

Introduced by

1 A BILL for an Act to create and enact a new section to chapter 57-62 of the North Dakota  
2 Century Code, relating to impact grants; and to amend and reenact subsection 1 of section  
3 57-51-15 and sections 57-62-04, 57-62-05, and 57-62-06 of the North Dakota Century Code,  
4 relating to the allocation of oil and gas production taxes and the energy development impact  
5 office and grants.

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

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

- 9 1. First the tax revenue collected under this chapter equal to one percent of the gross  
10 value at the well of the oil and one-fifth of the tax on gas must be deposited with  
11 the state treasurer who shall:
- 12 a. Credit thirty-three and one-third percent of the revenues to the oil and gas  
13 impact grant fund, but not in an amount exceeding ~~eight~~ \_\_\_\_\_ million  
14 dollars per biennium;
  - 15 b. Allocate five hundred thousand dollars per fiscal year to each city in an  
16 oil-producing county which has a population of seven thousand five hundred  
17 or more and more than two percent of its private covered employment  
18 engaged in the mining industry, according to data compiled by job service  
19 North Dakota. The allocation under this subdivision must be doubled if the  
20 city has more than seven and one-half percent of its private covered  
21 employment engaged in the mining industry, according to data compiled by  
22 job service North Dakota; and
  - 23 c. Credit the remaining revenues to the state general fund.

**NOTE:** In subdivision a, the amount of the cap on the oil and gas impact grant fund will be provided at the September 16, 2010, meeting.

1           **SECTION 2. AMENDMENT.** Section 57-62-04 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **57-62-04. Energy development impact office - Appointment of director.** There is  
4 hereby created an energy development impact office, to be a division within the office of the  
5 commissioner of the board of university and school lands, the director of which must be  
6 appointed by and serve at the pleasure of the ~~board~~ commissioner of university and school  
7 lands. The director shall have knowledge of state and local government and shall have  
8 experience or training in the fields of taxation and accounting. The salary of the director must  
9 be set by the commissioner of university and school lands within the limits of legislative  
10 appropriations. The director may employ such other persons as may be necessary and may fix  
11 their compensation within the appropriation made for such purpose. The ~~board~~ commissioner  
12 of university and school lands shall fill any vacancy in the position of director ~~in the same~~  
13 ~~manner as listed above and, in addition, shall serve as an appeals board under rules~~  
14 ~~promulgated by the board of university and school lands to reconsider grant applications for aid~~  
15 ~~under this chapter which have been denied by the director. All action by the board of university~~  
16 ~~and school lands, including appointment of a director, must be by majority vote.~~

17           **SECTION 3. AMENDMENT.** Section 57-62-05 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19           **57-62-05. Powers and duties of energy development impact director.** The energy  
20 development impact director shall:

- 21           1. Develop a plan for the assistance, through financial grants for services and  
22           facilities, of counties, cities, school districts, and other political subdivisions in coal  
23           development and oil and gas development impact areas.
- 24           2. Establish procedures and provide proper forms to political subdivisions for use in  
25           making application for funds for impact assistance as provided in this chapter.
- 26           3. Make funding award recommendations to the board of university and school lands  
27           for grants to counties, cities, school districts, and other taxing districts as provided  
28           in this chapter and within the appropriations made for such purposes. ~~In~~  
29           ~~determining the amount of impact grants for which political subdivisions are~~  
30           ~~eligible, the amount of revenue to which such political subdivisions will be entitled~~

1                   ~~from taxes upon the real property of coal and oil and gas development plants and~~  
2                   ~~from other tax or fund distribution formulas provided by law must be considered.~~

3                   **SECTION 4. AMENDMENT.** Section 57-62-06 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5                   **57-62-06. Legislative intent and guidelines on impact grants.** The legislative  
6 assembly intends that the moneys appropriated to, and distributed by, the energy development  
7 impact office for grants are to be used by grantees to meet initial impacts affecting basic  
8 governmental services, and directly necessitated by coal development and oil and gas  
9 development impact, and for long-term planning and engineering studies associated with road  
10 infrastructure, water, sewer, housing, local services, and other essential needs that are  
11 impacted by oil and gas development. As used in this section, "basic governmental services"  
12 do not include activities relating to marriage or guidance counseling, services or programs to  
13 alleviate other sociological impacts, or services or facilities to meet secondary impacts. All  
14 grant applications and presentations to the energy development impact office must be made by  
15 an appointed or elected government official.

16                   **SECTION 5.** A new section to chapter 57-62 of the North Dakota Century Code is  
17 created and enacted as follows:

18                   **Impact grants.** The board of university and school lands shall make grants to counties,  
19 cities, school districts, and other taxing districts as provided in this chapter and within the  
20 appropriations made for such purposes. In determining the amount of an impact grant for which  
21 a political subdivision is eligible, the board shall consider the amount of revenue the political  
22 subdivision will be entitled to from taxes upon the real property of coal and oil and gas  
23 development plants and from other tax or fund distribution formulas under law.