

HOUSE BILL NO.

Introduced by

Representative Onstad

1 A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota
2 Century Code, relating to compensation payments from the surface owner protection fund; to
3 amend and reenact section 57-51-15(1) of the North Dakota Century Code, relating to
4 allocation of oil and gas gross production tax revenues; to provide a continuing appropriation;
5 and to provide an effective date.

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

7 **SECTION 1. AMENDMENT.** Section 57-51-15(1) is amended:

8 1. First the tax revenue collected under this chapter equal to one percent of the gross
9 value at the well of the oil and one-fifth of the tax on gas must be deposited with
10 the state treasurer who shall credit ~~thirty-three~~:

11 a. Thirty-three and one-third percent of the revenues to the oil and gas impact
12 grant fund, but not in an amount exceeding six million dollars per biennium,
13 including any amounts otherwise appropriated for oil and gas impact grants
14 for the biennium by the legislative assembly, ~~and who shall credit the~~;

15 b. Thirty-three and one-third percent of the revenues to the surface owner
16 protection fund, but not in an amount exceeding twelve million dollars per
17 biennium; and

18 c. The remaining revenues to the state general fund.

19 **SECTION 2.** A new section to chapter 57-51 is created:

20 **Surface owner protection fund allocations - Continuing appropriation.** A surface
21 owner who has no ownership in the oil and gas mineral interests underlying the property is
22 entitled to compensation for disturbance of the surface occupancy as provided in this section.

- 1 1. For each producing oil or gas well on the property of the surface owner, the surface
2 owner is entitled to compensation of one thousand two hundred dollars for each
3 twelve-month period of production from the well ending after June 30, 2010.
- 4 2. To obtain compensation under this section, the surface owner shall apply to the tax
5 commissioner on a form provided by the tax commissioner. The surface owner
6 shall provide the information required by the tax commissioner to establish
7 eligibility for compensation from the surface owner protection fund under this
8 section.
- 9 3. If qualifying surface ownership under this section is held by more than one
10 individual or by a partnership, limited partnership, subchapter S corporation, limited
11 liability company, or other passthrough entity, only one application for
12 compensation under subsection 2 may be filed and it must be signed by all holders
13 of surface ownership interests. The tax commissioner shall make a single
14 compensation payment for each application and allocation of the payment among
15 owners is the responsibility of the owners.
- 16 4. The tax commissioner shall make compensation payments from the surface owner
17 protection fund to eligible surface owners under this section.
- 18 5. The funds deposited in the surface owner protection fund are provided as a
19 continuing appropriation to the tax commissioner for purposes of making
20 compensation payments under this section.

21 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
22 June 30, 2009.