

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1404

2005 HOUSE FINANCE AND TAXATION

HB 1404

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1404**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **January 25, 2005**

Tape Number	Side A	Side B	Meter #
2	X		21.5
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

**REP. WES BELTER, CHAIRMAN** Called the committee hearing to order.

**REP. EARL RENNERFELDT, DIST. 1, WILLISTON** Introduced the bill. See attached written testimony. He also submitted a handout showing where the cap is and what it would do with the cap. See attached copy.

**SEN. BILL BOWMAN, DIST. 39** Testified in support of the bill. Our district is the major impacted area. The beneficiary of the impacted area, is the state. The more oil production we have, the better everyone is in this state. We have to remember that, this doesn't just affect the oil producing counties, but the money that comes in helps everyone in this state. The impact is the directly related to the cost of the local government to take care of the infrastructure. We built a road south of Marmarth and we are now the number one oil producing county in the state, four years ago, you couldn't even drive on the road in the spring, it was a gravel road and when the big trucks went over it you had deep ruts. It wasn't safe for anyone to travel on. We put in about

twenty miles of double chip and seal road, I think they finished the project two years ago. That was a nice road, it would last the county under normal traffic, for many years. We are already looking at redoing the road, and it is two years old. When you get those big trucks and rigs coming down that road constantly, it destroys the road. We are developing a policy now, when a township comes in now and asks us for money, we are requiring them to build a better road. These impact dollars are very important to those counties. It doesn't just go to the counties, it goes to the townships, the ambulances, hospitals, there is a whole gamut of things that are impacted.

**REP. BELTER** The way this bill is written, there is no cap on that amount.

**SEN. BOWMAN** I think the total amount collected was five million seven hundred thousand. We can add another seven hundred thousand to that pool, based upon how much production you have.

**VICKY STEINER, EXECUTIVE DIRECTOR OF THE NORTH DAKOTA ASSOCIATION OF OIL & GAS PRODUCING COUNTIES AND THE COAL CONVERSION COUNTIES ASSOCIATION.** She testified in support of the bill. See

attached written testimony. She also submitted several handouts. Relating to a chart showing caps, a needs assessment survey, information from members as to their needs. She submitted a handout showing grant information, and oil distribution information. See attached copies.

**REP. BELTER** What other revenues are the counties receiving because of this increase in oil activity?

**VICKY STEINER** Related to some of the handouts she submitted. Billings & McKenzie counties do very well. They supply probably 25% of the oil. McKenzie County on the sheet I

supplied, receives 2.3 million dollars in oil tax revenue. That is the gross county total. The county commissioners actually get 45% of the 2.3 million, the school district gets 35%, and the cities receive 20%, based on population. What happens to this other five million that is generated in McKenzie County, goes to the state general fund.

**RICK LARSON, DIRECTOR OF THE ENERGY DEVELOPMENT IMPACT OFFICE,**

**NORTH DAKOTA STATE LAND DEPARTMENT** Testified in support of the bill. See attached written testimony.

**REP. CONRAD** What would be a reasonable cap?

**RICK LARSON** As you can see on the chart, there are legitimate requests to receive this money, we are not able to meet all of the requests. We are meeting a third of the requests. There is criteria that has to be used, relieving the cap, is allowing it to float to the actual activity that is going on. The price of oil right now, is quite high, which is creating a demand for activity. The money would be used to relieve those impacts.

**REP. CONRAD** Ward County has some oil activity, not as much as others, I know your guidelines are very strict, I am sure you are very conservative in how you use those funds.

**RICK LARSON** The conservative edge is because of the limit.

**REP. DROVDAL** Gave an observation, that it is hard to get blood out of a turnip, but it is a lot harder to get something out of this guy.

**WARD KOSIR, BOARD OF CITY COMMISSIONERS, WILLISTON**

Testified in support of the bill. When the city of Williston experienced an oil boom in the early 1980's, followed by a bust in the mid to late 80's, the city was left with an excess of twenty six million in special assessments deficiency debt. Dealing with that debt and putting infrastructure

needs on hold, in many cases, needs that were increased by increased oil field traffic. Oil impact grants have been a great help to our community. These grants, over the years, have helped pay for repair of infrastructure and to help with the debt retirement. Cost of repairing roads has increased dramatically. Your support of this bill, will help provide funds from communities and government agencies dealing with the increased oil activity at this time. Looking from the city's perspective, a project which would have cost a million dollars in 1991, would be several million dollars today. Most of this money is going to that type of infrastructure, fixing roads, it has simply not kept up. I would strongly encourage you to remove the cap, even with that, it is going to be difficult to meet all of the needs.

**ALAN ERICKSON, NORTH DAKOTA TOWNSHIP OFFICERS ASSOCIATION**

I live in Renville County, and we have met with Mr. Larson many times, he has helped us with gravel on township roads and even building the township roads. With eighteen mills bringing in seven thousand dollars, that does not go very far when you talk about building roads or graveling.

**WARREN LARSON, SUPERINTENDENT, WILLISTON PUBLIC SCHOOL DISTRICT**

Testified in support of the bill. See attached written testimony.

**DAN KALIL, WILLIAMS COUNTY** Testified in support of the bill. Praised Rick Larson, North Dakota State Land Department, very highly, stating he knows everything. He stated he got started in politics because of a road that was destroyed by a seismograph crew in 1989. At my second township meeting, I fished an energy impact grant application out of the garbage can, and the chairman of the township board said, we'll never get any money out of that. We filled it out and rebuilt two miles of road with impact dollars. He related to an area called the 139th Avenue. This avenue serves a 328 acre industrial park, there are over a dozen oil companies in that area.

One of them sends out 35 truckloads of chemicals a day, another one is a crane service, there are cranes traveling down that road that weigh over one hundred twenty thousand pounds. The road has deteriorated to third world status. Over the space of four years, we applied for energy impact dollars and put together enough money to overlay this road which was a \$135,000 project. Williston Township runs on a \$60,200 budget. There are many more needs out there that aren't fulfilled, because there aren't enough impact dollars to go around.

**REP. CONRAD** If we were to take the cap off for two years, and then find out where the need and demand is?

**DAN KALIL** That would certainly help, I think the impact is more of an initial million and a half dollars. I don't think there will ever be enough dollars for all the impacts that we get. The traffic on the streets of Williston, is almost double to what we are used to.

**JOHN KAUTZMAN, CITY AUDITOR, CITY OF WILLISTON** Testified in support of the bill. The cap that has been in place since 1981, as has been pointed out, has now been exceeded for four bienniums. If the committee cannot remove the cap, we should seriously consider some adjustment up to four to five million, or maybe tie it to the consumer price index, or some method in which you would move it up and continue to move it up, at least tie it in with inflation. With no further testimony, the committee hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1404**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 1, 2005**

Tape Number	Side A	Side B	Meter #
<b>1</b>	<b>X</b>		<b>53 TO SIDE b</b>
Committee Clerk Signature			

Minutes:

**COMMITTEE ACTION**

**REP. DROVDAL** Presented amendments for the bill to committee members.

He stated he had the amendments prepared to keep the bill alive. The amendments increase the impact grant money which will go back to the areas which are impacted because of the oil development which is starting back up again. It goes to the townships, fire departments, the ambulance services and the newly affected areas who have not gotten tax revenue back from the oil development. This increases the cap from five million to six million, which is only one half million increase in a year. This cap will not go into effect until the 2007 biennium. It will not have a fiscal effect this biennium.

**REP. DROVDAL** Made a motion to adopt the amendments as presented.

**REP. BRANDENBURG** Second the motion. Motion carried.

**REP. CONRAD** We should do something now, not wait until 2007.



Page 2

House Finance and Taxation Committee

Bill/Resolution Number **HB 1404**

Hearing Date **February 1, 2005**

**REP. DROVDAL** Agreed one hundred percent, but was afraid he couldn't get the votes to do it now.

**REP. HEADLAND** Made a motion for a **DO PASS AS AMENDED.**

**REP. WRANGHAM** Second the motion. **MOTION CARRIED.**

**13 yes**

**0 no**

**1 absent**

**REP. GRANDE** Was given the floor assignment.

**FISCAL NOTE**  
Requested by Legislative Council  
02/04/2005

Amendment to: HB 1404

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

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues					(\$1,000,000)	\$1,000,000
Expenditures						
Appropriations						

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed HB 1404 changes the biennial cap on gross production tax revenue that gets credited to the oil and gas impact grant fund, from \$5 to \$6 million, effective in the 2007-09 biennium.

**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.*

Engrossed HB 1404 would reduce state general fund revenues and increase oil and gas impact grant fund revenues by \$1 million in the 2007-09 biennium.

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

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	02/08/2005

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/18/2005

Bill/Resolution No.: HB 1404

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

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			(\$1,280,000)	\$1,280,000		
<b>Expenditures</b>						
<b>Appropriations</b>						

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1404 removes the \$5 million per biennium cap on gross production tax revenue that gets credited to the oil and gas impact grant fund.

**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.*

Based on the November 2004 forecast, there would be an additional \$1.28 million that would be credited to the oil and gas impact grant fund during the 2005-07 biennium, if the \$5 million cap was removed. Removal of the cap reduces the state general fund share of gross production tax revenues.

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

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/19/2005

Date: 2-1-05  
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1404

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

50654. 0101

Action Taken

Do Pass as amended

Motion Made By

Rep. Headland

Seconded By

Rep. Wrangham

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN	✓				
DROVDAL, DAVID, V-CHAIR	✓				
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI	✓				
FROELICH, ROD	✓				
GRANDE, BETTE	✓				
HEADLAND, CRAIG	✓				
IVERSON, RONALD	✓				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE	✓				
WRANGHAM, DWIGHT	✓				

Total (Yes)

13

No

0

Absent

1

Floor Assignment

Rep. Grande

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

**REPORT OF STANDING COMMITTEE**

**HB 1404, as amended, 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** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1404, as amended, was placed on the Sixth order on the calendar.

Page 1, line 10, remove the overstrike over "~~but not in an amount exceeding~~" and after "five" insert "six"

Page 1, remove the overstrike over line 11

Page 1, line 12, remove the overstrike over "~~and gas impact grants for the biennium by the legislative assembly,~~" and remove the overstrike over "~~who shall~~"

Page 1, line 15, replace "2005" with "2007"

Renumber accordingly

2005 HOUSE APPROPRIATIONS

HB 1404

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1404

Oil and Gas Production Tax allocations to Oil and Gas Impact Grant Fund

House Appropriations Full Committee

☐ Conference Committee

Hearing Date February 9, 2005

Tape Number	Side A	Side B	Meter #
1		X	#49.4 - # end
2	X		#0 - #6.5
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

**Rep. Ken Svedjan, Chairman** opened the discussion on HB1404.

**Rep Drovdal** introduced the bill by saying the cap has gone from \$5 million to \$6 million on oil and gas grant money that goes out to the subdivisions and townships for energy impact for things like oil companies who damage the roads or emergency agencies to update their equipment etc... The purpose of the bill was originally to take the cap off the bill entirely but the Finance and Tax committee raised the cap to \$6 million. They changed the effective date from 2005 to 2007 so there will be no effect on this biennium and the Governor should be able to work it into his next budget cycle.

**Rep. Ken Svedjan, Chairman** clarified that this was re-referred before the most recent fiscal note came to us. The changing of the cap from \$5 million to \$6 million won't become effective until the 07-09 biennium and when it does it would have a \$1 million negative impact on the general fund. There is no impact for the 05-07 biennium. (meter Tape #1, side B, #52.6)

**Rep. Earl Rennerfeldt** moved a Do Pass motion on HB1404.

**Rep. Francis J. Wald** seconded.

**Rep. Ole Aarsvold** asked if this fund was exhausted each biennium.

**Rep. Earl Rennerfeldt** answered that the requests exhaust the funds regularly. (meter Tape #2, side A, #0.8)

**Rep. Keith Kempenich** commented that this is a granting process and there is a guy in the state land department who goes out and interviews the local subdivisions and assesses the needs. It isn't building a lot of buildings and stuff, its mostly roads.

**Rep. Bob Skarphol** supported this by saying the requests for money exceed the amount by 5 to 10 times. It is a good program that does a lot of good in areas with regard to new impact.

**Rep. Ralph Metcalf** asked at what level are the current property owners paying mill levies to maintain their roads.

**Rep. Francis J. Wald** answered that it varied from county to county.

**Rep. Ralph Metcalf** commented that it has been in the past where people have come in and used the money without spending their local taxes first but he could relate to this because he lived close to a town that has a lot of this heavy traffic and the cost of maintaining his road is ridiculously high. He stated that he believed this bill was appropriate but thought the locals should be participating as well.

**Rep. Earl Rennerfeldt** commented that this traffic is heavy equipment on the roads. Taxes in these areas are going through the roof for property owners. It is only fair that at least part of this should be paid by the state.



**Rep. Keith Kempenich** shared a specific example of the destruction to these roads from heavy equipment vehicles.

**Rep. Ken Svedjan, Chairman** commented that as a practical matter this bill does nothing for 05-07. You can decide to put something in code that does nothing or we can put it in code and it will become effective in the next biennium.

**Rep. Earl Rennerfeldt** commented that this way the Governor can put this in the budget for the next session.

**Rep. Ken Svedjan, Chairman** called for a roll call vote on the Do Pass motion for HB1404. Motion carried with a vote of 20 yeas, 0 neas, and 3 absences. Rep Grande will carry the bill to the house floor.

**Rep. Ken Svedjan, Chairman** closed the discussion on HB1404.

Date: February 9, 2005  
Roll Call Vote #: 1

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB1404**

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS

Motion Made By Rep Rennerfeldt Seconded By Rep Wald

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	X		Rep. Jeff Delzer	AB	
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	AB	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold	AB		Rep. Alon C. Wieland	X	
Rep. Pam Gulleeson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson	X				

Total Yes 20 No 0

Absent 3

Floor Assignment Rep Grande (Finance and Tax)

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

REPORT OF STANDING COMMITTEE (410)  
February 9, 2005 3:58 p.m.

Module No: HR-26-2346  
Carrier: Grande  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HB 1404, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)  
recommends **DO PASS** (20 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING).  
Engrossed HB 1404 was placed on the Eleventh order on the calendar.

2005 SENATE FINANCE AND TAXATION

HB 1404

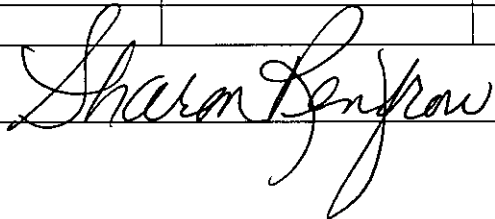
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1404**

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 28, 2005**

Tape Number	Side A	Side B	Meter #
#1	X		20.6 - 59.7
Committee Clerk Signature 			

Minutes:

**REP. RENNERFELDT:** Prime sponsor of the bill appeared in support with written testimony stating this would raise the cap on oil and gas impact grants from \$5 million to \$6 million.

**RICK LARSON:** Director of ND State Land Dept. Appeared in support with written testimony stating the funds that are administered by this program must be used by those subdivisions of government to correct the negative impacts of oil and gas production.

**SEN. COOK:** I assume this impact grant fund, the dollars are available only to the counties that have oil production going on, is that correct?

**ANSWER;** that is correct.

**SEN. COOK:** school districts that apply for some of these impact grant funds, do you look at all as level of local dollars that are raised by that school district right now, or do you look at the dollars that school district gets from the state in evaluating your decision as to whether or not they are successful bidder for these impact grants.

**ANSWER;** absolutely, we look at what they are receiving and comparing it with other school districts, that is always a consideration.

**SEN. COOK:** is it safe for me to assume that Billings County or Billings School District has never been a favorable recipient of impact grant funds?

**ANSWER:** not since I've been involved in it since 1999 but yes, that was all considered in making applications, there had to be a financial need and if no financial need in those, in this case, Medora school district, I could not warrant them receiving any money because of how they looked to the Dunn County Schools or Divide County Schools, they had plenty of money.

**SEN. COOK:** is that simply a subjective decision that you get to make or is there some defined criteria that says a school district has x amount of dollars in the ending fund balance or maybe I should put it this way, a school district that is deemed as property rich, would not get any dollars? Do you have any defined or written criteria?

**ANSWER:** there is not a formula on a varied defined criteria other than the criteria is that if there is a financial need and that financial need again needs to be compared to other subdivisions of government that have requested the money and to say that such and such a subdivision of government is not going to receive money because they have lots of money, yes, that's definitely going to be a big criteria for me to say "No, you cannot have a grant, I'm not going to fund your, so yes, it is my decision, that I report to the Board of University on school lands. If there is someone who disagrees with my decision, they have a right to appeal to the Board.

**SEN. TOLLEFSON:** how many oil producing counties do we have?

**ANSWER;** I think its 16

**SEN. TOLLEFSON:** and those would be the only counties that would be eligible for any aid under this? Correct And all of that is based on need? Need of counties, assets of the school district or whatever it might be and determine, That's correct

**SEN. URLACHER:** they are the only counties that actually have the direct impact as well. Yes

**VICKY STEINER:** Exec. Director of ND Association of Oil & Gas Producing Company appeared in support with written testimony and gave a handout on "Needs Assessment Survey", stating what this bill does for us, it basically gives an adjustment for inflation that we haven't had since 1991.

**SEN. URLACHER:** well, there is a lot of impact other than roads as well, even on the existing roads, when those rigs are ready to move and we happen to get some moisture in Western ND you can almost ruin an existing road because of the timing and conditions, not just new roads, its upkeep.

Closed the hearing.

**SEN. COOK:** their is a sizable amount of money going to school districts and I think that is fine, these dollars are a big part of equity discussion.

**SEN. EVERY:** how do you determine, how do we ensure the townships get that money.

**SEN. WARDNER:** they don't get that money until project is done.

**SEN. EVERY:** seems funny that the Assoc. Of Counties wasn't here, the Township Officers Assoc. Wasn't here, the League of Cities, I didn't see them here.

**SEN. URLACHER:** Gladstone, Belfield, when the oil activity came in they had to provide certain facilities and a lot of it went to trailer courts, street repair and that sort of thing. They were just on the verge of bankruptcy. The oil activity just about killed them and Belfield as well.

The impact is wide spread in a lot of different areas and very severe, way beyond what they could recover. I've seen situations where roads, I tell you they move that equipment down a road, with that weight and if it happens to be wet, they'll put a cat out in front to get it through, well that road is gone and they participate in it as well, I shouldn't leave them out, but I think this impact is, its there, its a benefit to the State and it probably more than meets the eye, whoever gets it.

**SEN. COOK:** I agree with you, the bill is a good bill. I asked the question, I believe this \$300,000 is for one year or for the biennium, my only question is to what degree are these schools property rich, in other words, these dollars they affect this whole equity issue and the person is guess if I could just go district is just property rich, then they should not be considered and only for those are property poor.

**SEN. URLACHER:** I think when that's evaluated that's to recognize in that school allocation for school.

**SEN. WARDNER:** there has to a little impact there too, you just can't depose the law and there's no oil activity in your area and everybody moving in and out, like Vicky said, they travel the roads.

**SEN. URLACHER:** he has too to make an evaluation.

**SEN. EVERY:** I like the bill too, I like the concept. Out township officers are very concerned about what the tourism does to their roads so one could argue that maybe there should be an impact fund that comes from tourism dollars.

**SEN. URLACHER:** when you take these roads that are being recognized are also related to tourism in a way



**SEN. TOLLEFSON:** made a **MOTION FOR DO PASS AND REFER TO**

**APPROPRIATIONS**, seconded by Sen. Wardner.

**SEN. COOK:** if I'm the only one that is concerned, we can run it through, but when you look at control grant applications, 29 million and they got 5 million to hand out to all of those applications, I would hope that a property rich school district is not being given too much favorable attention. There is definitely a lot more need for it than there is dollars. I would just find out if all these schools are property poor.

**ROLL CALL VOTE:** 5-0-01

Sen. Wardner will carry the bill.

Sen. Every commented that a guy could apply this to a lot of things, the impact that water has, the impact of tourism, there's a lot of different problems.

:

Date: 2-28-05  
Roll Call Vote #: 1

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB 1404**

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass & Refer to Appropriations

Motion Made By Tollefson Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier		
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Wardner

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

**REPORT OF STANDING COMMITTEE (410)**  
February 28, 2005 1:41 p.m.

**Module No: SR-36-3779**  
**Carrier: Wardner**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1404, as engrossed: Finance and Taxation Committee (Sen. Urlacher, Chairman)**  
recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee**  
(5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1404 was  
rereferred to the **Appropriations Committee**.

2005 SENATE APPROPRIATIONS

HB 1404

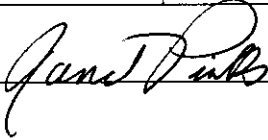
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1404

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 17, 2005

Tape Number	Side A	Side B	Meter #
1	a		0-2687
Committee Clerk Signature 			

Minutes:

**Chairman Holmberg** opened the hearing on HB 1404 with roll call and announcements.

**Representative Earl Rennerfeldt, District 1, Williston**, distributed testimony and testified in support of engrossed HB 1404. He discussed the purpose of the bill, that it would raise the cap to \$6 million from \$5 million and what the funds would be used for as documented in his testimony.

**Senator Tallackson** asked how the money is taken out. The response was that the State Land Department could respond better then he could.

**Senator Bill Bowman** testified on HB 1404 discussing the bill and the hardship effects the oil activity has had on the counties.

**Vicki Stiener, Executive Director, ND Association of Oil and Gas Producing Counties and the Coal Conversion Counties Associations**, distributed testimony and testified in support of

HB 1404 of raising the cap from \$5 to \$6 million which is actually 1/3 of the first 1 percent of the gross production tax on oil

**Senator Tallackson** asked once the tax is collected how is it spent. The response was that all roads are watched and the poorest communities receiving funding first. The determination is made according to grant requests, and mill levies of the counties.

**Rick Larson, Director, Energy Development Impact Office**, distributed written testimony and testified in support of HB 1404 describing the impact oil development has on the counties, the movement of heavy equipment, the formula used to reach the \$5 million, the biennial receipts to the fund and the general fund, the amounts of grant application and the grant determination process.

**Senator Andrist** asked about reasons for the cap at the beginning.

**Senator Mathern** asked why there was a cap put on this in the first place and is it true that there are no road restrictions on township roads. The response was they didn't know why the restriction and it is correct that township roads do not have restrictions.

**Senator Kilzer** clarified in the historical grant information, how many grant applications are holdovers or repeats and how many are new. The response was that 50-70% of the grant applications are the same people and 30-40 % are new projects or activities.

**Vicky Steiner** spoke in response to the question of why the cap. She indicated in original negotiations a compromise was reached with Senator Strinden to place a cap on the funds received.

**Senator Andrist moved a DO PASS on HB 1404, Senator Mathern seconded. No further discussion and a roll call vote was taken with 15 yes 0 no 0 absent.**

The hearing on HB 1404 was closed.

Date

3/17/05

Roll Call Vote #:

1

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB**

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

1404

Action Taken

Do Pass

Motion Made By

Andrist

Seconded By

Mather

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	✓		SENATOR KRAUTER	✓	
VICE CHAIRMAN BOWMAN	✓		SENATOR LINDAAS	✓	
VICE CHAIRMAN GRINDBERG	✓		SENATOR MATHERN	✓	
SENATOR ANDRIST	✓		SENATOR ROBINSON	✓	
SENATOR CHRISTMANN	✓		SEN. TALLACKSON	✓	
SENATOR FISCHER					
	✓				
SENATOR KILZER	✓				
SENATOR KRINGSTAD	✓				
SENATOR SCHOBINGER	✓				
SENATOR THANE	✓				

Total (Yes)

15

No

Absent

Floor Assignment

For Yaf

Wardner

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

REPORT OF STANDING COMMITTEE (410)  
March 17, 2005 9:20 a.m.

Module No: SR-49-5227  
Carrier: Wardner  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HB 1404, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)  
recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed HB 1404 was placed on the Fourteenth order on the calendar.



**2005 TESTIMONY**

HB 1404

HB 1404  
House Finance and Tax Committee  
By: Representative Earl Rennerfeldt

Chairman Belter, and Members of the House Finance and Tax Committee,

For the record, I'm Representative Earl Rennerfeldt, District 1, Williston.

I'm here to introduce HB1404.

This bill would remove the cap on Oil and Gas Impact Grants. The funds are currently capped at \$5 million, and this bill would allow the grants to exceed \$5million.

The Oil and Gas Production Tax revenue has increased substantially these past few years because of the increased oil activity in western ND. That increased oil activity causes more wear and tear to the infrastructure in these oil and gas producing counties.

Our infrastructure needs more help. Most of these grants go for road, street, and bridge repair, as well as fire fighting equipment, and other infrastructure needs.

The oil produced in western North Dakota provides a lot of tax dollars to the state, and it seems fair that when oil tax revenue is up that these grants get a little larger share of the pie. This grant fund has had no adjustment for inflation since 1991.

I ask for your support on this bill.

Fiscal Year Total Grants

Funding Total

Total OG  
Production  
Tax(Tax Dept)

Total  
Collections  
for Biennium

Could have been  
available with  
no cap

2005 est	\$2,450,000	\$5,000,000	\$52,502,000	\$100,021,075	\$6,668,065
2004	\$2,450,000		\$47,519,075		
2003	\$2,800,000	\$5,000,000	\$43,477,533	\$79,992,605	\$5,332,835
2002	\$2,275,000		\$36,515,072		
2001	\$2,700,000	\$5,000,000	\$46,029,027	\$84,070,035	\$5,604,663
2000	\$2,200,000		\$38,041,008		
1999	\$1,350,000	\$3,130,000	\$22,705,995	\$52,227,304	\$3,481,817
1998	\$1,780,000		\$29,521,309		
1997	\$2,100,000	\$4,000,000	\$34,772,117	\$61,678,113	\$4,111,870
1996	\$1,900,000		\$26,905,996		
1995	\$2,150,000	\$2,922,500			
1994	\$772,500				
1993	\$1,960,000	\$3,950,000			
1992	\$1,990,000				
1991	\$2,770,161	\$3,510,852	\$5,000,000 maximum legislated		
1990	\$740,691				
1989	\$1,144,000	\$2,374,000			
1988	\$1,230,000				
1987	\$1,127,600	\$3,237,130			
1986	\$2,109,530				
1985	\$2,699,100	\$5,150,100			
1984	\$2,451,000				
1983	\$5,138,020	\$9,888,935			
1982	\$4,750,915				

FD 1404  
Rep. Rimmerfeldt



# Energy Development Impact Office Historic Grant Information

---

	2002	2003	2004
Applications	\$11,345,824	\$12,717,546	\$14,904,671
Grants	\$2,275,000	\$2,800,000	\$2,450,000
Requests	261	262	286

## Oil Tax Distribution

Assumptions:  
\$30.00 per barrel  
100 barrels

**\$3,000**

NDCC 57-51

Oil Production Tax 5%=\$150.00

1%	<b>\$30.00</b>		4%	<b>\$120.00</b>	Footnote 1
33 1/3% of 1%	<b>\$10.00</b>	Energy Development Impact Office	First \$1,000,000		
		Up to \$5,000,000 per biennium	75% of 4%	County where produced: ( <b>\$90.00</b> )	
		Excess into State General Fund		0.45 County General Fund	<b>\$40.50</b>
66 2/3% of 1%	<b>\$20.00</b>	State General Fund		0.35 Schools districts	<b>\$31.50</b>
				0.2 Cities	<b>\$18.00</b>
			25% of 4%	State General Fund	<b>\$30.00</b>

NDCC 57-51.1

Oil Extraction Tax 0%, 4% or 6.5% depending on circumstances Footnote 2

6.5%	<b>\$195.00</b>	
0% or 4%	depending on circumstances	
	Oil Extraction Tax Development Fund	
	20% Sinking Fund for State Water Development Bonds(NDCC 57-51.1-07.1)	<b>\$39.00</b>
	20% According to Section 24 Article X of ND Constitution	
	10% Common Schools Trust Fund	<b>\$19.50</b>
	10% Foundation Aid Stabilization Fund	<b>\$19.50</b>
	60% State General Fund	<b>\$117.00</b>

After the General Fund receives \$71,000,000 from all sources of oil and gas taxes

Excess is deposited to the Permanent Oil Tax Trust Fund

Beginning 7-1-2003

In 2003-2005 biennium \$50,000 from the State's share of the OG Production and Oil Extraction put into Oil and Gas Research Fund  
If 2001-2003 biennium collection from OG Taxes exceed \$71,640,000 then excess up to \$500,000 deposited into OG Research Fund  
After 2003-2005--2% of State's share of OG Production and Oil Extraction tax up to \$1,300,000 per biennium

Footnote 1:

The oil production tax distribution to the County:

1st \$1,000,000	75% County
Then	25% State General Fund
2nd \$1,000,000	50% County
Then	50% State General Fund
Over \$2,000,000	25% County
Then	75% State General Fund

County population consideration

If <3000	\$3,900,000
If >3000 less than 6000	\$4,100,000
>6000	\$4,600,000
State General Fund--anything over \$4,600,000 from county	

Footnote 2

Circumstances that Extraction tax would be 4%

- If trigger price does not exceed \$35.50 per barrel adjusted for inflation(now \$35.11)
- \*Wells drilled after 4-27-1987
- \*Oil produced from qualified secondary and tertiary production
- \*Oil that is not exempted from NDCC 57-51.1-03 after 6-30-1993

Circumstances that Extraction tax would be 0% (Exempted under NDCC 57-51.1-03)

- Vertical Well-First 15 months production if under trigger price
- Horizontal Well-first 24 months if under trigger price
- Production from a stripper well
- Production from a well incurring workover cost of >\$65,000 and >50% increase in production
- Incremental Oil under a qualified secondary recovery project for 5 years
- Incremental Oil under a qualified tertiary recovery project for 10 years
- Production from a two-year inactive well for 10 years
- Production from a horizontal reentry for 9 months
- Production within an Indian reservation for 60 months

January 25, 2005

HB 1404

Bill to eliminate \$5 million cap on Energy Impact fund

Good morning, Chairman Belter and Members of House Finance and Tax. My name is Vicky Steiner. I'm the Executive Director of the North Dakota Association of Oil and Gas Producing Counties and the Coal Conversion Counties Association.

Our Association has 132 county, city and school districts in western North Dakota in a 16 county area that stretches from Bottineau west to Divide County and south to Bowman. I live in Dickinson.

In 1989, when the bill was passed in 1989, the cap provided legislators with some insurance. Former house majority leader Earl Strinden was in the House and he felt the cap was necessary at that time from his perspective. It was a new formula.

Would impacts in the future justify more than \$5 million?

There really wasn't a boogie man in the closet on this one. On the first sheet of statistics, you can see how the correlation works between the tax and the impact fund. I've highlighted a couple biennia for you as an example.

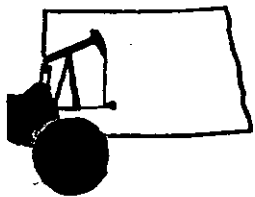
After 14 years, you have a track history on the fund to evaluate the cap.

Earlier this session, the oil and gas director Lynn Helms testified in Senate Appropriations that he expects when the Richland County Montana oil play is drilled out, that the play will move to North Dakota in the next two years. He expects our rig count to jump from 20 rigs to 30. There will be more activity in the coming two years.

We also produced a needs assessment survey on future impacts which totaled \$65 million which includes the City of Williston's \$45 million for public works project. We definitely could have used \$6.7 million this biennium. The impacts are there.

We ask for a do pass on 1404. That concludes my testimony and I'm available for questions.

	Biennium	Without Cap EDIO Fund	Oil and Gas Tax Collections	General Fund's Share of O & G Tax Collections	Grant Applications
Estimate	2003-2005	\$6,668,065	\$100,021,075	\$54,991,440	\$29,809,342
	2001-2003	\$5,332,835	\$79,992,605	\$45,516,520	\$24,063,370
	1999-2001	\$5,604,663	\$84,070,035	\$38,433,365	\$22,748,652
	1997-1999	\$3,481,817	\$52,227,304	\$26,973,413	\$18,995,043
	1995-1997	\$4,111,870	\$61,678,113	\$32,605,179	\$22,011,810
	1993-1995	\$3,060,400	\$45,906,046	\$23,560,501	\$16,963,587



# North Dakota Association of Oil & Gas Producing Counties

## EXECUTIVE COMMITTEE

Roger Chinn  
President  
McKenzie County

Diane Affeldt  
Garrison

Brad Bekkedahl  
Vice-President  
Williston

Anthony Duletski  
Bowman PSD

Kevin Keenaghan  
McKenzie County PSD

Verdean Kveum  
Bottineau County

Loren Mathson  
Hart PSD

Eugene Miller  
Bowman County

Greg Sund  
Dickinson

Jane Erickson  
Secretary/Treasurer  
Killdeer

Dean Koppelman  
Dickinson PSD  
Association Representative  
to ND Oil and Gas  
Research Council

## Fiscal Year 2004 5% Oil and Gas Gross Production Tax

Gross County Share	State's Share from county	Grand Total w/ Impact \$	
Billings	\$2,140,838.50	4,349,741.17	\$6,954,192.52
Bottineau	1,500,982.30	2,003,601.81	3,754,911.53
Bowman	2,675,559.21	6,310,383.80	9,627,796.07
Burke	625,960.81	347,755.99	1,043,268.00
Divide	632,514.95	351,397.21	1,054,191.61
Dunn	788,933.30	468,577.73	1,347,333.25
Golden Valley	555,883.54	308,824.22	926,472.58
McHenry	22,751.35	12,639.64	37,918.94
McKenzie	2,367,596.47	5,181,187.02	8,087,982.32
McLean	51,232.72	28,462.66	85,387.89
Mountrail	228,208.99	126,782.75	380,348.30
Renville	531,994.86	295,552.70	886,658.10
Slope	171,034.55	95,019.22	285,057.61
Stark	1,900,238.71	3,467,541.91	5,751,193.53
Ward	58,808.11	32,671.20	98,013.53
William	2,184,496.97	4,509,822.21	7,172,484.84
	\$16,437,035.34	\$27,889,961.24	\$47,493,210.62

In 1986, the oil counties received \$17 million.

VICKY STEINER - EXECUTIVE DIRECTOR

859 Senior Ave. - Dickinson, ND 58601-3755 - Phone: (701) 483-TEAM (8326) - Fax: (701) 483-8328 - Cellular: (701) 290-1339  
E-mail: vsteiner@ndsupernet.com - Web: www.ndoilgas.govoffice.com



1707 North 9th Street  
PO Box 5523  
Bismarck, ND 58506-5523  
Phone: (701) 328-2800  
Fax: (701) 328-3650

www.land.state.nd.us  
www.discovernd.com



Gary D. Preszler, Commissioner

**TESTIMONY OF Rick D. Larson**  
**Director of the Energy Development Impact Office**  
**North Dakota State Land Department**

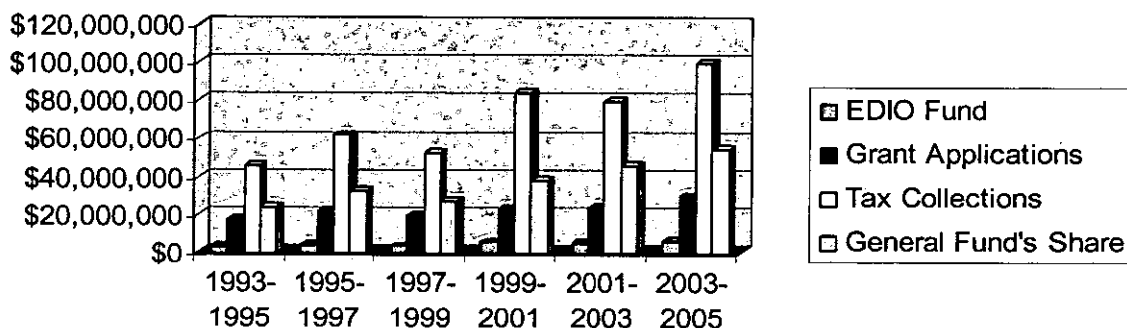
**IN SUPPORT OF HOUSE BILL NO. 1404**

**Finance and Taxation Committee**  
**January 25, 2005**

*Same given  
on 2-28-05*

As the Director of this program, I see first hand the needs of the many different subdivisions of government that are required to address oil and gas development impact to local infrastructure. These government subdivisions are townships, counties, fire districts, cities, schools, ambulance districts. The funds that are administered by this program must be used by those subdivisions of government to correct the negative impacts of oil and gas production. The benefits of oil and gas development are shared by the whole state through the taxes on the production and extraction of the resources. Unfortunately, roads need to be traveled, housing needs to be provided for families employed in the industry, schools need to educate their children, fire and ambulance personnel need to be properly trained and equipped to meet some added risks. Many of these needs are recurring such as roads that must be repaired by a township. Others are one-time projects that are solved by a grant one year and not needed in subsequent years. Each year there are many more needs than can be addressed with the funds that are appropriated.

		Without Cap		Oil and Gas Tax Collections	General Fund's Share of O & G Tax Collections
Estimate	Biennium	EDIO Fund	Grant Applications		
	2003-2005	\$6,668,065	\$29,809,342	\$100,021,075	\$54,991,440
	2001-2003	\$5,332,835	\$24,063,370	\$79,992,605	\$45,516,520
	1999-2001	\$5,604,663	\$22,748,652	\$84,070,035	\$38,433,365
	1997-1999	\$3,481,817	\$18,995,043	\$52,227,304	\$26,973,413
	1995-1997	\$4,111,870	\$22,011,810	\$61,678,113	\$32,605,179
	1993-1995	\$3,060,400	\$16,963,587	\$45,906,046	\$23,560,501



To help the committee understand how this program works I will describe a typical grant round.

- Ask for applications.
- Collect data from many sources:
  - Tax Department
  - Department of Public Instruction
  - Oil and Gas Division
  - Financial statements
  - Comparison of tax efforts compared to similar governments
- Meet with applicants—township supervisors, school administrators, city administration, county officials, rural fire department officials, and ambulance district personnel.
- Conduct a review of the information provided and collected.
- Decide if and how much will be granted for the varied projects.
- As the projects are completed the subdivisions submit receipts and invoices with their request to receive the proceeds of the grant.

In 1991 the Legislature started funding this program with a percentage of the oil and gas production tax. Basically, six and two-thirds percent of the tax up to \$5,000,000 in a biennium goes to the program. (NDCC 57-51-15 Subsection 1, which states that thirty-three and one-third of one percent of the value of oil..... goes to the oil and gas impact grant fund). The \$5,000,000 maximum was not reached until the 1999-2001 biennium. Again, in the 2001-2003 biennium the cap was reached and it looks like it will be reached in this biennium. If there was no \$5,000,000 maximum in the last two biennia there would have been \$5,600,000 available in the 1999-2001 biennium and \$5,300,000 in the 2001-2003 biennium, according to the State Tax Department published numbers for Oil and Gas Production Tax collections.

As costs increase for products and services, it has gotten more expensive <sup>to</sup> do the same amount of work as was done in the past. For example, many counties are depleting the road material within the county. With the short supply comes increasing royalty costs for material and also longer hauls are necessary to obtain the gravel.

We have seen an increase in oil leasing activity in the State. New technology and recent drilling success points toward further increases in the years to come in North Dakota. I foresee increased needs for impact dollars. How long it lasts is unknown, but when the activity decreases there are still impacts that must be dealt with. This program provides an efficient and flexible means of helping to mitigate those impacts.

**Chairman and Committee Members:**

**I am here today to testify in support of the Energy Development Impact Grants and its potential for growth.**

**The Williston Public Schools would have been hamstrung in the past without the opportunity to make health and safety improvements in their facility and properties with the Energy Development Impact Grants.**

**These grants have allowed us to receive partial funding for critical improvements in our facilities.**

**In the Williston Public School District, the budget allows only \$150,000 in total for improvements to eight school buildings.**

**We have had letters of concern over the condition of our roofs from our insurance carrier.**

**At one point they threatened to drop our insurance if we did not replace the roof at Williston High School.**

**Over a period of phases, with the help of impact grants, we have nearly completed the re-roofing of that structure.**

**In addition, this \$150,000 of District money also has to go for improvements on our grounds.**

**With some of our sidewalks in broken and dangerous condition, we once again were able to receive valuable assistance from the Energy Development Impact Grants.**

**Health and safety issues have been at the forefront of our requests and continue to be so.**

**These grants only partially fund our many needed projects, but I can assure you that every penny of the dollars are used to the fullest extent possible by the Williston Public Schools.**

**With special education and other costs skyrocketing, we struggle financially to keep up with educational needs.**

**Without the assistance from the Energy Development Impact Grants, either the educational needs of kids would suffer more, or the non-educational needs would not be met.**

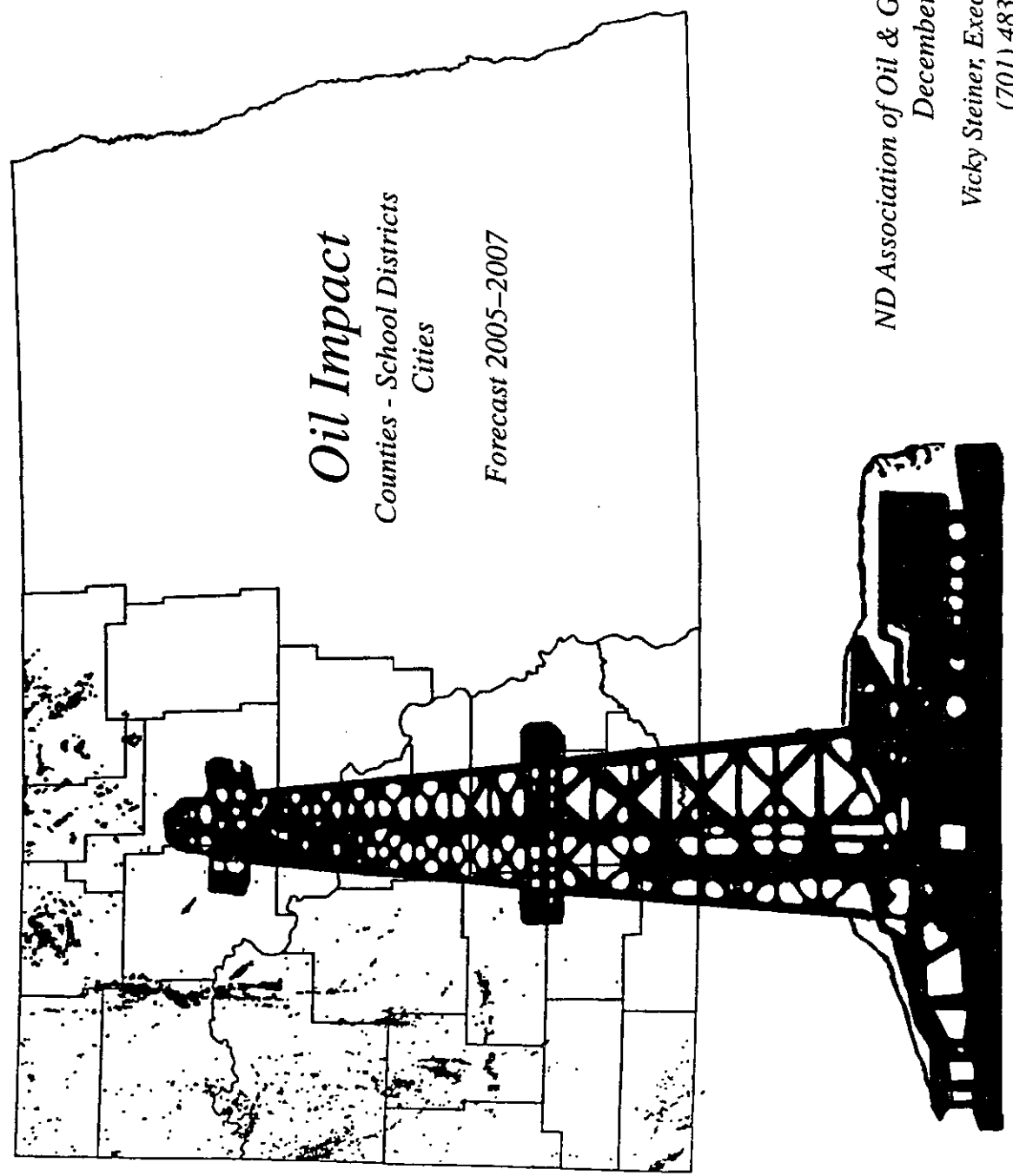
**I urge you to continue, and if possible, to increase the availability of the Energy Development Impact Funds to those of us in the impact area.**

A handwritten signature in black ink, appearing to read 'Warren D. Larson', with a long horizontal flourish extending to the right.

**Warren D. Larson-Superintendent-Williston Public School District # 1**

HB 1404 Vicky Steiner

# Needs Assessment Survey



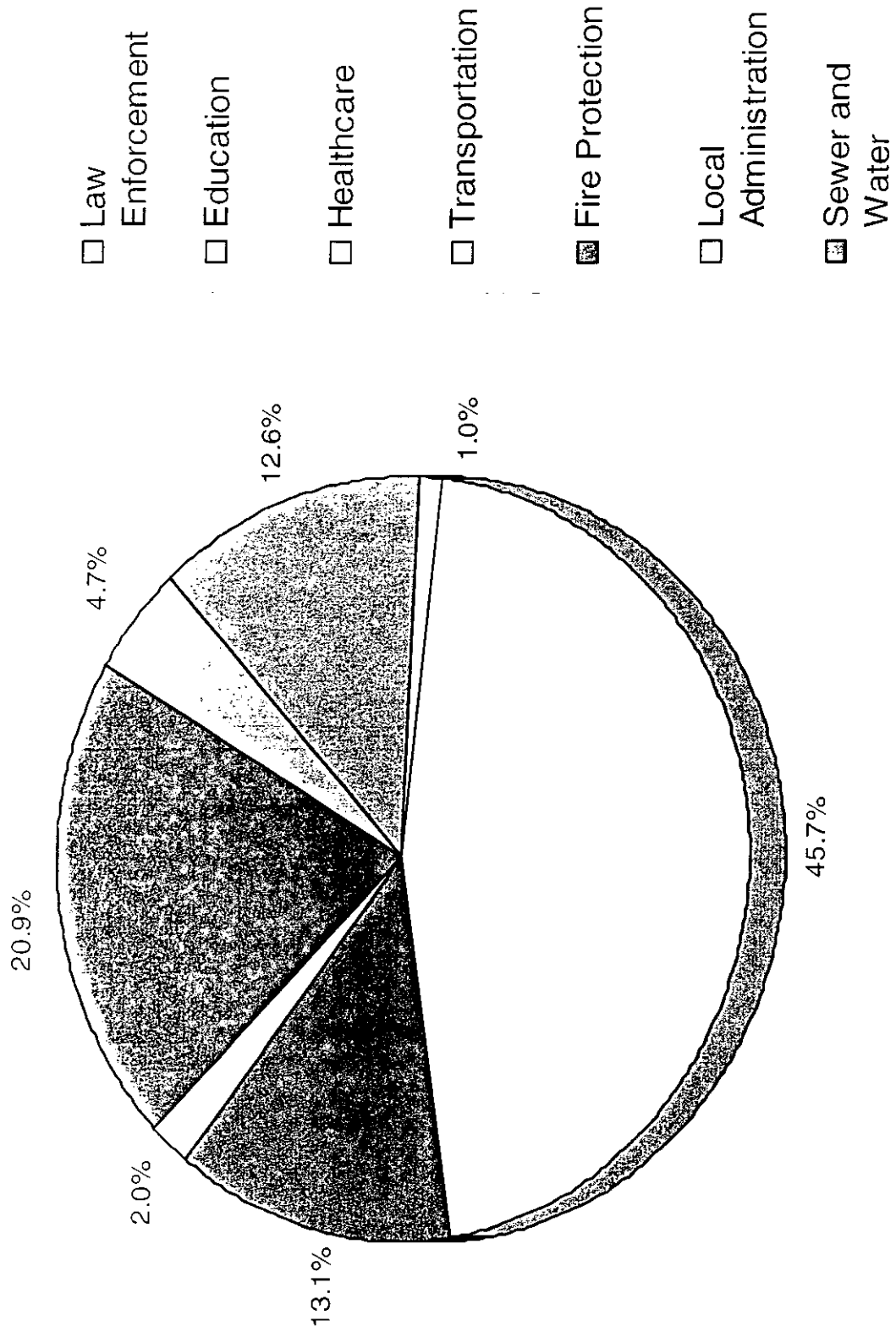
*Oil Impact*  
Counties - School Districts  
Cities  
Forecast 2005-2007

ND Association of Oil & Gas Producing Counties  
December 2004  
Vicky Steiner, Executive Director  
(701) 483-8326

## **NORTH DAKOTA ASSOCIATION OF OIL AND GAS PRODUCING COUNTIES EXECUTIVE COMMITTEE**

- President Roger Chinn, *McKenzie County Commissioner*
- Vice-President Brad Bekkedahl, *Williston City Commissioner*
- Secretary-Treasurer Reinhard Hauck, *Dunn County Auditor*
- Diane Affeldt, *Garrison City Auditor*
- Supt. Anthony Duletski, *Bowman School District*
- Supt. Kevin Keenaghan, *McKenzie County School District*
- Verdean Kveum, *Bottineau County Commissioner*
- Supt. Loren Mathson, *South Heart School District*
- Ken Radenz, *Burke County Commissioner*
- Greg Sund, *Dickinson City Administrator*

# Local Needs Assessment by Function



# ND Association of Oil & Gas Producing Counties Needs Assessment List

## PROJECT

## COST

## IMPACT

### BILLINGS COUNTY

#### CITY OF MEDORA

FIRE TRUCK-GRASS UNIT  
AMBULANCE EQUIPMENT  
ROADWAY IMPROVEMENT

TOTAL FOR CITY OF MEDORA

TOTAL FOR BILLINGS COUNTY

\$40,000  
\$12,000  
\$125,000  
\$177,000  
\$177,000

\$10,000  
\$5,000  
\$20,000  
\$35,000  
\$35,000

### BOTTINEAU COUNTY

#### WESTHOPE PSD #17

REPLACE DISHWASHER  
PLAYGROUND EQUIPMENT  
REPLACE WINDOWS  
LOCKER ROOM SHOWER RENOVATION

TOTAL FOR WESTHOPE PSD #17

#### CITY OF ANTLER

CITY IMPROVEMENT

TOTAL FOR CITY OF ANTLER

#### CITY OF BOTTINEAU

FIRE TRUCK

WATER FILTRATION PLANT

STREET REPAIR

PARK RENOVATION

TOTAL FOR CITY OF BOTTINEAU

#### CITY OF LANSFORD

REPAIR SEWER LINES

\$12,000  
\$17,000  
\$362,000  
\$9,486  
\$400,486

\$0  
\$0  
\$25,000  
\$5,000  
\$30,000

\$15,000  
\$15,000

\$125,000  
\$800,000  
\$2,500,000  
\$1,000,000  
\$4,425,000

\$25,000  
\$0  
\$20,000  
\$0  
\$45,000

\$25,000

\$10,000

Monday, January 03, 2005

# ND Association of Oil & Gas Producing Counties Needs Assessment List

## PROJECT

COST	IMPACT
STREET REPAIR	
TOTAL FOR CITY OF LANSFORD	\$25,000
CITY OF MAXBASS	\$10,000
SEWER AND WATER RETREATMENT REPAIRS	\$20,000
TOTAL FOR CITY OF MAXBASS	\$5,000
TOTAL FOR BOTTINEAU COUNTY	\$5,000
	\$115,000
<b>BOWMAN COUNTY</b>	
<b>BOWMAN COUNTY</b>	
HOUSE ROAD PROJECT	\$700,000
BLM CONNECTOR ROAD	\$500,000
NEW BLADE	\$150,000
MARMARTH ROAD-CEDAR HILLS	\$50,000
DUFFIELD ROAD PROJECT	\$50,000
LOOP ROAD PROJECT	\$50,000
LAW ENFORCEMENT CENTER	\$50,000
TOTAL FOR BOWMAN COUNTY	\$50,000
<b>BOWMAN PSD</b>	\$25,000
BUS STORAGE FACILITY	\$425,000
CHIP SEAL STREET AND PARKING LOT	
BUS PURCHASE	\$0
TEMPORARY PERSONNEL	\$1,000
OVEN PURCHASE	\$15,000
WINDOW REPLACEMENT	\$5,000
PARKING LOT RENOVATION	\$0
REFURBISH RUNNING TRACK	\$10,000
LOADER/UTILITY TRACTOR	\$5,000
	\$0
	\$5,000

Monday, January 03, 2005



# ND Association of Oil & Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
HS SIDEWALK AND ENTRYWAY REPLACEMENT	\$19,623	\$0
ELEMENTARY BATHROOM REPLACEMENT	\$66,023	\$10,000
UPGRADE PHONE SYSTEM	\$11,016	\$0
SIDEWALK AND PARKING LOT UPGRADE	\$22,366	\$0
REPLACE EXTERIOR DOOR	\$18,024	\$0
TOTAL FOR BOWMAN PSD	\$435,384	\$51,000
<b>RHAME PSD #17</b>		
ROOF REPAIR	\$5,000	\$5,000
TOTAL FOR RHAME PSD #17	\$5,000	\$5,000
<b>RHAME PSD #17</b>		
SCHOOL BUS SERVICE	\$25,000	\$25,000
BUILDING RENOVATION	\$28,000	\$5,000
WATER HEATER	\$4,000	\$0
PLAYGROUND UPGRADE	\$25,000	\$0
TOTAL FOR RHAME PSD #17	\$82,000	\$30,000
<b>SCRANTON PSD</b>		
BUS REPLACEMENT	\$54,000	\$25,000
TOTAL FOR SCRANTON PSD	\$54,000	\$25,000
<b>CITY OF BOWMAN</b>		
PURCHASE GARBAGE SERVICE	\$25,000	\$0
CHIP SEAL STREET	\$80,000	\$15,000
REPLACE WATER SUPPLY TANK COVERS	\$150,000	\$15,000
TOTAL FOR CITY OF BOWMAN	\$255,000	\$30,000
TOTAL FOR BOWMAN COUNTY	\$3,431,384	\$566,000

# **ND Association of Oil & Gas Producing Counties Needs Assessment List**

PROJECT	COST	IMPACT
<b>BURKE COUNTY</b>		
CITY OF COLUMBUS		
WATER TOWER REPAIR	\$60,000	\$5,000
TOTAL FOR CITY OF COLUMBUS	\$60,000	\$5,000
<b>CITY OF FLAXTON</b>		
STREET REPAIR	\$10,000	\$5,000
TOTAL FOR CITY OF FLAXTON	\$10,000	\$5,000
TOTAL FOR BURKE COUNTY	\$70,000	\$10,000
<b>DIVIDE COUNTY</b>		
DIVIDE COUNTY		
ROAD REPAIR	\$100,000	\$50,000
TOTAL FOR DIVIDE COUNTY	\$100,000	\$50,000
<b>CITY OF CROSBY</b>		
RENOVATE WATER TREATMENT PLANT	\$1,000,000	\$0
WATER SYSTEM IMPROVEMENT	\$2,000,000	\$0
TOTAL FOR CITY OF CROSBY	\$3,000,000	\$0
TOTAL FOR DIVIDE COUNTY	\$3,100,000	\$50,000
<b>DUNN COUNTY</b>		
DUNN COUNTY		
ROAD REPAIR	\$1,500,000	\$200,000
NEW AMBULANCE	\$130,000	\$20,000
TOTAL FOR DUNN COUNTY	\$1,630,000	\$220,000

# ND Association of Oil & Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
KILLDEER PSD		
BUS REPLACEMENT	\$50,000	\$25,000
TOTAL FOR KILLDEER PSD	\$50,000	\$25,000
CITY OF DODGE		
SEWAGE LAGOON	\$10,000	\$0
TOTAL FOR CITY OF DODGE	\$10,000	\$0
CITY OF DUNN CENTER		
STREET REPAIR	\$11,500	\$5,000
TOTAL FOR CITY OF DUNN CENTER	\$11,500	\$5,000
CITY OF KILLDEER		
REPLACE CITY LOADER	\$80,000	\$25,000
TOTAL FOR CITY OF KILLDEER	\$80,000	\$25,000
TOTAL FOR DUNN COUNTY	\$1,781,500	\$275,000
GOLDEN VALLEY COUNTY		
GOLDEN VALLEY		
WATER TRUCK	\$42,000	\$10,000
ROAD REPAIR	\$110,565	\$50,000
TOTAL FOR GOLDEN VALLEY COUNTY	\$152,565	\$60,000
CITY OF BEACH		
CHIP SEAL STREET	\$45,000	\$15,000
TOTAL FOR CITY OF BEACH	\$45,000	\$15,000
CITY OF GOLVA		
REPLACE WATER METERS	\$7,500	\$5,000
TOTAL FOR CITY OF GOLVA	\$7,500	\$5,000

# ND Association of Oil & Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
TOTAL FOR GOLDEN VALLEY COUNTY	\$205,065	\$80,000
<b>MCKENZIE COUNTY</b>		
MCKENZIE COUNTY		
SEWER LIFT STATION REPAIR	\$20,000	\$10,000
TOTAL FOR MCKENZIE COUNTY	\$20,000	\$10,000
ALEXANDER PSD #2		
WINDOW REPLACEMENT	\$45,000	\$15,000
TOTAL FOR ALEXANDER PSD #2	\$45,000	\$15,000
YELLOWSTONE PSD #14		
CAFETERIA WINDOWS	\$28,000	\$5,000
TOTAL FOR YELLOWSTONE PSD #14	\$28,000	\$5,000
CITY OF ALEXANDER		
WATER MAIN PROJECT	\$250,000	\$25,000
WATER SALESMEN	\$25,000	\$5,000
TOTAL FOR CITY OF ALEXANDER	\$275,000	\$30,000
CITY OF WATFORD CITY		
EQUIPMENT STORAGE BUILDING	\$100,000	\$0
TOTAL FOR CITY OF WATFORD CITY	\$100,000	\$0
TOTAL FOR MCKENZIE COUNTY	\$468,000	\$60,000
<b>MCLEAN COUNTY</b>		
CITY OF BUTTE		
CITY IMPROVEMENTS	\$10,000	\$0
TOTAL FOR CITY OF BUTTE	\$10,000	\$0

# ND Association of Oil & Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
CITY OF GARRISON		
FIRE PROTECTION GEAR	\$5,000	\$0
TOTAL FOR CITY OF GARRISON	\$5,000	\$0
CITY OF MAX		
CITY TRUCK WITH SNOWPLOW	\$20,000	\$0
REPLACE WATER METERS AND READERS	\$25,000	\$0
REPAIRS TO CITY HALL	\$8,000	\$0
TOTAL FOR CITY OF MAX	\$53,000	\$0
CITY OF MERCER		
WATER LINE REPLACEMENT	\$16,575	\$0
TOTAL FOR CITY OF MERCER	\$16,575	\$0
TOTAL FOR MCLEAN COUNTY	\$84,575	\$0
MOUNTRAIL COUNTY		
MOUNTRAIL COUNTY		
ROAD REPAIR	\$127,000	\$25,000
TOTAL FOR MOUNTRAIL COUNTY	\$127,000	\$25,000
STANLEY PSD #2		
BUS REPLACEMENT	\$162,000	\$20,000
TOTAL FOR STANLEY PSD #2	\$162,000	\$20,000
CITY OF NEW TOWN		
MAIN STREET CHIP SEAL	\$70,000	\$20,000
TOTAL FOR CITY OF NEW TOWN	\$70,000	\$20,000
CITY OF STANLEY		
WATER SYSTEM EQUIPMENT	\$9,500	\$5,000

Monday, January 03, 2005

# ND Association of Oil & Gas Producing Counties Needs Assessment List

## PROJECT

## COST

## IMPACT

AMBULANCE COT

RESCUE TRUCK

TOTAL FOR CITY OF STANLEY

TOTAL FOR MOUNTRAIL COUNTY

\$1,000

\$20,000

\$26,000

\$91,000

\$4,000

\$120,000

\$133,500

\$492,500

## RENVILLE COUNTY

### RENVILLE COUNTY

GLENBURN SHOP RENOVATION

EMERGENCY CALL LOGGER

SHERWOOD SHOP RENOVATION

UPGRADE RADIO SYSTEM

MOUSE RIVER PARK ROAD

GLENBURN SPUR ROAD

GRANO EAST SEAL COAT

SHERWOOD WEST OVERLAY

PARK SEWER SYSTEM

PARK BUILDINGS RENOVATION

TOTAL FOR RENVILLE COUNTY

### GLENBURN PSD #26

BASEBALL/SOFTBALL FIELD

TOTAL FOR GLENBURN PSD #26

### MOHALL PSD #9

BUS REPLACEMENT

TOTAL FOR MOHALL PSD #9

### CITY OF GLENBURN

STREET REPAIR

SNOW BLOWER

\$4,000

\$5,000

\$4,000

\$5,000

\$50,000

\$25,000

\$15,000

\$75,000

\$0

\$0

\$183,000

\$0

\$0

\$25,000

\$25,000

\$10,000

\$6,700

Monday, January 03, 2005

# ND Association of Oil & Gas Producing Counties Needs Assessment List

## PROJECT

## COST

## IMPACT

TOTAL FOR CITY OF GLENBURN

CITY OF MOHALL

FIRE AND AMBULANCE BUILDING

TOTAL FOR CITY OF MOHALL

CITY OF SHERWOOD

SNOW REMOVAL EQUIPMENT

SNOW BLOWER

STREET REPAIR EQUIPMENT

STREET REPAIR

TOTAL FOR CITY OF SHERWOOD

TOTAL FOR RENVILLE COUNTY

\$16,700

\$50,000

\$50,000

\$2,000

\$2,000

\$2,000

\$10,000

\$16,000

\$290,700

\$36,700

\$350,000

\$350,000

\$5,000

\$4,000

\$5,000

\$10,000

\$24,000

\$2,404,825

## STARK COUNTY

## STARK COUNTY

STORAGE BUILDING

RENOVATE SHERIFF'S DEPARTMENT

VEHICLE REPLACEMENT

OUTDOOR SHOOTING RANGE

REPLACE RADIOS

LAW ENFORCEMENT EQUIPMENT

OVERTIME FOR TRUCK REGULATORY

REPAIR STRANSKY ROAD

RADIO EQUIPMENT

TOTAL FOR STARK COUNTY

DICKINSON PSD #1

AIR QUALITY ENHANCEMENT OF BUILDINGS

ADA ENHANCEMENT OF BUILDINGS

Monday, January 03, 2005

\$0

\$5,000

\$10,000

\$0

\$10,000

\$15,000

\$1,500

\$25,000

\$25,000

\$91,500

\$40,000

\$28,000

\$65,000

\$50,000

\$40,000

\$27,000

\$4,000

\$58,632

\$102,000

\$414,632

\$750,000

\$200,000

\$25,000

\$25,000

# ND Association of Oil & Gas Producing Counties Needs Assessment List

## PROJECT

## IMPACT

## COST

TOTAL FOR DICKINSON PSD #1

CITY OF GLADSTONE

CHIP AND SEAL STREET

TOTAL FOR CITY OF GLADSTONE

TOTAL FOR STARK COUNTY

\$950,000

\$50,000

\$100,000

\$20,000

\$100,000

\$20,000

\$1,464,632

\$161,500

WILLIAMS COUNTY

EIGHT MILE PSD #6

PAVE ROAD

RESURFACE 1/4 MILE TRACK

TOTAL FOR EIGHT MILE PSD #6

NESSON PSD #2

REPLACE SIDEWALK

HIGH SCHOOL ROOF

TOTAL FOR NESSON PSD #2

WILLISTON PSD #1

OUTDOOR LIGHTING

SIDEWALK REPAIR

HIGH SCHOOL ROOF

WATER WELL

LANDSCAPING PROJECT

TOTAL FOR WILLISTON PSD #1

CITY OF GRENORA

SUMMER HELP

PAYLOADER MOTOR

TOTAL FOR CITY OF GRENORA

\$20,000

\$10,000

\$30,000

\$0

\$50,000

\$10,000

\$22,800

\$0

\$84,016

\$20,000

\$106,816

\$20,000

\$65,000

\$6,500

\$42,000

\$10,000

\$82,000

\$0

\$28,000

\$0

\$52,500

\$16,500

\$269,500

\$16,500

\$5,000

\$2,000

\$15,000

\$7,500

\$20,000

\$9,500

Monday, January 03, 2005



# ND Association of Oil & Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
<b>CITY OF TIOGA</b>		
REBUILD STREET	\$10,000	\$5,000
NEW FIRE HALL	\$350,000	\$25,000
OVERLAY 2ND STREET SOUTH	\$20,000	\$10,000
STREET REPAIR	\$10,000	\$10,000
<b>TOTAL FOR CITY OF TIOGA</b>	<b>\$390,000</b>	<b>\$50,000</b>
<b>CITY OF WILLISTON</b>		
DIGITAL RADIOS	\$124,125	\$25,000
BUNKER GEAR	\$20,000	\$10,000
PUBLIC WORKS	\$45,700,000	\$457,000
DEBT RETIREMENT	\$286,785	\$50,000
<b>TOTAL FOR CITY OF WILLISTON</b>	<b>\$46,130,910</b>	<b>\$542,000</b>
<b>TIOGA PARK DISTRICT</b>		
PLAYGROUND EQUIPMENT	\$30,000	\$0
MAIN PARK PAYGROUND EQUIPMENT	\$50,000	\$0
NEW MOWER	\$15,000	\$5,000
PARK STREET	\$80,000	\$5,000
<b>TOTAL FOR TIOGA PARK DISTRICT</b>	<b>\$175,000</b>	<b>\$10,000</b>
<b>TOTAL FOR WILLIAMS COUNTY</b>	<b>\$47,142,226</b>	<b>\$658,000</b>
<b>GRAND TOTAL</b>	<b>\$65,719,693</b>	<b>\$2,392,200</b>

HB 1404  
Senate Finance and Tax Committee  
By: Representative Earl Rennerfeldt

Chairman Urlacher, and Members of the Senate Finance and Tax Committee:

For the record, I'm Representative Earl Rennerfeldt, District 1, Williston.

I'm here to introduce Engrossed HB1404.

This bill would raise the cap on Oil and Gas Impact Grants. The funds are currently capped at \$5 million, and this bill would raise the cap to \$6 million. If the cap could have adjusted with inflation it would now be at \$7.75 million. This grant fund has had no adjustment for inflation since 1991. Section 2 in this bill makes this effective after June 30, 2007. This will allow the Governor to include it in the 2007 Budget.

The Oil and Gas Production Tax revenue has increased substantially these past few years because of the increased oil activity in western ND. That increased oil activity causes more wear and tear to the infrastructure in these oil and gas producing counties. Living in this area, I personally witness this deterioration first hand and see the need to increase this fund. Our infrastructure needs more help. Most of these grants go for road, street, and bridge repair, as well as fire fighting equipment, and other infrastructure needs. This money is spent for a good cause and has not been wasted.

The oil produced in western North Dakota provides a lot of tax dollars to the state, and it seems fair that when oil tax revenue is up that these grants get a little larger share of the pie.

I ask for your support on this bill.



# North Dakota Association of Oil & Gas Producing Counties

## EXECUTIVE COMMITTEE

Roger Chinn  
President  
McKenzie County

Diane Affeldt  
Garrison

Brad Bekkedahl  
Vice-President  
Williston

Anthony Duletski  
Bowman PSD

Kevin Keenaghan  
McKenzie County PSD

Verdean Kveum  
Bottineau County

Loren Mathson  
South Heart PSD

Eugene Miller  
Bowman County

Greg Sund  
Dickinson

Jane Erickson  
Secretary/Treasurer  
Kildeer

Dean Koppelman  
Dickinson PSD  
Association Representative  
to ND Oil and Gas  
Research Council

February 28, 2005

## Engrossed HB 1404

Good morning, Chairman Urlacher and Members of the Senate Finance and Tax Committee. My name is Vicky Steiner. I'm the Executive Director of the North Dakota Association of Oil and Gas Producing Counties and the Coal Conversion Counties Association.

Our Association has 132 county, city and school districts in western North Dakota in a 16 county area that stretches from Bottineau west to Divide County and south to Bowman. I live in Dickinson.

We support the bill before you as amended in the House. It adds \$1 million to the energy impact fund in the 2007-09 biennium. Our county commissioners were unable to attend this hearing today but they asked that I explain to the committee that their costs have increased since 1991. The cost of maintaining roads and the equipment needed to work on roads has increased since the \$5 million cap was set in 1991. This bill moves the cap from \$5 million to \$6 million next biennium.

The city of Williston has benefited greatly in the past grant rounds from the energy impact funds and they wish to extend their appreciation for past grants and support this bill also.

The energy impact funds are spread across townships, ambulance and fire districts, counties, cities and schools in the oil and gas producing region.

We ask for a do pass on 1404. That concludes my testimony and I'm available for questions.

VICKY STEINER - EXECUTIVE DIRECTOR

859 Senior Ave. Dickinson, ND 58601-3755 - Phone: (701) 483-TEAM (8326) - Fax: (701) 483-8328 - Cellular: (701) 290-1339  
E-mail: vsteiner@ndsupernet.com - Web: www.ndoilgas.govoffice.com

Jane Erickson - Permit Operator

P.O. Box 149 - Kildeer, ND 58640 - Evenings: (701) 764-6129 - E-mail: jane@pop.ctctel.com

1707 North 9th Street  
PO Box 5523  
Bismarck, ND 58506-5523  
Phone: (701) 328-2800  
Fax: (701) 328-3650



[www.land.state.nd.us](http://www.land.state.nd.us)  
[www.discovernd.com](http://www.discovernd.com)

Gary D. Preszler, Commissioner

**TESTIMONY OF Rick D. Larson  
Director of the Energy Development Impact Office  
North Dakota State Land Department**

**IN SUPPORT OF HOUSE BILL NO. 1404**

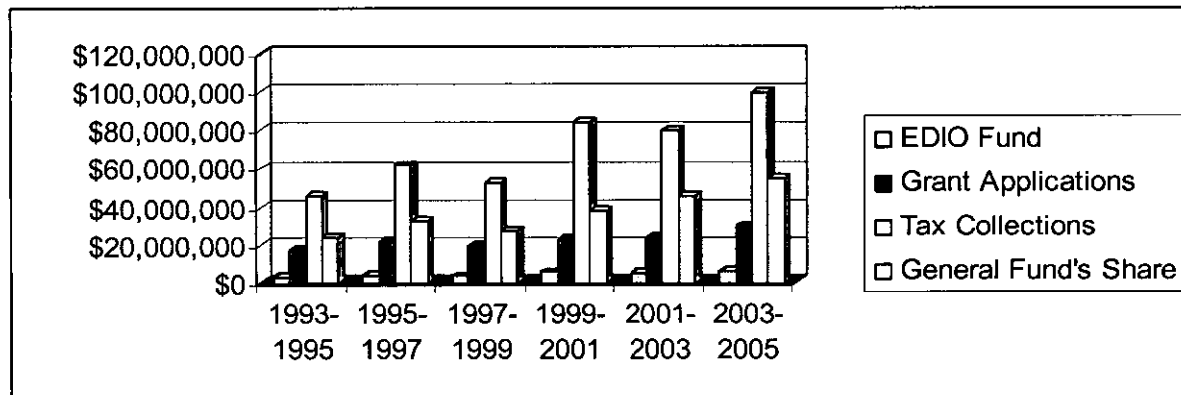
**Senate Appropriation Committee  
March 17, 2005**

As the Director of this program, I see first hand the needs of the many different subdivisions of government that are required to address oil and gas development impact to local infrastructure. These government subdivisions are townships, counties, fire districts, cities, schools, ambulance districts. The funds that are administered by this program must be used by those subdivisions of government to correct the negative impacts of oil and gas production. The benefits of oil and gas development are shared by the whole state through the taxes on the production and extraction of the resources. Unfortunately, roads need to be traveled, housing needs to be provided for families employed in the industry, schools need to educate their children, fire and ambulance personnel need to be properly trained and equipped to meet some added risks. Many of these needs are recurring such as roads that must be repaired by a township. Others are one-time projects that are solved by a grant one year and not needed in subsequent years. Each year there are many more needs than can be addressed with the funds that are appropriated. As costs increase for products and services, it has gotten more expensive to do the same amount of work as was done in the past. For example, in many counties the road material is depleting. With the short supply comes increased royalty costs for material and also longer hauls are necessary to obtain the gravel.

In 1991 the Legislature started funding this program with a percentage of the oil and gas production tax. Basically, six and two-thirds percent of the tax up to \$5,000,000 in a biennium goes to the program. (NDCC 57-51-15 Subsection 1, which states that thirty-three and one-third of one percent of the value of oil..... goes to the oil and gas impact grant fund). The \$5,000,000 maximum was not reached until the 1999-2001 biennium. Again, in the 2001-2003 biennium the cap was reached and it looks like it will be reached in this biennium. If there was no \$5,000,000 maximum in the last two biennia there would have been \$5,600,000 available in the 1999-2001 biennium and \$5,300,000 in the 2001-2003 biennium, according to the State Tax Department published numbers for Oil and Gas Production Tax collections.

We have seen an increase in oil leasing activity in the State. New technology and recent drilling success points toward further increases in the years to come in North Dakota. We foresee increased needs for impact dollars. How long it lasts is unknown, but when the activity decreases there are still impacts that must be dealt with. This program provides an efficient and flexible means of helping to mitigate those impacts.

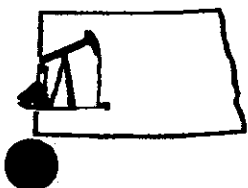
		If no Cap		Oil and Gas	General Fund's
	Biennium	EDIO Fund	Grant Applications	Tax Collections	Share of O & G
Estimate	2003-2005	\$6,668,065	\$29,809,342	\$100,021,075	\$54,991,440
	2001-2003	\$5,332,835	\$24,063,370	\$79,992,605	\$45,516,520
	1999-2001	\$5,604,663	\$22,748,652	\$84,070,035	\$38,433,365
	1997-1999	\$3,481,817	\$18,995,043	\$52,227,304	\$26,973,413
	1995-1997	\$4,111,870	\$22,011,810	\$61,678,113	\$32,605,179
	1993-1995	\$3,060,400	\$16,963,587	\$45,906,046	\$23,560,501



To help the committee understand how this program works I will describe a typical grant round.

- Ask for applications.
- Collect data from many sources:
  - Tax Department
  - Department of Public Instruction
  - Oil and Gas Division
  - Financial statements
  - Comparison of tax efforts compared to similar governments
- Meet with applicants—township supervisors, school administrators, city administration, county officials, rural fire department officials, and ambulance district personnel.
- Conduct a review of the information provided and collected.
- Decide if and how much will be granted for the varied projects.
- As the projects are completed the subdivisions submit receipts and invoices with their request to receive the proceeds of the grant.

The original bill simply removed the \$5,000,000 biennial maximum to let the funding of this program be dictated by the price of oil and gas. The amendment changed the maximum to \$6,000,000 to effective after June 30, 2007.



# *North Dakota Association of Oil & Gas Producing Counties*

## **EXECUTIVE COMMITTEE**

Roger Chinn  
President  
McKenzie County

Diane Alfeldt  
Garrison

Brad Bekkedahl  
Vice-President  
Williston

Anthony Duletski  
Bowman PSD

Kevin Keenaghan  
McKenzie County PSD

Verdean Kveum  
Bottineau County

Loren Mathson  
South Heart PSD

Eugene Miller  
Bowman County

Greg Sund  
Dickinson

Jane Erickson  
Secretary/Treasurer  
Kildeer

Dean Koppelman  
Dickinson PSD  
Association Representative  
to ND Oil and Gas  
Research Council

March 17, 2005  
Support for HB 1404

Good morning, Chairman Holmberg and Members of the Senate Appropriations Committee. My name is Vicky Steiner.

I'm the Executive Director of the North Dakota Association of Oil and Gas Producing Counties and the Coal Conversion Counties Associations..

The Oil and Gas Counties Association supports the \$6 million funding for energy impact in the 2007-09 biennium.

We testified on the needs for energy impact during the hearing you held in early January on SB 2013, state land department budget.

These grants have helped communities in western North Dakota during both growth and decline times of the oil discovery process.

This bill increases the cap from \$5 to \$6 million in two years. The money for this program is generated from the 5% of the oil and gas gross production tax. The state land department administers the program.

We ask you to consider a do pass recommendation for HB 1404.

Thank you.

VICKY STEINER - EXECUTIVE DIRECTOR  
859 Senior Ave. - Dickinson, ND 58601-3755 - Phone: (701) 483-TEAM (8326) - Fax: (701) 483-8326 - Cellular: (701) 290-1339  
E-mail: vsteiner@ndsopermet.com - Web: www.ndoilgas.govoffice.com

Jane Erickson - Permit Operator

HB 1404  
Senate Appropriations Committee  
By: Representative Earl Rennerfeldt

Chairman Holmberg, and Members of Senate Appropriations Committee:

For the record, I'm Representative Earl Rennerfeldt, District 1, Williston.

I'm here to introduce Engrossed HB1404.

This bill would raise the cap on Oil and Gas Impact Grants. The funds are currently capped at \$5 million, and this bill would raise the cap to \$6 million. If the cap could have adjusted with inflation it would now be at \$7.75 million. This grant fund has had no adjustment for inflation since 1991. Section 2 in this bill makes this effective after June 30, 2007. This will allow the Governor to include it in the 2007 Budget.

The Oil and Gas Production Tax revenue has increased substantially these past few years because of the increased oil activity in western ND. That increased oil activity causes more wear and tear to the infrastructure in these oil and gas producing counties. Living in this area, I personally witness this deterioration first hand and see the need to increase this fund. Our infrastructure needs more help. Most of these grants go for road, street, and bridge repair, as well as fire fighting equipment, ambulance, and other infrastructure needs. This money is spent for a good cause and has not been wasted.

The oil produced in western North Dakota provides a lot of tax dollars to the state, and it seems fair that when oil tax revenue is up that these grants get a little larger share of the pie.

I ask for your support on this bill.