 60 mph - 1 Minute
Travel Time Per Vehicle	16.5 Miles X 3 Minutes - 49.5 Minutes	16.5 Miles X 1 Minute - 16.5 Minutes
Traffic Count Vehicles per day	1000 Vehicles (2012)	2000 Vehicles (Estimated)
Total Travel Time per day	1000 X 49.5 = 49,500 Minutes or 825 hours	2000 X 16.5 = 33,000 Minutes or 550 hours

We doubled the traffic count on this road and cut the travel time by 275 hours per day or .333%

Our goal in Mountrail County is to do this on an additional 260-300 miles of road over the next 10 years. HB 1358 will help us accomplish this goal, thereby increasing oil and gas revenues to the State and helping the oil and gas industry become more efficient and productive.

8

9

Bill #: HB 1358

Committee: Senate Appropriations Committee

Date: April 8, 2013

Presenter: Brent Sanford, Watford City Mayor

My name is Brent Sanford. I am the mayor of Watford City. Thank you Chairman Holmberg and Committee members, for the opportunity to speak in support of the un-amended version of HB 1358. I am speaking for Watford City and the other smaller oil country cities. The house version of HB 1358 is a historic comprehensive oil impact funding bill for local impact needs. We thank Representative Skarphol for his tireless work in crafting the bill. It brought together oil producing counties, hub cities, small oil country cities, hub city schools, airports, health care facilities, townships, law enforcement, emergency service providers and fire districts. The amendments take out the direct allocations to most of these above mentioned entities and drastically reduces the allocations to cities and schools while slashing the funding for County road projects.

Each time I have testified on this bill or it's counterpart, SB 2258, I have stressed the importance of the increase in the allocation distribution percentages from the 5% gross production tax (GPT) to the impacted local governments. This bill raises the final bracket of the local share of GPT to 25%, from 10%. This part of the bill is the single greatest component for solving the infrastructure funding problems that have plagued the oil producing communities. A higher % share of GPT allows local impacted counties and cities to plan ahead with more adequate and more predictable recurring revenues. Predictable enough to perform future planning and budgeting. Predictable enough to leverage for revenue bonding purposes. Currently, we have to wait for the impact grant rounds, then finalize design and hope we aren't too late to miss the construction season. These higher percentage allocations of the GPT revenues would put us on a path towards self-reliance gradually reducing the needs for the one-time impact grant funding. The GPT allocation is the best way to mirror funding with the energy impacts occurring in the particular county. A disappointment from the Senate Finance and Tax amendments on the GPT distribution is that the city's share of the local distribution has been dropped from 20% to 15% with the other 5% going back to the County. At least it stays local, but I am unsure of why the need to take away from Cities at this point. We are the ones expected to house the workers. Another disappointing aspect of the amendments is 10% of the GPT formula going out of the County into the competitive oil impact fund pot.

Each time I have testified, I also have thanked you for the energy infrastructure impact grant funding of $130,000,000 from last session. It has allowed communities to lay trunk water and sewer lines, improve lagoons, build firehalls, improve law enforcement facilities, provide temporary housing for new schoolteachers in rapid enrollment districts... the list goes on and on. Thank you for the vision shown last session to put this kind of investment into local oil impacted infrastructure. The current impact fund figure for HB 1358 has risen from $150 million to $250 million. Either way, there are $ billions of needs in local infrastructure out here that can't be put onto the backs of the taxpayers. Each of the hub cities has $1 billion of needs. Watford City has $194 million of needs.

9

The challenge going into this biennium is that the core infrastructure needs for the oil communities have risen exponentially in two years as the monthly oil production has doubled. Not 5% or even 80%, the needs are in multiples. Watford City's core infrastructure needs are 9 times greater than they were last session. So since the energy impact grant funds aren't going up 9 times, it is forcing us to prioritize to the top 10% of our needs list. This is definitely slowing down development of the much needed housing in Watford City.

For Watford City we are currently prioritizing for the upcoming two construction seasons. We have a 2013-2015 infrastructure plan that totals $193,886,000 which would allow us to fulfill the population projections shown in the Vision West plan performed by NDSU and take advantage of the developers planning in all corners of the five mile by five mile square around Watford City. We have the following needs by area:

• Water System Improvements	$25,032,000
• Wastewater System Improvements	$40,659,000
• Existing Transportation Improvements	$ 9,725,000
• Expanded Transportation Improvements	$118,141,000
• Master Planning	$ 329,000
Total	$193,886,000

Below are the individual projects from the previous categories that absolutely have to be bid soon to begin construction this season, or the progress and current developments will grind to a stop in Watford City. Not completing these projects would create impossible bottlenecks resulting in new homes and apartments sitting without water and sewer access, if not begun ASAP.

• Water System Improvements	
o Northwest Water Tower	$ 3,290,000
o East Water Tower	$ 3,422,000
• Wastewater System Improvements	
o Land Purchase (agreement signed – 107 acres)	$ 2,675,000
o Secondary Storage expansion (to 7,500 pop.)	$ 9,930,000 (currently good to 2,500 people)
o Wastewater Treatment Existing Pond Rehab	$ 1,768,000
Total	$ 21,085,000

So how will we pay for this? Last biennium from Energy Impact grant awards, we received $12,000,000 from the first round and $4,000,000 from the second round. It is conceivable that if we were to receive similar awards to last biennium, in combination with the increased GPT distributions from the original version of this bill, we could fund these projects without further indebtedness. The second list above represents the minimum necessary to keep the current housing developments moving forward. The Senate Finance and Tax amendments reduce the GPT distributions we would have received by 1/3, or $3 million. This amount is equal to one water tower.

Speaking of bonding debt, questions were raised in the SB 2258 hearing regarding Watford City's ability or inability to borrow money for these improvements, as other citizens borrow for their own infrastructure in other ND cities. We had a meeting with our bond consultants, Dougherty and Company to officially discuss the market's appetite for further borrowing from a community of our size. One of the key ratios the bond market assesses is debt per capita. Watford City's current borrowing consists of $1,853 per capita. So our existing debt per capita ratio already compares to other cities with higher bonding levels per capita who fall in the $2,000-$3,000 area. Before we would even begin to explore borrowing for some portion of the $172,000,000 of unfunded projects from our $193,000,000 core infrastructure needs plan. Our consultants, Dougherty and Company, were not inclined to put together any debt offerings to push us over that per capita debt level, so the answer for the shortfall is that the developers will have to pay for City core infrastructure projects as "off-site" improvements, or they won't be able to hook into the water and sewer trunklines we constructed this biennium or the water towers and lagoons we plan to construct next biennium. They view this as heavy handed, but we have little choice. It no doubt will slow down the developing in and around Watford City.

During testimony on HB 1358 on the House side, a question was brought up whether projects could actually even be completed if these large requests for infrastructure money were awarded. During the last biennium we constructed $16,000,000 of sewer and water trunklines using 5 different general contractors. Most of them being from out of state. We are at substantial completion for most of these projects. We could have undertaken more projects and still handled the load. We have a talented city planner, public works superintendent and building inspector on staff. We contract with AE2S for the construction management and project monitoring. Our team feels they could handle a lot more as these projects were all pipelining of sewer and water mains, and installing lift stations. Whereas this summer's projects are more new construction in nature– lagoon and water tower construction.

To another concern raised in the HB1358 hearing regarding contract prices, we feel there was adequate competition to keep prices down, as evidenced by all of the projects coming in at or below engineer's estimates.

In summary I would like to thank you for considering this comprehensive local oil impact funding bill. We are very supportive in the form of the House version. Not so much on the amended Senate Finance and Tax version. We feel there were too many cuts in the County Road funding as well as in the City and School funding areas. And by completely cutting out the hospital, emergency services, sheriff departments and fire districts, this will put them back into the competitive pot of the oil impact fund. I want to close with the fact that a lot of us small oil country towns need lagoon upgrades, let alone new corridor roads, new water and sewer trunklines and water towers. We small cities do not have the borrowing base to bond for all of these items. We small cities in the center of the Bakken play, in between the hub cities, need to be able to house the future long-term oil and gas production and maintenance employees. Without the ability for employees to live within 15-30 minutes of their job, it will be difficult for our oil operators to recruit and retain the production and maintenance staff of the future. Housing in the middle of the hub cities is very important in the long term to keep the oil tax revenue stream flowing. Thank you

Doug Graupe
4-9-13
HB 1358
#10

Testimony to the

Senate Appropriations Committee

Prepared April 9, 2013 by

Doug Graupe, Divide County Commissioner

President – North Dakota County Commissioners Association

Regarding: Engrossed House Bill No. 1358 With Senate Amendments

Mr. Chairman and members of the Senate Appropriations Committee my name is Doug Graupe. I am a Divide County Commissioner and President of the North Dakota County Commissioners Association.

I am here to ask you to restore the HB 1358 to the form it was passed by the House of Representatives.

I testified in front of the Senate Finance Committee when it was first heard by the Senate. That hearing was held in the Brynhild Haugland Room and it was full. That day no one spoke in opposition to this bill. Testimony was heard about the need that we have in rural North Dakota and why this bill was so important for meeting those needs.

We need the funding for County and township infrastructure being destroyed by Oil Truck traffic. We need the funding for EMS, Sheriff's departments, and fire departments that are in such demand and being overwhelmed. We need the funding for schools bursting at the seams to meet the increased enrollment. We need the funding for cities that have a difficult time meeting the demands being placed on them. We need the funding for hospitals losing thousands of dollars by providing mandatory emergency room care.

Please do the right thing and restore the funding so needed in rural North Dakota. Thank you.

#11

Shawn Kessel
HB 1358
4-9-13

North Dakota House Finance and Taxation
House Bill No. 1358
April 9, 2013

Mr. Chairman and members of the committee, my name is Shawn Kessel. I serve as the City Administrator of the city of Dickinson. I am here today to speak against the recent amendments made to House Bill No. 1358.

The City of Dickinson and Southwest North Dakota are currently experiencing significant population growth and multiple oil related infrastructure and social impacts. To help Dickinson prepare for and manage the infrastructure needs due to the oil impacts, Dickinson retained KLJ Engineering in June 2011 to develop a Comprehensive Plan (Dickinson 2035: Roadmap to the Future) and retained North Dakota State University in September 2011 to develop housing and population projections. NDSU issued its report in August 2012 and KLJ issued its Draft Comprehensive Plan in November 2012. These documents are available at www.dickinsonplan.com.

NDSU forecasts Dickinson will reach a service population of 47,000 people by 2022. Its permanent population is expected to stabilize by 2030 at about 42,000. The 2010 Census listed Dickinson at 17,787 people; 2012 US Census estimates place Dickinson at over 26,000 – a gain of over 8,000 people!

Dickinson, in 2010-2011, was the fourth fastest growing Micropolitan in the United States. In 2011-2012 we were the third fastest growing Micropolitan in the US. The table below indicates, Dickinson's growth has accelerated.

City of Dickinson	2010	2011	2012
New Construction Permit Values	$75,414,000	$123,515,000	$389,495,000
New Building Permits (Res-Com-Ind)	258	255	783
Housing Units	211	331	1,517
City Size	6,734 acres	6,817 acres	8,237 acres

During the past two years the city's new building permit values have grown five times and its footprint has increased by 22%. We expect building permits to approach $500 million in 2013. Dickinson's population growth is substantial and we believe sustainable. Based on the housing forecast Dickinson has the potential to increase its current stock of housing by 80 percent in 10 years.

The City's infrastructure is under stress and in several aspects, maxed out. We are adding new properties to the system every day. Both the City's water distribution and its wastewater collection and treatment systems are experiencing significant capacity issues. The existing water system was evaluated in terms of water pressure, fire flows, and overall water storage. The planning process revealed that much of Dickinson does not meet fire flow standards, due to several reasons including inadequate water storage, and water pressure. Dickinson water consumption has grown by 46% to just over one billion gallons in the past two years.

The Draft Dickinson Comprehensive Plan states, *"The City of Dickinson has exceeded the planned capacity of its existing wastewater collection and conveyance system. The system has been performing adequately for current conditions; however, major improvements will be needed to accommodate future growth."*

The table below outlines the major projects Dickinson is undertaking during this biennium and the recommended projects for the new biennium (Exhibit "A"). The projects listed on Exhibit "A" are all city wide projects and are not specific to any one neighborhood. Infrastructure that is specific to a development is paid for the developer. Dickinson's funding deficiency for the current biennium is $42.1 million. Dickinson may be forced to take on debt of $115 million by the end of 2014.

City of Dickinson

	Biennium Ending 6/30/13	**Biennium Ending 6/30/15**
Water Projects		$82,600,000*
Waste Water Projects	$48,400,000**	$44,800,000*
Public Works Building	$18,000,000	
Public Safety Center	$8,000,000	
Subtotal	$74,400,000	$127,400,000
State of North Dakota Impact Funding	$7,500,000***	$7,500,000***
City of Dickinson Funds	$20,000,000****	$0
Funding Deficiency	$46,900,000	$76,000,000
City of Dickinson Debt	$40,500,000*****	$74,500,000

*See Exhibit "A" for detail

**Mechanical Waste Water Treatment Facility currently under construction.

***Senate Amended HB 1358

****Commits Dickinson's ½% sales tax monies through 2016

*****State Revolving Fund; 20 year term at 2.5%; annual payment of $2,600,000

I have not included costs for the City's major transportation projects. I am assuming the North Dakota DOT will provide the funding for the major projects. I have also not included landfill expansion costs. Dickinson operates a regional landfill that serves 23 other area communities. Increased solid waste volumes will require expansion. I have not included any monies for the Theodore Roosevelt Regional Airport. We are expecting additional funding needs for air and ground transportation and solid waste management during the next biennium. We have yet to determine final project priorities and cost estimates for the landfill, the airport, and city street extensions and signals.

I am frequently asked about the impact to city revenues due to the increased sales and property tax collected by the city. The City of Dickinson has a 1% and a ½% sales tax imposed on separate occasions by a vote of the people. Each sales tax is subject to different restrictions as outlined below on how the funds may be used.

One Percent City Sales Tax (1%) Use of Funds

- 50% shall be dedicated to bonded indebtedness, property tax reduction, and infrastructure (streets, water, and sewer). *This fund has historically been used to fund the city's share of street projects such as chip seals, mill and overlays, major reconstructions, and construction of new urban streets.*
- 30% shall be dedicated to capital improvements to enhance social and economic vitality of Dickinson and the Southwest area.
- 20% shall be dedicated to job creation and senior citizen activities.

One Half Percent City Sales Tax (1/2%) Use of Funds

- Construction of a public building (community center) to be used for the purpose of an aquatic center, gymnasium and related uses
- Operation, maintenance and repair expenses for community center
- Property tax reduction and infrastructure (streets, water and sewer)

The table below has three years of sales tax collections. During this time sale tax collections have doubled illustrating the dramatic energy impact on Dickinson. While the increases are substantial they do not come close to providing sufficient revenue to fund Dickinson's numerous infrastructure requirements.

Sales Tax Collections	2010	2011	2012
1%	$3,538,219	$5,000,809	$7,062,878
½%	$1,769,110	$2,500,404	$3,531,439

The ½% sales tax is the city's least restrictive and most versatile tax. Now that the bond on the West River Community Center has been retired, the majority of this tax is used to reduce property tax ($744,600 in 2013) and invest in infrastructure. Monies from this tax will be used towards the Public Works Building and the Public Safety Center.

The City of Dickinson levies property tax dollars and not mills. The City attempts to keep its share of property taxes stable on a per property basis with increases if any within the general rate of inflation. This is particularly challenging given the city's high cost environment and rapid development that result in volatile changes in individual property values.

Given the many additions of new property to the city tax rolls, Dickinson's increase in property tax collections have been very modest. Furthermore, as the table below illustrates, property taxes fund a relatively small portion of the City's general fund expenditures ranging from 23 to 33 percent.

City of Dickinson General Fund Property Taxes

City General Fund	2010	2011	2012	2013 Budget
Property Tax Collections	$3,025,219	$3,131,853	$3,273,199	$3,452,000
Expenditures	$9,215,923	$10,740,215	$14,405,940	$13,550,120
Property Tax as a % of General Fund Expenditures	32.83%	29.16%	22.72%	25.48%

The 34% increase in 2012 over 2011 General Fund expenditures is indicative of the oil impact on the City of Dickinson. The increase is due to multiple reasons such as building projects, additional staff, equipment, and increased demand for city services. See the attached Exhibit "B" for more detailed information. Also contributing to the variance are employee wage and salary increases which were greater than normal. While the 2012 increase in expenditures were large, the 2012 general fund preliminary revenue projection appears to exceed expenditures by about $600,000.

The decrease in General Fund expenditures for the 2013 budget is due largely to city owned land sales. City land sales are both revenue and expense to the General Fund because the proceeds from land sales are received into the General Fund and then at year-end transferred out of the General Fund into the City's Future Fund. City land sales in 2012 totaled $1,563,000. There is no city owned land sales budgeted for 2013.

#11

Dickinson is a major oil hub city. It has grown substantially. Much more growth is forecasted for Dickinson. The city is attempting to manage the oil impact "the right way" by planning. We retained experts to lead us through the comprehensive planning process employing objectivity and science to determine the required investments the city must take to cope with the energy impact and maintain its "quality of place". The planning is almost complete and the time for action is now. Dickinson must aggressively invest in its infrastructure now to accommodate the growth being thrust upon the city.

My testimony has focused on water and wastewater issues because the city has no option but to provide water and fire protection to the citizens of Dickinson and collect and treat the community's wastewater. We can defer traffic projects and force people to put up with traffic congestion but we cannot defer these essential water and wastewater projects. Without significant support from the State of North Dakota, Dickinson has no choice but to take on substantial debt if it is to provide the vital infrastructure to support the housing needed for North Dakota's energy development.

The oil boom of the 70's and the oil bust of the 80's and the excessive debt incurred by cities like Dickinson and Williston is what got us into trouble. Please do not let history repeat itself. Grant Dickinson sufficient funding so it can develop its infrastructure in a financially responsible manner. Any decrease in funding from pre-amendment levels will have a direct impact on our community's ability to provide infrastructure to proposed developments.

Thank you for the opportunity to present my testimony.

EXHIBIT "A"

City of Dickinson
Water & Wastewater Projects
Biennium Ending 6/30/2015

Water Projects

1.5 MG, 1 MG, and 2 .5 MG Water Storage Tanks	$16,040,000
12"-14" Transmission Main (10,500 feet) on south side of town	$ 5,280,000
10"-16" Transmission Main (29,900 feet) on east side of town	$15,420,000
8"-12" Transmission Main (30,700 feet) various locations	$15,420,000
East Side Pumping Station	$ 1,120,000
12' Transmission Main	$ 3,120,000
Finish Water Pumping Station	$ 3,000,000
Addition of Looping	$13,600,000
Subtotal	$73,000,000
Pre-Construction	$ 9,620,000
Total Water Projects	**$82,620,000**

Wastewater Projects

Lift Station #12 Upgrade & new Force Main	$ 8,590,000
West Lift Station and Force Main	$12,260,000
West Side Trunk Sewer Phase 1	$ 2,640,000
West Side Trunk Sewer Phase 2	$ 2,010,000
Lift Station #5 Upgrade & Force Main	$ 4,310,000
Gravity Sewer Decommission Lift Station #4	$ 730,000
Gravity Sewer Decommission Lift Station #17	$ 1,170,000
Basin 15, 16, 17 I/I Investigation and Remediation	$ 320,000
Septage Receiving Station	$ 1,350,000
Lift Station #14 Upgrade & Force Main	$ 3,940,000
Collection System Odor & Corrosion Control	$ 100,000
Subtotal	$44,400,000
Pre-Construction	$ 430,000
Total Wastewater Projects	**$44,830,000**

#11

EXHIBIT "B"

General Fund Expenditure Variances 2012 vs. 2011

City of Dickinson

Description	Amount
Additional Office Space: Remodel City Hall Basement	$500,000
Architectural & Engineering Fees for Public Works Building	$500,000
I-94 Bore for Water & Sewer	$400,000
Attorney Fees for Prosecution and other legal services such as annexation	$220,000
Additional Planner, Outsource building plan approvals & Comprehensive Plan	$550,000
Additional Public Safety employees and equipment	$750,000
Additional staff for HR, Assessor office,	$150,000
Employee housing: FEMA trailers	$100,000
Total	**$3,170,000**

Chad Peterson #12
HB 1358
4-9-13

Testimony to the
Senate Finance & Taxation Committee
Prepared April 9, 2013 by
Chad Peterson, Cass County Commissioner
North Dakota County Commissioners' Association

Regarding: House Bill No. 1358

Mr. Chairman and committee members, I am Chad Peterson, and I serve on the Cass County Commission and the Legislative Committee of the North Dakota County Commissioners Association. I am here today to communicate strong support for House Bill 1358 without changes or modifications to the original bill, which I previously testified on before it was passed by the House of Representatives. This is the same bill that filled one of our largest rooms and not one person spoke against it.

County Commissioners across the state understand that the Legislature, and particularly the Tax and Appropriations Committees, have a large challenge ahead in balancing the revenue available with the numerous needs of our vast state. In meeting that challenge with respect to infrastructure funding, we believe this bill is a huge step in the right direction.

The most recent Upper Great Plains Transportation Institute Study outlines the infrastructure investments necessary to support, maintain and enhance our energy, manufacturing and agricultural industries throughout the State. If left fully funded, HB1358 directly addresses these effects on county and townships roads throughout the state, as well related infrastructure concerns of oil-impacted cities and essential emergency services. From the perspective of an eastern non-oil impacted county, the appropriations as the bill came from the House for our county roads (Section 7) and township roads (Section 8) are critical. The county allocation in Section 7 by road miles, in the House version, was logical and appropriate as a one-time funding proposal.

More to a point; a recurring theme of the last two sessions has been property tax relief. In Cass County these dollars are going to be allocated directly to one-time expenditures that will reduce taxes that will otherwise be paid by local residents. Please see the attached sheet from the Cass County Highway department as to how this would directly impact property taxes. This is an important item that must not be forgotten in HB 1358.

Mr. Chairman and Committee members, thank you for the opportunity to provide this testimony.

WITH SB2176, SB2012, & HB1358 FUNDING	2013	2014	TOTAL	
10/11 Pleasant – Wild Rice River	$75,000		$75,000	
15/22 Gunkel – Cass 34 on Elm River	$250,000		$250,000	
5 Reed/32 Harwood – Rush River	$75,000		$75,000	
25 Everest/30 Durbin – Buffalo Creek	$120,000		$120,000	
35 Cornell/3 Tower - Cass 32 on Maple River	$130,000		$130,000	
10 Durbin – Township Bridge on Maple River	$450,000		$450,000	
15/16 Hill Twp	$150,000		$150,000	
35 Cornell/3 Tower Twp's	$250,000		$250,000	
12 Gill/7 Everest Twp's	$150,000		$150,000	
28/33 Empire Twp	$300,000		$300,000	
31/32 Highland Twp	*$150,000*		*$150,000*	Additional Project with SB2012
5/8 Hill Twp	*$150,000*		*$150,000*	Additional Project with SB2012
8/9 Mapleton Twp on Drain 14		$500,000	$500,000	
27/28 Amenia Twp		$700,000	$700,000	
1/2 Normanna Twp on Cass 36 south of Cass 16		*$700,000*	$700,000	Additional Project with SB2012
33 Hill/4 Clifton Twps		*$500,000*	$500,000	Additional Project with SB2012
Bridge Total	**$2,250,000**	**$2,400,000**	**$4,650,000**	
Cass 4 Paving - Hwy 11 to Hwy 81	$3,380,500		$3,380,500	
Cass 15 Grading/Paving - Kindred	$800,000		$800,000	
Subgrade Repair - 8 Miles - Hwy 10 Buffalo to Hwy 5	$1,200,000		$1,200,000	
Cass 31 Slide Repair 1 mile north of Hwy 20	$800,000		$800,000	
Cass 23 Ditch Grading 0.75 mile in east ditch	$200,000		$200,000	
C1 Paving from I94 to 4.25 miles north	$1,400,000		$1,400,000	
Cass 15 Paving - I94 to Hwy 16	***$3,900,000***		***$3,900,000***	**Additional Project with HB1538**
Cass 81 Paving 0.4 Miles north of Hwy 20		$120,000	$120,000	
Cass 20 Paving 2.4 Miles Hwy 17 to I29		$500,000	$500,000	
Cass 20 Turn Lanes/Paving 2.7 Miles I29 to Red River		$2,000,000	$2,000,000	
Cass 31 Paving 3.7 Miles Hwy 20 to 22		$1,100,000	$1,100,000	
Cass 22 Paving from Hwy 11 east 2.0 Miles		$500,000	$500,000	
Cass 81 Paving Hwy 16W north 5 miles (not including Federal Funds)		$350,000	$350,000	
Draintile - 25 Miles		$500,000	$500,000	
Cass 14 Paving Hwy 81 to I29		*$110,000*	*$110,000*	Additional Project with SB2012
Cass 21 Paving from Hwy 14 to Hwy 16		*$450,000*	*$450,000*	Additional Project with SB2012
Cass 38 Grading - I94 to Hwy 6W		***$5,000,000***	***$5,000,000***	**Additional Project with HB1538**
Cass 15 Grading/Paving - I94 to Hwy 10		***$1,500,000***	***$1,500,000***	**Additional Project with HB1538**
Highway Total	**$11,680,500**	**$12,130,000**	**$23,810,500**	
Highway and Bridge Total	**$13,930,500**	**$14,530,000**	**$28,460,500**	

Testimony to the Senate Appropriations
Chairman Ray Holmberg
Prepared by Curt Zimbelman, Mayor of Minot
Mayor@minotnd.org

Curt Zimbelman
HB 1358
4-9-13

13

HOUSE BILL 1358

Chairman Holmberg, Senate Appropriations Committee members, my name is Curt Zimbelman, Mayor of Minot. I urge a DO PASS with **amendments** to House Bill 1358.

Mr. Chairman and members of the committee, earlier this session I appeared before you in support of funding for communities impacted by energy development in western North Dakota. We have distributed a brochure with this testimony that highlights the impacts from energy development to Minot. The document really speaks for itself in terms of the impacts. For example, Minot's immediate water and sewer needs exceed seventy-three million dollars ($73M). Minot has been taking steps to do our share by raising utility rates to pay for sewer and water infrastructure. Most recently, we increased our rates for 2013 by twenty-two percent (22%). Although we are well aware of the financial risk, we are using special assessment districts, in an unprecedented way, for streets and storm sewers to address our tremendous infrastructure needs.

To fairly address these documented energy impact needs, we are requesting up to $20M from the State in this Biennium. We prefer that be delivered by adjusting the hub city formula you see in the bill. We do have a couple of proposals in that regard and if the committee is interested we can get them to you.

If that adjustment is not made, as an alternative we respectively request that the Committee reinsert the struck language in Section 4, items 6 and 7. This would continue the policy adopted by this body two years ago, setting aside thirty-five percent (35%) of the energy impact fund for what we now call hub city applicants, and sixty-five percent (65%) for all other

political sub applicants. That is a good policy allocation which prevents our large cities from competing directly against our less populated political subs in the grant process. Again, Minot needs up to $20 million from the State to meet our responsibilities to our citizens. Ensuring adequate funds for the hub cities is crucial for these regional service center communities, which are being significantly impacted by energy development.

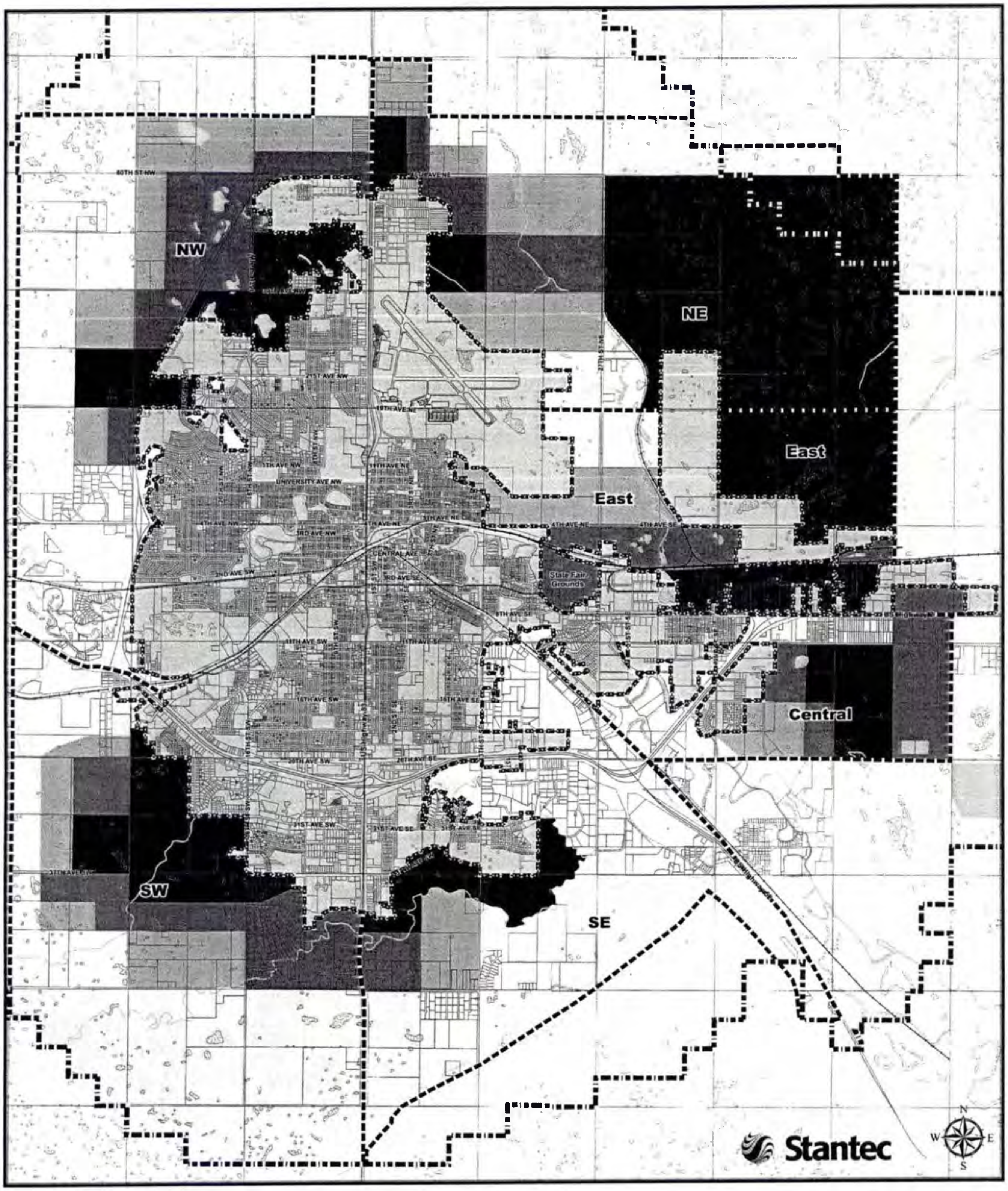
I respectively urge the Committee to either increase the formula for hub cities or reinsert Section 4 items 6 and 7. Thank you for your time today and for considering the testimony I have presented. I would be happy to address any questions.

ENERGY IMPACTS
To Minot
2013 North Dakota Legislature

14
Curt Zimbelman
HB 1358
4-9-13

Future Growth Areas

City of Minot



2-Mile Jurisdictional Boundary
Growth Area Boundaries
City of Minot (2011)
Phase 1
Phase 2
Phase 3
Phase 4
Phase 5
Railroad
Streams
Open Water
Wetlands

The City of Minot has identified **$350 Million** in impacts from oil for 2013-2015

Amazing growth is underway in Minot. Despite a devastating flood in 2011 the City population has ballooned to nearly 50,000, with schools, hotels, roads and businesses feeling an obvious oil impact. The increase in traffic, energy companies, airport boardings, garbage collection and building permits makes for some very difficult "development pains" within the City. As Minot is a regional commercial, travel and population hub for North Dakota, significant outside assistance is needed if the City is to sustain the high quality of life and service to both long-time and new residents.

Many of the needs in Minot revolve around one of five categories: water and sewer, airport, major roads and intersections, public safety, and public facilities. The key to solving one of the area's largest problems, the ongoing regional housing crunch, is through adequate water, sewer and road infrastructure. With the additional population comes a need to ensure adequate law enforcement, fire department and airport services. Addressing these various challenges now will help ensure the City of Minot can appropriately handle the impact of oil development in this region for years to come.

To date, the City and its residents have already borne a large portion of the oil impact burden. In order to keep up with water, garbage and sewer demands, the City Council approved a 22 percent utility cost increase for 2013. Residents who were paying an average bill of $72.68 will now be paying $88.82. This is still not enough to offset the millions of dollars needed for water and sewer projects. Along with this increase, the Council added additional manpower and salaries to the existing staff, in an effort to retain and hire employees as well as address the extreme strain on services. The value of a mill increased from 116 to 143 per $1,000 of mill levy from 2012 to 2013 (due mostly to higher property values) yet the City still needed to raise the mill levy 13 percent for the upcoming year to offset the oil growth impact.

During the last biennium (2011-2013) the City received approximately $5.3 million in oil impact funding.

The City is working overtime to handle projects, needs and growth but simply can't fund the large cost of these endeavors on its own. Addressing the challenges now, with oil impact funding, will help ensure the City of Minot can appropriately handle the impact of development in this region.

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Updated on 12.15.2012

Impact by the Numbers:
Minot's growth due to Oil/Energy

People
2000 Census – 36,500
2010 Census – 40,888
2012 Estimate – 45,000 to 50,000

Airport Usage
2009 – 3 Daily Flights, 70,000 boardings
2011 – 8 Daily Flights, 150,000 boardings
2012 – 12 Daily Flights, 220,000+ boardings

Hotel/Lodging
Start of 2011 – 1,800 rooms available
End of 2013 – projected 3,500 rooms
(85% occupancy even with the growth)
Ten new hotels opened in 2012 (800+ rooms)

General Traffic
So. Broadway (U.S. 2 & 52 ramp) Traffic Counts
2008 – 20,910
2011 – 35,510

Garbage Count
2008 Residential Garbage – 220 tons/week
2011 Residential Garbage – 320 tons/week
2008 MSW at Landfill – 42,000 tons
2011 MSW at Landfill – 75,000 tons
*The 2011 count does not include Mouse River Flood debris.

Energy/Oil Companies
2010 – 17 companies with 560 employees
2012 – 53 companies with 2,901 employees

School Enrollments
Overall Enrollment
2008 – 6,216 students
2010 – 6,548 students
2012 – 7,158 students

Kindergarten Enrollment
2008 – 560
2010 – 619
2012 – 752

Building Permits
Dwelling Units
2010 – 652
2011 – 1,132
Through November 2012 – 1,364

Single-Family Permits
2010 – 134
2011 – 286
Through November 2012 – 358

Apartment Permits
2010 – $29.8 million
2011 – $43.2 million
Through November 2012 - $49.5 million

Overall Permit Activity
2009 – $65.9 million
2010 – $100 million
2011 – $204.5 million
Through December 15, 2012 - $297.2 million

WATER & SEWER

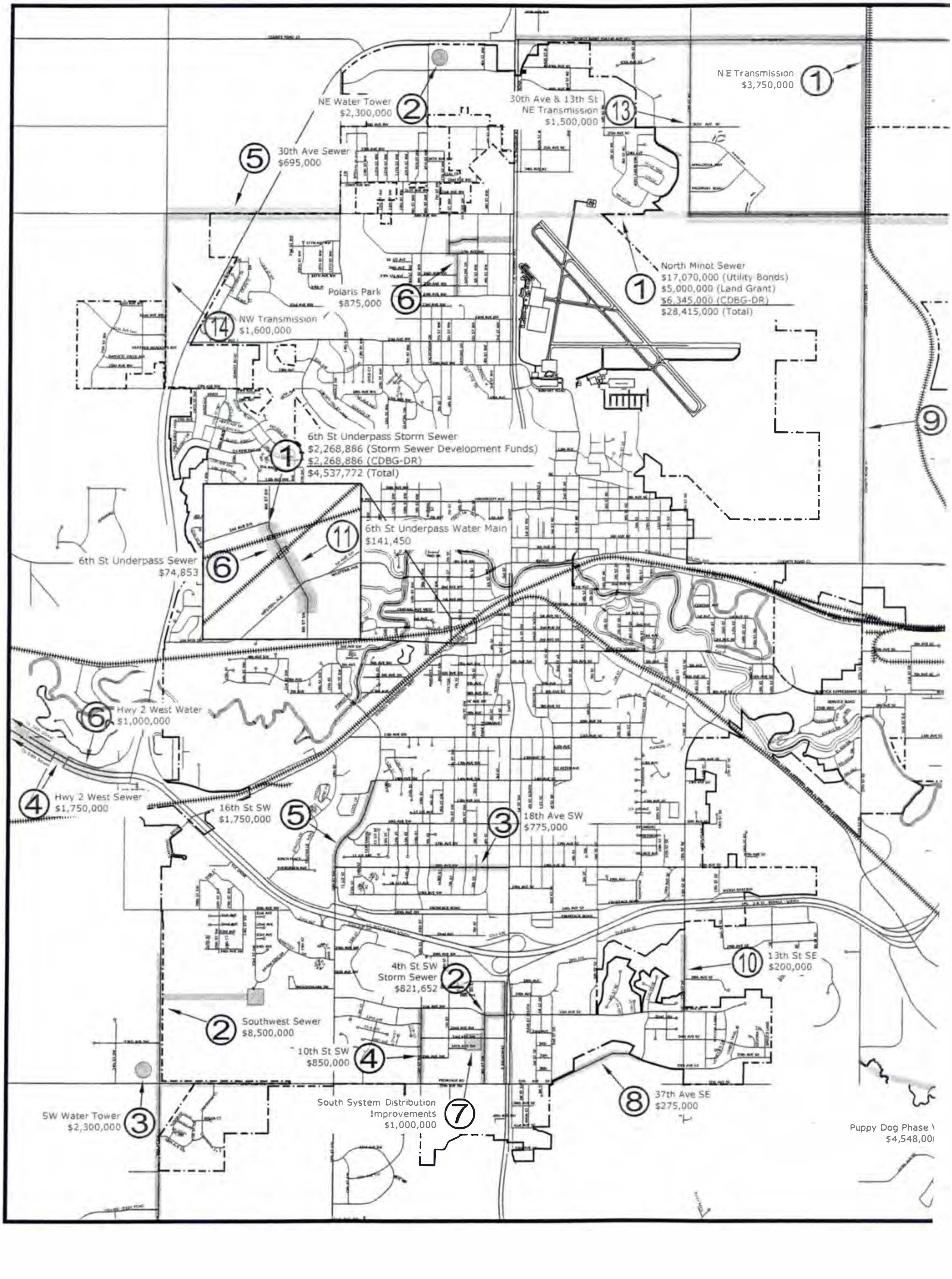
In order to properly provide for additional housing and retail developments due to energy impact, the City of Minot needs to expand water and sewer lines. The current system is set up to drain waste water from the hills on the north and south sides of Minot into the valley, through gravity lines, and then use a force main line to pump the waste out to the City's lagoons southeast of town. This system is full. Some upgrades are being done to pump more waste through the valley – but even those lines can only serve so many housing developments. The City in 2012 had to turn away almost 700 acres of housing projects and retail developments or slow down their desired growth because of a lack of water and sewer lines.

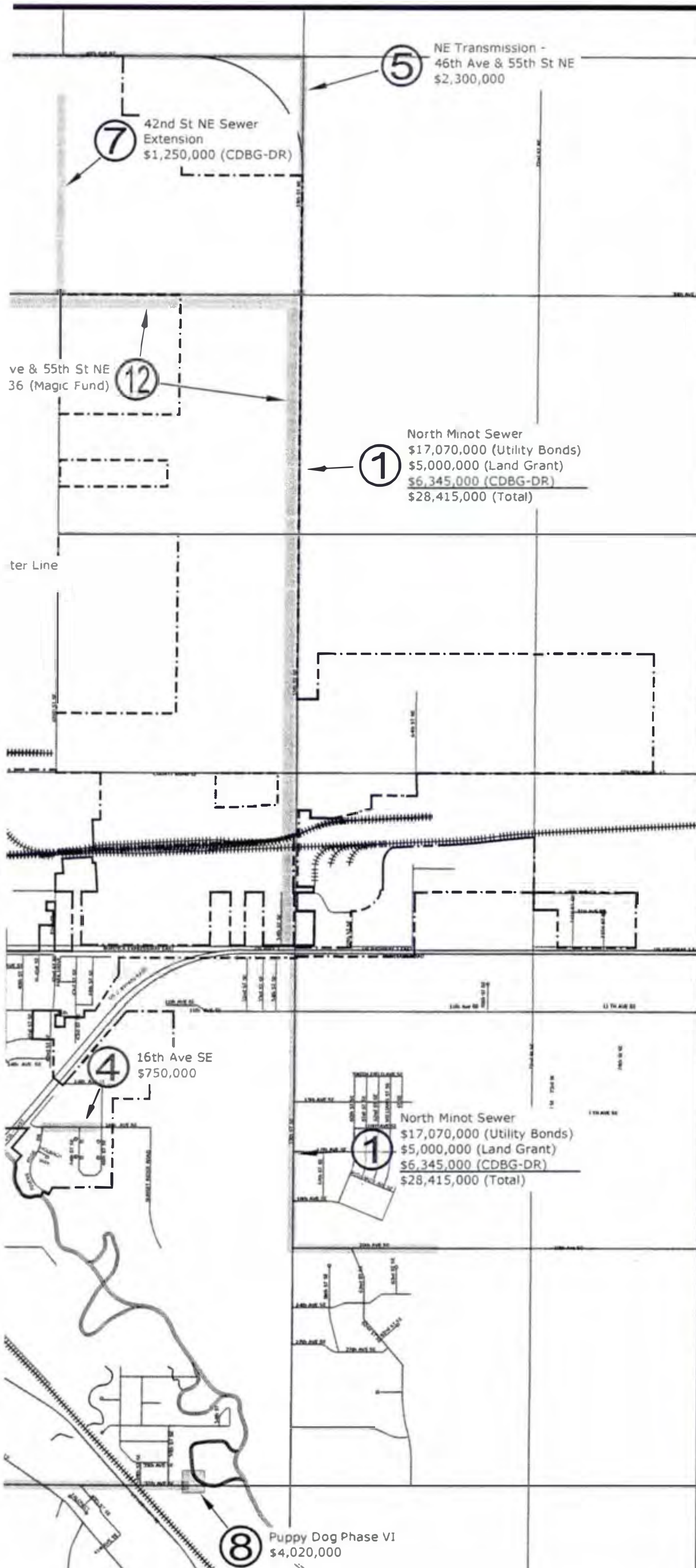
For this reason, the City of Minot needs to spend more than $45 million over the next three years in new and upgraded sewer lines. The largest project is the North Minot Sewer Project. This 8-mile line of new sewer will provide for upwards of 13,000 new acres of development in north and east Minot. This would provide space for 15-30,000 new residents. State funding is being requested for this project, and others, because the primary method for paying for large new sewer or water lines is utility bonding. If the City of Minot has to bond for these new projects, it would be required to place this burden on residents' utility bills – raising them by 20 to 40 percent.

The City also needs to spend more than $20 million from 2013 to 2015 to upgrade water lines, water towers and the water treatment plant. Some of these costly efforts can be supported by Northwest Area Water Supply project funding, but Minot estimates that almost $15 million will not be funded through NAWS. Again, like the sewer improvements, the primary way for the City to pay for these needed improvements is through utility bonding. This funding source will cause an excessive burden on the residents of Minot because their utility bills would go up significantly to cover the energy development growth happening in Minot.

PROJECT	ESTIMATED COST
North Minot Sewer Improvements	$28,415,000
NE Transmission - 27th St from 30th to 46th Ave - 27th St along NE by-pass	$3,750,000
SW Sewer Improvements	$8,500,000
NE Water Tower	$2,300,000
SW Water Tower	$2,300,000
Puppy Dog Improvements Phase V	$4,548,000
16th Ave SE Watermain Upsizing (42nd to 46th)	$750,000
NE Transmission - 27th St to 55th St along 46th Ave & South to 30th Ave along 55th St	$2,300,000
Hwy 2 West from 33rd St to 54th St (Sewer)	$1,750,000
Hwy 2 West from 33rd St to 54th St (Water)	$1,000,000
South Minot Distribution Improvements (Water)	$1,000,000
30th Ave NW Sewer Extension	$695,000
42nd St NE Sewer Extension (30th - 46th Ave)	$1,250,000
37th Ave SE - 11th St to 2nd St	$275,000
27th St Water Line - 30th Ave to CR12	$200,000
13th St SE - Puppy Dog Coulee to 31st Ave	$200,000
30th Ave NE - 27th to 42nd St	$3,764,436
30th Ave to 13th St NE Transmission	$1,500,000
6th St Underpass Water/Sanitary/Storm Sewer	$4,754,075
4th St SW - 31st Ave to 37th Ave	$821,652
18th Ave SW - Broadway To West	$775,000
10th St SW at 31st Ave	$850,000
16th St SW - 12th to 20th Ave	$1,750,000
Total:	**$73,448,163**

The Governor's Budget recommendation consists of a $214 million funding request toward the Oil & Gas Impact Grant Fund. Of that amount, the City would like to see $15 million appropriated or earmarked for the City of Minot to address water, sewer and other infrastructure needs.


NE Transmission
$3,750,000
1
NE Water Tower
$2,300,000
2
30th Ave & 13th St
NE Transmission
$1,500,000
13
5
30th Ave Sewer
$695,000
North Minot Sewer
$17,070,000 (Utility Bonds)
$5,000,000 (Land Grant)
$6,345,000 (CDBG-DR)
$28,415,000 (Total)
1
Polaris Park
$875,000
6
14
NW Transmission
$1,600,000
9
6th St Underpass Storm Sewer
$2,268,886 (Storm Sewer Development Funds)
$2,268,886 (CDBG-DR)
$4,537,772 (Total)
1
11
6th St Underpass Water Main
$141,450
6th St Underpass Sewer
$74,853
6
6
Hwy 2 West Water
$1,000,000
4
Hwy 2 West Sewer
$1,750,000
16th St SW
$1,750,000
5
3
18th Ave SW
$775,000
10
13th St SE
$200,000
4th St SW
Storm Sewer
$821,652
2
2
Southwest Sewer
$8,500,000
10th St SW
$850,000
4
SW Water Tower
$2,300,000
3
South System Distribution
Improvements
$1,000,000
7
8
37th Ave SE
$275,000
Puppy Dog Phase \
$4,548,00



* Any item that does not identify a funding source is 100% City funds. (Utility bonds, highway bonds, or special assessment.)

City of Minot

N

Scale: 1" = 3500'
Created November 8, 2012

Projects

- Sanitary Sewer
- Lift Station
- Storm Sewer
- Water
- Water Facilities
- Water Tower

Sanitary Sewer Projects

#	Project Title	Cost
1	North Minot Sewer	$28,415,000.00
2	Southwest Sewer Improvements	$8,500,000.00
3	Puppy Dog Improvements Phase V	$4,548,000.00
4	Hwy 2 West from 33rd St to 54th St	$1,750,000.00
5	30th Ave NW Sewer Extension	$695,000.00
6	6th St Underpass Sanitary Sewer	$74,853.00
7	42nd St NE Sewer Extension (30th - 46th Ave)	$1,250,000.00
Total		$45,232,853.00

Storm Sewer Projects

#	Project Title	Cost
1	6th St Underpass Storm Sewer	$4,537,772.00
2	4th St SW - 31st Ave to 37th Ave	$821,652.00
3	18th Ave SW - Broadway To West	$775,000.00
4	10th St SW at 31st Ave	$850,000.00
5	16th St SW - 12th to 20th Ave	$1,750,000.00
Total		$8,734,424.00

Water Projects

#	Project Title	Cost
1	Transmission Line - North Broadway to 27th St along NE Bypass & 27th St from 30th to 46th Ave	$3,750,000.00
2	NE Water Tower	$2,300,000.00
3	SW Water Tower	$2,300,000.00
4	16th Ave SE Watermain Upsizing (42nd to 46th)	$750,000.00
5	NE Trans. - 27th St to 55th St along 46th Ave & South to 30th Ave along 55th St	$2,300,000.00
6	Hwy 2 West from 33rd St to 54th St	$1,000,000.00
7	South Minot Distribution Improvements	$1,000,000.00
8	37th Ave SE - 11th St to 2nd St	$275,000.00
9	27th St Water Line - 30th Ave to CR12	$200,000.00
10	13th St SE - Puppy Dog Coulee to 31st Ave	$200,000.00
11	6th St Underpass Water Main	$141,450.00
12	30th Ave and 55th St NE Transmission Line	$3,764,436.00
13	30th Ave and 13th St NE Transmission Line	$1,500,000.00
Total		$19,480,886.00

Grand Total	$73,448,163.00

The Minot International Airport is located on the northeast side of the city and has experienced incredible growth in the past four years. Enplanements have grown 50 percent every year, since 2009. It is projected that the Airport will top 220,000 boardings in 2012, more than three times the number in 2009. A conservative projection of growth over the next ten years, has the Airport handling 400,000 enplanements by 2021.

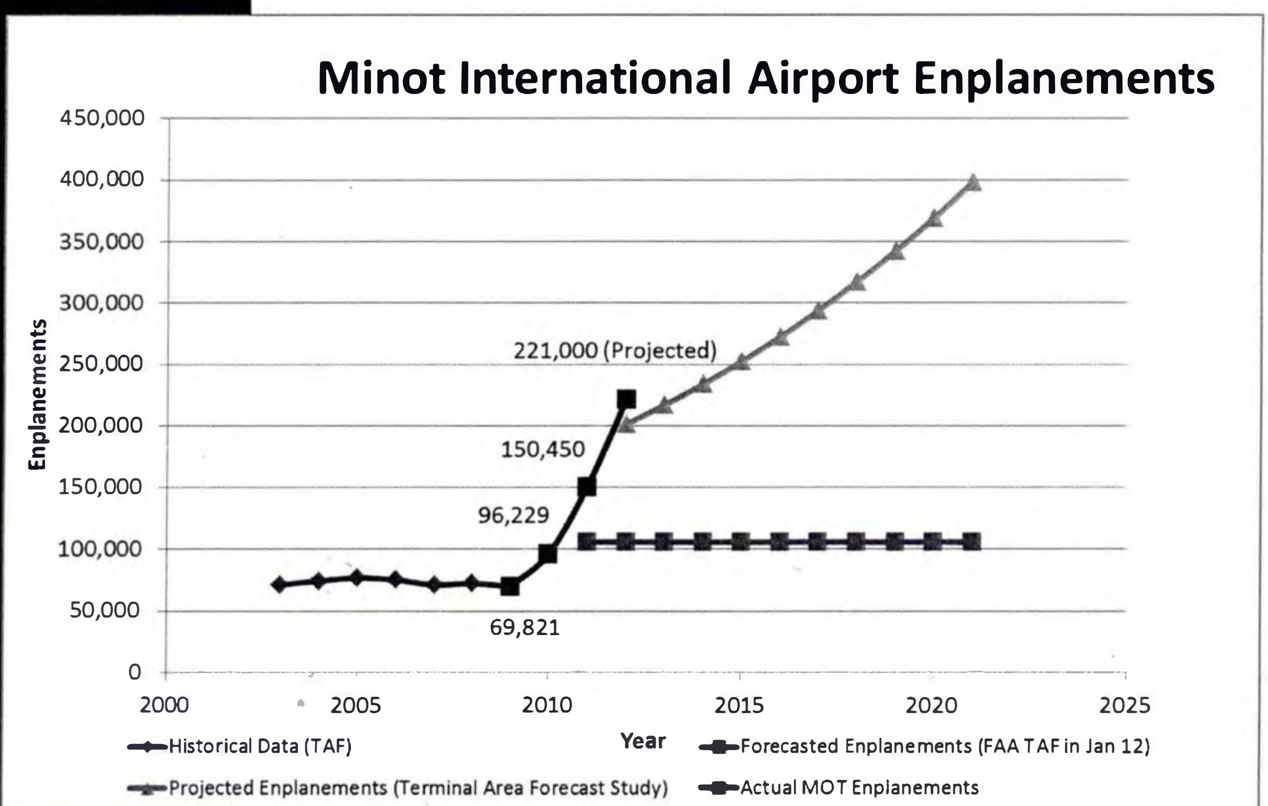
The current airport terminal was finished in 1991, has a small ramp, two gates and is designed, at 34,000 square feet, to handle up to 100,000 passenger boardings a year. It was not built to be easily expanded. For close to two decades the airport averaged 70,000 passengers a year and handled three daily flights to Minneapolis.

Today, the same terminal building is bursting at the seams, handling more than 20,000 enplaned passengers a month. Passengers are now going to Denver and Minneapolis on 12 daily flights, and Phoenix, Las Vegas and Denver on low-cost flights multiple times a week. A quick count of the current vehicles in the quickly-enlarged parking lots indicates who is using the airport. With between 70 and 75 percent of license plates showing an out-of-state license, it is easy to conclude that the growth at the Minot International Airport is coming directly from our state's energy boom.

License Plates
on cars parking at MOT

North Dakota	291
Other states	577
Canada	132

Done on a typical Friday afternoon, 1,000 vehicles

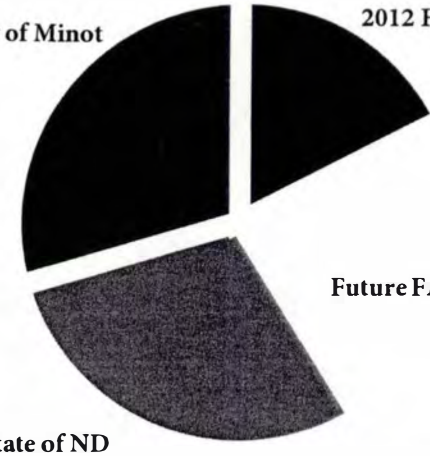


The projected number of passengers over the next ten years will put Minot on pace to handle roughly the same number of people as airports in Sioux Falls and Fargo. These terminals are between 118,000 and 175,000 square feet, have four or more gates and more than 1,000 parking spaces. In researching the fastest, most cost-effective way to keep up with oil boom growth, Minot received a thorough review of the options as researched by professional consultants hired by the City of Minot.

A cost and time analysis was done on moving the entire airport complex (terminal, parking lots, runways and all associated buildings) to a location 5-8 miles outside of town. This cost came in at roughly $350 million and would take a minimum of 7 to 10 years to accomplish.

A cost and time analysis was done on the option of expanding the current 20-year-old terminal building on both the east and west ends. Due to the current location of baggage check-in, security and other operations, the cost came in at approximately $100-115 million and would not be finished until 2016 or later.

The third option of building a new terminal near the current facility, taking advantage of many existing buildings, runways and parking lots, proved to be the most cost-effective and timely. Design and engineering is currently underway on a project that will cost roughly $85 million and is scheduled to be completed in 2015.

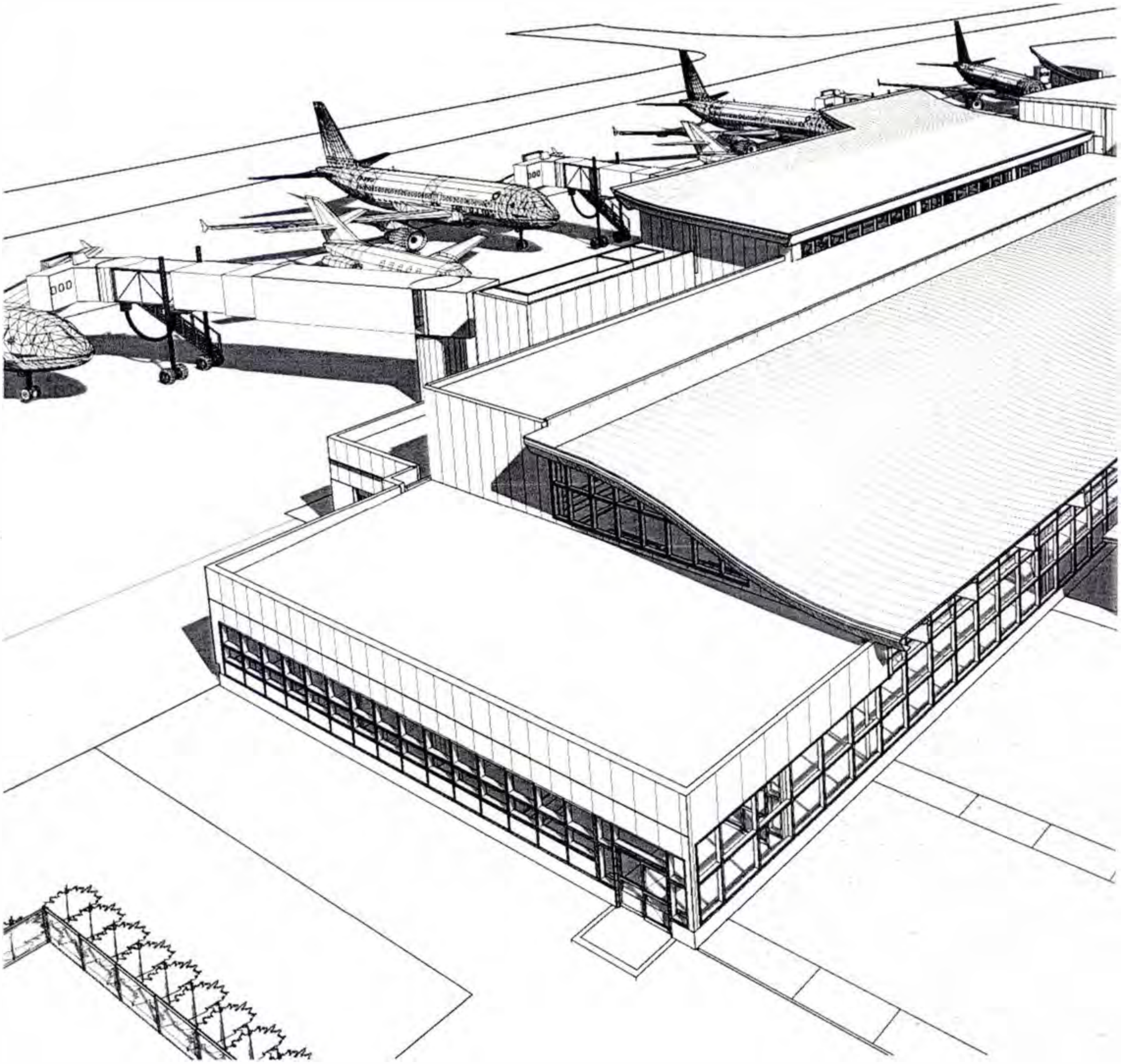


$15 million – 2012 FAA funding
$20 million – Future FAA funding
$25 million – City of Minot
$25 million – State of North Dakota

The Governor's Budget request includes $60 million targeted to oil-impaced airports to address growth challenges. The Governor's Budget proposes this funding through the Oil & Gas Impact Grant Fund. The City of Minot is seeking a minimum of $25 million from this allocation to ensure that its proposed airport expansion can be completed by 2015.

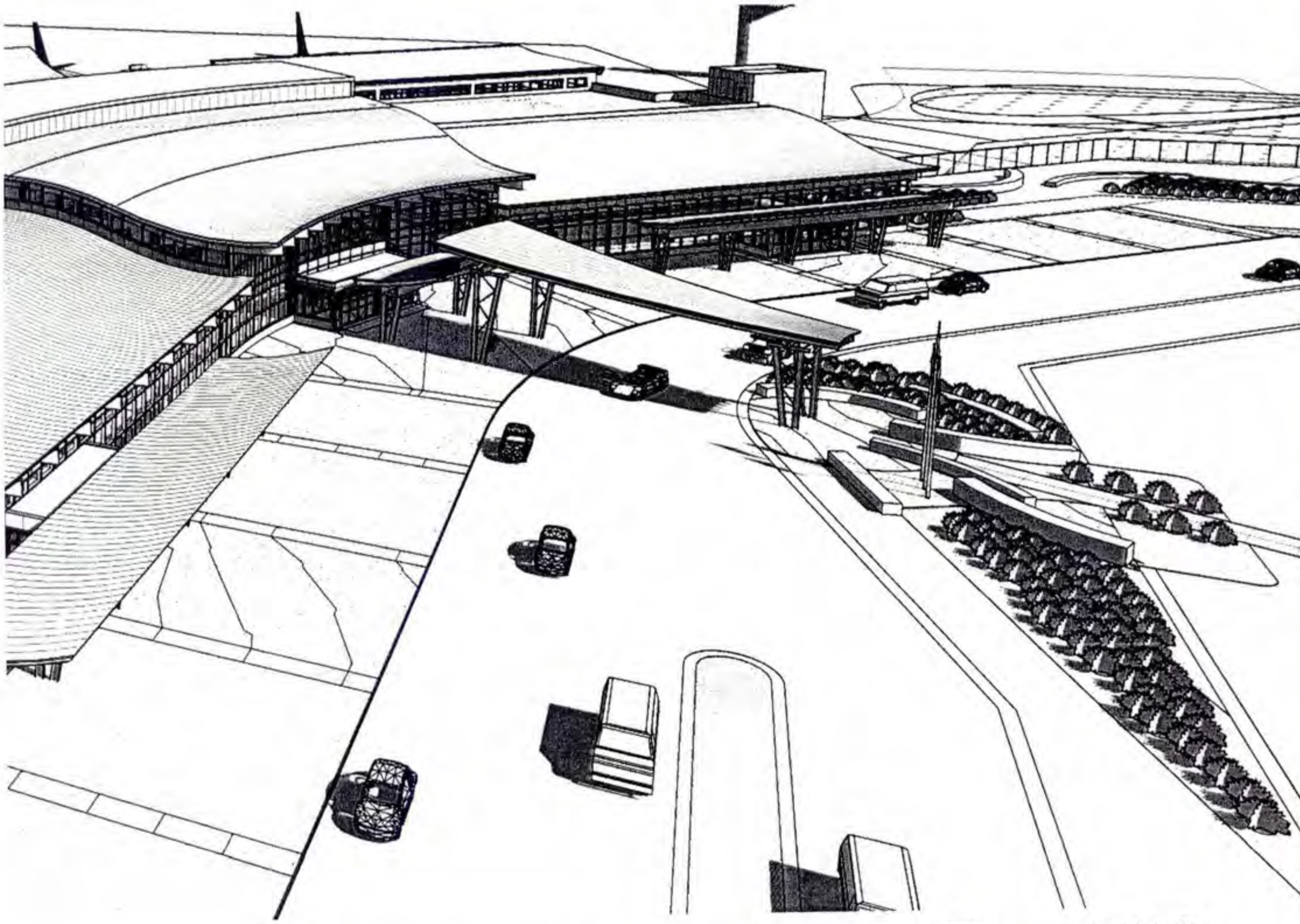
PROJECT	ESTIMATED COST	FUNDING SOURCES
2012 Contracts	$15,220,505	FAA, NDAC, Airport, Non-federal
Passenger terminal building	$37,000,000	FAA, NDAC, Airport, Non-federal
Baggage handling system	$3,250,000	Airport, Non-federal
Passenger boarding bridges	$1,600,000	Airport
Furniture	$500,000	FAA, NDAC, Airport, Non-federal
Passenger terminal apron	$16,111,000	FAA, NDAC, Airport
Passenger terminal access road	$3,300,000	FAA, NDAC, Airport, Non-federal
Passenger terminal parking lot	$4,500,000	Airport, Non-federal
Remodel existing terminal	$3,580,000	Airport, Non-federal
Total	**$85,061,505**	

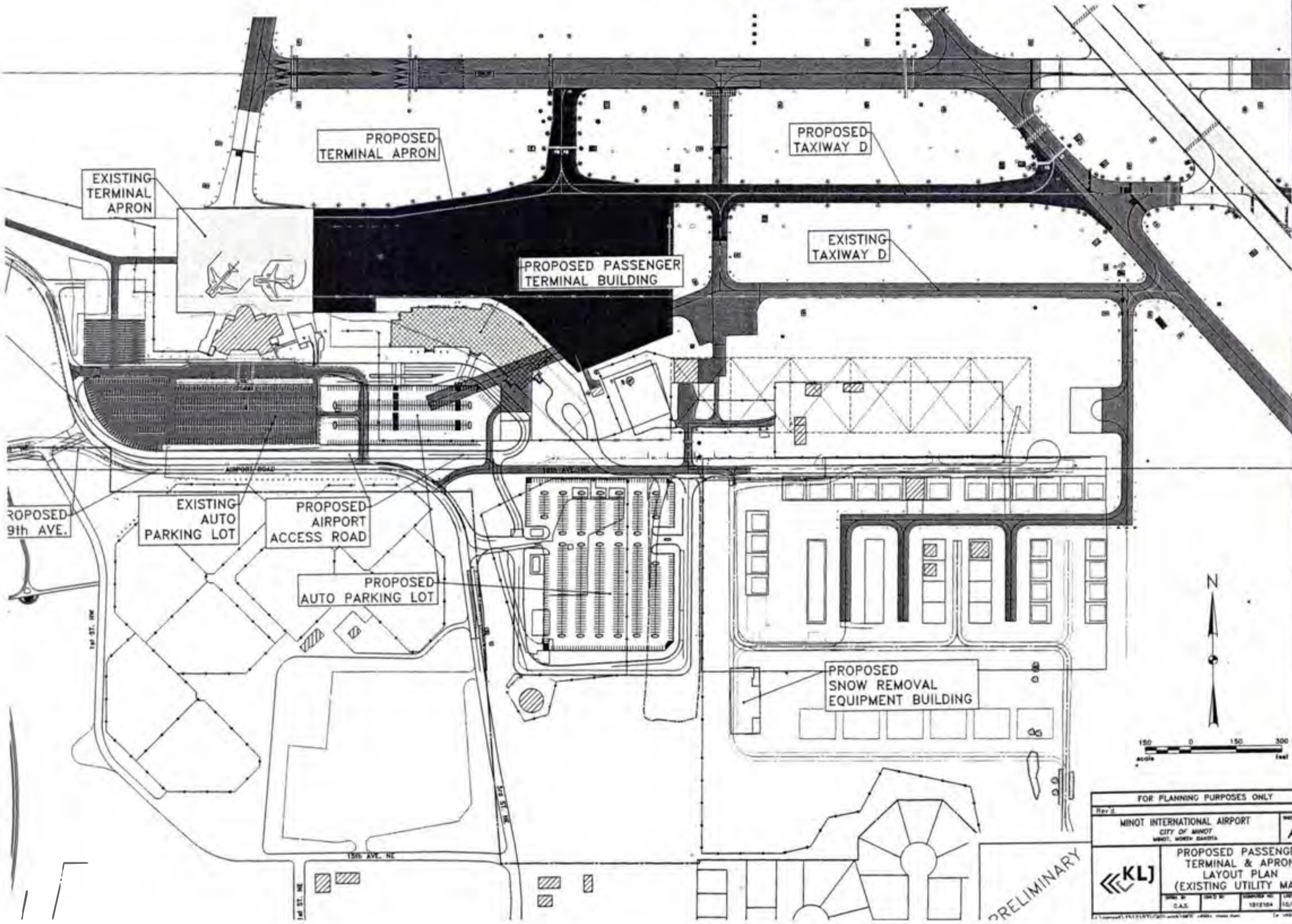
All of the above identified projects will require approximately $85 million dollars. $15.2 million has already been secured from the 2012 FAA budget. The $70 million shortfall can be addressed with the proposed cost share over the next biennium (see pie chart). The City of Minot supports the increased funding proposed in the Governor's Budget for Oil & Gas Impact Grant Funds to support oil-impacted airports. Minot is currently working with all airports statewide to appropriately address the greatest needs within the North Dakota aviation community. The City feels that properly funding the new terminal construction and associated costs is a critical response to the oil impact felt at the Minot International Airport. This will help sustain and better serve the needs of North Dakotans.



APRIL 2010

NOVEMBER 2012




PROPOSED TERMINAL APRON
PROPOSED TAXIWAY D
EXISTING TERMINAL APRON
EXISTING TAXIWAY D
PROPOSED PASSENGER TERMINAL BUILDING
ROPOSED 9th AVE.
EXISTING AUTO PARKING LOT
PROPOSED AIRPORT ACCESS ROAD
PROPOSED AUTO PARKING LOT
PROPOSED SNOW REMOVAL EQUIPMENT BUILDING
N
PRELIMINARY
FOR PLANNING PURPOSES ONLY
MINOT INTERNATIONAL AIRPORT
CITY OF MINOT
PROPOSED PASSENGE
TERMINAL & APRON
LAYOUT PLAN
(EXISTING UTILITY MA
KLJ

ROAD REPAIRS

New roads and a growing City means more damage, more maintenance, more engineering, and more time spent on projects than in previous years. The City has an average annual budget for road reconstruction and improvements of $2 million. The demands on the City as the oil boom brings in more employees and their families on City streets far outweigh the ability of Minot to properly maintain existing roads and build for on-going growth. With the immediate identified need of $185 million, many of these on larger arterial roads in Minot, the City would request as much legislative and NDDOT support as possible in meeting the needs of Minot and its residents.

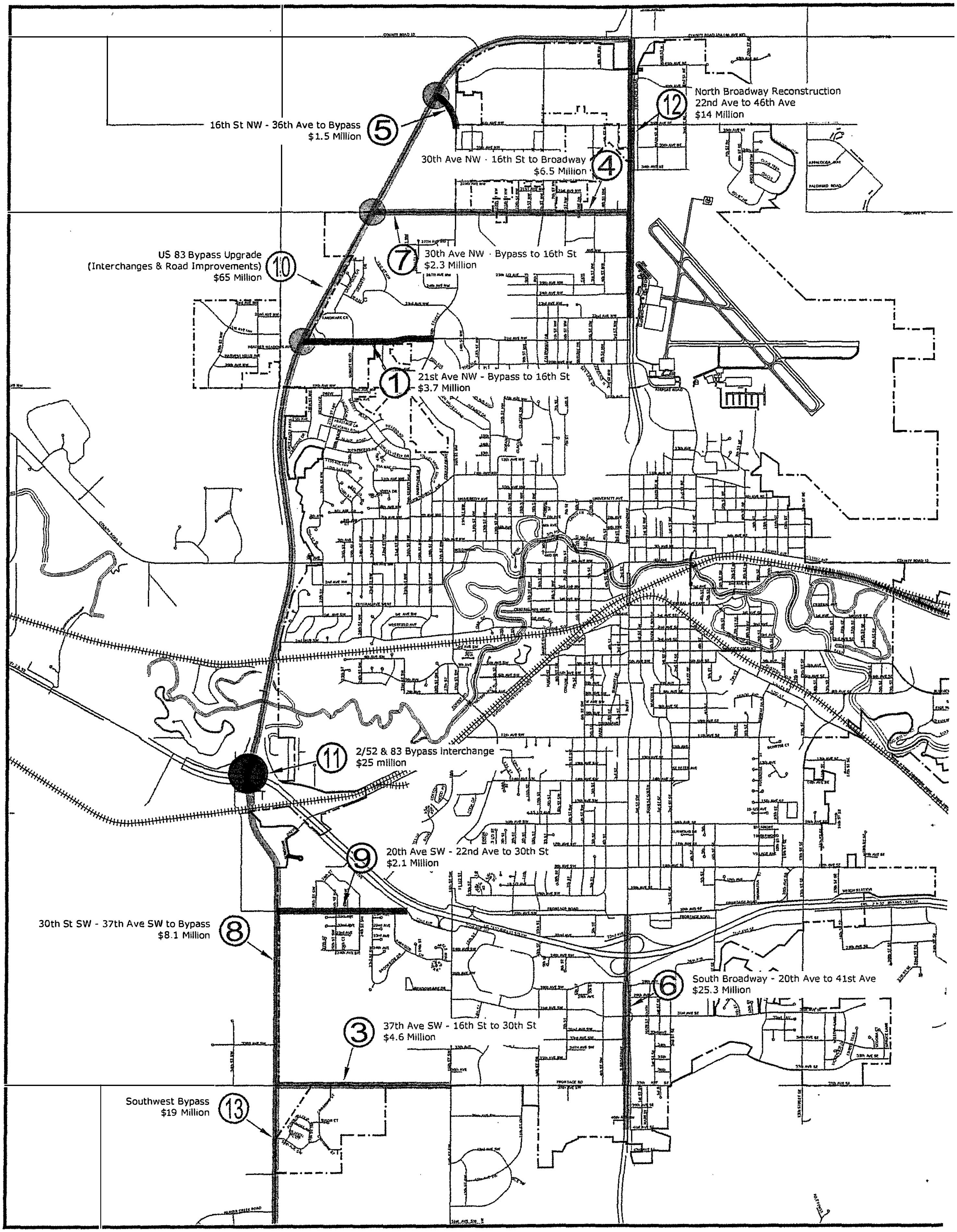
As of the end of 2012, Minot has approximately 264 miles of roads within its City limits. Of this total, 43 new miles of centerline road were added to the City from 2008 to 2012. Some of these roads came due to annexing existing roads as the City grows and others were newly constructed roads. This means the City roads grew by nearly 20 percent in just the past four years.

Over the last three years, the City and/or NDDOT have reconstructed 9.7 miles of roads. The City projects a need in 2013 alone of reconstructing 10 miles of roads. This does not include some of the largest projects proposed on the chart seen on the next page. If it is approved, the new SW Bypass project will require 6 miles of road improvements at a cost of roughly $19 million.

Average daily traffic counts at major intersections along U.S. Highway 83 (Broadway), which runs north and south through the center of Minot, have jumped between 20 and 70 percent over the last three to five years. On an average year, the City expected between two and three percent growth in daily traffic counts. Unprecedented increases in additional cars and trucks out on City roads shortens the lifespan of a road and frazzles the nerves of everyone trying to use this critical piece of infrastructure.

The City of Minot seeks as much state support as possible within the biennium budget for statewide transportation upgrades.

PROJECT	ESTIMATED COST
21st Ave. NW – 16th St. to Bypass	$3.7 million
55th St. SE – US 2 to 20th Ave. SE	$8.0 million
37th Ave. SW – 16th St. to 30th St.	$4.6 million
30th Ave. NW – 16th St. to Broadway	$6.5 million
16th St. NW - 36th Ave. to Bypass	$1.5 million
S. Broadway – 20th Ave. to 41st Ave.	$25.3 million
30th Ave. NW – Bypass to 16th St. NW	$2.3 million
30th St. SW – 37th Ave. SW to Bypass	$8.1 million
20th Ave. SW – 22nd Ave. to 30th St.	$2.1 million
US 83 Bypass upgrade: 3 interchanges & road improvements	$65.0 million
US 2/52 & 83 Bypass interchange	$25.0 million
North Broadway reconstruction – 22nd Ave. to 46th Ave.	$14.0 million
SW Bypass: 6 miles of road improvements	$19.0 million
Total:	**$185.1 million**



16th St NW - 36th Ave to Bypass
$1.5 Million
5
North Broadway Reconstruction
22nd Ave to 46th Ave
$14 Million
12
30th Ave NW - 16th St to Broadway
$6.5 Million
4
US 83 Bypass Upgrade
(Interchanges & Road Improvements)
$65 Million
10
7
30th Ave NW - Bypass to 16th St
$2.3 Million
1
21st Ave NW - Bypass to 16th St
$3.7 Million
11
2/52 & 83 Bypass interchange
$25 million
9
20th Ave SW - 22nd Ave to 30th St
$2.1 Million
30th St SW - 37th Ave SW to Bypass
$8.1 Million
8
6
South Broadway - 20th Ave to 41st Ave
$25.3 Million
3
37th Ave SW - 16th St to 30th St
$4.6 Million
Southwest Bypass
$19 Million
13

City of Minot

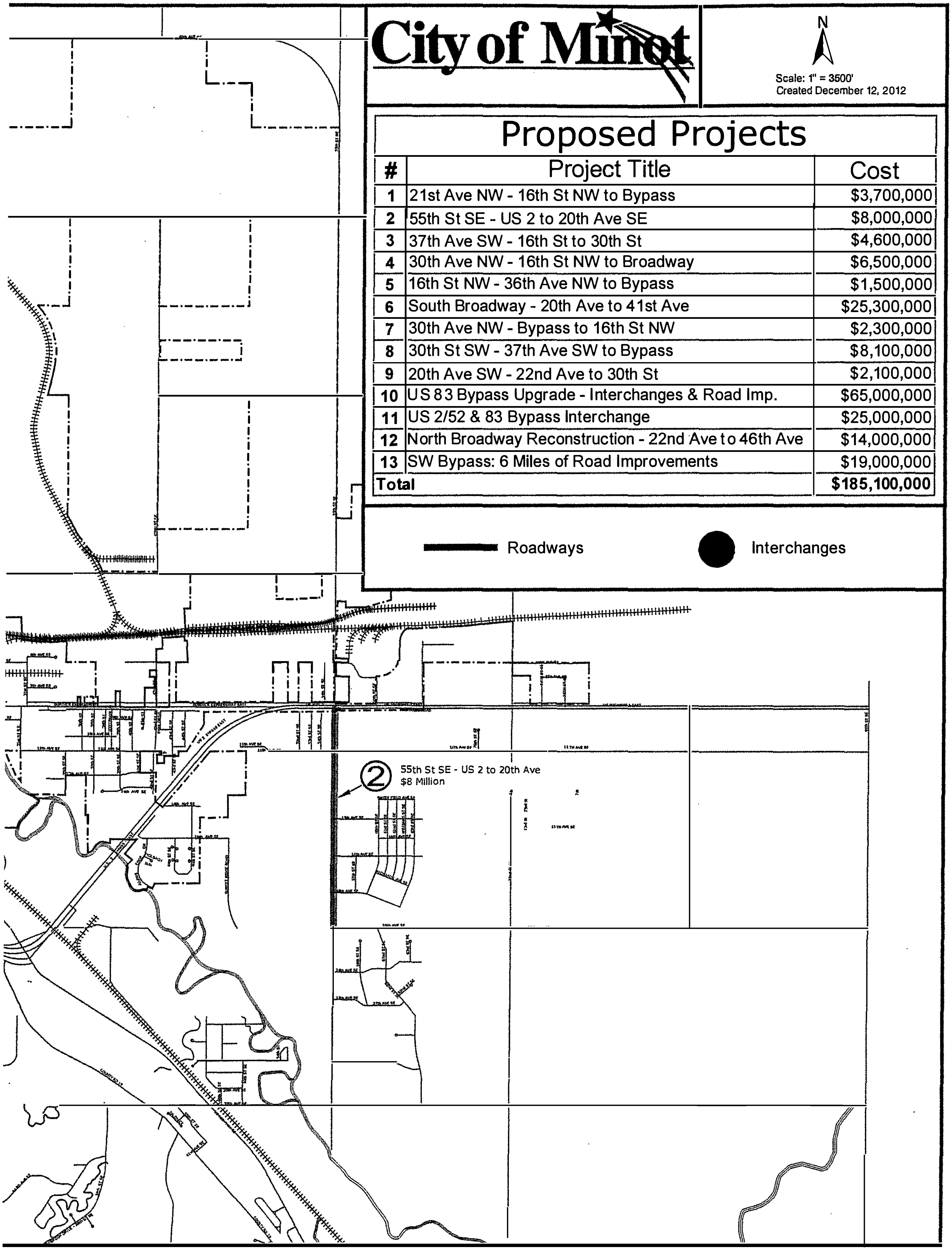
N

Scale: 1" = 3500'
Created December 12, 2012

Proposed Projects

#	Project Title	Cost
1	21st Ave NW - 16th St NW to Bypass	$3,700,000
2	55th St SE - US 2 to 20th Ave SE	$8,000,000
3	37th Ave SW - 16th St to 30th St	$4,600,000
4	30th Ave NW - 16th St NW to Broadway	$6,500,000
5	16th St NW - 36th Ave NW to Bypass	$1,500,000
6	South Broadway - 20th Ave to 41st Ave	$25,300,000
7	30th Ave NW - Bypass to 16th St NW	$2,300,000
8	30th St SW - 37th Ave SW to Bypass	$8,100,000
9	20th Ave SW - 22nd Ave to 30th St	$2,100,000
10	US 83 Bypass Upgrade - Interchanges & Road Imp.	$65,000,000
11	US 2/52 & 83 Bypass Interchange	$25,000,000
12	North Broadway Reconstruction - 22nd Ave to 46th Ave	$14,000,000
13	SW Bypass: 6 Miles of Road Improvements	$19,000,000
Total		**$185,100,000**

Roadways   Interchanges



PUBLIC SAFETY

The influx of new energy companies, housing developments, schools and retail has caused the physical boundaries of the City of Minot to grow considerably in the last five years. Minot has expanded from 16 square

miles to nearly 20 square miles. This impacts public safety greatly as fire crews and police officers now have to cover a larger population spread out across a bigger area.

The City currently employs 65 sworn officers (91 total staff) and 46 firefighters (51 total staff); this number of staff has increased only marginally in the past 10 years until 2012. The City Council approved for 2013, nine new police department positions and four new fire department positions. There are three fire stations serving the south, central and north (on the airport grounds) parts of town. There is one police station, centrally located in the same building complex as City Hall.

The on-going growth in town is straining the ability of the Minot Fire Department to meet standards for response time and in turn puts the public at increased risk. Over the next several years, the Fire Department will need to add fire stations and personnel just to maintain the same level of service now in place. The Fire Chief is projecting that, in line with the current housing, business and retail growth, the City will need new fire stations in east and northwest Minot. These two stations will cost roughly $5.6 million and need to be finished by the end of 2015. The associated costs with new fire stations, a pumper truck, rescue truck and personnel are estimated to run $1.2 million in start-up and $1.8 million annually for 24 additional personnel.

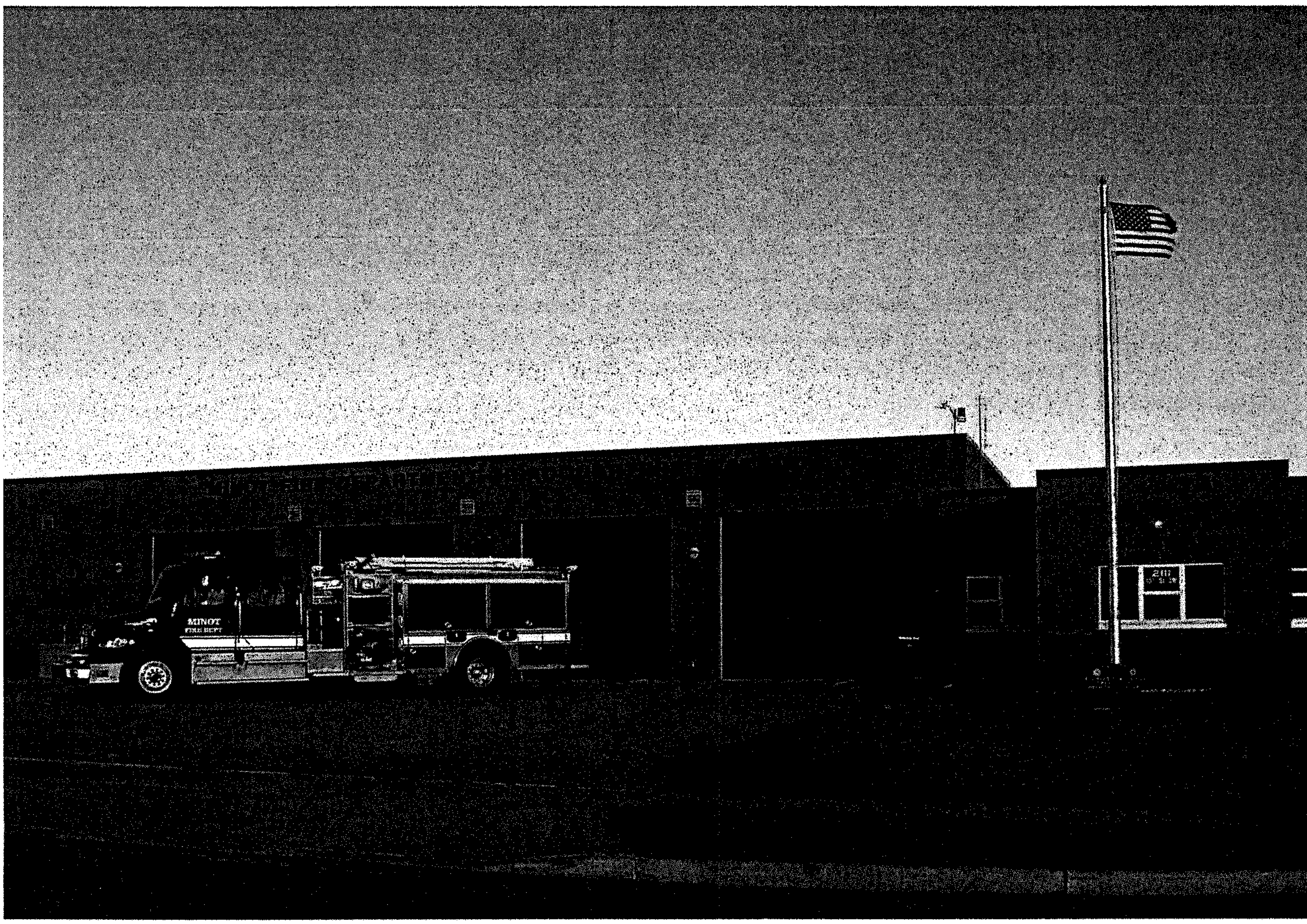
Along with the fire response personnel, the City has recently budgeted local funding to hire an Assistant Fire Chief and another full-time Fire Inspector. Both of these positions are critical as a result of oil impact to Minot. Due to increased turnover from firefighters leaving for oil jobs, along with an increased number of calls, these two new positions will ensure high-quality service to residents. In 2012, the City recruited 10 new firefighters to the department. Another full-time inspector is needed to keep up with new construction and associated tasks such as testing sprinkler and alarm systems, and working with building inspectors to ensure all building codes are met. Falling behind in these tasks slows housing growth and puts the community at increased risk for a severe fire.

The City of Minot would like to be competitive with other communities in receiving public safety oil impact grants.

PROJECT	ESTIMATED COST	YEAR NEEDED
East Fire Station	$2.6 million	2014
NW Fire Station	$3 million	2015

Move the Regional Fire Training Grounds – Expansion of the Minot International Airport, driven by the oil boom, will require the Minot Fire Department to move the training grounds at a cost of $1.7 million. In 2012, the City received $250,000 from the Oil & Gas Impact Grant Fund, emergency services round, toward this project. Additional funds would assist in completing the move.

A potential 2016 project could include the City considering an additional south side fire station.



PUBLIC FACILITIES

The current population growth adds strain to all services provided by the City of Minot. This includes key public facilities such as the City's waste water treatment facilities, public works facilities, landfill and City Hall itself.

Waste Water Facility
The City of Minot currently treats its waste water through a series of aeration ponds, lagoons, and finally wetlands, before the water is discharged into the Mouse River. The capacity of the wetlands for treating the sewage is approximately seven million gallons per day. As of 2012, the City treats between five and six

million gallons per day on average and discharges to the Mouse River are from April to November. Between the months of November and April, the City holds all of the waste water in our lagoon cells until the wetlands start growing again in the spring and are then used to treat the waste water. The City continues to take a significant amount of waste water from temporary housing facilities in western North Dakota.

With the increase in Minot waste water over the last two to three years, the City commissioned a study of all waste water facilities. This will help determine the best options for treating Minot's waste water in the future, based on expected growth.

One of the options available is a full waste water treatment facility to treat all of the waste water under one roof, which could easily cost more than $50 million. Other options include a partial treatment of peak flows above the seven million gallons per day that Minot's lagoon/aeration/wetland facilities can handle. This is estimated to cost approximately $35 million.

The study, which is expected to be finished in March 2013, will provide more detailed options as well as estimated costs.

Public Works Facility Expansion
The City of Minot Public Works Facility houses more than ten City departments, including the following: Transit, Shop/Vehicle Maintenance,

Property Maintenance Street Department, Traffic Maintenance Department, Sanitation, Building Electrical Mechanical and Plumbing Inspections as well as Health Inspections, Engineering Department, Planning Department, City Assessors and Public Works Administration.

Many of the personnel are already two or three people to a cubicle, and with the City adding needed positions in the engineering, inspections and planning departments, the Public Works building needs to add additional space for these personnel. The expansion of the building would allow for approximately 20 new office spaces, an additional conference room, and storage for the piles of paperwork associated with permits and the growth of Minot.

The estimated cost of expanding the current facility comes in at $1.2-1.5 million.

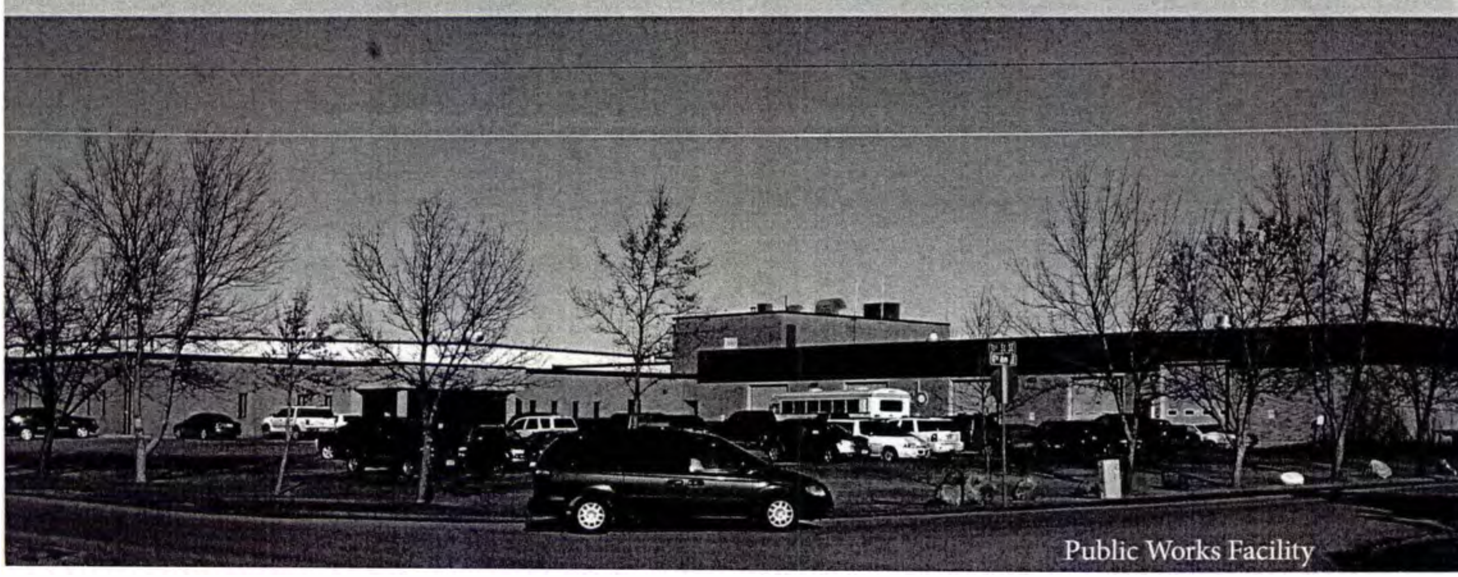
Landfill

The City of Minot operates a regional landfill, accomodating six other counties (all oil-impact counties), with the capacity to handle 350 tons (approximately 20 trucks) per week. The next closest regional landfill with this capacity is in Bismarck. Residential garbage count in 2008 measured 220 tons per week. In 2011, prior to the flood, the City was hauling in roughly 320 tons of residential garbage per week. The City has plans and funding to open an additional cell out on the current landfill site in 2013. This cell, along with two other cells that can be constructed, would likely accommodate current growth for the next 10-15 years. A study is currently underway to consider a new landfill location. This lengthy process, often seven to ten years of research, permitting and formation, needs to be started now in order to be ready once the current landfill is no longer a viable option for regional refuse.

City Hall

City Hall currently houses 24 staff members, has a connected east wing that is Minot's Police Station (for 90+ employees), and a west wing that serves as storage for law enforcement needs. The building was originally built in 1956 with remodeling and an addition in the last 25 years. The need for additional police officers and the fact that all office space is currently in use means that expected City growth would necessitate either another expansion or an additional building nearby to house City of Minot staff. While no studies are currently underway to determine potential projects or cost, there is little doubt that either option will cost millions of dollars to continue accommodating the growth in Minot due to the Energy Boom.

The City of Minot is not requesting additional funding for these projects at this time. As our population grows, the City will need state support in 2015 and beyond.


Public Works Facility

The Governor's Budget recommendation consists of a $214 million funding request toward the Oil & Gas Impact Grant Fund. Of that amount, the City would like to see $15 million appropriated or earmarked for the City of Minot to address water, sewer and other infrastructure needs.

WATER & SEWER

$73,448,163

The Governor's Budget request includes $60 million targeted to oil-impacted airports to address growth challenges.The Governor's Budget proposes this funding through the Oil & Gas Impact Grant Fund. The City of Minot is seeking a minimum of $25 million from this allocation to ensure that its proposed airport expansion can be completed by 2015.

AIRPORT EXPANSION

$85,061,505

The City of Minot seeks as much state support as possible within the biennium budget for statewide transportation upgrades.

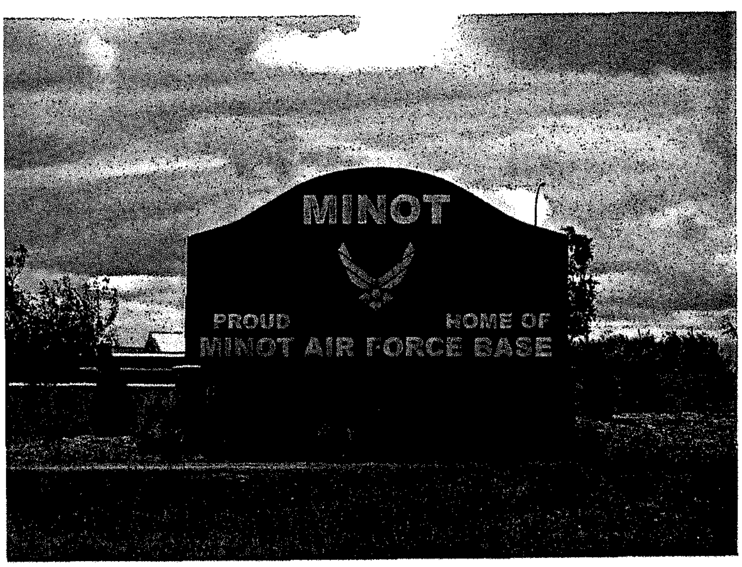
ROADS & INTERSECTIONS

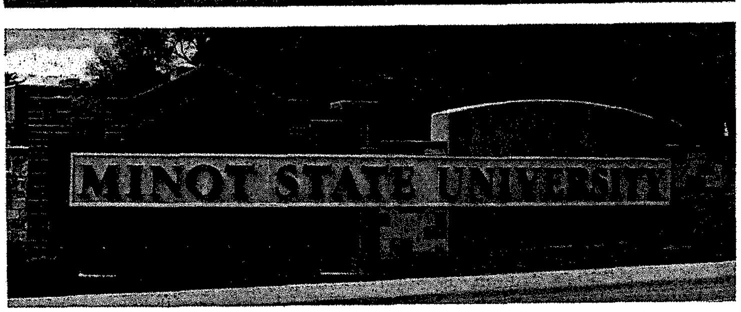
$185,000,000

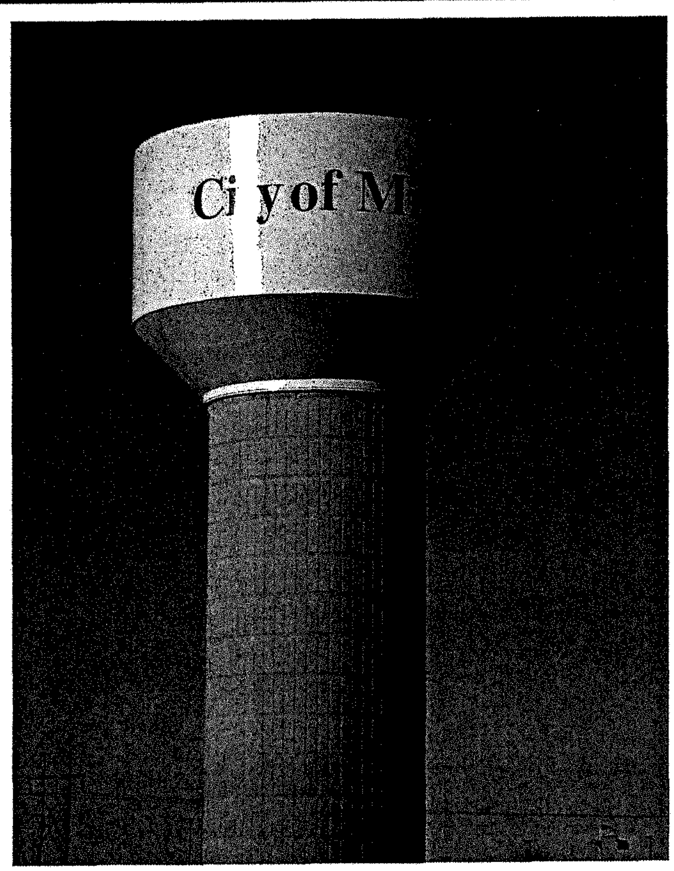
The City of Minot would like to be competitive with other communities in receiving public safety oil impact grants.

PUBLIC SAFETY

$7,300,000


MINOT
PROUD HOME OF
MINOT AIR FORCE BASE


MINOT STATE UNIVERSITY



Viola LaFontaine #15
HB 1358
4-9-13

Viola LaFontaine
Superintendent
Williston Pubic School District # 1
Williston, North Dakota

I am in support of <u>the House Version</u> of House Bill 1358. The proposed changes to the bill will take away hope schools and other entities in Western North Dakota had to get ahead of the rapid changes in our community.

When I first heard of the bill and the potential this bill's funding would bring to Williston Public School District I was very happy. The funding would help us to leverage funding to build a new elementary school needed for the additional 650 news students enrolled in our district.

The proposed changes in the bill take away any hope to help the schools, city, and counties to deal with the unprecedented changes in our community and in our schools.

The effect the changes in the bill include:

- Removal of $1.75 million to school districts in each county receiving $5 million or more in Gross Production Tax revenue. This decreases funding of those school districts by $35 million.
- The changes in Gross Production Tax revenue allocation and the distribution model decreased total non-hub city school district Gross Production Tax allocations from $34.65 million to $19.16 million (-$15.49 million).
- Hub City School Districts: The per-percentage of mining employment allocation was cut in half (from $250,000 per % point to $125,000). This decreased hub city school district allocations from $30.5 million to $15.25 million (-$15.25 million).
- The hub city school impact committee was removed from the bill, allowing for direct allocation of per-percentage of mining employment allocations by the State Treasurer.
- The NEW Section 1 of the bill includes language that imputes mineral revenue received by school districts by direct allocations from the State Treasurer. This includes the hub city school district direct allocations.

I support of the House version of the bill would be greatly appreciate.

Thank you—Viola LaFontaine

Vawnita Best
HB 1358
4-9-13

#16

Written Testimony for April 9, 2013
Senate Appropriations Committee
Hearing of HR 1358

The Honorable Chairman Holmberg, Vice Chairmen Bowman and Grindberg, and Committee members:

My name is Vawnita Hovet Best. Our family ranches in southeast McKenzie County and we call Watford City our hometown. All four of my grandparents were children of homesteaders in McKenzie County. It is home and to see it fail for lack of needed funding simply is not an option in my humble opinion.

We have seen this community and many other impacted communities manage to stay afloat under extreme pressure the past four years. However, if relief is not provided soon I fear for the future of western North Dakota and it's unique attributes and way of life. Unfortunately, due to the intense pressure, people out here are in simple survival mode and have not found the wherewithal to find their voices and share their concerns. I feel compelled to share with you that in nearly every conversation I have in our community I hear, "Don't they understand what we are going through out here"? My response is, "Possibly Not. We need to tell them." So here I write, pleading with you to understand what is happening out here and begging you to help us as only you can.

The spring of 1997 I was a senior at NDSU. I helped several different homeowners on the Red River sandbag and I know it was quite an ordeal for many, many people. You could read the grave worry on their faces for their uncertain futures. For the last four years I have watched people in our 'oil impacted' community walk around in a shell shocked daze worrying about their uncertain futures.

They are worried that their schools will not meet the needs of their children or be able to prepare them for the next step in their lives. They are worried that if they venture out on undersized, deteriorated roads that they may be involved in a head on collision with a vehicle much larger than theirs driving much faster. One that is not being upheld to the rules of the road for lack of state and local law enforcement. They worry that when that accident does happen either to them or their neighbor, that the critical access health care won't be available or the volunteer fire and ambulance responders won't answer their pager because they have already been out on multiple other calls that shift and are missed at home or at their place of employment.

There are many, many more worries for the future of western North Dakota. What I will say is if we told Minot and Fargo residents to pack up and move somewhere else instead of FIX problems that exist throughout our state, it would NOT be O.K. By not funding the needs that this oil boom has created in the four impacted counties that the Bakken lies under, we are telling North Dakotans to pack up and move away.

I ask that you support the original House of Representatives version of HB 1358 and disregard the amended version adopted by the Senate Finance and Taxation Committee.

Sincerely,

Vawnita Hovet Best
vawnitabest@gmail.com
701.580.1862

Jason Benson

#17

Testimony to the Senate Appropriations Committee on House Bill No. 1358
Prepared April 9, 2013 by
Jason Benson, Cass County Engineer

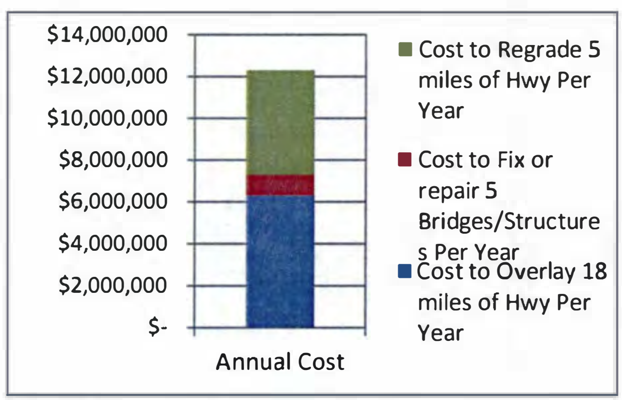
4-9-13

Mr. Chairman and committee members, I am Jason Benson, Cass County Engineer. I am here today to strongly support House Bill 1358 without changes or modifications to the original bill.

The most recent Upper Great Plains Transportation Institute study emphasized the critical need for infrastructure investment state wide, including the non-oil impacted counties. While Cass County and counties statewide must maintain substantial infrastructure, we have also seen significant increases in the cost to maintain that infrastructure. Directly affecting the cost of construction is the major rise in the ND Construction Cost Index. From 2005 to 2012, ND's overall Construction Cost Index increased annually by more than 15%. As construction costs increase, delays in funding only add to the long term cost of these projects. It is critical to sustain a proactive road maintenance policy that uses funds available today to maintain our roads and reduce the future need for more costly major reconstruction.

With 320 miles of paved highways, Cass County needs to pave 18 miles of asphalt overlay every year. At $350,000 per mile this would cost $6.3 million per year just for maintenance overlays. Unfortunately, if pavements are not overlaid in a timely manner they will require full reconstruction. Rebuilding just one mile of road can cost over one million dollars. In addition, many of our roads were designed and built in the 1950's and 1960's. These roadways have steeper side slopes and no shoulders. Maintenance overlays are not possible without a total reconstruction or widening at a significant cost increase.

To maintain our Cass County Highway network we need to pave an average of 18 miles of highway, regrade five miles of road, and repair or replace five bridges/structures every year. This means over $12 million in funding is needed just to maintain our current infrastructure system. Since we haven't been funded at this level, we need additional funding for us to catch up.



If left fully funded, HB1358 directly addresses these county and township road issues throughout the state. From the perspective of an eastern non-oil impacted county, the appropriations as the bill came from the House for our county roads (Section 7) and township roads (Section 8) are critical. The county allocation in Section 7 by road miles, in the House version was logical and appropriate as a onetime funding proposal.

Mr. Chairman and Committee members, I appreciate the opportunity to provide this testimony.

Cass County Highway and Bridge Projects for the 2013-2014 Biennium

	2013	2014	TOTAL
10/11 Pleasant – Wild Rice River	$75,000		$75,000
15/22 Gunkel – Cass 34 on Elm River	$250,000		$250,000
5 Reed/32 Harwood – Rush River	$75,000		$75,000
25 Everest/30 Durbin – Buffalo Creek	$120,000		$120,000
35 Cornell/3 Tower - Cass 32 on Maple River	$130,000		$130,000
10 Durbin – Township Bridge on Maple River	$450,000		$450,000
15/16 Hill Twp	$150,000		$150,000
35 Cornell/3 Tower Twp's	$250,000		$250,000
12 Gill/7 Everest Twp's	$150,000		$150,000
28/33 Empire Twp	$300,000		$300,000
31/32 Highland Twp	$150,000		$150,000
5/8 Hill Twp	$150,000		$150,000
8/9 Mapleton Twp on Drain 14		$500,000	$500,000
27/28 Amenia Twp		$700,000	$700,000
1/2 Normanna Twp on Cass 36 south of Cass 16		$700,000	$700,000
33 Hill/4 Clifton Twps		$500,000	$500,000
Bridge Total	**$2,250,000**	**$2,400,000**	**$4,650,000**
Cass 4 Paving - Hwy 11 to Hwy 81	$3,380,500		$3,380,500
Cass 15 Grading/Paving - Kindred	$800,000		$800,000
Subgrade Repair - 8 Miles - Hwy 10 Buffalo to Hwy 5	$1,200,000		$1,200,000
Cass 31 Slide Repair 1 mile north of Hwy 20	$800,000		$800,000
Cass 23 Ditch Grading 0.75 mile in east ditch	$200,000		$200,000
C1 Paving from I94 to 4.25 miles north	$1,400,000		$1,400,000
Cass 15 Paving - I94 to Hwy 16	***$3,900,000***		***$3,900,000***
Cass 81 Paving 0.4 Miles north of Hwy 20		$120,000	$120,000
Cass 20 Paving 2.4 Miles Hwy 17 to I29		$500,000	$500,000
Cass 20 Turn Lanes/Paving 2.7 Miles I29 to Red River		$2,000,000	$2,000,000
Cass 31 Paving 3.7 Miles Hwy 20 to 22		$1,100,000	$1,100,000
Cass 22 Paving from Hwy 11 east 2.0 Miles		$500,000	$500,000
Cass 81 Paving Hwy 16W north 5 miles (not including Federal Funds)		$350,000	$350,000
Draintile - 25 Miles		$500,000	$500,000
Cass 14 Paving Hwy 81 to I29		$110,000	$110,000
Cass 21 Paving from Hwy 14 to Hwy 16		$450,000	$450,000
Cass 38 Grading - I94 to Hwy 6W		***$4,900,000***	***$4,900,000***
Cass 15 Grading/Paving - I94 to Hwy 10		***$1,500,000***	***$1,500,000***
Highway Total	**$11,680,500**	**$12,030,000**	**$23,710,500**
Highway and Bridge Total	**$13,930,500**	**$14,430,000**	**$28,360,500**

Projects in "Red" are additional projects to be funded with HB1538 non-oil impacted county funds

Sen. John Andrist
HB 1358 4-9-13

#18

EXTRAORDINARY INVESTMENT FOR THE STATE OF NORTH DAKOTA
SUMMARY OF TOTALS - ONE YEAR PERIOD

	STATE-WIDE TOTALS	COLLECTED IN MOUNTRAIL	ALLOCATED TO MOUNTRAIL	
5% OIL & GAS PRODUCTION TAX 2011-12 Fiscal Year	$ **813,942,875**	$ **236,738,417**	$ **24,871,862**	20%
ENERGY INFRASTRUCTURE & IMPACT GRANTS thru 2012 YEAR ALLOCATED TO SUBDIVISIONS IN MOUNTRAIL COUNTY			**19,705,344**	
HOUSE BILL 1012 FUNDING - (2 YEAR PERIOD) $41,900,851 ÷ 2 = $20,950,426			**20,950,426**	
6 1/2 % OIL EXTRACTION TAX - 2011-12 FISCAL YEAR	**891,820,421**	**250,808,166**	**0**	
ROYALTY - STATE LANDS - 2012 CALENDAR YEAR	**231,562,812**	**70,842,884**	**0**	
BONUS/LEASE - SCHOOL LANDS - 2011 CALENDAR YEAR	**127,209,514**	**9,241,797**	**0**	
MINERAL ROYALTY/LEASING - FEDERAL LANDS - 2012 CALENDAR YEAR	**47,353,447**	**1,892,736**	**946,368**	
GRAND TOTALS	$ 2,111,889,069	$ 569,524,000	$ 66,474,000	

11.67%

MOUNTRAIL COUNTY ACCOUNTS FOR 26.97% OF OIL & GAS REVENUE GENERATED IN STATE.
MOUNTRAIL NEEDS A LARGER PERCENTAGE OF FUNDS GENERATED TO PROTECT STATEWIDE INVESTMENTS.

Emilie Anderson
HB 1358
4-9-13

#19

From: emilie anderson <emilie.anna@hotmail.com>
Sent: Sunday, April 07, 2013 1:34 PM
To: Drovdal, David O.; Onstad, Kenton B.; Rust, David S.; Bowman, Bill L.; Warner, John M.
Subject: Oil Country

Greetings representatives
I'm from Watford City, right smack dab in the middle of oil country. You could say that my family and I are heavily impacted by the boom. Obviously I'm upset about the recent decision to cut the bill to help fund schools, hospitals, and roads in oil impacted communities. I'm just letting my state officials know how bad things are around here, because I wouldn't waste my time writing you this if it wasn't horrible. Our gravel roads have constant potholes, huge scoria chunks, and washboards. Our highways are probably the most dangerous in the state, with a constant rise of casualties. Our schools are overflowing and teachers underpaid for what they have to go through. Our hospitals are out of control with patients not being able to pay and only two ER rooms. There are constant stabbings, bar fights, rapes, abductions, car accidents, and deaths. People and children are scared to live here, and at this point of time they should be. It's your job to represent your counties and I feel as though you haven't done us much justice recently. We would all appreciate some help to get a new bill to fund us again.

Thanks
Emilie Anderson, 19, Watford City

City of Ray
Incorporated March 9, 1914
Post Office Box 67
Ray, North Dakota 58849-0067
Telephone: 701-568-2204 *** Email: raynd@nccray.net

Kimberly Steffan #20
HB 1358
4-9-13

April 9, 2013

Mr. Chairman and Committee Members:

My name is Kimberly Steffan and I am the City Auditor for the City of Ray, North Dakota. I am unable to attend today, so I am writing to update you regarding the oil activity in our area and the resulting impacts.

The City of Ray, North Dakota had a population of around 500 people when I started as the City Auditor in December, 2008. In the summer of 2009 we replaced every water meter in the city which amounted to 198 meters. We currently have 412 meters. Our population has more than doubled and we are bursting at the seams.

Our waste water lagoon is at full capacity. The City used their discharge permit for the first time in many, many years. We have spoken with many waste water treatment facility companies to help us with our waste water problem but all of them have come at a cost we can't afford. We have applied for Impact funding every year. In 2011 we received a grant for $50,000 to help cover the cost of engineering that we commissioned for a waste water lagoon project. In 2012 we received $1,800,000 for our waste water project. We also had to borrow $1,242,000 with loan forgiveness around $500,000 to assist in our waste water pond issue and to replace collapsing sewer mains. We recently had to borrow an additional $994,700 in CWSRF funds. In order to cover our loan payments, our water rates were increased by 67%, and our sewer rate jumped from $1.50 per month to $27.82 per month. We absolutely can NOT increase rates again to pay for any more debt. Our residents simply can't afford it.

With the increase in population the stress on water and sewer mains has been tremendous. The City of Ray borrowed SRF funds to replace water mains in the amount of $1,000,000 with an additional $1,500,000 in loan forgiveness. We have replaced 18,000 feet of cast iron pipe that was installed in the early 1950's with the funds borrowed from SRF. We have additional lines that need replacing, but do not have the funds nor the means to borrow more money to finish replacing the lines.

We sponsored a Safe Routes to School Project where the city cost is $140,000 that is imperative for students to be able to get to school and school functions safely due to the increased traffic on Highway 2.

We have hired planners who have re-written our Planning & Zoning Ordinance to assist with dealing with the developers that are bombarding us to develop here since Highway 2 runs through our city. They are also working on a Capital Needs Improvement plan and an update to our Comprehensive Plan.

Our engineers have been working diligently to help solve the problems we are facing and even though we have a debt of approximately $2,500,000, we still have a funding shortfall of $20,212,000. Our biggest needs include not only the new wastewater pond system, but new sewer mains to replace aging collapsing mains and to accommodate connection to new developments. We also need an adequate water tower to supply fire suppression and water for our growing population, and due to increased traffic and funding shortfalls, our city streets are crumbling.

The City annexed 213 acres of property for housing and commercial development. The expansion is a 76% increase to the size of the City of Ray. There are currently three developments that would provide much needed housing that could add an additional 1,000 people to our population by 2014. They are currently unable to continue development until the waste water system is completed, so housing is still an issue. Our school district and local businesses had to resort to purchasing homes to provide housing for desperately needed teachers and employees. The City had to turn a parking lot into a mobile home park in order to have housing for the contractors that are working on our water and sewer mains.

Other issues we are faced with, that we can't even begin to address, are law enforcement and public buildings. We have no law enforcement and can't afford to hire officers due to lack of funding. The Williams County Sheriff's Department has provided the law enforcement, but they must cover the entire County and can't always be available if a problem arises in Ray. Due to the amount of traffic through Ray, (over 6,000 vehicles per day) the North Dakota State Highway Department is replacing the asphalt on Highway 2 with thirteen inches of concrete. Obviously, they see the tremendous strain the oil activity is doing to our streets. The asphalt they are replacing is only a few years old and should have lasted for several more years with the estimates they projected when the road was originally constructed.

While we appreciate every penny that is directed to the City of Ray, it just isn't covering all the needs this oil activity has produced. Our growing population and resulting needs are placing a very high burden on the residents of Ray. We have lost many long time residents because they just can't afford to live here anymore. We can't keep up with increasing costs. I am hearing more and more discontent from long time residents, who no longer want to live here, but aren't able to move immediately.

The City of Ray was so hopeful monetary relief would soon be coming and we were so grateful to Representative Skarphol for representing our area with HB1358. We are very disappointed in the recent amendments to the bill.

Small cities like Ray shouldn't have to pay up front for engineering costs to apply for grants. Especially after the expense is due for payment and the grant is then not awarded to the City. We are expected to be "shovel ready" to apply, yet how can we pay for all the costs to be shovel ready when we don't receive enough funding to begin with? If the money were distributed in an equitable manner, we could budget for growth and build during the short building season we have available.

We would love to be able to grow but we can't grow without infrastructure to support that growth. The impacts from this boom are crippling our community and we need help. Our budget needs increase each year, but without growth, our community can't support more taxes, so we struggle to make ends meet. I hear every time a developer comes to town, "we are here to save Ray" yet they don't want to pay for infrastructure and insist we should have been ready for this. I would like to know how a small city is supposed to "be ready" when there is no money available to get ready. Please help alleviate some of the stress on small cities in oil impacted areas.

Kimberly Steffan

Kimberly Steffan
Ray City Auditor

Melissa Slagle #21
HB 1358 4-9-13

Brady Pelton

From:	Richard Waitman [rickywaitman@hotmail.com]
Sent:	Monday, April 08, 2013 10:11 PM
To:	brady.pelton@midconetwork.com
Subject:	Fwd: Re:

Sent from my iPhone

Begin forwarded message:

From: Melissa Hollen <melissajohollen@hotmail.com>
Date: April 8, 2013, 10:08:33 PM CDT
To: "rickywaitman@hotmail.com" <rickywaitman@hotmail.com>
Subject: Re:

April 8th, 2012

To Whom It May Concern;

I am a concerned citizen of my hometown, Williston ND. I have heard the decision to withhold oil production tax from western North Dakota. I love this town that I am from and it is a frustrating to see all of the oil revenue that is being made here in the Williston area, yet our roads are horrible, our schools are busting at the seams and needing help, our police force and emergency services don't have the funding needed...it is absolutely a must that our community get help for the issues we are faced with. I work for Williams county as a property assessor and over the last 5 years the urgency from the public I speak with to do something about township roads,county roads, schools, and the lack of money that the western side of the state has grown from a quiet roar to outright anger. I urge you to come and spend a few weeks in our community, I know it is hard to comprehend the difficulties we face just by hearsay. You will encounter some of the nicest,most authentic people and beautiful scenery, but you will also see firsthand the enormous problems we face. Roads, schools, police and emergency services being the most important in my opinion. Please respect and honor the resources that my hometown and outlying communities have provided the entire state, we only ask that we get was is needed.

Thank you,
Melissa Slagle

CITY OF Killdeer

165 RAILROAD STREET SE • P.O. BOX 270
KILLDEER, ND 58640-0270 • 701-764-5295

#22

Dan Dolechek
HB 1398
4-9-13

April 8, 2013

TO: Appropriation Committee

FROM: Dan Dolechek, City of Killdeer Mayor

Dear Appropriation Committee Members;

This letter is in response to the proposed amendments to HB 1358. The City of Killdeer like many Western Cities is experiencing the rapid growth and change to our area. Not all of the changes are bad, however, with the rapidness of the growth and activity it makes it extremely difficult to not only maintain what we have, but to try to move forward with improvements. How can this side of the state possibly meet the needs of the industry, which is creating surplus revenue for the state, without receiving adequate funding back to those same areas?

We ask that you please consider all of the issues we are dealing with on a daily basis that places us in a state of urgency as opposed to being able to deal with situations in a timely manner. Even though we do not have the population of the three larger cities in the oil-impacted area, we still must try to build our community into a place where people, new and local, young and old, can be proud to call Killdeer "HOME"

Please let us know if you have any questions.

Regards,

Dan J Dolechek

Dan Dolechek,
City of Killdeer Mayor

Tioga Public Schools

303 N Linda Street
PO Box 279
Tioga, North Dakota 58852-0279
701-664-2333
Fax: 701-664-3356
www.tioga.k12.nd.us

D'WAYNE JOHNSTON
Superintendent

BRODIE ODEGAARD
High School Principal

TIMOTHY J. SCHAFFER
Elementary Principal

#23

HB 1358

April 08, 2013

To: Senate Appropriation and Senate Finance & Tax committees

From: D'Wayne Johnston, Tioga Public School District # 15, Superintendent

Re: HB 1358 – Written Testimony – Appropriations - 4.9.2013 - Harvest Room 9:00 AM

Chairman Holmberg, ND Senate Appropriations committee and others,

It is with concern that the most recent amendments to HB 1358 were received late last week. The amended version removes many of the funding streams that were proposed to assist communities in the western energy communities meet expanding infrastructure demands. I strongly urge the Senate Finance and Tax committee to reconsider the original provisions of HB 1358 and to reinstate the proposed legislation and related funding distributions as described by Senator Skarphol, and others, who initiated HB 1358.

Respectfully,

D'Wayne Johnston, Superintendent
Tioga Public School – District # 15

Dwayne.johnston@sendit.nodak.edu

#24

April 8, 2013

HB1358 (Written Testimony provided by Daryl Dukart, Dunn County Commissioner)

Senate Appropriations Committee
Senator Holmberg, Chairman

Senate Appropriations Committee Members,

I recognize the numerous challenges you are faced with as you work your way toward the finishing days of this 63rd Legislative Assembly. I am also not surprised at the offered amendments to HB 1358, but ask you to remain heedful in relation to a couple of things as we all work our way forward to deliver an obtainable funding bill for the oil producing region and all of North Dakota.

Dunn County's school and EMS services have passed the "highly stressed stage" out here in western North Dakota and have now moved to the extremely stressed phase. As Dunn County Commissioners, we are reacting to the needs of full time employment with our EMS ambulance service in Killdeer. Dunn County's sheriff's department has grown from four employees to thirteen employees in three years. Killdeer School District continues to work on additional housing, as the need for additional teachers is unending. As Commissioners, we try our best to deliver any available extra funding to all these entities when we are asked for assistance. At the end of the day, as the number four county for oil production, there just isn't enough left when the cost of growth outpaces revenues retained.

Infrastructure needs at the county level are now considered as normal continuing programs for us, yet we can never reach a level of enough funding because of the constant growth of population by an estimated 15% over the past three years. If passable moneys are not returned to these western North Dakota counties over a period of time, property tax relief will not and cannot happen because of the infrastructure demands caused by continued energy asset growth and resulting population growth. EMS service expenditure in all departments has swelled by outsized figures. Roads continue to be stressed in heavy traffic areas as the need for more paved roads become greater annually. We are running short of gravel in Dunn County and, at a cost of $35,000 per mile to maintain and repair these highly impacted roads annually, we need to consider a better fix for this situation.

So, to keep it short, please consider what options are available to bring additional funds back to western North Dakota for the needs I visited about. Together let's figure out the way to get essential funds to the impacted areas and direct the considered essential funds to allow us to provide the needed services, education services, and roads for this challenging energy expansion.

Thank you,

Daryl Dukart Dunn County Commissioner

Randy Waitman
HB 1358
4-9-13

#25

April 7, 2013

North Dakota State
Senate Appropriations Committee
Bismarck, North Dakota

Dear Sirs or Madams:

There is no question that Williston, and the surrounding areas collectively, commonly referred to as "The Bakken", generates money, a very great deal of money, for North Dakota. What many of our fellow citizens around the state, and elsewhere, do not seem to realize, is that only a pittance of that money remains to circulate locally. Evidence of that can be seen in the long lines at the banks each and every payday when workers deposit money to provide for their families elsewhere, and the long lines of oilfield workers sending money "home" by Western Union on a regular and consistent basis.

These mostly itinerant workers have no intention of staying in Williston, even if they had access to affordable housing, which many do not. They want to live at home, and that is not here. On any given day, if you watch the airport landings and take-offs, you will see forty-something or so people, mostly oilfield workers, ready to board a plane, and generally with big smiles on their faces, and you watch forty-something or so disembark, not with smiles on their faces. It is disappointing, and disheartening.

Other families have moved here, and would love to make North Dakota their permanent home, but they have no decent and livable housing, have little access to fundamental necessities, much less the niceties and amenities generally found in a community of 30,000 people. We need help. Our schools are ancient and overflowing, the teachers are underpaid and overworked; law enforcement, firemen, and EMT's are overwhelmed, the individuals in the service industries can barely make ends meet, and the oil workers who might otherwise be making a fair living wage are forced to send the greater portion back home to provide for their families, and tend to only spend the minimum locally they must, in order to get by.

We are not asking for handouts. Williston and the surrounding area historically abounds with people of a strong work ethic, and a can-do attitude. We still have that. We are asking that the State of North Dakota recognize that we need to keep a larger proportion of that revenue that we are generating for the state and help us to help ourselves and to keep the good job market, and revenue generating machine for our resources a vibrant and productive process.

Randy Waitman rwaitman@nemontel.net (701) 570-2445

Williston

George Nodland #26
HB 1358 4-9-13

Brady Pelton

From: George Nodland [gnodland@ndsupernet.com]
Sent: Saturday, April 06, 2013 1:45 PM
To: brady.pelton@midconetwork.com
Subject: HB 1358 Testimony

Chairman Holmberg and committee Senators,

I thank you for allowing me to make a short statement concerning this important bill (HB1358) for the state of North Dakota. This bill was crafted by many individuals from all parts of oil producing counties in western ND. I personally have read this bill and feel it would address the oil impacts concerning all entities in these counties. I am sorry to see the amendments that were added to date that have changed and reduced the total dollar amounts for the individual entities. The state of North Dakota has seen an increase in many areas of growth due to the recent oil economy---Job growth-per capita income, population growth, reduction of taxes, state department cash surpluses, etc. The oil producing counties have suffered the impacts to provide these good things for the benefit of all citizens in ND.

Why have you done amendments to lower the dollars for these individual county and city governments? You have the funds to help these people at this time and the needs are real! Please reconsider your actions and restore the bill to its original money requested.

Thank you for the time that I served with you! I know you will make the **right** decision for **all** the people of North Dakota today and in the future!

George Nodland
[illegible]290-1840
[illegible]296 110V Ave SW
Dickinson, ND 58601-8567

Heidi Grondahl
HB 1358 4-9-13 #27

Brady Pelton

From: Richard Waitman [rickywaitman@hotmail.com]
Sent: Monday, April 08, 2013 8:22 PM
To: brady.pelton@midconetwork.com
Subject: Fwd: Letter to our State Legislators

Sent from my iPhone

Begin forwarded message:

> **From:** Heidi Grondahl <heidi.grondahl@hotmail.com>
> **Date:** April 8, 2013, 3:43:24 PM CDT
> **To:** "rickywaitman@hotmail.com" <rickywaitman@hotmail.com>
> **Subject: Letter to our State Legislators**
>
> **To Whom it May Concern,**
>
> **I love my hometown of Williston. It's a bit different than I remember it growing up now... But I still love it. Which is why it's so hard for me to watch what is happening to it. I would consider myself a local. Or a native, whichever word you prefer. My sleepy little town where you could once leave the doors open at night and could walk down the street without wondering if that person in the car driving behind you was going to abduct you. Because that person used to be your friends, family and people you knew trying to say hello. Now it's a pedophile living in a house with 10 other guys and no one knows because they aren't really "here". They have a physical address somewhere else and they work here a few weeks, go home and return for a few. Lather. Rinse. Repeat. The local law enforcement does what they can but there aren't enough of them. Everyone here is stretched incredibly thin.**
>
> **My hometown is now so dirty. Littered with all kinds of garbage. Big and small. We do our best to keep things up but we can't keep up. There isnt enough people willing to work for lower wages when the cost of housing is so high. In comparison, the streets in Bismarck are immaculate. I guess they don't have our issues. Or maybe appearances are more important in the capital city where laws are made.**
>
> **I cringe at what has happened to my town. A town where I am a Nurse Practitioner in a busy clinic. And where I have also worked in the ER. i have also seen how our medical services, facilities and capabilities have been compromised. We cannot find help. We are doing what we can but losing an unending war.**

This is where people come to the ER for simple things that they should be seen in the clinic for, but can't get into anyone because there is an astounding lack of primary care providers. Not to mention probably more than half of those people won't pay that bill. Ever. Our bad debt at the hospital is unbelievable. We can't recruit many new providers because the schools, available affordable housing and safety of their families just isn't important to our state and it shows. And it's not just doctors or nurses or medical personnel that are in severe shortage or whose safety and well being isnt being addressed. It's everyone living in "The Bakken". All you simply have to do is drive into the area to see the impact. If you don't understand what I'm saying, then you haven't been here. If you are planning on voting against this oil impact bill, then you haven't been here.

I find it nothing short of completely infuriating that there are dissenting parties who think that we should fend for ourselves with less money than we actually need. Would you not fight for what your town needs? Of course you would. We are fighting because we are desperate and we don't have a lot of resources left. It's embarrassing that we even have to fight for what should be glaringly obvious. Especially when we actually spent a whole lot of state money to defend the use of a school moniker that we knew we would lose. When we recently passed a bill that we know we are likely to lose - to the point where we actually set up a legal fund just after passing it. Where does that money come from? Where is our common sense? And where is the money going that the oil is creating for the state going to? Everywhere but back to the places it is coming from, it seems.

My mother always told me to pick my battles. I am picking this battle. And I am ready to fight the war if i have to. This isn't a want. This is a true blue, honest to goodness need. I find it absolutely humiliating that our state is willing to allow our industrial commission hand out drilling permits like they are candy at a parade, but aren't willing to help fund the fallout from their actions with some of the tax revenue from the drilling going on.

I only can wish these things for those who would like us to make do with less than we ask, with what they see fit, when most of them aren't living here. Because if you pass less funding than we are asking for - none of the following things are guaranteed anymore:
If you or your family member is ever sick, or hurt in a terrible accident in this area - I hope for your sake there is enough ambulance personnel to come help

you in a timely manner. I hope there is a doctor to take care of you or perhaps your precious child in the ER when you arrive. I hope there are enough law enforcement personnel to catch the drunk driver that hit you and money to fill the road sinkhole your car went into on the road that was created by overweight trucks on roads not designed to handle this kind of use. But there probably won't be. Because these things cost money we no longer have and the patches are wearing thin, just like our patience with our state government is.

Sincerely,

Heidi Grondahl
Williston, ND

Sent from my iPhone

Curt Zimbelman #28
HB 1358
4-10-13

Testimony to the Senate Appropriations
Chairman Ray Holmberg
Prepared by Curt Zimbelman, Mayor of Minot
Mayor@minotnd.org

HOUSE BILL 1358

Chairman Holmberg, Senate Appropriations Committee members, my name is Curt Zimbelman, Mayor of Minot. I urge a DO PASS to House Bill 1358, but I ask that you fix it first.

Mr. Chairman and members of the committee, earlier this session I appeared before you in support of funding for communities impacted by energy development in western North Dakota. We have distributed a brochure with this testimony that highlights the impacts from energy development to Minot. The document really speaks for itself in terms of the impacts. For example, Minot's immediate water and sewer needs exceed seventy-three million dollars ($73M). Minot has been taking steps to do our share by raising utility rates to pay for sewer and water infrastructure. Most recently, we increased our rates for 2013 by twenty-two percent (22%). Although we are well aware of the financial risk, we are using special assessment districts, in an unprecedented way, for streets and storm sewers to address our tremendous infrastructure needs.

To fairly address these documented energy impact needs, we are requesting up to $20M from the State in this Biennium. We prefer that be delivered by adjusting the hub city formula you see in the bill. We do have a couple of proposals in that regard and if the committee is interested we can get them to you.

If that adjustment is not made, as an alternative we respectively request that the Committee reinsert the struck language in Section 4, items 6 and 7. This would continue the policy adopted by this body two years ago, setting aside thirty-five percent (35%) of the energy impact fund for what we now call hub city applicants, and sixty-five percent (65%) for all other

#1

Testimony to the Senate Appropriations
Chairman Ray Holmberg
Prepared by Curt Zimbelman, Mayor of Minot
Mayor@minotnd.org

HB1358
4-11-13

HOUSE BILL 1358

Chairman Holmberg, Senate Appropriations Committee members, my name is Curt Zimbelman, Mayor of Minot. I urge a DO PASS to House Bill 1358, but I ask that you fix it first.

Mr. Chairman and members of the committee, earlier this session I appeared before you in support of funding for communities impacted by energy development in western North Dakota. We have distributed a brochure with this testimony that highlights the impacts from energy development to Minot. The document really speaks for itself in terms of the impacts. For example, Minot's immediate water and sewer needs exceed seventy-three million dollars ($73M). Minot has been taking steps to do our share by raising utility rates to pay for sewer and water infrastructure. Most recently, we increased our rates for 2013 by twenty-two percent (22%). Although we are well aware of the financial risk, we are using special assessment districts, in an unprecedented way, for streets and storm sewers to address our tremendous infrastructure needs.

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13.0134.10026
Title.

Prepared by the Legislative Council staff for
Senator Triplett
April 11, 2013

#2

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

In lieu of the amendments adopted by the Senate as printed on pages 1131-1136 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, remove "**STATE TREASURER**"

Page 13, line 5, after "**TREASURER**" insert "**DEPARTMENT OF TRANSPORTATION**"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, remove ", for the period beginning May 1, 2013, and"

Page 13, remove lines 10 and 11

Page 13, line 13, remove "Projects to be funded under this section must"

Page 13, replace lines 14 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, line 27, remove "The amounts available for allocation under"

Page 13, remove lines 28 through 31

Page 14, replace lines 1 and 2 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

   b. Counties identified in the data supplied by the upper great plains transportation institute which received less than $5,000,000 of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

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7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Renumber accordingly

13.9681.05000

Prepared by the North Dakota Legislative Council staff

April 23, 2013

HB 1358

4/24/13

OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS - PROPOSED DISTRIBUTIONS AND APPROPRIATIONS

This memorandum provides information on various proposals for transfers, estimated distributions of oil and gas gross production tax collections, and appropriations, as shown in the schedule below.

			Reengrossed House Bill No. 1358		
Distributions and transfers (in millions)	Current Law	Executive Budget	House Version	Senate Version	Difference
Counties					
Less than $5 million			8.46	8.52	0.06
$5 million or more			336.85	292.78	(44.07)
Total counties	129.38	234.15	345.31	301.30	(44.01)
Cities					
Hub cities[1]			91.50[1]	66.39[1]	(25.11)
Other cities in $5 million or more counties			112.28	102.59	(9.69)
Cities in less than $5 million counties			3.76	3.79	0.03
Total cities	62.49	109.06	207.54	172.77	(34.77)
Schools					
Hub city schools			30.50	15.25	(15.25)
$1.75 million to other schools in $5 million or more counties			35.00		(35.00)
Percentage allocation to other schools in $5 million or more			28.07	55.64	27.57
Percentage allocation to schools in counties less than $5 million			6.58	6.63	0.05
Total schools	0.00	0.00	100.15	77.52	(22.63)
Other distributions and transfers					
Townships			42.11	41.30	(0.81)
Schools/townships/county infrastructure fund	100.62	182.12			
Sheriff's departments			14.04		(14.04)
Emergency medical service providers			14.04		(14.04)
Fire protection districts			14.04		(14.04)
Oil and gas impact grant fund	100.00	214.00	150.00	214.00	64.00
Total other distributions and transfers	200.62	396.12	234.23	255.30	21.07
Total distributions and transfers	392.49	739.33	887.23	806.89	(80.34)
Reengrossed House Bill No. 1358 appropriations (in millions)					
Oil and gas impact grant fund appropriations					
Department of Trust Lands - Counties with new oil impact			5.00	5.00	0.00
Department of Trust Lands - Airport grants				60.00	60.00
Department of Trust Lands - Higher education grants				4.00	4.00
Department of Trust Lands - Dust control pilot project				3.00	3.00
Attorney General - Law enforcement grants				10.00	10.00
Total oil and gas impact grant fund appropriations	0.00	0.00	5.00	82.00	77.00
Other appropriations					
Job Service North Dakota			0.15	0.12	(0.03)
State Treasurer/Department of Transportation - Oil-producing counties			190.00	160.00	(30.00)
State Treasurer/Department of Transportation - Non-oil-producing counties			150.00	100.00	(50.00)
State Treasurer - Townships in oil-producing counties			8.76	8.76	0.00
State Department of Health - Emergency medical service providers			6.25		(6.25)
Department of Commerce - Nursing home grants			6.00		(6.00)
Department of Human Services - Critical access hospitals			10.00		(10.00)
Total other appropriations	0.00	0.00	371.16	268.88	(102.28)
Total distributions, transfers, and appropriations	392.49	739.33	1,263.39	1,157.77	(105.62)
Total funding **(Excluding oil and gas impact grant fund appropriations already included as an allocation/transfer)**	392.49	739.33	1,258.39	1,075.77	(182.62)

[1]The House version reflects total distributions from the 1 percent of the 5 percent oil and gas gross production tax collections of $60 million to Williston, $25.5 million to Dickinson, and $6 million to Minot. The Senate version amount reflects estimated total distributions from both the 1 percent and the 4 percent of the 5 percent oil and gas gross production tax collections of $43.54 million to Williston, $18.50 million to Dickinson, and $4.35 million to Minot.

13.9653.04000

Prepared by the North Dakota Legislative Council staff

April 2013

HB 1358
4/24/13

OIL AND GAS GROSS PRODUCTION TAX - COMPARISON OF PROPOSED FUNDING CHANGES

This memorandum provides a comparison of formula change proposals under consideration by the Legislative Assembly for distribution of oil and gas gross production tax collections. The schedule below provides information on the estimated distributions for the 2013-15 biennium under current law, the executive budget recommendation, Reengrossed House Bill No. 1358 (House version), and the Senate version of Reengrossed House Bill No. 1358 with amendments (LC #13.0134.10036).

	Current Law	Executive Budget	Engrossed House Bill No. 1358		
			House Version	Senate Version	Difference
Legacy fund	$660,600,000	$660,600,000	$660,600,000	$660,600,000	$0
Oil and gas research fund	2,670,000	2,670,000	2,670,000	2,670,000	0
Tribal share	98,400,000	98,400,000	98,400,000	98,400,000	0
Oil and gas impact grant fund	100,000,000	214,000,000	150,000,000	214,000,000	64,000,000
Remaining state share	1,146,400,000	799,560,000	651,660,000	732,000,000	80,340,000
Political subdivisions[1]	292,490,000[1]	525,330,000[1]	737,230,000[1]	592,890,000[1]	(144,340,000)
Total	$2,300,560,000	$2,300,560,000	$2,300,560,000	$2,300,560,000	$0

[1]The amounts allocated to political subdivisions include the amounts allocated under North Dakota Century Code Section 57-51-15(1) related to the 1 percent of the 5 percent oil and gas gross production tax.

In addition to changing the distribution formula, the House and Senate versions of Reengrossed House Bill No. 1358 provide appropriations for the 2013-15 biennium, as shown in the schedule below.

	House Version	Senate Version	Difference
General fund appropriations			
Job Service North Dakota - Data collection	$150,000	$120,000	($30,000)
Department of Transportation - Road projects in counties that receive $5 million or more of annual oil tax allocations	0	160,000,000	160,000,000
Department of Transportation - Road projects in counties that receive less than $5 million of annual oil tax allocations	150,000,000	100,000,000	(50,000,000)
State Treasurer - Township roads in oil-producing counties that receive between $500,000 and $5 million of annual oil tax allocations	8,760,000	8,760,000[1]	0
State Department of Health - Grants to emergency medical services providers in counties that receive less than $5 million of annual oil tax allocations	6,250,000	0	(6,250,000)
Total general fund appropriations	$165,160,000	$268,880,000	$103,720,000
Oil and gas impact grant fund appropriations			
Commissioner of University and School Lands - Eligible counties impacted by new oil and gas development activities	$5,000,000	$5,000,000	$0
Commissioner of University and School Lands - Grants to airports impacted by oil activities	0	60,000,000	60,000,000
Commissioner of University and School Lands - Grants to institutions of higher education impacted by oil activities	0	4,000,000	4,000,000
Commissioner of University and School Lands - Dust control pilot project in three oil-producing counties	0	3,000,000	3,000,000
Attorney General - Law enforcement grants, crime-related needs of the Attorney General, and law enforcement manual	0	10,000,000	10,000,000
Total oil and gas impact grant fund appropriations	$5,000,000	$82,000,000	$77,000,000
Strategic investment and improvements fund appropriations			
State Treasurer - For road projects in counties that receive $5 million or more of annual oil tax allocations	$190,000,000	$0	($190,000,000)
Department of Commerce - Grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities in oil-producing counties	6,000,000	0	(6,000,000)
Department of Human Services - Grants to critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county	10,000,000	0	(10,000,000)
Total strategic investment and improvements fund	$206,000,000	$0	($206,000,000)
Total appropriations	$376,160,000	$350,880,000	($25,280,000)

[1]The Senate version removes the requirement that an eligible township's uncommitted reserve funds not exceed $100,000.

13.9592.06000

Prepared by the North Dakota Legislative Council staff

April 2013

HB 1358
4/24/13

ESTIMATED 2013-15 DISTRIBUTION TO POLITICAL SUBDIVISIONS - OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS

This memorandum provides a comparison of the current and proposed distributions of the 5 percent oil and gas gross production tax collections to the political subdivisions. Under the **current distribution formula (Appendix A)**, an estimated $292 million will be distributed to the political subdivisions for the 2013-15 biennium. Under the formula proposed in the **2013-15 executive budget (Appendix B)**, an estimated $525 million would be distributed to political subdivisions. Under the formula proposed in **Reengrossed House Bill No. 1358 (House version) (Appendix C)**, an estimated $737 million would be distributed to political subdivisions. Under the formula proposed in the **Senate version of Reengrossed House Bill No. 1358 with amendments (LC #13.0134.10036) (Appendix D)**, an estimated $593 million would be distributed to political subdivisions. The schedule below compares the estimated distributions for the 2013-15 biennium under current law and under each of the proposals.

	Current Law	Executive Budget	Engrossed House Bill No. 1358		
			House Version	Senate Version	Difference
Counties	$129,380,000	$234,150,000	$345,310,000	$301,300,000	($44,010,000)
Cities	62,490,000	109,060,000	207,540,000	172,770,000	(34,770,000)
Schools[1]	0	0	100,150,000	77,520,000	(22,630,000)
Townships[1]	0	0	42,110,000	41,300,000	(810,000)
Schools/townships/county infrastructure[1]	100,620,000	182,120,000	0	0	0
Sheriff's departments	0	0	14,040,000	0	(14,040,000)
Emergency medical services	0	0	14,040,000	0	(14,040,000)
Fire protection districts	0	0	14,040,000	0	(14,040,000)
Total	$292,490,000[1,2]	$525,330,000[1,2]	$737,230,000[2]	$592,890,000[2]	($144,340,000)

[1]The distribution formula under current law and the distribution formula proposed under the executive budget allocate funding based on a percentage to a combined category for schools, townships, and county infrastructure. The distribution formula proposed under Engrossed House Bill No. 1358 distributes funding to schools and townships in separate allocations based on a percentage.

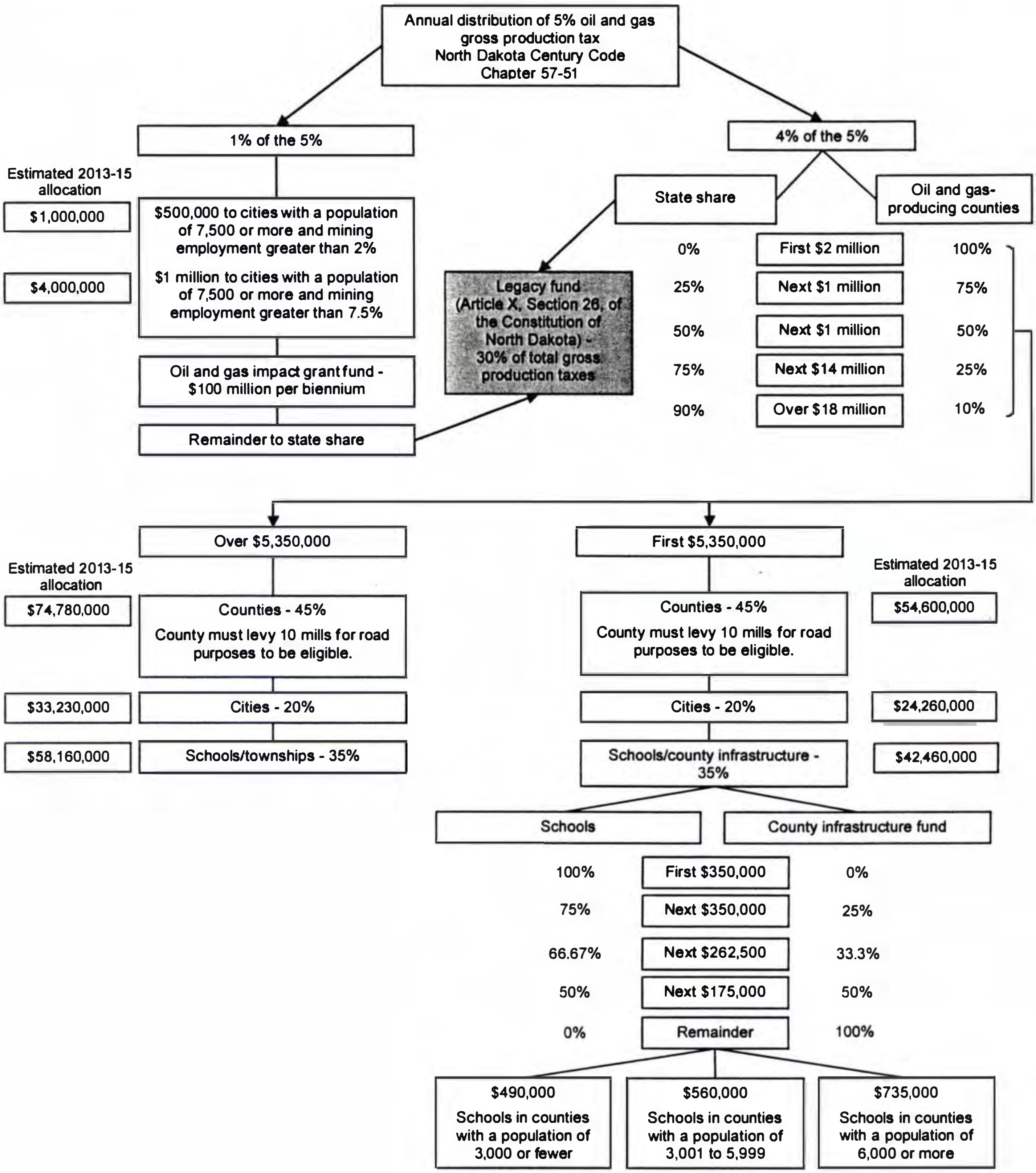
[2]The amounts allocated to political subdivisions include the amounts allocated under North Dakota Century Code 57-51-15(1) related to the 1 percent of the 5 percent oil and gas gross production tax.

NOTE: The amounts reflected on this schedule are estimates based on February 2013 oil price and production estimates for the 2013-15 biennium and Tax Department estimates for individual county oil production for 2014. **The actual amounts allocated for the 2013-15 biennium may differ significantly from these amounts** based on actual oil price and production by county during the 2013-15 biennium.

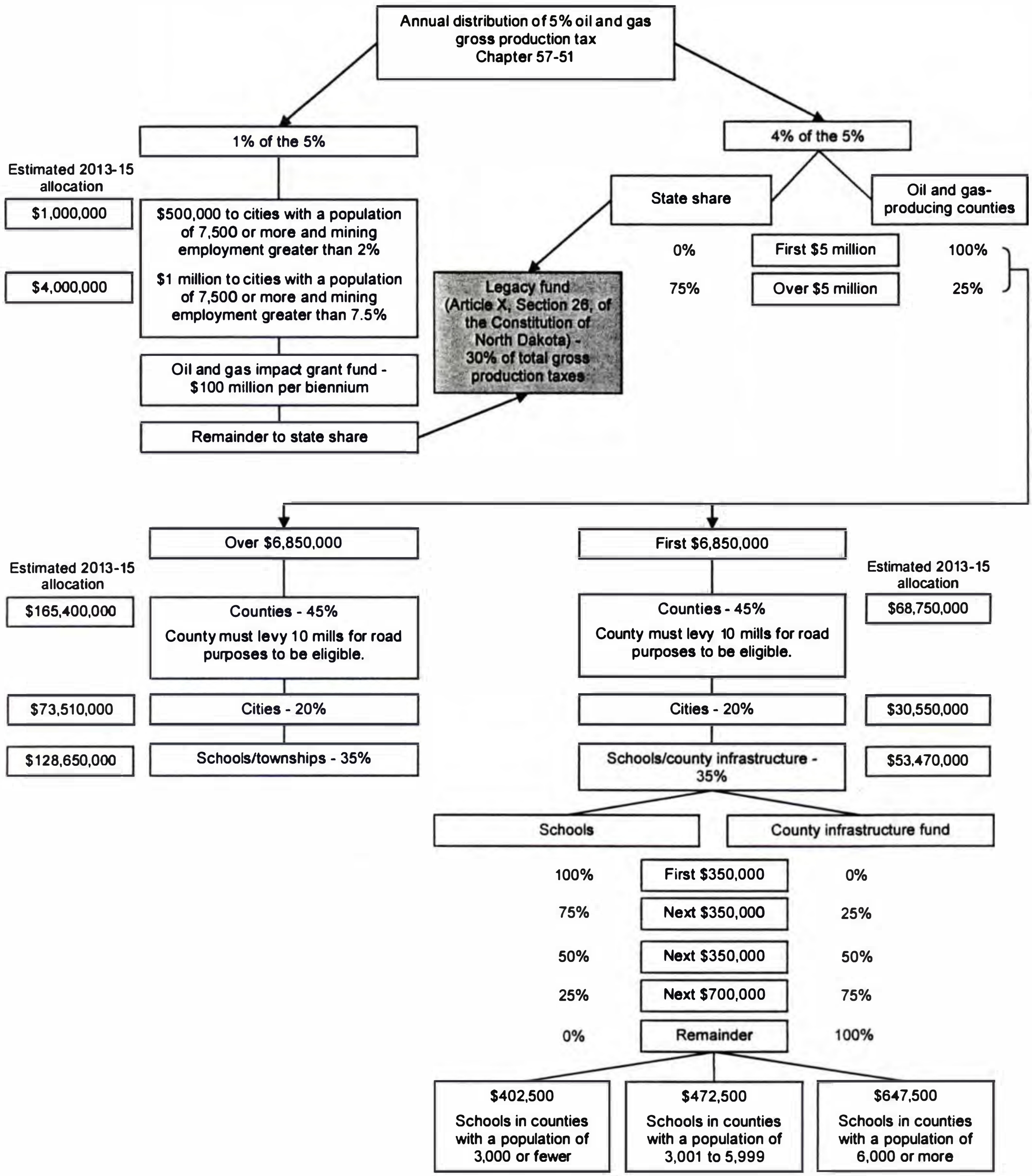
ATTACH:4

APPENDIX A

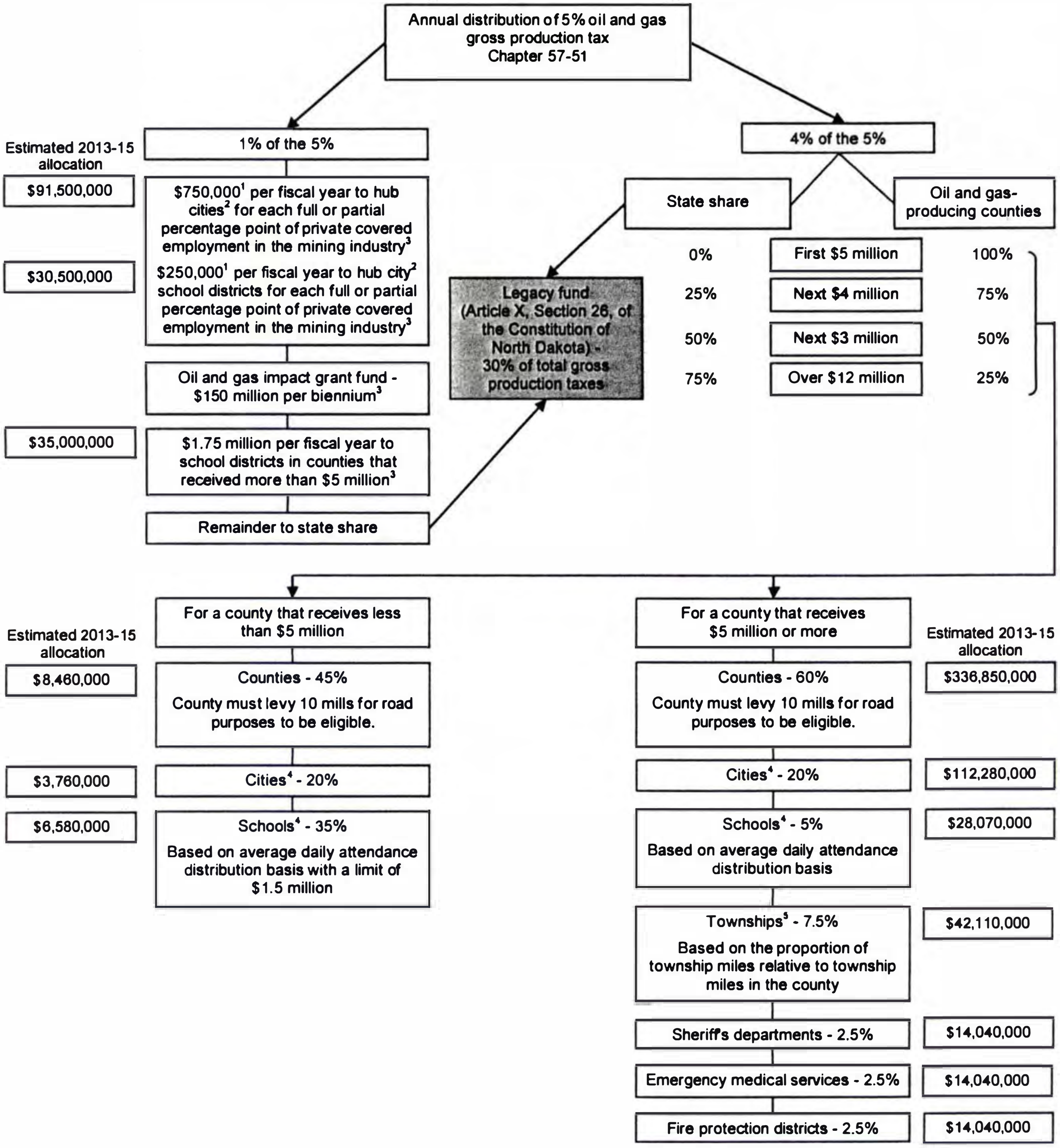
CURRENT LAW
DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



EXECUTIVE BUDGET
PROPOSED DISTRIBUTION OF 5 PERCENT
OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



REENGROSSED HOUSE BILL NO. 1358 (HOUSE VERSION)
PROPOSED DISTRIBUTION OF 5 PERCENT
OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



[1] These amounts will be adjusted each fiscal year by one-third of the percentage change in total tax collections.

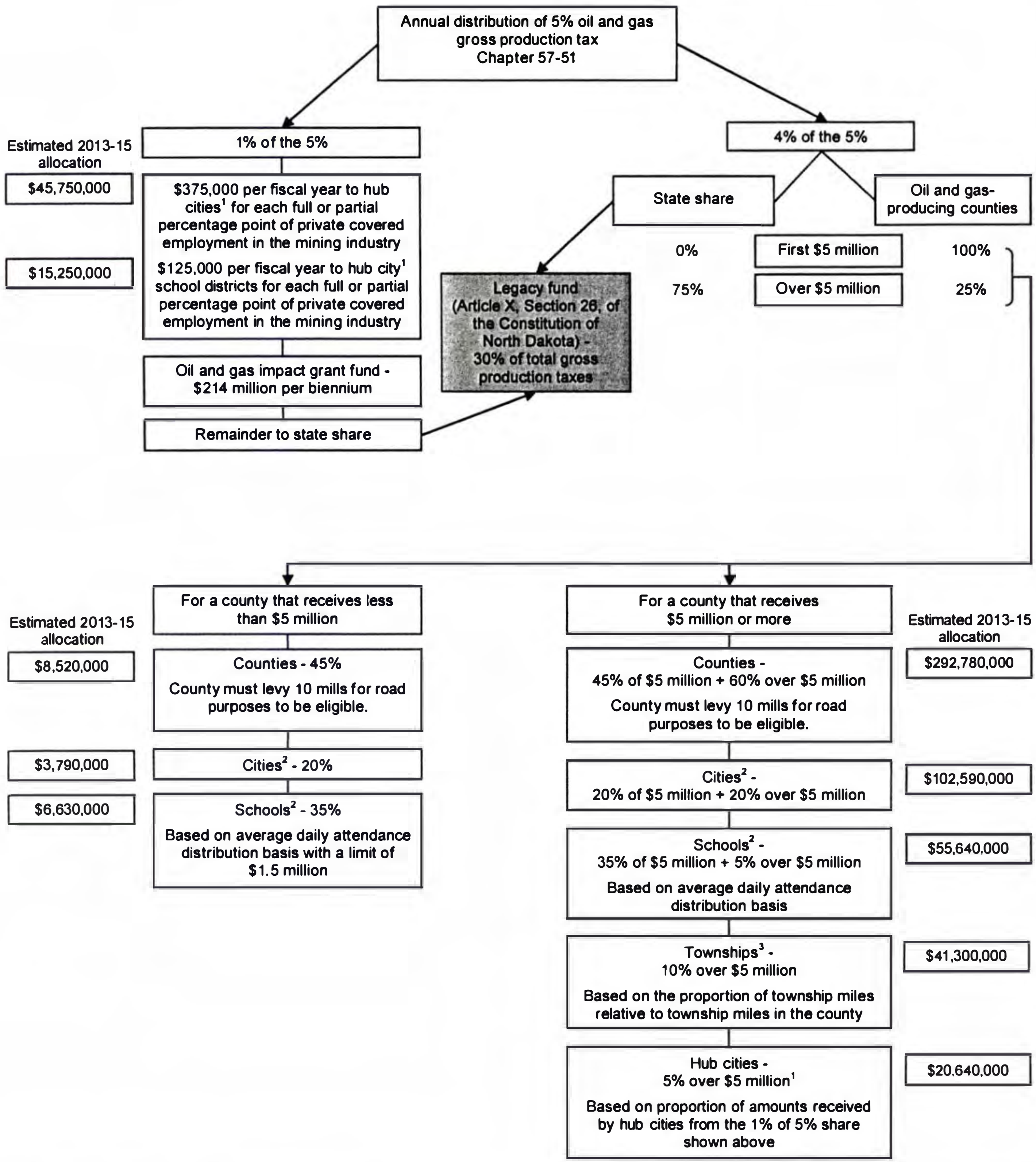
[2] A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.

[3] If revenues are insufficient to make the necessary allocations and transfers, the State Treasurer shall transfer the amount needed from the strategic investment and improvements fund.

[4] Hub cities and hub city school districts must be omitted from this apportionment.

[5] An organized township is not eligible for an allocation if that township has $100,000 or more in uncommitted reserve funds or if that township is not levying at least 10 mills for township purposes.

SENATE VERSION OF REENGROSSED HOUSE BILL NO. 1358 WITH AMENDMENTS (LC #13.0134.10036) PROPOSED DISTRIBUTION OF 5 PERCENT OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS



[1]A "hub city" means a city with a population of 12,500 or more, according to the last official decennial federal census, which has more than 1 percent of its private covered employment engaged in the mining industry, according to data compiled by Job Service North Dakota.

[2]Hub cities and hub city school districts must be omitted from this apportionment.

[3]An organized township is not eligible for an allocation if that township is not levying at least 10 mills for township purposes.

13.9600.04000

HB 1358
4/24/13
page 1 of 2

ESTIMATED ANNUAL OIL TAX REVENUE DISTRIBUTIO

The table below provides information on the estimated distributions of the counties' share of oil and gas producti
No. 1358 and the Senate version of Reengrossed House Bill No. 1358 (Amendment LC # 13.0134.10036). The amou
amounts allocated under North Dakota Century Code Section 57-51-15(1) related to the 1 percent of the 5 percent oil and

	House Version[1]	Senate Version		House Version[1]	Senate Version		House Version[1]	Senate Versior
Billings	**$12,841,712**	**$8,174,626**	**Bottineau**	**$8,222,377**	**$5,466,254**	**Bowman**	**$16,301,119**	**$11,461,0**
County share	$6,655,027	$4,255,027	County share	$3,883,427	$2,544,476	County share	$8,730,671	$6,330,6
Cities	$2,218,342	$1,668,342	Cities	$1,294,476	$1,098,159	Cities	$2,910,224	$2,360,2
Hub cities			Hub cities			Hub cities		
Hub school			Hub school			Hub school		
School districts	$2,304,586	$1,917,086	School districts	$2,073,619	$1,774,540	School districts	$2,477,556	$2,090,0
School/township			School/township			School/township		
Township	$831,878	$334,171	Township	$485,428	$49,079	Township	$1,091,334	$680,1
EMS	$277,293		EMS	$161,809		EMS	$363,778	
Fire protection	$277,293		Fire protection	$161,809		Fire protection	$363,778	
Sheriff	$277,293		Sheriff	$161,809		Sheriff	$363,778	
Dunn	**$34,634,481**	**$28,877,757**	**Golden Valley**	**$3,550,832**	**$3,550,831**	**McHenry**	**$81,469**	**$81,4**
County share	$19,730,689	$17,330,689	County share	$1,597,875	$1,597,874	County share	$36,661	$36,6
Cities	$6,576,896	$6,026,896	Cities	$710,166	$710,166	Cities	$28,514	$16,2
Hub cities			Hub cities			Hub cities		
Hub school			Hub school			Hub school		
School districts	$3,394,224	$3,006,724	School districts		$1,242,791	School districts		$28,5
School/township			School/township	$1,242,791		School/township	$16,294	
Township	$2,466,336	$2,513,448	Township			Township		
EMS	$822,112		EMS			EMS		
Fire protection	$822,112		Fire protection			Fire protection		
Sheriff	$822,112		Sheriff			Sheriff		
Renville	**$3,112,402**	**$3,112,402**	**Slope**	**$2,192,506**	**$2,192,506**	**Stark**	**$29,140,679**	**$18,782,6**
County share	$1,400,581	$1,400,581	County share	$986,628	$986,628	County share	$6,234,407	$3,834,4
Cities	$622,480	$622,480	Cities	$438,501	$438,501	Cities	$2,078,136	$1,528,1
Hub cities			Hub cities			Hub cities	$12,750,000	$9,149,0
Hub school			Hub school			Hub school	$4,250,000	$2,125,0
School districts		$1,089,341	School districts		$767,377	School districts	$2,269,534	$1,882,0
School/township	$1,089,341		School/township	$767,377		School/township		
Township			Township			Township	$779,301	$264,0
EMS			EMS			EMS	$259,767	
Fire protection			Fire protection			Fire protection	$259,767	
Sheriff			Sheriff			Sheriff	$259,767	

[1]The amounts shown for schools include $1.75 million from the first one-fifth of oil and gas gross production tax collected for each county that r
[2]Under the Senate version of Reengrossed House Bill No. 1358, the State Treasurer will retain 5 percent of the amount over $5 million allocate
hub city from the 1 percent of the 5 percent oil and gas gross production tax collected.

NOTE: The amounts reflected on this schedule are estimates based on February 2013 oil price and production es
production for 2014. **The actual amounts allocated for the 2013-15 biennium may differ significantly from these an**

Prepared by the North Dakota Legislative Council staff

April 2013

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‹ REVENUE DISTRIBUTIONS TO POLITICAL SUBDIVISIONS

es' share of oil and gas gross production tax revenue using the proposed formulas in the House version of Engrossed House Bill ent LC # 13.0134.10036). The amounts shown include allocations to hub cities, hub school districts, and school districts from the 1 percent of the 5 percent oil and gas gross production tax collected.

	House Version[1]	Senate Version		House Version[1]	Senate Version		House Version[1]	Senate Version
Bowman	**$16,301,119**	**$11,461,063**	**Burke**	**$12,970,157**	**$8,296,649**	**Divide**	**$16,270,257**	**$11,431,746**
County share	$8,730,671	$6,330,671	County share	$6,732,094	$4,332,094	County share	$8,712,155	$6,312,155
Cities	$2,910,224	$2,360,224	Cities	$2,244,031	$1,694,031	Cities	$2,904,052	$2,354,052
Hub cities			Hub cities			Hub cities		
Hub school			Hub school			Hub school		
School districts	$2,477,556	$2,090,056	School districts	$2,311,008	$1,923,508	School districts	$2,476,013	$2,088,513
School/township			School/township			School/township		
Township	$1,091,334	$680,112	Township	$841,512	$347,016	Township	$1,089,019	$677,026
EMS	$363,778		EMS	$280,504		EMS	$363,006	
Fire protection	$363,778		Fire protection	$280,504		Fire protection	$363,006	
Sheriff	$363,778		Sheriff	$280,504		Sheriff	$363,006	
McHenry	**$81,469**	**$81,469**	**McKenzie**	**$58,690,903**	**$51,731,356**	**Mountrail**	**$68,748,662**	**$61,286,227**
County share	$36,661	$36,661	County share	$34,164,541	$31,764,541	County share	$40,199,196	$37,799,196
Cities	$28,514	$16,294	Cities	$11,388,180	$10,838,180	Cities	$13,399,732	$12,849,732
Hub cities			Hub cities			Hub cities		
Hub school			Hub school			Hub school		
School districts		$28,514	School districts	$4,597,045	$4,209,545	School districts	$5,099,933	$4,712,433
School/township	$16,294		School/township			School/township		
Township			Township	$4,270,568	$4,919,090	Township	$5,024,900	$5,924,866
EMS			EMS	$1,423,523		EMS	$1,674,967	
Fire protection			Fire protection	$1,423,523		Fire protection	$1,674,967	
Sheriff			Sheriff	$1,423,523		Sheriff	$1,674,967	
Stark	**$29,140,679**	**$18,782,669**	**Ward**	**$4,210,618**	**$2,863,329**	**Williams**	**$91,488,239**	**$71,415,942**
County share	$6,234,407	$3,834,407	County share	$94,778	$94,778	County share	$29,842,943	$27,442,943
Cities	$2,078,136	$1,528,136	Cities	$42,124	$42,124	Cities	$9,947,648	$9,397,648
Hub cities	$12,750,000	$9,149,024[2]	Hub cities	$3,000,000	$2,152,711[2]	Hub cities	$30,000,000	$21,527,115[2]
Hub school	$4,250,000	$2,125,000	Hub school	$1,000,000	$500,000	Hub school	$10,000,000	$5,000,000
School districts	$2,269,534	$1,882,034	School districts		$73,716	School districts	$4,236,912	$3,849,412
School/township			School/township	$73,716		School/township		
Township	$779,301	$264,068	Township			Township	$3,730,368	$4,198,824
EMS	$259,767		EMS			EMS	$1,243,456	
Fire protection	$259,767		Fire protection			Fire protection	$1,243,456	
Sheriff	$259,767		Sheriff			Sheriff	$1,243,456	

production tax collected for each county that received $5 million or more in oil tax revenues for the previous fiscal year.
percent of the amount over $5 million allocated to any county and will distribute that amount to hub cities in proportion to the amount distributed to each

uary 2013 oil price and production estimates for the 2013-15 biennium and Tax Department estimates for individual county oil **ay differ significantly from these amounts** based on actual oil price and production by county during the 2013-15 biennium.

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Attachment 1

HB1358 – Summary of Major Provisions - House and Senate Versions

		House Version	Senate Version
1.	Inclusion of mineral income in school aid formula	No	Yes
2.	Establishment of emergency medical services and fire protection district funding committee	Yes	No
3.	Establishment of hub city school impact committee	Yes	No
4.	Hub city defined as population of 12,500 or more and 1% of employment in mining category	Yes	Yes
5.	Hub city school district defined as school district with highest enrollment within hub city	Yes	Yes
6.	Gross production tax (GPT) allocation to hub cities per 1% of employment	$750,000	$375,000
7.	GPT allocation to hub city school districts per 1% of employment in city	$250,000	$125,000
8.	Allocation of a portion of hub city school district funding to special account to be used for construction matching funds	Yes	No
9.	Annual adjustment in hub city and hub city school allocation amounts per 1% of employment based on change in total tax collections in previous fiscal year	Yes	No
10.	Additional allocations to non-hub city school districts in counties exceeding $5 million in annual production tax	$1.75 million per school district	$0
11.	Provision to use strategic investment and improvements fund (SIIF) to make up any shortfall in hub city, hub city schools, and impact fund allocations	Yes	No
12.	GPT allocation to impact fund	$150 million	$214 million
13.	GPT state/county split		
	First $5 million annually	100% county	100% county
	Next $4 million	75% county	N/A
	Next $3 million	50% county	N/A
	All remaining revenue	25% county	25% county
14.	Separate allocation formula for counties that received less than $5 million in GPT allocations during the previous fiscal year	Yes	No
15.	Separate allocation formula for first $5 million each fiscal year	No	Yes
16.	Allocation of first $5 million (formula for counties that received less than $5 million in previous fiscal year under House version; formula for first $5 million for all counties in Senate version)		
	County general fund	45%	45%
	School districts	35%	35%

25.	Appropriation – Dept. of Commerce – Oil-impacted long-term care and DD facilities	$6 million (from SIIF)	$0
26.	Appropriation – DHS – Critical access hospitals	$10 million (from SIIF)	$0
27.	Appropriation – Attorney General – Grants to law enforcement agencies	$0	$10 million (from oil and gas impact fund)
28.	Appropriation – Dept. of Trust Lands – Grants to oil-impacted airports	$0	$60 million (from oil and gas impact fund)
29.	Appropriation – Dept. of Trust Lands – Grants to oil-impacted institutions of higher education	$0	$4 million (from oil and gas impact fund)
30.	Appropriation – Dept. of Trust Lands – Dust control pilot project	$0	$3 million (from oil and gas impact fund)
31.	Legislative intent – Bill is initiation of ten-year plan	Yes	No

13.0134.10036

SECOND ENGROSSMENT

Sixty-third
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1358

Introduced by

Representatives Skarphol, Brandenburg, Froseth, Rust, Steiner, Glassheim, J. Kelsh

Senators Andrist, Wanzek, Wardner, Murphy, Triplett

A BILL for an Act to create and enact ~~a new section to chapter 23-01 and~~ two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program~~; to provide a continuing appropriation~~; to provide appropriations; ~~to provide a statement of legislative intent;~~ to provide an effective date; and to ~~declare an emergency~~provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

~~**SECTION 1.** A new section to chapter 23-01 of the North Dakota Century Code is created and enacted as follows:~~

~~**Emergency medical service and fire protection district funding committee - Funding assistance requests and approval.**~~

~~The emergency medical service and fire protection district funding committee consists of the chairman of the legislative management, or the chairman's designee; two members of the legislative assembly, appointed by the chairman of the legislative management; the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees; four nonvoting members, two of whom are a member of the governing body of a city or county in an oil-producing county, appointed by the president of the North Dakota emergency medical services association and two of whom are a member of the governing body of a city or county in an oil-producing county, appointed by the president of the North Dakota firefighters' association; and one nonvoting member who is a member of the advisory board appointed by the board of~~

~~university and school lands to advise on oil and gas impact grant award applications, who shall be appointed by the board of university and school lands. The chairman of the legislative management shall designate the chairman from among the voting members of the committee. The state department of health shall provide administrative services for the committee. The emergency medical services advisory council established under section 23-46-02 shall provide advisory assistance to the emergency medical service and fire protection district funding committee as requested.~~

~~Applications for funding assistance from the oil-producing counties emergency medical service and fire protection district grant fund or funds provided by legislative appropriation may be submitted to the committee by the governing body of a city or county on behalf of emergency medical service providers or fire protection districts providing service in one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. Funding under this section may be provided only for that portion of the service area of emergency medical service providers or fire protection districts within one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. The committee shall notify the state treasurer of awarded grants from available funds and the state treasurer shall transfer the grant awards to the recipients.~~

~~In consideration of circumstances in which a grant award application indicates a need for a staffing increase or other funding need that appears to create an ongoing need for funding assistance, the committee may make a commitment of future grant funding as determined appropriate. The committee shall develop policies of best practices for efficient and effective use of grant award funds for full-time, part-time, and volunteer staffing of emergency medical service and fire protection district service providers.~~

SECTION 1. AMENDMENT. Paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

(1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of

public instruction in accordance with section 15.1-02-08 and mineral revenue received by the school district by direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual;

SECTION 2. Two new subsections to section 57-51-01 of the North Dakota Century Code are created and enacted as follows:

"Hub city" means a city with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has more than one percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota.

"Hub city school district" means the school district with the highest student enrollment within the city limits of a hub city.

SECTION 3. AMENDMENT. Section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

57-51-15. Gross production tax allocation.

The gross production tax must be allocated monthly as follows:

1. First the tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the state treasurer who shall:

   a. Allocate to each hub city a monthly amount that will provide a total allocation of ~~five~~~~seven~~three hundred ~~fifty~~~~seventy-five~~ thousand dollars per fiscal year ~~to each city in an oil-producing county which has a population of seven thousand five hundred or more and more than two percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota. The allocation under this subdivision must be doubled if the city has more than seven and one-half percent~~for each full or partial percentage point of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota;

   b. Allocate to each hub city school district a monthly amount that will provide a total allocation of ~~two~~one hundred ~~fifty~~twenty-five thousand dollars per fiscal year for each full or partial percentage point of the hub city's private covered employment engaged in the mining industry, according to data compiled by job service North Dakota;

~~c. From each allocation to a hub city school district under subdivision b, the state treasurer retain seventy-five percent of the allocation and deposit that amount in a special account established for that school district. Up to fifty percent of the funds deposited in the special account under this subdivision may be released by the state treasurer to the school district to provide equal matching funds for funds provided by the school district for a school construction project. Any funds in the special account that are not committed or expended for school construction projects may be released to the school district by the state treasurer upon application by the school district and approval by the hub city school impact committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting that school district. Any unexpended and unobligated funds remaining in the hub city school district's special account at the end of the biennium may be carried over to the ensuing biennium but any funds that would be allocated to that special account under this subdivision during the ensuing biennium, up to the amount carried over, must be withheld and allocated instead under subsection 3.~~

~~The hub city school impact committee consists of the chairman of the legislative management, or the chairman's designee; two members of the legislative assembly, appointed by the chairman of the legislative management; the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees; two nonvoting members, each of whom is either a school superintendent or school district business manager of a school district in an oil-producing county, appointed by the superintendent of public instruction; and two nonvoting members who are members of the advisory board appointed by the board of university and school lands to advise on oil and gas impact grant award applications, who shall be appointed by the board of university and school lands. The chairman of the legislative management shall designate the chairman from among the voting members of the committee. The~~

~~energy infrastructure and impact office shall provide administrative services for the hub city school impact committee;~~

~~d. For each fiscal year beginning after June 30, 2014, adjust the fiscal year dollar amounts in subdivisions a and b as determined for the previous fiscal year by one-third of the percentage change in total tax collections under this chapter during that previous fiscal year;~~

~~e.~~c. Credit revenues to the oil and gas impact grant fund, but not in an amount exceeding ~~one~~two hundred ~~fifty~~fourteen million dollars per biennium; and

~~f. Allocate one million seven hundred fifty thousand dollars in each fiscal year to be added by the county treasurer to the allocations to school districts under subdivision c of subsection 4 for each county that has received five million dollars or more of allocations under subsection 2 during the preceding state fiscal year; and~~

~~e.g.~~d. Allocate the remaining revenues under subsection 3. ~~If there are no remainingrevenues and revenues under this subsection are insufficient to make the allocations and transfers under subdivisions a through f, the state treasurer shall transfer from the strategic investment and improvements fund an amount necessary to fully fund the allocations and transfers under subdivisions a through f.~~

2. After deduction of the amount provided in subsection 1, annual revenue collected under this chapter from oil and gas produced in each county must be allocated as follo s:

a. The first ~~two~~five million dollars is allocated to the county.

b. Of ~~the next onefour~~all annual revenue exceeding five million dollars, ~~seventy-five~~twenty-five percent is allocated to the county.

~~c. Of the next onethree million dollars, fifty percent is allocated to the county.~~

~~d. Of the next fourteen million dollarsall remaining annual revenue, twenty-five percent is allocated to the county.~~

~~e. Of all annual revenue exceeding eighteen million dollars, ten percent is allocated to the county.~~

3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. 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.

4. ~~The amount to which each county is entitled under subsection 2 must be allocated within the county so the first five million three hundred fifty thousand dollars is allocated under subsection 5 for each fiscal year and any amount received by a county exceeding five million three hundred fifty thousand dollars is credited by the county treasurer to the county infrastructure fund and allocated under subsection 6.~~

~~5.~~ For ~~a county that received~~the first five million dollars ~~or more~~ of annual allocations to a county under subsection 2 ~~in the most recently completed state fiscal year~~, revenues allocated to that county ~~under subsections 1 and 2~~ must be ~~credited~~distributed by the ~~county~~state treasurer as follows:

a. Forty-five percent ~~of all revenues allocated to any county for allocation under this subsection~~ must be credited by the county treasurer to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if ~~during that fiscal year~~in a taxable year after 2012 the county ~~does not levy~~is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.

b. Thirty-five percent of all revenues allocated to any county for allocation under this subsection must be apportioned by the county treasurer no less than quarterly to school districts within the county, excluding consideration of and allocation to any hub city school district in the county, on the average daily attendance distribution basis, as certified to the county treasurer by the county superintendent of schools. ~~However, no school district may receive in any single academic year an amount under this subsection greater than the county average per student cost~~

~~multiplied by seventy percent, then multiplied by the number of students in average daily attendance or the number of children of school age in the school census for the county, whichever is greater. Provided, however, that in any county in which the average daily attendance or the school census, whichever is greater, is fewer than four hundred, the county is entitled to one hundred twenty percent of the county average per student cost multiplied by the number of students in average daily attendance or the number of children of school age in the school census for the county, whichever is greater. Once this level has been reached through distributions under this subsection, all excess funds to which the school district would be entitled as part of its thirty-five percent share must be deposited instead in the county general fund. The county superintendent of schools of each oil-producing county shall certify to the county treasurer by July first of each year the amount to which each school district is limited pursuant to this subsection. As used in this subsection, "average dai attendance" means the average daily attendance for the school year immediately preceding the certification by the county superintendent of schools required by this subsection.~~

~~The countywide allocation to school districts under this subdivision is subject to the following:~~

~~(1) The first three hundred fifty thousand dollars is apportioned entirely among school districts in the county.~~

~~(2) The next three hundred fifty thousand dollars is apportioned seventy-five percent among school districts in the county and twenty-five percent to the county infrastructure fund.~~

~~(3) The next two hundred sixty-two thousand five hundred dollars is apportioned two-thirds among school districts in the county and one-third to the county infrastructure fund.~~

~~(4) The next one hundred seventy-five thousand dollars is apportioned fifty percent among school districts in the county and fifty percent to the county infrastructure fund.~~

~~(5) Any remaining amount is apportioned to the county infrastructure fund except from that remaining amount the following amounts are apportioned among school districts in the county:~~

~~(a) Four hundred ninety thousand dollars, for counties having a population of three thousand or fewer.~~

~~(b) Five hundred sixty thousand dollars, for counties having a population of more than three thousand and fewer than six thousand.~~

~~(c) Seven hundred thirty-five thousand dollars, for counties having a population of six thousand or more.~~

c. Twenty percent ~~of all revenues allocated to any county for allocation under this subsection~~ must be apportioned no less than quarterly by the state treasurer to the incorporated cities of the county. A hub city must be omitted from apportionment under this subdivision. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent. ~~If a city receives a direct allocation under subsection 1, the allocation to that city under this subsection is limited to sixty percent of the amount otherwise determined for that city under this subsection and the amount exceeding this limitation must be reallocated among the other cities in the county.~~

~~c. Five percent plus any amount allocated to school districts of the county under subdivision f of subsection 1 must be apportioned no less than quarterly by the county treasurer to the school districts of the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the county treasurer by the county superintendent of schools. However, a hub city school district must be omitted from apportionment under this subdivision.~~

~~d. Seven and one-half percent to the organized and unorganized townships of the county in the proportion that township road miles in the township bears to the~~

~~total township road miles in the county, with the board of county commissioners retaining and using the funds available for the maintenance and improvement of roads in unorganized townships. An organized township is not eligible for an allocation, and must be excluded from the calculation of township road miles, if that township has one hundred thousand dollars or more in uncommitted reserve funds on hand or if that township in a taxable year after 2012 is not levying at least ten mills for township purposes.~~

~~e. Two and one-half percent must be allocated by the board of county commissioners to or for the benefit of the county sheriff's department to offset oil and gas development impact causing a need for increased sheriff's department services staff, funding, equipment, coverage, and personnel training.~~

~~f. Two and one-half percent must be deposited by the state treasurer in the oil-producing counties emergency medical service and fire protection district grant fund and available for grants by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties.~~

~~g. Two and one-half percent must be deposited by the state treasurer in the oil-producing counties emergency medical service and fire protection district grant fund and available for grants by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties.~~

~~h. Funds deposited in the oil-producing counties emergency medical service and fire protection district grant fund shall be paid out by the state treasurer upon approval by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers or fire protection districts providing service in counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year.~~

5. For ~~a county that did not reach a level of~~revenues exceeding the first five million dollars of annual allocations to a county under subsection 2 ~~in the most recently completed state fiscal year~~, revenues allocated to that county must be ~~credited~~distributed by the ~~county~~state treasurer as follows:

a. ~~Forty-five~~Sixty percent must be credited by the county treasurer to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if in a taxable year after 2012 the county is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.

b. ~~Thirty-five~~Five percent must be apportioned by the ~~county~~state treasurer no less than quarterly to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the ~~county~~state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from consideration and apportionment under this subdivision. ~~The total annual apportionment to school districts under this subsection is limited to one million five hundred thousand dollars.~~

c. Twenty percent must be apportioned no less than quarterly by the state treasurer to the incorporated cities of the county. A hub city must be omitted from apportionment under this subdivision. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.

d. Ten percent must be apportioned no less than quarterly by the state treasurer to the organized and unorganized townships of the county in the proportion that township road miles in the township bears to the total township road miles in the county, with the board of county commissioners retaining and using the funds available for the maintenance and improvement of roads in unorganized townships.

e. Five percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities, with each hub city receiving an allocation percentage of available funds under this subdivision equal to the percentage of allocations that hub city receives from allocations to hub cities under subdivision a of subsection 1 for the quarterly period.

~~6.~~ ~~a.~~ ~~Forty-five percent of all revenues allocated to a county infrastructure fund under subsections 4 and 5 must be credited by the county treasurer to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if during that fiscal year the county does not levy a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.~~

~~b.~~ ~~Thirty-five percent of all revenues allocated to the county infrastructure fund under subsections 4 and 5 must be allocated by the board of county commissioners to or for the benefit of townships in the county on the basis of applications by townships for funding to offset oil and gas development impact to township roads or other infrastructure needs or applications by school districts for repair or replacement of school district vehicles necessitated by damage or deterioration attributable to travel on oil and gas development-impacted roads. An organized township is not eligible for an allocation of funds under this subdivision unless during that fiscal year that township levies at least ten mills for township purposes. For unorganized townships within the county, the board of county commissioners may expend an appropriate portion of revenues under this subdivision to offset oil and gas development impact to township roads or other infrastructure needs in those townships. The amount deposited during each calendar year in the county infrastructure fund which is designated for allocation under this subdivision and which is unexpended and unobligated at the end of the calendar year must be transferred by the county treasurer to the county road and bridge fund for use on county road and bridge projects.~~

~~c.~~ ~~Twenty percent of all revenues allocated to any county infrastructure fund under subsections 4 and 5 must be allocated by the county treasurer no less than~~

~~quarterly to the incorporated cities of the county. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. If a city receives a direct allocation under subsection 1, the allocation to that city under this subsection is limited to sixty percent of the amount otherwise determined for that city under this subsection and the amount exceeding this limitation must be reallocated among the other cities in the county.~~

~~7.~~6. Within thirty days after the end of each calendar year, the board of county commissioners of each county that has received an allocation under this section shall file a report for the calendar year with the commissioner, in a format prescribed by the commissioner, including:

a. The county's statement of revenues and expenditures; and

b. The amount ~~available in the county infrastructure fund for allocation~~allocated to or for the benefit of townships ~~or school districts~~, the amount allocated to each organized township ~~or school district~~ and the amount expended from each such allocation by that township ~~or school district~~, the amount expended by the board of county commissioners on behalf of each unorganized township for which an expenditure was made, and the amount available for allocation to or for the benefit of townships ~~or school districts~~ which remained unexpended at the end of the fiscal year.

Within fifteen days after the time when reports under this subsection were due, the commissioner shall provide the reports to the legislative council compiling the information from reports received under this subsection.

SECTION 4. AMENDMENT. Section 57-62-05 of the North Dakota Century Code is amended and reenacted as follows:

57-62-05. Powers and duties of energy infrastructure and impact office director.

The energy infrastructure and impact office director shall:

1. Develop a plan for the assistance, through financial grants for services and facilities, of counties, cities, school districts, and other political subdivisions in coal development and oil and gas development impact areas.

2. Establish procedures and provide proper forms to political subdivisions for use in making application for funds for impact assistance as provided in this chapter.
3. Make grants disbursements to counties, cities, school districts, and other taxing districts for grants awarded by the board of university and school lands pursuant to chapter 15-01, as provided in this chapter and within the appropriations made for such purposes. In determining the amount of impact grants for which political subdivisions are eligible, ~~the~~consideration must be given to the amount of revenue to which such political subdivisions will be entitled from taxes upon the real property of coal and oil and gas development plants and from other tax or fund distribution formulas provided by law must be considered.
4. Receive and review applications for impact assistance pursuant to this chapter.
5. Make recommendations, not less than once each calendar quarter, to the board of university and school lands on grants to counties, cities, school districts, and other political subdivisions in oil and gas development impact areas based on identified needs, and other sources of revenue available to the political subdivision.
~~6. Make recommendations to the board of university and school lands providing for the distribution of thirty-five percent of moneys available in the oil and gas impact fund to incorporated cities with a population of ten thousand or more, based on the most recent official decennial federal census, that are impacted by oil and gas development. The director may not recommend that an incorporated city receive more than sixty percent of the funds available under this subsection.~~
~~7. Make recommendations to the board of university and school lands providing for the distribution of sixty-five percent of moneys available in the oil and gas impact fund to cities not otherwise eligible for funding under this section, counties, school districts, and other political subdivisions impacted by oil and gas development~~.

SECTION 5. APPROPRIATION - JOB SERVICE NORTH DAKOTA. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$150,000~~$120,000, or so much of the sum as may be necessary, to job service North Dakota for the purpose of upgrading collection and use of employment data to correctly identify all employees who should be included for statistical purposes in oil and gas-related employment, including employees of refineries and gas plants and oil and gas transportation services, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 6. APPROPRIATION - ~~STATE TREASURER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND~~DEPARTMENT OF TRANSPORTATION. There is appropriated out of any moneys in the ~~strategic investment and improvements~~general fund in the state treasury, not otherwise appropriated, the sum of ~~$190,000,000~~$160,000,000, or so much of the sum as may be necessary, to the ~~state treasurer~~department of transportation for the purpose of allocation as provided in this section among oil-producing counties that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012, for the ~~period~~biennium beginning ~~May~~July 1, 2013, and ending June 30, 2015. ~~The amounts available for allocation under this section must be allocated on May 1, 2013, and May 1, 2014, in the amount of $95,000,000 each year, among the counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. Projects to be funded under this section must comply with American association of state highway and transportation officials pavement design procedures and department of transportation local government requirements. The allocation shares of the counties that qualify for a share of funds available under this section must be determined by prorating available funds among those counties on the basis of barrels of oil production within the county compared to barrels of oil production among all counties that qualify for a share of funds available under this section in the most recently completed state fiscal year.~~

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.
    a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.
    b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and

ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 7. APPROPRIATION - DEPARTMENT OF TRANSPORTATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$150,000,000~~$100,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of allocation ~~in equal amounts in each fiscal year of the biennium~~ among counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the ~~most recently completed~~ state fiscal year ending June 30, 2012, for the ~~period~~biennium beginning ~~May~~July 1, 2013, and ending June 30, 2015. The amounts available for allocation under this section must be allocated in the amount of ~~$45,000,000 on or before May 1, 2013,~~$30,000,000 in the first year of the biennium and in the amount of ~~$105,000,000 on or before May 1, 2014~~$70,000,000 in the second year of the biennium. ~~Allocations among counties under this section must be prorated among eligible counties on the basis of miles of road in the county road system. Projects to be funded under this section must comply with American association of state highway and transportation officials pavement design procedures and department of transportation local government requirements.~~

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support economic activity in North Dakota.
   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.
   b. Counties identified in the data supplied by the upper great plains transportation institute which did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.
2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.
   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 8. APPROPRIATION - STATE TREASURER. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of

$8,760,000, or so much of the sum as may be necessary, to the state treasurer for allocation to counties for allocation to or for the benefit of townships in oil-producing counties, for the ~~period~~biennium beginning ~~May~~July 1, 2013, and ending June 30, 2015. The funding provided in this section must be distributed in equal amounts ~~on or before May 1,~~in July 2013~~,~~ and May ~~1,~~ 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of $15,000 each year to each organized township and a distribution of $15,000 each year for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this section, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities in oil-producing counties pursuant to the method provided in subsection 4 of section 54-27-19 and shall distribute twenty percent of the remaining funds to counties and townships in oil-producing counties pursuant to the method provided in section 54-27-19.1. An organized township is not eligible for an allocation of funds under this subdivision ~~if that township has uncommitted reserve funds on hand exceeding $100,000 or~~ if in a taxable year after 2012 that township is not levying at least ten mills for township purposes. For unorganized townships within the county, the board of county commissioners may expend an appropriate portion of revenues under this subdivision for township roads or other infrastructure needs in those townships. A township is not eligible for an allocation of funds under this section if the township does not maintain any township roads. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 but less than $5,000,000 ~~for~~in the ~~preceding~~ state fiscal year ending June 30, 2012.

~~**SECTION 9. APPROPRIATION - STATE DEPARTMENT OF HEALTH.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $6,250,000, or so much of the sum as may be necessary, to the state department of health for allocations by the emergency medical services advisory council for the purpose of state financial assistance under chapter 23-46 to emergency medical service providers for that portion of the emergency medical service provider's service area in counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year, for the biennium beginning July 1, 2013, and~~

~~ending June 30, 2015. Allocations of the amount appropriated in this section may not exceed $3,125,000 for each year of the biennium.~~

SECTION 9. APPROPRIATION - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this section if the county produced fewer than one hundred thousand barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.

~~**SECTION 11. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $6,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering a grant program for nursing homes, basic care facilities, and providers that serve individuals with developmental disabilities located in oil-producing counties to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of commerce shall allocate funding in January of each year of the biennium, based on the number of full-time equivalent positions of each nursing home, facility, or provider as determined by the department of human services. The annual allocation for each full-time equivalent position may not exceed $90 per month. When setting rates for the entities receiving grants under this section, the department of human services shall exclude grant income received~~

~~under this section as an offset to costs. This funding is considered one-time funding for the 2013-15 biennium. The department of commerce shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 for the preceding state fiscal year.~~

~~**SECTION 12. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $5,000,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year.~~

~~**SECTION 13. LEGISLATIVE INTENT.** It is the intent of the sixty-third legislative assembly that this Act is the initiation of a ten-year plan.~~

SECTION 10. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S OFFICE - OIL AND GAS IMPACT GRANT FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, or so much of the sum as may be necessary, to the attorney general's office for the purpose of awarding grants to law enforcement agencies, for crime-related needs of the attorney general's office, and for the development of a uniformed law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending

June 30, 2015. The drug and violent crime policy board of the attorney general shall, with approval of the board of university and school lands, grant funds to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those counties. The attorney general may spend up to ten percent of the funding provided under this section for defraying the expenses of additional staffing needs or other needs necessary to accomplish the role of the attorney general's office as an assisting agency in ensuring public safety in the affected areas. The attorney general may use up to $750,000 of the funding provided under this section for the development of a uniformed law enforcement and custody manual. The funding provided in this section is considered a one-time funding item. The attorney general shall report to the budget section after June 30, 2014, on the impact the grant funding has had on crime-related activities.

SECTION 11. APPROPRIATION - AIRPORT GRANTS - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $60,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of awarding grants to airports impacted by oil and gas development, for the biennium beginning July 1, 2013, and ending June 30, 2015. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this section, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding. Grants distributed pursuant to this section are not to be considered in making grant recommendations under section 57-62-05. Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

SECTION 12. APPROPRIATION - HIGHER EDUCATION GRANTS - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $4,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of awarding grants to public institutions of higher education impacted by oil and gas development, for the biennium beginning July 1, 2013, and ending June 30, 2015. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this section. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

SECTION 13. APPROPRIATION - PILOT PROJECT - DUST CONTROL - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $3,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of awarding grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control, for the biennium beginning July 1, 2013, and ending June 30, 2015. The county commission from each county shall file a report with the department of trust lands by August 1, 2013, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The department of trust lands shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control. Grants distributed pursuant to this section are not to be considered in making grant recommendations under section 57-62-05. Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

SECTION 14. EFFECTIVE DATE<u> - EXPIRATION DATE</u>. Sections<u> 1,</u> 2<u>,</u> and 3 of this Act are effective for taxable events occurring after June 30, 2013<u>, and before July 1, 2015, and are thereafter ineffective</u>.

~~**SECTION 15. EMERGENCY.** Sections 6, 7, and 8 of this Act are declared to be an emergency measure.~~

13.0134.10041
Title.

Prepared by the Legislative Council staff for Representative Delzer
April 26, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

That the Senate recede from its amendments as printed on pages 1825-1832 of the House Journal and pages 1131-1136 and 1559-1568 of the Senate Journal and that Reengrossed House Bill No. 1358 be amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove "to provide a"

Page 1, line 6, remove "statement of legislative intent;"

Page 1, line 6, replace "declare an emergency" with "provide an expiration date"

Page 1, remove lines 8 through 24

Page 2, remove lines 1 through 22

Page 3, line 9, replace "seven" with "three"

Page 3, line 9, replace "fifty" with "seventy-five"

Page 3, line 18, replace "two" with "one"

Page 3, line 18, replace "fifty" with "~~twenty-five~~"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "e." with "c."

Page 4, line 26, overstrike "one" and insert immediately thereafter "two"

Page 4, line 26, after the semicolon insert "and"

Page 4, remove lines 27 through 30

Page 4, overstrike line 31

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, ", twenty-five"

Page 5, overstrike line 14

Page 6, line 1, after "received" insert "less than"

Page 6, line 1, remove "or more"

Page 6, line 3, remove "under subsections 1 and 2"

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, remove the overstrike over "~~Forty-five~~"

Page 6, line 4, remove "Sixty"

Page 6, line 5, overstrike "credited by" and insert immediately thereafter "distributed to"

Page 6, line 5, after "treasurer" insert "and credited"

Page 6, line 11, remove the overstrike over "~~Thirty-five percent of all revenues allocated to any county for allocation under this~~"

Page 6, line 12, remove the overstrike over "~~subsection must be apportioned by the~~"

Page 6, line 12, after "~~county~~" insert "state"

Page 6, line 12, remove the overstrike over "~~treasurer no less than quarterly to~~"

Page 6, line 13, remove the overstrike over "~~school districts within the county~~" and insert immediately thereafter ", excluding consideration of and allocation to any hub city school district in the county,"

Page 6, line 13, remove the overstrike over "~~on the average daily attendance distribution~~"

Page 6, line 14, remove the overstrike over "~~basis, as certified to the~~"

Page 6, line 14, after the first "~~county~~" insert "state"

Page 6, line 14, remove the overstrike over "~~treasurer by the county superintendent of~~"

Page 6, line 15, remove the overstrike over "~~schools.~~"

Page 7, line 25, remove the overstrike over "~~c.~~"

Page 8, remove lines 7 through 30

Page 9, remove lines 1 through 16

Page 9, line 17, replace "did not reach a level of" with "received"

Page 9, line 17, after "dollars" insert "or more"

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 20, replace "Forty-five" with "Sixty"

Page 9, line 20, replace "credited by" with "distributed to"

Page 9, line 20, after "treasurer" insert "and credited"

Page 9, line 25, replace "Thirty-five" with "Five"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 29, after "from" insert "consideration and"

Page 9, line 30, remove "The total annual apportionment to school districts under"

Page 9, remove line 31

Page 10, after line 8, insert:

"d. Six percent must be apportioned no less than quarterly by the state treasurer among the organized and unorganized townships of the county in the proportion that township road miles in the township bears to the total township road miles in the county. The amount apportioned to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

e. Nine percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second greatest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third greatest percentage of such allocations."

Page 11, line 16, remove the overstrike over "~~or school districts~~"

Page 11, line 17, remove the overstrike over "~~or school district~~"

Page 11, line 18, remove the overstrike over "~~or school district~~"

Page 11, line 21, remove the overstrike over "~~or school districts~~"

Page 12, line 13, overstrike "must be considered"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS FUND**" with "**DEPARTMENT OF TRANSPORTATION**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "general"

Page 13, line 8, replace "$190,000,000" with "$160,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

   b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

   b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county projects.

   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

   d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, line 23, replace "$150,000,000" with "$120,000,000"

Page 13, line 24, remove "in equal amounts in each fiscal year"

Page 13, line 25, remove "of the biennium"

Page 13, line 26, remove "most recently completed"

Page 13, line 26, after "year" insert "ending June 30, 2012"

Page 13, line 26, replace "period" with "biennium"

Page 13, line 27, replace "May" with "July"

Page 13, line 28, remove "allocated in the amount of $45,000,000 on or before May 1, 2013, and in"

Page 13, line 29, replace "the amount of $105,000,000 on or before May 1," with "distributed on or after February 1,"

Page 13, line 29, remove "Allocations among counties under this"

Page 13, remove lines 30 and 31

Page 14, replace lines 1 and 2 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support economic activity in North Dakota.

   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great_plains transportation institute.

   b. Counties identified in the data supplied by the upper great plains transportation institute which did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

   b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county projects.

   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

   d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects on or after January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 18, remove "if that township has"

Page 14, line 19, remove "uncommitted reserve funds on hand exceeding $100,000 or"

Page 14, line 26, replace "for" with "in"

Page 14, line 26, remove "preceding"

Page 14, line 26, after "year" insert "ending June 30, 2012"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 31

Page 16, replace lines 1 through 27 with:

"**SECTION 8. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT RECOMMENDATIONS.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $249,299,174, or so much of the sum as may be necessary, to the board of university and school lands for the purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending June 30, 2015.

Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item. Grants distributed pursuant to subsections 1 through 7 of this section are not to be considered in making grant recommendations under section 57-62-05.

During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. $5,000,000, or so much of the sum as may be necessary, for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this subsection if the county produced fewer than 100,000 barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.

2. $60,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.

3. $4,000,000, or so much of the sum as may be necessary, for grants to public institutions of higher education impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this subsection. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section.

4. $3,000,000, or so much of the sum as may be necessary, for grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control. The county commission from each county awarded a grant shall file a report with the director of the energy infrastructure and impact office by August 1, 2013, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The director of the energy infrastructure and impact office shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control.

5. $7,000,000, or so much of the sum as may be necessary, to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.

6. $7,000,000, or so much of the sum as may be necessary, for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting

emergency medical services providers providing service in oil-producing counties. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section.

7. $3,500,000, or so much of the sum as may be necessary, for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties.

SECTION 9. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $5,000,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year."

Page 16, line 28, after "**DATE**" insert "**- EXPIRATION DATE**"

Page 16, line 28, after "Sections" insert "1 and"

Page 16, line 28, remove "and 3"

Page 16, line 29, after "2013" insert ", and before July 1, 2015, and are thereafter ineffective"

Page 16, remove lines 30 and 31

Renumber accordingly

13.9681.10000

Prepared by the North Dakota Legislative Council staff for Representative Delzer
April 26, 2013

HB 1358
4/27/13

OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS - PROPOSED DISTRIBUTIONS AND APPROPRIATIONS

This memorandum provides information on various proposals for transfers, estimated distributions of oil and gas gross production tax collections, and appropriations, as shown in the schedule below.

		Executive	Reengrossed House Bill No. 1358		
Distributions and transfers (in millions)	**Current Law**	**SB 2258 SB 2013**	**House Version**	**Senate Version**	**Proposed Amounts**
Counties					
Less than $5 million			8.46	8.52	8.52
$5 million or more			336.85	292.78	307.77
Total counties	129.38	234.15	345.31	301.30	316.29
Cities					
Hub cities[1]			91.50[1]	66.39[1]	91.92[1]
Other cities in $5 million or more counties			112.28	102.59	102.59
Cities in less than $5 million counties			3.76	3.79	3.79
Total cities	62.49	109.06	207.54	172.77	198.30
Schools					
Hub city schools			30.50	15.25	15.25
$1.75 million to other schools in $5 million or more counties			35.00		
Percentage allocation to other schools in $5 million or more			28.07	55.64	25.65
Percentage allocation to schools in counties less than $5 million			6.58	6.63	6.63
Total schools	0.00	0.00	100.15	77.52	47.53
Other distributions and transfers					
Townships			42.11	41.30	30.77
Schools/townships/county infrastructure fund	100.62	182.12			
Sheriff's departments			14.04		
Emergency medical service providers			14.04		
Fire protection districts			14.04		
Oil and gas impact grant fund	100.00	214.00	150.00	214.00	250.00
Total other distributions and transfers	200.62	396.12	234.23	255.30	280.77
Total distributions and transfers	392.49	739.33	887.23	806.89	842.89
Reengrossed House Bill No. 1358 appropriations[2] (in millions)					
Appropriations (Excludes oil and gas impact grant fund appropriations)					
Job Service North Dakota			0.15	0.12	0.12
State Treasurer/Department of Transportation - Oil counties			190.00	160.00	160.00
State Treasurer/Department of Transportation - Non-oil counties			150.00	100.00	120.00
State Treasurer - Townships in oil-producing counties			8.76	8.76	8.76
State Department of Health - Emergency medical service providers			6.25		
Department of Commerce - Nursing home grants			6.00		
Department of Human Services - Critical access hospitals			10.00		10.00
Total appropriations (excluding oil and gas impact grant fund)	0.00	0.00	371.16	268.88	298.88
Total funding **(Excludes oil and gas impact grant fund appropriations)**	392.49	739.33	1,258.39	1,075.77	1,141.77

		House Version	Senate Version	Proposed Amounts
[1]The estimated distributions to the hub cities are as follows:	Williston	60.00	43.54	57.71
	Dickinson	25.50	18.50	26.60
	Minot	6.00	4.35	7.61
[2]Reengrossed House Bill No. 1358 Oil and gas impact grant fund appropriations				
Department of Trust Lands - Counties with new oil impact		5.00	5.00	5.00
Department of Trust Lands - Airport grants			60.00	60.00
Department of Trust Lands - Higher education grants			4.00	4.00
Department of Trust Lands - Dust control pilot project			3.00	3.00
Department of Trust Lands - To counties for sheriff departments				7.00
Department of Trust Lands - Emergency medical services				7.00
Department of Trust Lands - Fire protection districts				3.50
Department of Trust Lands - Undesignated				160.50
Attorney General - Law enforcement grants			10.00	
Total Reengrossed House Bill No. 1358 oil and gas impact grant fund appropriations		5.00	82.00	250.00

Prepared by the Legislative Council staff for
Senator Oehlke

April 26, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

That the Senate recede from its amendments as printed on pages 1825-1832 of the House Journal and pages 1678-1686 of the Senate Journal and that Reengrossed House Bill No. 1358 be amended as follows:

Page 13, remove lines 5 through 31

Page 14, replace lines 1 and 2 with:

"**SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $160,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of allocation as provided in this section among oil-producing counties that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012, for the biennium beginning July 1, 2013, and ending June 30, 2015.

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support oil and gas production and distribution in North Dakota.

    a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

    b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county road and bridge projects shall submit the request in accordance with criteria developed by the department of transportation.

    a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.

    b. The plan must be based on data supplied by the upper great plains transportation institute, actual road and bridge conditions, and integration with state highway and other county projects.

    c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

    d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 7. APPROPRIATION - DEPARTMENT OF TRANSPORTATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $120,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of allocation among counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012, for the biennium beginning July 1, 2013, and ending June 30, 2015. The amounts available for allocation under this section must be allocated in the amount of $30,000,000 on July 1, 2013, and in the amount of $90,000,000 on February 1, 2014.

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support economic activity in North Dakota.

   a. To be eligible to receive an allocation under this section, a county may not have received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 during the state fiscal year ending June 30, 2012.

b. Allocations among eligible counties under this section must be based on the miles of roads defined by the department of transportation as county major collector roadways in each county.

c. The department of transportation may use data supplied by the upper great plains transportation institute in determining the projects to receive funding under this section.

2. Each county requesting funding under this section shall submit the request in accordance with criteria developed by the department of transportation.

   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.

   b. The plan must be based on actual road and bridge conditions and the integration of projects with state highway and other county projects.

   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

   d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 16, line 30, replace "Sections 6, 7, and" with "Section"

Page 16, line 30, replace "are" with "is"

Renumber accordingly

13.0134.10046

SECOND ENGROSSMENT

Sixty-third
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1358

Introduced by

Representatives Skarphol, Brandenburg, Froseth, Rust, Steiner, Glassheim, J. Kelsh

Senators Andrist, Wanzek, Wardner, Murphy, Triplett

A BILL for an Act to create and enact ~~a new section to chapter 23-01 and~~ two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program~~; to provide a continuing appropriation~~; to provide appropriations; ~~to provide a statement of legislative intent;~~ to provide an effective date; and to ~~declare an emergency~~provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

~~**SECTION 1.** A new section to chapter 23-01 of the North Dakota Century Code is created and enacted as follows:~~

~~**Emergency medical service and fire protection district funding committee - Funding assistance requests and approval.**~~

~~The emergency medical service and fire protection district funding committee consists of the chairman of the legislative management, or the chairman's designee; two members of the legislative assembly, appointed by the chairman of the legislative management; the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees; four nonvoting members, two of whom are a member of the governing body of a city or county in an oil-producing county, appointed by the president of the North Dakota emergency medical services association and two of whom are a member of the governing body of a city or county in an oil-producing county, appointed by the president of the North Dakota firefighters' association; and one nonvoting member who is a member of the advisory board appointed by the board of university and school lands to advise on oil and gas impact grant award applications, who shall be appointed by the board of university and school lands. The chairman of the legislative~~

~~management shall designate the chairman from among the voting members of the committee. The state department of health shall provide administrative services for the committee. The emergency medical services advisory council established under section 23-46-02 shall provide advisory assistance to the emergency medical service and fire protection district funding committee as requested.~~

~~Applications for funding assistance from the oil-producing counties emergency medical service and fire protection district grant fund or funds provided by legislative appropriation may be submitted to the committee by the governing body of a city or county on behalf of emergency medical service providers or fire protection districts providing service in one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. Funding under this section may be provided only for that portion of the service area of emergency medical service providers or fire protection districts within one or more oil-producing counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. The committee shall notify the state treasurer of awarded grants from available funds and the state treasurer shall transfer the grant awards to the recipients.~~

~~In consideration of circumstances in which a grant award application indicates a need for a staffing increase or other funding need that appears to create an ongoing need for funding assistance, the committee may make a commitment of future grant funding as determined appropriate. The committee shall develop policies of best practices for efficient and effective use of grant award funds for full-time, part-time, and volunteer staffing of emergency medical service and fire protection district service providers.~~

SECTION 1. Two new subsections to section 57-51-01 of the North Dakota Century Code are created and enacted as follows:

"Hub city" means a city with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has more than one percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota.

"Hub city school district" means the school district with the highest student enrollment within the city limits of a hub city.

SECTION 2. AMENDMENT. Section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:

57-51-15. Gross production tax allocation.

The gross production tax must be allocated monthly as follows:

1. First the tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the state treasurer who shall:

   a. Allocate to each hub city a monthly amount that will provide a total allocation of ~~five~~~~seven~~three hundred ~~fifty~~seventy-five thousand dollars per fiscal year ~~to each city in an oil-producing county which has a population of seven thousand five hundred or more and more than two percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota. The allocation under this subdivision must be doubled if the city has more than seven and one-half percent~~for each full or partial percentage point of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota;

   b. Allocate to each hub city school district a monthly amount that will provide a total allocation of ~~two~~one hundred ~~fifty~~twenty-five thousand dollars per fiscal year for each full or partial percentage point of the hub city's private covered employment engaged in the mining industry, according to data compiled by job service North Dakota;

   ~~c. From each allocation to a hub city school district under subdivision b, the state treasurer retain seventy-five percent of the allocation and deposit that amount in a special account established for that school district. Up to fifty percent of the funds deposited in the special account under this subdivision may be released by the state treasurer to the school district to provide equal matching funds for funds provided by the school district for a school construction project. Any funds in the special account that are not committed or expended for school construction projects may be released to the school district by the state treasurer upon application by the school district and approval by the hub city school impact committee for an extraordinary expenditure that would mitigate negative effects of~~

~~oil development impact affecting that school district. Any unexpended and unobligated funds remaining in the hub city school district's special account at the end of the biennium may be carried over to the ensuing biennium but any funds that would be allocated to that special account under this subdivision during the ensuing biennium, up to the amount carried over, must be withheld and allocated instead under subsection 3.~~

~~The hub city school impact committee consists of the chairman of the legislative management, or the chairman's designee; two members of the legislative assembly, appointed by the chairman of the legislative management; the chairmen of the house of representatives and senate appropriations committees, or their designees; the minority leaders of the house of representatives and senate, or their designees; two nonvoting members, each of whom is either a school superintendent or school district business manager of a school district in an oil-producing county, appointed by the superintendent of public instruction; and two nonvoting members who are members of the advisory board appointed by the board of university and school lands to advise on oil and gas impact grant award applications, who shall be appointed by the board of university and school lands. The chairman of the legislative management shall designate the chairman from among the voting members of the committee. The energy infrastructure and impact office shall provide administrative services for the hub city school impact committee;~~

~~d. For each fiscal year beginning after June 30, 2014, adjust the fiscal year dollar amounts in subdivisions a and b as determined for the previous fiscal year by one-third of the percentage change in total tax collections under this chapter during that previous fiscal year;~~

~~e.~~c. Credit revenues to the oil and gas impact grant fund, but not in an amount exceeding ~~one~~two hundred ~~fifty~~forty million dollars per biennium; and

~~f. Allocate one million seven hundred fifty thousand dollars in each fiscal year to be added by the county treasurer to the allocations to school districts under subdivision c of subsection 4 for each county that has received five million dollars~~

~~or more of allocations under subsection 2 during the preceding state fiscal year; and~~

~~c.~~~~g.~~d. Allocate the remaining revenues under subsection 3. ~~If there are no remainingrevenues and revenues under this subsection are insufficient to make the allocations and transfers under subdivisions a through f, the state treasurer shall transfer from the strategic investment and improvements fund an amount necessary to fully fund the allocations and transfers under subdivisions a through f.~~

2. After deduction of the amount provided in subsection 1, annual revenue collected under this chapter from oil and gas produced in each county must be allocated as follo s:

a. The first ~~two~~five million dollars is allocated to the county.

b. Of ~~the next one~~~~four~~all annual revenue exceeding five million dollars, ~~seventy-five~~twenty-five percent is allocated to the county.

~~c. Of the next one~~~~three~~ ~~million dollars, fifty percent is allocated to the county.~~

~~d. Of the next fourteen million dollars~~~~all remaining annual revenue~~~~, twenty-five percent is allocated to the county.~~

~~e. Of all annual revenue exceeding eighteen million dollars, ten percent is allocated to the county.~~

3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. 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.

4. ~~The amount to which each county is entitled under subsection 2 must be allocated within the county so the first five million three hundred fifty thousand dollars is allocated under subsection 5 for each fiscal year and any amount received by a county~~

~~exceeding five million three hundred fifty thousand dollars is credited by the county treasurer to the county infrastructure fund and allocated under subsection 6.~~

~~5.~~ For a county that received less than five million dollars ~~or more~~ of allocations under subsection 2 in the most recently completed state fiscal year, revenues allocated to that county ~~under subsections 1 and 2~~ must be ~~credited~~distributed by the ~~county~~state treasurer as follows:

a. Forty-five~~Sixty~~ percent ~~of all revenues allocated to any county for allocation under this subsection~~ must be ~~credited by~~distributed to the county treasurer and credited to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if ~~during that fiscal year~~in a taxable year after 2012 the county ~~does not levy~~is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.

b. Thirty-five percent of all revenues allocated to any county for allocation under this subsection must be apportioned by the ~~county~~state treasurer no less than quarterly to school districts within the county, excluding consideration of and allocation to any hub city school district in the county, on the average daily attendance distribution basis, as certified to the ~~county~~state treasurer by the county superintendent of schools. ~~However, no school district may receive in any single academic year an amount under this subsection greater than the county average per student cost multiplied by seventy percent, then multiplied by the number of students in average daily attendance or the number of children of school age in the school census for the county, whichever is greater. Provided, however, that in any county in which the average daily attendance or the school census, whichever is greater, is fewer than four hundred, the county is entitled to one hundred twenty percent of the county average per student cost multiplied by the number of students in average daily attendance or the number of children of school age in the school census for the county, whichever is greater. Once this level has been reached through distributions under this subsection, all excess funds to which the school district would be entitled as part of its thirty-five percent share must be deposited instead in the county general fund. The county~~

~~superintendent of schools of each oil-producing county shall certify to the county treasurer by July first of each year the amount to which each school district is limited pursuant to this subsection. As used in this subsection, "average daily attendance" means the average daily attendance for the school year immediately preceding the certification by the county superintendent of schools required by this subsection.~~

~~The countywide allocation to school districts under this subdivision is subject to the following:~~

~~(1) The first three hundred fifty thousand dollars is apportioned entirely among school districts in the county.~~

~~(2) The next three hundred fifty thousand dollars is apportioned seventy-five percent among school districts in the county and twenty-five percent to the county infrastructure fund.~~

~~(3) The next two hundred sixty-two thousand five hundred dollars is apportioned two-thirds among school districts in the county and one-third to the county infrastructure fund.~~

~~(4) The next one hundred seventy-five thousand dollars is apportioned fifty percent among school districts in the county and fifty percent to the county infrastructure fund.~~

~~(5) Any remaining amount is apportioned to the county infrastructure fund except from that remaining amount the following amounts are apportioned among school districts in the county:~~

~~(a) Four hundred ninety thousand dollars, for counties having a population of three thousand or fewer.~~

~~(b) Five hundred sixty thousand dollars, for counties having a population of more than three thousand and fewer than six thousand.~~

~~(c) Seven hundred thirty-five thousand dollars, for counties having a population of six thousand or more.~~

c. Twenty percent ~~of all revenues allocated to any county for allocation under this subsection~~ must be apportioned no less than quarterly by the state treasurer to the incorporated cities of the county. <u>A hub city must be omitted from</u>

apportionment under this subdivision. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent. ~~If a city receives a direct allocation under subsection 1, the allocation to that city under this subsection is limited to sixty percent of the amount otherwise determined for that city under this subsection and the amount exceeding this limitation must be reallocated among the other cities in the county.~~

~~c. Five percent plus any amount allocated to school districts of the county under subdivision f of subsection 1 must be apportioned no less than quarterly by the county treasurer to the school districts of the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the county treasurer by the county superintendent of schools. However, a hub city school district must be omitted from apportionment under this subdivision.~~

~~d. Seven and one-half percent to the organized and unorganized townships of the county in the proportion that township road miles in the township bears to the total township road miles in the county, with the board of county commissioners retaining and using the funds available for the maintenance and improvement of roads in unorganized townships. An organized township is not eligible for an allocation, and must be excluded from the calculation of township road miles, if that township has one hundred thousand dollars or more in uncommitted reserve funds on hand or if that township in a taxable year after 2012 is not levying at least ten mills for township purposes.~~

~~e. Two and one-half percent must be allocated by the board of county commissioners to or for the benefit of the county sheriff's department to offset oil and gas development impact causing a need for increased sheriff's department services staff, funding, equipment, coverage, and personnel training.~~

~~f. Two and one-half percent must be deposited by the state treasurer in the oil-producing counties emergency medical service and fire protection district grant fund and available for grants by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties.~~

~~g. Two and one-half percent must be deposited by the state treasurer in the oil-producing counties emergency medical service and fire protection district grant fund and available for grants by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties.~~

~~h. Funds deposited in the oil-producing counties emergency medical service and fire protection district grant fund shall be paid out by the state treasurer upon approval by the emergency medical service and fire protection district funding committee for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers or fire protection districts providing service in counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year.~~

5. For a county that ~~did not reach a level of~~received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year, revenues allocated to that county must be ~~credited~~distributed by the ~~county~~state treasurer as follows:

   a. ~~Forty-five~~Sixty percent must be ~~credited by~~distributed to the county treasurer and credited to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if in a taxable year after 2012 the county is not levying a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.

b. ~~Thirty-five~~Five percent must be apportioned by the ~~county~~state treasurer no less than quarterly to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the ~~county~~state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from consideration and apportionment under this subdivision. ~~The total annual apportionment to school districts under this subsection is limited to one million five hundred thousand dollars.~~

c. Twenty percent must be apportioned no less than quarterly by the state treasurer to the incorporated cities of the county. A hub city must be omitted from apportionment under this subdivision. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.

d. Six percent must be apportioned no less than quarterly by the state treasurer among the organized and unorganized townships of the county. The state treasurer shall apportion fifty percent of the funds available under this subdivision among townships in the proportion that township road miles in the township bears to the total township road miles in the county. The state treasurer shall apportion fifty percent of the funds available under this subdivision among townships in an equal amount to each township. The amount apportioned to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

e. Nine percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second greatest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third greatest percentage of such allocations.

~~6.~~ ~~a.~~ ~~Forty-five percent of all revenues allocated to a county infrastructure fund under subsections 4 and 5 must be credited by the county treasurer to the county general fund. However, the allocation to a county under this subdivision must be credited to the state general fund if during that fiscal year the county does not levy a total of at least ten mills for combined levies for county road and bridge, farm-to-market and federal aid road, and county road purposes.~~

~~b.~~ ~~Thirty-five percent of all revenues allocated to the county infrastructure fund under subsections 4 and 5 must be allocated by the board of county commissioners to or for the benefit of townships in the county on the basis of applications by townships for funding to offset oil and gas development impact to township roads or other infrastructure needs or applications by school districts for repair or replacement of school district vehicles necessitated by damage or deterioration attributable to travel on oil and gas development-impacted roads. An organized township is not eligible for an allocation of funds under this subdivision unless during that fiscal year that township levies at least ten mills for township purposes. For unorganized townships within the county, the board of county commissioners may expend an appropriate portion of revenues under this subdivision to offset oil and gas development impact to township roads or other infrastructure needs in those townships. The amount deposited during each calendar year in the county infrastructure fund which is designated for allocation under this subdivision and which is unexpended and unobligated at the end of the calendar year must be transferred by the county treasurer to the county road and bridge fund for use on county road and bridge projects.~~

~~c.~~ ~~Twenty percent of all revenues allocated to any county infrastructure fund under subsections 4 and 5 must be allocated by the county treasurer no less than~~

~~quarterly to the incorporated cities of the county. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. If a city receives a direct allocation under subsection 1, the allocation to that city under this subsection is limited to sixty percent of the amount otherwise determined for that city under this subsection and the amount exceeding this limitation must be reallocated among the other cities in the county.~~

~~7.~~ 6. Within thirty days after the end of each calendar year, the board of county commissioners of each county that has received an allocation under this section shall file a report for the calendar year with the commissioner, in a format prescribed by the commissioner, including:

a. The county's statement of revenues and expenditures; and

b. The amount ~~available in the county infrastructure fund for allocation~~allocated to or for the benefit of townships or school districts, the amount allocated to each organized township or school district and the amount expended from each such allocation by that township or school district, the amount expended by the board of county commissioners on behalf of each unorganized township for which an expenditure was made, and the amount available for allocation to or for the benefit of townships or school districts which remained unexpended at the end of the fiscal year.

Within fifteen days after the time when reports under this subsection were due, the commissioner shall provide the reports to the legislative council compiling the information from reports received under this subsection.

SECTION 3. AMENDMENT. Section 57-62-05 of the North Dakota Century Code is amended and reenacted as follows:

57-62-05. Powers and duties of energy infrastructure and impact office director.

The energy infrastructure and impact office director shall:

1. Develop a plan for the assistance, through financial grants for services and facilities, of counties, cities, school districts, and other political subdivisions in coal development and oil and gas development impact areas.

2. Establish procedures and provide proper forms to political subdivisions for use in making application for funds for impact assistance as provided in this chapter.
3. Make grants disbursements to counties, cities, school districts, and other taxing districts for grants awarded by the board of university and school lands pursuant to chapter 15-01, as provided in this chapter and within the appropriations made for such purposes. In determining the amount of impact grants for which political subdivisions are eligible, ~~the~~consideration must be given to the amount of revenue to which such political subdivisions will be entitled from taxes upon the real property of coal and oil and gas development plants and from other tax or fund distribution formulas provided by law ~~must be considered~~.
4. Receive and review applications for impact assistance pursuant to this chapter.
5. Make recommendations, not less than once each calendar quarter, to the board of university and school lands on grants to counties, cities, school districts, and other political subdivisions in oil and gas development impact areas based on identified needs, and other sources of revenue available to the political subdivision.
~~6. Make recommendations to the board of university and school lands providing for the distribution of thirty-five percent of moneys available in the oil and gas impact fund to incorporated cities with a population of ten thousand or more, based on the most recent official decennial federal census, that are impacted by oil and gas development. The director may not recommend that an incorporated city receive more than sixty percent of the funds available under this subsection.~~
~~7. Make recommendations to the board of university and school lands providing for the distribution of sixty-five percent of moneys available in the oil and gas impact fund to cities not otherwise eligible for funding under this section, counties, school districts, and other political subdivisions impacted by oil and gas development~~.

SECTION 4. APPROPRIATION - JOB SERVICE NORTH DAKOTA. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$150,000~~$120,000, or so much of the sum as may be necessary, to job service North Dakota for the purpose of upgrading collection and use of employment data to correctly identify all employees who should be included for statistical purposes in oil and gas-related employment, including employees of refineries and gas plants and oil and gas transportation services, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 5. APPROPRIATION - ~~STATE TREASURER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND~~DEPARTMENT OF TRANSPORTATION. There is appropriated out of any moneys in the ~~strategic investment and improvements~~general fund in the state treasury, not otherwise appropriated, the sum of ~~$190,000,000~~$160,000,000, or so much of the sum as may be necessary, to the ~~state treasurer~~department of transportation for the purpose of allocation as provided in this section among oil-producing counties that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012, for the ~~period~~biennium beginning ~~May~~July 1, 2013, and ending June 30, 2015. ~~The amounts available for allocation under this section must be allocated on May 1, 2013, and May 1, 2014, in the amount of $95,000,000 each year, among the counties that received five million dollars or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year. Projects to be funded under this section must comply with American association of state highway and transportation officials pavement design procedures and department of transportation local government requirements. The allocation shares of the counties that qualify for a share of funds available under this section must be determined by prorating available funds among those counties on the basis of barrels of oil production within the county compared to barrels of oil production among all counties that qualify for a share of funds available under this section in the most recently completed state fiscal year.~~

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.
   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.
   b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also

be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$150,000,000~~$120,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of allocation ~~in equal amounts in each fiscal year of the biennium~~ among counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the ~~most recently completed~~ state fiscal year ending June 30, 2012, for the ~~period~~biennium beginning ~~May~~July 1, 2013, and ending June 30, 2015. The amounts available for allocation under this section must be ~~allocated in the amount of $45,000,000 on or before May 1, 2013, and in the amount of $105,000,000 on or before May 1,~~distributed on or after February 1, 2014. ~~Allocations among counties under this section must be prorated among eligible counties on the basis of miles of road in the county road system. Projects to be funded under this section must comply with American association of state highway and transportation officials pavement design procedures and department of transportation local government requirements.~~

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support economic activity in North Dakota.
   a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.
   b. Counties identified in the data supplied by the upper great plains transportation institute which did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.
   a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.
   b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county projects.
   c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
   d. Funds may not be used for routine maintenance.
3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
4. The funding appropriated in this section may be used for:
   a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.
   b. Funding may be used for construction, engineering, and plan development costs.
5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.
6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.
7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.
8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects on or after January 1, 2013.
9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also

be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 7. APPROPRIATION - STATE TREASURER. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $8,760,000, or so much of the sum as may be necessary, to the state treasurer for allocation to counties for allocation to or for the benefit of townships in oil-producing counties, for the ~~period~~biennium beginning ~~May~~July 1, 2013, and ending June 30, 2015. The funding provided in this section must be distributed in equal amounts ~~on or before May 1,~~in July 2013~~,~~ and May ~~1,~~ 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of $15,000 each year to each organized township and a distribution of $15,000 each year for each unorganized township to the county in which the unorganized township is located. ~~If any funds remain after the distributions provided under this section, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities in oil-producing counties pursuant to the method provided in subsection 4 of section 54-27-19 and shall distribute twenty percent of the remaining funds to counties and townships in oil-producing counties pursuant to the method provided in section 54-27-19.1. An organized township is not eligible for an allocation of funds under this subdivision if that township has uncommitted reserve funds on hand exceeding $100,000 or if in a taxable year after 2012 that township is not levying at least ten mills for township purposes.~~ For unorganized townships within the county, the board of county commissioners may expend an appropriate portion of revenues under this subdivision for township roads or other infrastructure needs in those townships. A township is not eligible for an allocation of funds under this section if the township does not maintain any township roads. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 but less than $5,000,000 ~~for~~in the ~~preceding~~ state fiscal year ending June 30, 2012.

~~**SECTION 9. APPROPRIATION - STATE DEPARTMENT OF HEALTH.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $6,250,000, or so much of the sum as may be necessary, to the state department of health for allocations by the emergency medical services advisory council for the purpose of state financial assistance under chapter 23-46 to emergency medical service providers for that portion of the emergency medical service provider's service area in counties that did not receive $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the most recently completed state fiscal year, for the biennium beginning July 1, 2013, and ending June 30, 2015. Allocations of the amount appropriated in this section may not exceed $3,125,000 for each year of the biennium.~~

~~**SECTION 10. APPROPRIATION - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this section if the county produced fewer than one hundred thousand barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.~~

~~**SECTION 11. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated,~~

~~the sum of $6,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering a grant program for nursing homes, basic care facilities, and providers that serve individuals with developmental disabilities located in oil-producing counties to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of commerce shall allocate funding in January of each year of the biennium, based on the number of full-time equivalent positions of each nursing home, facility, or provider as determined by the department of human services. The annual allocation for each full time equivalent position may not exceed $90 per month. When setting rates for the entities receiving grants under this section, the department of human services shall exclude grant income received under this section as an offset to costs. This funding is considered one-time funding for the 2013-15 biennium. The department of commerce shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 for the preceding state fiscal year.~~

~~**SECTION 12. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $5,000,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this~~

~~section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year.~~

~~**SECTION 13. LEGISLATIVE INTENT.** It is the intent of the sixty-third legislative assembly that this Act is the initiation of a ten-year plan.~~

SECTION 8. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT RECOMMENDATIONS. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $239,299,174, or so much of the sum as may be necessary, to the board of university and school lands for the purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending June 30, 2015.

Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item. Grants distributed pursuant to subsections 1 through 7 of this section are not to be considered in making grant recommendations under section 57-62-05.

During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. $5,000,000, or so much of the sum as may be necessary, for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this subsection if the county produced fewer than 100,000 barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.

2. $60,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.
3. $4,000,000, or so much of the sum as may be necessary, for grants to public institutions of higher education impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this subsection. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section.
4. $3,000,000, or so much of the sum as may be necessary, for grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control. The county commission from each county awarded a grant shall file a report with the director of the energy infrastructure and impact office by August 1, 2013, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The director of the energy infrastructure and impact office shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control.
5. $7,000,000, or so much of the sum as may be necessary, to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.
6. $7,000,000, or so much of the sum as may be necessary, for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties. The director of the energy

infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section.

7. $3,500,000, or so much of the sum as may be necessary, for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties.

SECTION 9. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,100,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $5,000,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the legislative management during the 2013-14 interim and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year.

SECTION 10. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S OFFICE - OIL AND GAS IMPACT GRANT FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,100,000, or so much of the sum as may be necessary, to the attorney general's office for the purpose of awarding grants to law enforcement agencies, for crime-related needs of the attorney general's office, and for the development of a uniform law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending June 30, 2015. The drug and violent crime policy board of the attorney general shall, with approval of the board of university and school lands, grant funds to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those counties. The attorney general may spend up to ten percent of the funding provided under this section for defraying the expenses of additional staffing needs or other needs necessary to accomplish the role of the attorney general's office as an assisting agency in ensuring public safety in the affected areas. The funding provided in this section is considered a one-time funding item. The attorney general shall report to the budget section after June 30, 2014, on the impact the grant funding has had on crime-related activities.

SECTION 11. EFFECTIVE DATE - EXPIRATION DATE. Sections 1 and 2 ~~and 3~~ of this Act are effective for taxable events occurring after June 30, 2013, and before July 1, 2015, and are thereafter ineffective.

~~**SECTION 15. EMERGENCY.** Sections 6, 7, and 8 of this Act are declared to be an emergency measure.~~

13.9681.11000

Prepared by the North Dakota Legislative Council staff

April 29, 2013

HB 1358
4/29/13

OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS - PROPOSED DISTRIBUTIONS AND APPROPRIATIONS

This memorandum provides information on various proposals for transfers, estimated distributions of oil and gas gross production tax collections, and appropriations, as shown in the schedule below.

		Executive	Reengrossed House Bill No. 1358		
Distributions and transfers (in millions)	**Current Law**	**SB 2258 SB 2013**	**House Version**	**Senate Version**	**Proposed Amounts**
Counties					
Less than $5 million			8.46	8.52	8.52
$5 million or more			336.85	292.78	307.77
Total counties	129.38	234.15	345.31	301.30	316.29
Cities					
Hub cities[1]			91.50[1]	66.39[1]	91.92[1]
Other cities in $5 million or more counties			112.28	102.59	102.59
Cities in less than $5 million counties			3.76	3.79	3.79
Total cities	62.49	109.06	207.54	172.77	198.30
Schools					
Hub city schools			30.50	15.25	15.25
$1.75 million to other schools in $5 million or more counties			35.00		
Percentage allocation to other schools in $5 million or more			28.07	55.64	25.65
Percentage allocation to schools in counties less than $5 million			6.58	6.63	6.63
Total schools	0.00	0.00	100.15	77.52	47.53
Other distributions and transfers					
Townships			42.11	41.30	30.77
Schools/townships/county infrastructure fund	100.62	182.12			
Sheriff's departments			14.04		
Emergency medical service providers			14.04		
Fire protection districts			14.04		
Oil and gas impact grant fund	100.00	214.00	150.00	214.00	240.00
Total other distributions and transfers	200.62	396.12	234.23	255.30	270.77
Total distributions and transfers	392.49	739.33	887.23	806.89	832.89
Reengrossed House Bill No. 1358 appropriations[2] (in millions)					
Appropriations (Excludes oil and gas impact grant fund appropriations)					
Job Service North Dakota			0.15	0.12	0.12
State Treasurer/Department of Transportation - Oil counties			190.00	160.00	160.00
State Treasurer/Department of Transportation - Non-oil counties			150.00	100.00	120.00
State Treasurer - Townships in oil-producing counties			8.76	8.76	8.76
State Department of Health - Emergency medical service providers			6.25		
Department of Commerce - Nursing home grants			6.00		
Department of Human Services - Critical access hospitals			10.00		9.10
Attorney General - Law enforcement grants					9.10
Total appropriations (excluding oil and gas impact grant fund)	0.00	0.00	371.16	268.88	307.08
Total funding **(Excludes oil and gas impact grant fund appropriations)**	392.49	739.33	1,258.39	1,075.77	1,139.97

[1]The estimated distributions to the hub cities are as follows:	Williston	60.00	43.54	57.71
	Dickinson	25.50	18.50	26.60
	Minot	6.00	4.35	7.61
[2]Reengrossed House Bill No. 1358 Oil and gas impact grant fund appropriations				
Department of Trust Lands - Counties with new oil impact		5.00	5.00	5.00
Department of Trust Lands - Airport grants			60.00	60.00
Department of Trust Lands - Higher education grants			4.00	4.00
Department of Trust Lands - Dust control pilot project			3.00	3.00
Department of Trust Lands - To counties for sheriff departments				7.00
Department of Trust Lands - Emergency medical services				7.00
Department of Trust Lands - Fire protection districts				3.50
Department of Trust Lands - Undesignated				150.50
Attorney General - Law enforcement grants			10.00	
Total Reengrossed House Bill No. 1358 oil and gas impact grant fund appropriations		5.00	82.00	240.00

Prepared by the Legislative Council staff for
Senator Dotzenrod
April 24, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

In lieu of Section 13 of the amendments to Reengrossed House Bill No. 1358:

"**SECTION 13. PILOT PROJECT - DUST CONTROL.** The energy infrastructure and impact office shall provide $3,000,000 from the oil and gas impact grant fund for grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control for the biennium beginning July 1, 2013, and ending June 30, 2015. The board of county commissioners from each county that obtains a grant shall file a report with the department of trust lands by August 1, 2013, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. Grants distributed pursuant to this section are not to be considered in making grant recommendations under section 57-62-05.

SECTION 14. OIL AND GAS IMPACT GRANT DISTRIBUTION FOR DUST CONTROL - CONTINGENCY. The energy infrastructure and impact office shall provide $7,000,000 for grants to counties in oil-impacted areas for dust control for the biennium beginning July 1, 2013, and ending June 30, 2015. If the pilot project for dust control included in section 13 of this Act identifies products that are successful in controlling dust, the energy infrastructure and impact office may provide grants to other counties in oil-impacted areas for dust control. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. Grants distributed pursuant to this section are not to be considered in making grant recommendations under section 57-62-05."

Renumber accordingly

Prepared by the Legislative Council staff for Conference Committee
April 30, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

That the Senate recede from its amendments as printed on pages 1825-1832 of the House Journal and pages 1131-1136 and 1559-1568 of the Senate Journal and that Reengrossed House Bill No. 1358 be amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove the second "a"

Page 1, line 6, replace "statement of legislative intent" with "for reports to the budget section"

Page 1, line 6, replace "declare an emergency" with "provide an expiration date"

Page 1, remove lines 8 through 24

Page 2, remove lines 1 through 22

Page 3, line 9, replace "seven" with "three"

Page 3, line 9, replace "fifty" with "seventy-five"

Page 3, line 18, replace "two" with "one"

Page 3, line 18, replace "fifty" with "twenty-five"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "e." with "c."

Page 4, line 26, overstrike "one" and insert immediately thereafter "two"

Page 4, line 26, replace "fifty" with "forty"

Page 4, line 26, after the semicolon insert "and"

Page 4, remove lines 27 through 30

Page 4, overstrike line 31

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 1, after "received" insert "less than"

Page 6, line 1, remove "or more"

Page 6, line 3, remove "under subsections 1 and 2"

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, remove the overstrike over "~~Forty-five~~"

Page 6, line 4, remove "Sixty"

Page 6, line 5, overstrike "credited by" and insert immediately thereafter "distributed to"

Page 6, line 5, after "treasurer" insert "and credited"

Page 6, line 11, remove the overstrike over "~~Thirty-five percent of all revenues allocated to any county for allocation under this~~"

Page 6, line 12, remove the overstrike over "~~subsection must be apportioned by the~~"

Page 6, line 12, after "~~county~~" insert "state"

Page 6, line 12, remove the overstrike over "~~treasurer no less than quarterly to~~"

Page 6, line 13, remove the overstrike over "~~school districts within the county~~" and insert immediately thereafter ", excluding consideration of and allocation to any hub city school district in the county,"

Page 6, line 13, remove the overstrike over "~~on the average daily attendance distribution~~"

Page 6, line 14, remove the overstrike over "~~basis, as certified to the~~"

Page 6, line 14, after the first "~~county~~" insert "state"

Page 6, line 14, remove the overstrike over "~~treasurer by the county superintendent of~~"

Page 6, line 15, remove the overstrike over "~~schools.~~"

Page 7, line 25, remove the overstrike over "~~c.~~"

Page 8, remove lines 7 through 30

Page 9, remove lines 1 through 16

Page 9, line 17, replace "did not reach a level of" with "received"

Page 9, line 17, after "dollars" insert "or more"

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 20, replace "Forty-five" with "Sixty"

Page 9, line 20, replace "credited by" with "distributed to"

Page 9, line 20, after "treasurer" insert "and credited"

Page 9, line 25, replace "Thirty-five" with "Five"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 29, after "from" insert "consideration and"

Page 9, line 30, remove "The total annual apportionment to school districts under"

Page 9, remove line 31

Page 10, after line 8, insert:

"d. Three percent must be apportioned no less than quarterly by the state treasurer among the organized and unorganized townships of the county. The state treasurer shall apportion the funds available under this subdivision among townships in the proportion that township road miles in the township bears to the total township road miles in the county. The amount apportioned to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

e. Three percent must be allocated by the state treasurer among the organized and unorganized townships in all the counties that received five million dollars or more of allocations under subsection 2 in the most recently completed state fiscal year. The amount available under this subdivision must be allocated no less than quarterly by the state treasurer equally among the organized and unorganized townships. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

f. Nine percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities. Sixty percent of funds available under this subdivision must be distributed to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 for the quarterly period, thirty percent of funds available under this subdivision must be distributed to the hub city receiving the second greatest percentage of such allocations, and ten percent of funds available under this subdivision must be distributed to the hub city receiving the third greatest percentage of such allocations."

Page 11, line 16, remove the overstrike over "~~or school districts~~"

Page 11, line 17, remove the overstrike over "~~or school district~~"

Page 11, line 18, remove the overstrike over "~~or school district~~"

Page 11, line 21, remove the overstrike over "~~or school districts~~"

Page 12, line 13, overstrike "must be considered"

Page 12, line 31, replace "$150,000" with "$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS FUND**" with "**DEPARTMENT OF TRANSPORTATION**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "general"

Page 13, line 8, replace "$190,000,000" with "$160,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support oil and gas production and distribution in North Dakota.

a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

b. Counties identified in the data supplied by the upper great plains transportation institute which received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.

2. Each county requesting funding under this section for county road and bridge projects shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.

b. The plan must be based on data supplied by the upper great plains transportation institute, actual road and bridge conditions, and integration with state highway and other county projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, line 23, replace "$150,000,000" with "$120,000,000"

Page 13, line 24, remove "in equal amounts in each fiscal year"

Page 13, line 25, remove "of the biennium"

Page 13, line 26, remove "most recently completed"

Page 13, line 26, after "year" insert "ending June 30, 2012"

Page 13, line 26, replace "period" with "biennium"

Page 13, line 27, replace "May" with "July"

Page 13, line 28, remove "allocated in the amount of $45,000,000 on or before May 1, 2013, and in"

Page 13, line 29, replace "the amount of $105,000,000 on or before May 1," with "distributed on or after February 1,"

Page 13, line 29, remove "Allocations among counties under this"

Page 13, remove lines 30 and 31

Page 14, replace lines 1 and 2 with:

"1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support economic activity in North Dakota.

a. To be eligible to receive an allocation under this section, a county may not have received $5,000,000 or more of allocations under subsection 2 of section 57-51-15 during the state fiscal year ending June 30, 2012.

b. Allocations among eligible counties under this section must be based on the miles of roads defined by the department of transportation as county major collector roadways in each county.

c. The department of transportation may use data supplied by the upper great plains transportation institute in determining the projects to receive funding under this section.

2. Each county requesting funding under this section shall submit the request in accordance with criteria developed by the department of transportation.

a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.

b. The plan must be based on actual road and bridge conditions and the integration of projects with state highway and other county projects.

c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

d. Funds may not be used for routine maintenance.

3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.

4. The funding appropriated in this section may be used for:

   a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.

   b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.

6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.

7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.

8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.

9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.

10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove "1,"

Page 14, line 13, remove "If any funds remain after the distributions provided under this"

Page 14, remove lines 14 through 19

Page 14, line 20, remove "township is not levying at least ten mills for township purposes."

Page 14, line 26, replace "for" with "in"

Page 14, line 26, remove "preceding"

Page 14, line 26, after "year" insert "ending June 30, 2012"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 31

Page 16, replace lines 1 through 27 with:

"SECTION 8. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT RECOMMENDATIONS. There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $239,299,174, or so much of the sum as may be necessary, to the board of university and school lands for the purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending June 30, 2015.

Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. $5,000,000, or so much of the sum as may be necessary, for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this subsection if the county produced fewer than 100,000 barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.

2. $60,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.

3. $4,000,000, or so much of the sum as may be necessary, for grants to public institutions of higher education impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this subsection. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section.

4. $3,000,000, or so much of the sum as may be necessary, for grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control. The county commission from each county awarded a grant

shall file a report with the director of the energy infrastructure and impact office by January 1, 2014, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The director of the energy infrastructure and impact office shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control.

5. $7,000,000, or so much of the sum as may be necessary, to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.

6. $7,000,000, or so much of the sum as may be necessary, for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties, including need for increased emergency medical services providers services, staff, funding, equipment, coverage, and personnel training. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section.

7. $3,500,000, or so much of the sum as may be necessary, for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties, including need for increased fire protection districts services, staff, funding, equipment, coverage, and personnel training.

SECTION 9. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,600,000, or so much of the sum as may be necessary, to the department of human services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department of human services shall develop policies and procedures for the disbursement of the grant funding and may not award more than $4,800,000 during each year of the biennium. The department of human services shall allocate funding in January of each year of the biennium. This funding is considered one-time funding for the 2013-15 biennium. The department of human services shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than $500,000 for the preceding state fiscal year.

SECTION 10. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S OFFICE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $9,600,000, or so much of the sum as may be necessary, to the attorney general's office for the purpose of awarding grants to law enforcement agencies, for crime-related needs of the attorney general's office, and for the development of a uniform law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending June 30, 2015. The drug and violent crime policy board of the attorney general shall, with approval of the board of university and school lands, grant funds to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those counties. The attorney general may spend up to ten percent of the funding provided under this section for defraying the expenses of additional staffing needs or other needs necessary to accomplish the role of the attorney general's office as an assisting agency in ensuring public safety in the affected areas. The funding provided in this section is considered a one-time funding item. The attorney general shall report to the budget section annually and to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding, including the impact the grant funding has had on crime-related activities.

SECTION 11. HUB CITIES - REPORT TO BUDGET SECTION. A representative of a hub city as defined in section 57-51-01 shall report to the budget section annually on the use of funding received from allocations under section 57-51-15."

Page 16, line 28, after "**DATE**" insert "**- EXPIRATION DATE**"

Page 16, line 28, after "Sections" insert "1 and"

Page 16, line 28, remove "and 3"

Page 16, line 29, after "2013" insert ", and before July 1, 2015, and are thereafter ineffective"

Page 16, remove lines 30 and 31

Renumber accordingly

13.9681.12000

Prepared by the North Dakota Legislative Council staff

April 30, 2013

HB 1358
4/30/13

OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS - PROPOSED DISTRIBUTIONS AND APPROPRIATIONS

This memorandum provides information on various proposals for transfers, estimated distributions of oil and gas gross production tax collections, and appropriations, as shown in the schedule below.

Distributions and transfers (in millions)	Current Law	Executive SB 2258 SB 2013	Reengrossed House Bill No. 1358 House Version	Senate Version	Proposed Amounts
Counties					
Less than $5 million			8.46	8.52	8.52
$5 million or more			336.85	292.78	307.77
Total counties	129.38	234.15	345.31	301.30	316.29
Cities					
Hub cities[1]			91.50[1]	66.39[1]	91.92[1]
Other cities in $5 million or more counties			112.28	102.59	102.59
Cities in less than $5 million counties			3.76	3.79	3.79
Total cities	62.49	109.06	207.54	172.77	198.30
Schools					
Hub city schools			30.50	15.25	15.25
$1.75 million to other schools in $5 million or more counties			35.00		
Percentage allocation to other schools in $5 million or more			28.07	55.64	25.65
Percentage allocation to schools in counties less than $5 million			6.58	6.63	6.63
Total schools	0.00	0.00	100.15	77.52	47.53
Other distributions and transfers					
Townships			42.11	41.30	30.77
Schools/townships/county infrastructure fund	100.62	182.12			
Sheriff's departments			14.04		
Emergency medical service providers			14.04		
Fire protection districts			14.04		
Oil and gas impact grant fund	100.00	214.00	150.00	214.00	240.00
Total other distributions and transfers	200.62	396.12	234.23	255.30	270.77
Total distributions and transfers	392.49	739.33	887.23	806.89	832.89
Reengrossed House Bill No. 1358 appropriations[2] (in millions)					
Appropriations (Excludes oil and gas impact grant fund appropriations)					
Job Service North Dakota			0.15	0.12	0.12
State Treasurer/Department of Transportation - Oil counties			190.00	160.00	160.00
State Treasurer/Department of Transportation - Non-oil counties			150.00	100.00	120.00
State Treasurer - Townships in oil-producing counties			8.76	8.76	8.76
State Department of Health - Emergency medical service providers			6.25		
Department of Commerce - Nursing home grants			6.00		
Department of Human Services - Critical access hospitals			10.00		9.60
Attorney General - Law enforcement grants					9.60
Total appropriations (excluding oil and gas impact grant fund)	0.00	0.00	371.16	268.88	308.08
Total funding **(Excludes oil and gas impact grant fund appropriations)**	392.49	739.33	1,258.39	1,075.77	1,140.97
[1]The estimated distributions to the hub cities are as follows:		Williston	60.00	43.54	57.71
		Dickinson	25.50	18.50	26.60
		Minot	6.00	4.35	7.61
[2]Reengrossed House Bill No. 1358 Oil and gas impact grant fund appropriations					
Department of Trust Lands - Counties with new oil impact			5.00	5.00	5.00
Department of Trust Lands - Airport grants				60.00	60.00
Department of Trust Lands - Higher education grants				4.00	4.00
Department of Trust Lands - Dust control pilot project				3.00	3.00
Department of Trust Lands - To counties for sheriff departments					7.00
Department of Trust Lands - Emergency medical services					7.00
Department of Trust Lands - Fire protection districts					3.50
Department of Trust Lands - Undesignated					150.50
Attorney General - Law enforcement grants				10.00	
Total Reengrossed House Bill No. 1358 oil and gas impact grant fund appropriations			5.00	82.00	240.00

13.0134.10052
Title.

Prepared by the Legislative Council staff for Conference Committee
April 30, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

That the Senate recede from its amendments as printed on pages 1825-1832 of the House Journal and pages 1131-1136 and 1559-1568 of the Senate Journal and that Reengrossed House Bill No. 1358 be amended as follows:

Page 15, line 7, remove "There is appropriated out of any moneys in"

Page 15, replace lines 8 through 21 with:

"There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $239,299,174, or so much of the sum as may be necessary, to the board of university and school lands for the purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending June 30, 2015.

Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy infrastructure and impact office director shall include in recommendations to the board of university and school lands on grants to eligible entities in oil and gas development impact areas:

1. $5,000,000, or so much of the sum as may be necessary, for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this subsection if the county produced fewer than 100,000 barrels of oil for the month of November 2012 and after November 2012 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.

2. $60,000,000, or so much of the sum as may be necessary, for grants to airports impacted by oil and gas development. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this subsection, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding.

3. $4,000,000, or so much of the sum as may be necessary, for grants to public institutions of higher education impacted by oil and gas

development. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this subsection. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section.

4. $3,000,000, or so much of the sum as may be necessary, for grants of $1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control. The county commission from each county awarded a grant shall file a report with the director of the energy infrastructure and impact office by January 1, 2014, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The director of the energy infrastructure and impact office shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control.

5. $7,000,000, or so much of the sum as may be necessary, to counties for the benefit of county sheriff's departments to offset oil and gas development impact causing a need for increased sheriff's department services, staff, funding, equipment, coverage, and personnel training.

6. $7,000,000, or so much of the sum as may be necessary, for grants to emergency medical services providers for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting emergency medical services providers providing service in oil-producing counties, including need for increased emergency medical services providers services, staff, funding, equipment, coverage, and personnel training. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section.

7. $3,500,000, or so much of the sum as may be necessary, for grants to fire protection districts for an extraordinary expenditure that would mitigate negative effects of oil development impact affecting fire protection districts providing service in oil-producing counties, including need for increased fire protection districts services, staff, funding, equipment, coverage, and personnel training.

8. $14,000,000, or so much of the sum as may be necessary, for grants to hub cities. A hub city as defined in section 57-51-01 is eligible to receive grants from the oil and gas impact grant fund only to the extent provided for under this subsection. Of the funding allocation provided for in this subsection, $2,000,000 is available for grants to the hub city receiving the greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, $7,000,000 is available for grants to the hub city receiving the second greatest percentage of allocations to hub cities under subdivision a of subsection 1 of section 57-51-15, and $5,000,000 is available for grants to the hub city receiving the third greatest percentage of allocations to hub cities under subdivision a of subsection1 of section 57-51-15."

Renumber accordingly

13.0134.10051
Title.

Prepared by the Legislative Council staff for
Conference Committee
April 30, 2013

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

That the Senate recede from its amendments as printed on pages 1825-1832 of the House Journal and pages 1131-1136 and 1559-1568 of the Senate Journal and that Reengrossed House Bill No. 1358 be amended as follows:

Page 1, line 5, after the third semicolon insert "to provide for a report to the budget section;"

Page 15, line 23, after "**FUND**" insert "**- REPORT TO BUDGET SECTION**"

Page 15, line 25, replace "$6,000,000" with "$2,000,000"

Page 16, line 1, remove "The annual allocation for each full-time equivalent"

Page 16, line 2, remove "position may not exceed $90 per month."

Page 16, line 5, remove "legislative management"

Page 16, line 6, replace "during the 2013-14 interim" with "budget section annually"

Renumber accordingly