

Sixty-second  
Legislative Assembly  
of North Dakota

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 Cod, 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  
4 Code, relating to the allocation of oil and gas production taxes and the energy development  
5 impact 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  
10 gross value at the well of the oil and one-fifth of the tax on gas must be  
11 deposited with 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 \_\_\_\_\_

14 \_\_\_\_\_ million dollars per biennium;

15 b. Allocate five hundred thousand dollars per fiscal year to each city in an oil-  
16 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

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1                    job service North Dakota; and

2                    c. Credit the remaining revenues to the state general fund.

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

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

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

22                    **57-62-05. Powers and duties of energy development impact director.** The  
23 energy development impact director shall:

- 24                    1. Develop a plan for the assistance, through financial grants for services and  
25                    facilities, of counties, cities, school districts, and other political subdivisions in  
26                    coal development and oil and gas development impact areas.  
27                    2. Establish procedures and provide proper forms to political subdivisions for use  
28                    in making application for funds for impact assistance as provided in this

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chapter.

3. Make funding award recommendations to the board of university and school lands for grants to counties, cities, school districts, and other taxing districts 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 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.~~

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

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

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

**Impact grants.** The board of university and school lands shall make grants to counties, cities, school districts, and other taxing districts 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 amount of revenue to which such

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