

2011 HOUSE FINANCE AND TAXATION

HB 1077

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee  
Fort Totten Room, State Capitol

HB1077  
January 11, 2011  
12753

☐ Conference Committee

Committee Clerk Signature

*Mary Bruckner*

## Explanation or reason for introduction of bill/resolution:

A Bill relating to elimination of the limitation on allocations that may be received by a city under the oil and gas gross production tax; and to provide an effective date.

## Minutes:

See "attached testimony #1, #2, & #3 and attachment #4."

**Chairman Wesley R. Belter:** I'll open the hearing on HB 1077.

**Representative David Drovdal:** Sponsor. Introduced bill. Please refer to attached testimony (#1).

**Chairman Wesley R. Belter:** Thank you speaker Drovdal. As far as the Census goes, this payment would be based on the Census and not the actual population.

**Representative David Drovdal:** That is the way I understand, it's the only legitimate number we have so it is based on the Census.

**Representative Shirley Meyer:** With your chart, where you have 100% and 40% for Dickinson, the bottom 4 lines. Would you explain that?

**Representative David Drovdal:** I'm not positive about that formula but she'll (pointing to Carly McLeod) give you the correct answer and that's where the chart came from, the Treasurer's Office. Thank you

**Carly McLeod, Deputy State Treasurer:** Representative. Meyer, I can explain those 4 lines. In the current distribution to cities, both Dickinson and Williston get money within the 1<sup>st</sup> distribution of the fiscal year. What it does is their future allocations are limited to 60% of what their normal would be and the other 40% is allocated to the smaller cities in those counties so that those smaller cities get money up front.

**Chairman Wesley R. Belter:** Are there any other questions for the Treasurer's Office or the speaker? Further testimony?

**Representative Keith Kempeninich:** My name is Keith Kempeninich from District 39 and our district has most of the small towns in what's affected. I think that this bill is just a

matter of shifting in between the counties and the cities. It's something that got discussed last session and we thought \$750 would be enough and as projects have been coming forward, we get quite a few e-mails this fall on basically water and sewer line upgrades. They weren't able to put forward and a lot of cities in our district hit the cap. It's basically a shift that way. I'm not an expert on what went where but I know there's a few that will still be capped out at \$1000 but it will go a long ways in keeping these projects going.

**Chairman Wesley R. Belter:** Any questions? Further testimony in support of 1077?

**Lyn James:** President of the Bowman City Commission and President of the North Dakota League of Cities: Please refer to attached testimony (#2).

**Chairman Wesley R. Belter:** Are there any questions?

**Lyn James:** Mayor Brent Sanford from Watford City asked me to give you his testimony and present it verbally if you would allow.

**Chairman Wesley R. Belter:** OK, that would be fine.

**Lyn James:** (read Mayor Sanford's testimony). Please refer to attached testimony (#3).

**Chairman Wesley R. Belter:** Thank you.

**Representative Shirley Meyer:** When a city is deficit spending, can you go to the county and borrow those dollars if they have excess money in county funds? Does that ever happen?

**Lyn James:** Thankfully in my 15 years on the city commission we have never had to do that in Bowman. I would imagine you possibly could but I don't know what Watford City is doing. I don't know if the county commission is .....depends on their projects to and what they have for available funding. I'm glad we've not had to ask for that.

**Chairman Wesley R. Belter:** Any other questions? Further testimony in support of 1077?

**Chairman Wesley R. Belter:** Any opposition to 1077?

**Chairman Wesley R. Belter:** Any neutral testimony to 1077? Tax Dept, I believe Representative Froseth had a question.

**Representative Glen Froseth:** What if, especially in Montrail and McKenzie County, there is more revenue that comes back to the city that can be used so that \$1000 cap limits the distribution of that money and second question that came to mind is it all goes by Census and your population is fluctuating so fast now in those counties that how often are you going to have to ask for a special Census number to keep up with the people and be able to get that \$1000 maximum per resident. You're going to ask for a Census I would think every couple years to know exactly how accurate your numbers are going to be.

**Representative from the Tax Department:** I believe the Federal Census is done every 10 years. I'm not aware of any other Census that is done in the interim. I don't know how you would address that situation. As far as the \$1000 cap, I'm assuming it would be handled the same way the \$750 cap is, the formulas would continue after that and continue to go through the formula or into the infrastructure fund as it currently does now.

**Representative Glen Froseth:** I don't know how the census works either but in Ms. James testimony they expect Waford City to grow from possibly 2500 to 6000 and that's going to happen in the next 2 or 3 years. If they're going to wait 10 years to get another new head count to get the money that's due them under the \$1000 cap there's going to be some injustice there. They're going to have to ask for special Census and I don't know how that's handled but seems to me they're going to have to make provisions for that.

**Carly McLeod:** Our office does the distribution so were the office that has to pay attention to those Census numbers and my answer to you is that that is in code. You all tell us to use the Federal Census, if you want a different measurement used for population, provide the method and we will follow it.

**Representative Shirley Meyer:** Could you explain to me, I understand because of the formula the Dickinson and Williston and 40% concept. With the city of Medora being capped, when you have the population adjustment at plus 800%, what does that mean?

**Carly McLeod:** The city population for Medora is 100 however there is an inflator in code that says we add 800% of that population to the number to reach the cap so we're really putting that cap at 900 people for Medora per the Century Code. Does that answer your question?

**Representative Shirley Meyer:** Why?

**Carly McLeod:** I believe that the philosophy behind it was because of the population that comes in during the tourist session and that they have special needs relating to that and so there was an adjustment made.

**Representative Lonny B. Winrich:** You're required by law to use the Federal Census which is only done every 10 years?

**Carly McLeod:** Yes.

**Representative Lonny B. Winrich:** I believe the North Dakota State Data Center at NDSU does an annual update in some way of the populations around the state of North Dakota by city and county and so on. Would it be feasible to use that?

**Carly McLeod:** Yes, I'm sure that we could use whatever tool that you all give us the authority to use.

**Chairman Wesley R. Belter:** Any other questions for the Treasurer's office? Tax Dept. wants to comment.

**Kathy Strombeck:** (Tax Department) The Decennial Census, the one every 10 years that you're referring to that the statute refers to for this distribution. There is also an estimates process run through the US Census Dept. that is annual that's an estimating process versus the decennial census when we all fill out the forms once a decade and that annual census estimate could be used and if it's helpful to the committee I could provide some history for some of these cities that were talking about here on how those estimates have varied throughout the last decade for example. It uses tax returns. That's our involvement in the process. It uses tax returns at the Federal level and tries to monitor people moving in and out of an area. In our experience, the estimating process isn't real good for western North Dakota either for exactly the same reason that was already discussed. Some of these oil workers still might be filing taxes from their home state but it would at least give the committee something to look at to see if that would help. With the decennial Census for 2010, that city distribution will be available in March so at that point, you'll still be in session, you can take a look at it and then starting in July 2011 there will be an estimate over and above the 2010 Census and each July thereafter there is an estimate of a population shift U.S. wide and city wide.

**Chairman Wesley R. Belter:** The oil workers, even though they have residency out of state, they still will be required to file a North Dakota income tax for the income they earn here.

**Kathy Strombeck:** This is true. They will file as nonresident and pay tax on the component that's earned in North Dakota versus their total income, maybe partially earned in another state.

**Chairman Wesley R. Belter:** When they file as a nonresident, do they list any type of North Dakota address?

**Kathy Strombeck:** They do, especially if they want a refund coming here. It's really up to the tax payer on how they want to file, where they want their communication to come but they will specify probably a part year resident unless all their income is earned here, then they may just choose that residency block.

**Representative Glen Froseth:** Do you need a code change to be able to use that yearly estimate?

**Kathy Strombeck:** Yes, we definitely need the law to change because right now it clearly states the Decennial Census that is the benchmark.

**Representative Glen Froseth:** Can I ask that you prepare that as an amendment and consider it with this bill.

**Kathy Strombeck:** Certainly, we can do that.

**Representative Lonny B. Winrich:** Do you know anything about the work that I referred to. Is there a different annual estimate that comes out of the data center and how does it compare?

**Kathy Strombeck:** They are one in the same. It is actually the census. NDSU is the Census repository for the state of North Dakota so everything about the Census goes through the State Data Center at NDSU. But the estimating process is one and the same. At the state level, Sheila Peterson, myself, a person from Job Service-Mike Beach, and Rod Backman. We are the state Census Committee.

**Representative Shirley Meyer:** Some of my Census workers ran into the problem of especially in the man camps where they've been living there a year, 2 years, 18 months and yet when they went to count them, they said they were non residents and put their residence down as Wyoming. Is there any adjustment for that? Did that happen anywhere other than our area?

**Kathy Strombeck:** That did happen a lot and there was a strong outreach on our part as a state committee to try to at least educate them to the advantage to claiming North Dakota because what it might mean in Federal fund sharing and things but it is truly up to the individual. The law says 6 months & 1 day gives them that residency and if they viewed themselves as a resident of Wyoming, because maybe there home every 2 weeks, there's very little that the Census can do about that so the out reach effort, the little table tents we made for the bars and restaurants and cafes saying 'get counted here in North Dakota'. We did something similar for the Snow Birds, people who go to Florida and Arizona for the winter to be sure they retain their North Dakota residency. We asked them to consider, even though April 1 was the date, if there going to be back in the state on April 30, go ahead and delay it, just count yourself as a North Dakota resident. It appears by these preliminary numbers that we were fairly effective in getting that message out because we had some substantial growth in our population in this Census so it worked to some degree but that western North Dakota thing is still a problem. I'm not sure that the estimating process is going to go on each July is going to help to a great degree but it will certainly start measurements of actual residents that are coming into the state and building homes and living here. We will pick them up in the estimating process more quickly than waiting for the 2020 Census.

**Representative Shirley Meyer:** So if we went with a yearly estimate as an amendment on this bill, those people would be in the estimate. The people that don't claim a residence.

**Kathy Strombeck:** They should be. That process uses tax returns and other types of federal data, drivers license information, things like that that go into that process so it should be a little bit more responsive and certainly a little bit more timely than waiting for another Census.

**Lyn James:** I would like to respond just briefly on behalf of Bowman. Bowman has experienced what we estimate as a 25% increase in out population over the last 10 years and we have had the delema of receiving our oil impact funds based on the 2000 Census. It is an issue and something that we struggle with and our hoping that the Census numbers will reflect what we are estimating for impact. Also, regarding caps, I believe even if the cap is raised to \$1000 per capita in Bowman, we will cap so there will still be a balance that will go to the county. As a leader, I really do appreciate that question about the 10 year time frame because it is a difficult issue to battle with.

**Chairman Wesley R. Belter:** Are there any other questions? Is there any other testimony on 1077?

**Chairman Wesley R. Belter:** If not, we will close the hearing on 1077.

**Chairman Wesley R. Belter:** (Passed out amendments and reviewed.) Committee members - any discussion on this bill? What are your thoughts, do you want to just adopt these amendments or are you looking to do some further amending?

**Representative Shirley Meyer:** I did request from Kathy Strombeck of historical data with the yearly estimate numbers and I would appreciate if we could wait with this until we see what that data indicates if we could somehow adjust it.

**Representative Patrick Hatlestad:** If we can't make the adjustments, I'm not so sure that leaving the bill as originally written might take care of some of that eventually over time where they would have gotten the extra money. Now they'll get it to start with. I would consider just leaving the bill as is without the amendment, without caps.

**Chairman Wesley R. Belter:** We'll wait for this other information to come forward and we'll just hold this. (See attachment #4 provided by Kathy Strombeck from Tax Dept. )

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee  
Fort Totten Room, State Capitol

HB 1077  
January 31, 2011  
#13722

☐ Conference Committee

Committee Clerk Signature

*May Brucker*

## Explanation or reason for introduction of bill/resolution:

A bill relating to elimination of the limitation on allocations that may be received by a city under the oil and gas gross production tax; and to provide an effective date.

## Minutes:

**Representative Mark S. Owens:** Moved a Do Pass.

**Representative Shirley Meyer:** I thought there was an amendment being prepared to cap it at \$1000 and not limit it?

**Chairman Wesley R. Belter:** That's correct and then I visited with some legislators and I think they worked some numbers on it and said the difference between capping and \$1000 was so small that we could probably just go with uncapping it.

**Representative Dave Weiler:** Seconded.

A roll call vote was taken: YES 13 NO 0 ABSENT 1  
MOTION CARRIED—DO PASS.

Representative Glen Froseth will carry HB 1077.

## FISCAL NOTE STATEMENT

House Bill or Resolution No. 1077

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

Becky Keller  
Senior Fiscal Analyst

Date: 1-31-11  
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1077

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

Motion Made By Rep. Owen Seconded By Rep. Weiler

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Scot Kelsh	✓	
Vice Chair. Craig Headland	✓		Shirley Meyer	✓	
Glen Froseth	✓		Lonny B. Winrich	✓	
Bette Grande	✓		Steven L. Zaiser	✓	
Patrick Hatlestad	AB				
Mark S. Owens	✓				
Roscoe Streytle	✓				
Wayne Trottier	✓				
Dave Weiler	✓				
Dwight Wrangham	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Froseth

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

**REPORT OF STANDING COMMITTEE**

**HB 1077: Finance and Taxation Committee (Rep. Belter, Chairman)** recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1077 was placed on the Eleventh order on the calendar.

**2011 SENATE FINANCE AND TAXATION**

**HB 1077**

# 2011 SENATE STANDING COMMITTEE MINUTES

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

HB 1077  
3/15/2011  
Job Number 15422

☐ Conference Committee

A. R. Miller

### Explanation or reason for introduction of bill/resolution:

Relating to elimination of the limitation on allocations that may be received by a city under the oil and gas gross production tax

### Minutes:

Written Testimony Attached

**Chairman Cook** opened the hearing on HB 1077.

**Representative Drovdal** – (See attached testimony A in favor of HB 1077)

**Les Shavely, City Commissioner in Bowman**, handed out testimony on behalf of Lyn James, attachment B.

**Justin Voll, City Council President from Watford City** – (See attached testimony C in favor of HB 1077)

**Senator Triplett** – As you and the previous speaker noted, this is a change in the formula between the counties and the cities. Have you had any conversations with the county in which you are located and how they feel about this change?

**Justin Voll, City Council President from Watford City** – Yes we have. We've had multiple discussions with them and they have come around. Initially they understood exactly where we were coming from but they were somewhat nervous about losing some of that money. We have a great working relationship with our county and they have always been receptive to what we've asked for in the past. They understand the need for this money to come directly to the city so we can better budget with it.

**Vice Chairman Miller** – Do you have any kind of agreement for law enforcement with your county sheriff or anything like that? Is there any kind of correspondence there or shared cost in any way?

**Justin Voll, City Council President from Watford City** – We looked at that about 3 years ago and what we were going to do is combine our city and county law enforcement. We tried to find some efficiency, at that time we were unable to find any real cost savings for the city.

**Vice Chairman Miller** – Your public works I'm assuming is generally financed through the fees associated with water or whatever, public works you offer.

**Justin Voll, City Council President from Watford City** – We've done a great job to get our water sewer garbage rates up to a sustainable level where they cash flow on their own. The rest of it would be like streets and that, but there definitely is an increase.

**Bonnie Steiger, Lobbyist, North Dakota Oil and Gas Producing Counties** – The Oil and Gas Producing Counties does indeed support this bill and strongly supports this bill and did not support the change that happened last legislative session that creates the opportunity for us to be here today.

**Chairman Cook** asked for testimony opposed to HB 1077. No one came forward.

**Chairman Cook** asked for neutral testimony for HB 1077.

**Carlee McLeod, Deputy Treasurer** – Handed out an oil and gas distribution sheet for fiscal year 2010, attachment D.

**Chairman Cook** – So out of the revenue stream that goes to the counties, 20% of that revenue stream goes to cities but every city is capped at \$750 per person.

**Carlee McLeod, Deputy Treasurer** – That is correct.

**Chairman Cook** – And the bill removes the \$750 per person per capita cap.

**Carlee McLeod, Deputy Treasurer** – That's correct and there is additional money that flows from the county to the city from their infrastructure fund also.

**Chairman Cook** closed the hearing on HB 1077.

# 2011 SENATE STANDING COMMITTEE MINUTES

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

HB 1077  
3/30/2011  
Job Number 16204

☐ Conference Committee

*A. B. J. Hogue*

### Explanation or reason for introduction of bill/resolution:

Relating to elimination of the limitation on allocations that may be received by a city under the oil and gas gross production tax

### Minutes:

Committee Work

**Chairman Cook** opened discussion on HB 1077.

**Senator Hogue** explained his proposed amendments.

**Chairman Cook** – This would come out of the money that is allocated towards Ward County?

**Senator Hogue** – This is the one cent of the gross production tax, right?

**Chairman Cook** – But it's of the gross production tax generated in Ward County is it not? We are not talking any new dollars here. We are talking allocation of existing dollars.

**Senator Triplett** – The part where the allocation has to be doubled if the city has more than 7.5% of private covered employment but do you know if Williston or Dickinson are getting close?

**Senator Hogue** – Williston gets it now.

**Senator Dotzenrod** – I do think this \$500,000 would reduce the general fund distribution to the state. The 4% out of the 5% on a gross production tax goes into this variable bracket distribution that goes to cities, counties, but the 1% is generally kind of a state share it goes into the oil impact fund and then it's basically general fund money.

**Chairman Cook** – The redistribution that is in this bill, by removing the \$750 per capita cap comes out of the distribution money though. That is not general fund money is that correct?

**Senator Dotzenrod** – I think that is correct.

**Senator Triplett** – I will move amendment .01002 with the change that after the underlined one we add the words “and one half”.

Seconded by **Senator Burckhard**.

**Chairman Cook** – Ask the clerk to take the roll. (4-3-0)

**Chairman Cook** – Now we better hold off and get the fiscal note on this.

**Chairman Cook** reopened discussion on HB 1077.

**Senator Oehlke** – I will move to reconsider.

Seconded by **Vice Chairman Miller**.

**Chairman Cook** – All in favor say yea, opposed? (6-1-0)

**Senator Oehlke** – I'll move a Do Pass.

Seconded by **Vice Chairman Miller**.

**Chairman Cook** – Ask the clerk to take the roll. (7-0-0)

Carried by **Senator Dotzenrod**.

## FISCAL NOTE STATEMENT

House Bill or Resolution No. 1077

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

Becky Keller  
Senior Fiscal Analyst

Date: 3-30-11  
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1077

Senate 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

Motion Made By Senator Triplett Seconded By Senator Burckhard

Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman			Jim Dotzenrod		
Joe Miller – Vice Chairman			Connie Triplett		
Randy Burckhard					
David Hogue					
Dave Oehlke					

Total (Yes) 4 No 3

Absent 0

Floor Assignment \_\_\_\_\_

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

Verbal vote

Date: 3-30-11  
Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1077

Senate 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

Motion Made By Senator Oehlke Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman			Jim Dotzenrod		
Joe Miller – Vice Chairman			Connie Triplett		
Randy Burckhard					
David Hogue					
Dave Oehlke					

Total (Yes) 6 No 1

Absent 0

Floor Assignment \_\_\_\_\_

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

Verbal vote to reconsider

Date: 3-30-11  
Roll Call Vote # 3

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1077

Senate 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

Motion Made By Senator Oehlke Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Dwight Cook – Chairman	X		Jim Dotzenrod	X	
Joe Miller – Vice Chairman	X		Connie Triplett	X	
Randy Burckhard	X				
David Hogue	X				
Dave Oehlke	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Dotzenrod

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

**REPORT OF STANDING COMMITTEE**

**HB 1077: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1077 was placed on the Fourteenth order on the calendar.

**2011 TESTIMONY**

**HB 1077**

#1  
pg.1

Chairman Belter and members of the House Finance and Tax Committee. For the record I am David Drovda, Representative from District 39. I am the prime sponsor of HB 1077.

HB 1077 changes the dollars that cities in the Oil and Gas counties will receive from the impact distribution allocation. It will not increase the amount of dollars flowing back through the formula but will change the distribution within the formula. Currently each city is capped at \$750.00 per resident and if there are any dollars above that total they go to the county general fund. Two years ago when we approved the new formula we had about 24 drilling rigs operating and the value of crude was around \$50.00. Today the rig count is 170 with oil at around \$78.00 a barrel. You can imagine the impact that has had on all cities with the demand for housing, law enforcement, water, sewer, wear and tear on streets and emergency services. Many new workers do not call their temporary homes their residence so the numbers don't show up in the census. When we approved the language two years ago it was hoped that if there were any dollars that went to the county that the commissioners would work with the city government to make it whole. What has happened is that the county would consider one project as worthwhile but the city government needed dollars for other projects and had no say as to where the dollars went.

When I had the bill drafted the request was to simply take the cap off but having just received the printout it would appear that some very small villages would receive maybe more than they could use so I have asked to have an amendment drafted that would raise the cap from the old \$750 per citizen to a modest \$1,000 per citizen. Again, let me state that this does not increase the dollar amount coming from the state. It only changes the allocation with the current formula. I am asking you to amend the bill and give it a favorable recommendation.

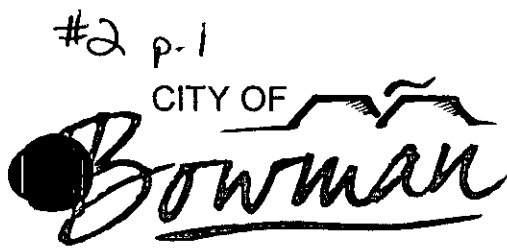
Thank you for your time and consideration and I would be glad to answer any questions.

David Drovda

**Oil and Gas City Distribution Fiscal Year 2010  
Office of the State Treasurer**

**Capped Cities, by County**

County	City	Population	Population Adjustment plus 800%	Cap amount	Pd per resident	Additional allocation without \$750/resident cap	Per resident without cap
Billings	Medora	100		\$ 675,000.00	\$ 750.00	\$ 292,942.27	\$ 1,075.49
Bowman	Bowman	1,600	NA	\$ 1,200,000.00	\$ 750.00	\$ 92,467.52	\$ 807.79
	Gascoyne	23	NA	\$ 17,250.00	\$ 750.00	\$ 1,329.23	\$ 807.79
	Rhame	189	NA	\$ 141,750.00	\$ 750.00	\$ 10,922.72	\$ 807.79
	Scranton	304	NA	\$ 228,000.00	\$ 750.00	\$ 17,568.83	\$ 807.79
Dunn	Dodge	125	NA	\$ 93,750.00	\$ 750.00	\$ 79,851.56	\$ 1,388.81
	Dunn Center	122	NA	\$ 91,500.00	\$ 750.00	\$ 77,935.12	\$ 1,388.81
	Halliday	227	NA	\$ 170,250.00	\$ 750.00	\$ 145,010.43	\$ 1,388.81
	Kildeer	713	NA	\$ 534,750.00	\$ 750.00	\$ 455,473.27	\$ 1,388.81
McKenzie	Alexander	217	NA	\$ 162,750.00	\$ 750.00	\$ 50,862.60	\$ 984.39
	Arnegard	105	NA	\$ 78,750.00	\$ 750.00	\$ 24,610.94	\$ 984.39
	Wattford City	1,435	NA	\$ 1,076,250.00	\$ 750.00	\$ 336,349.38	\$ 984.39
Mountrail	New Town	1,367	NA	\$ 1,025,250.00	\$ 750.00	\$ 7,482.90	\$ 755.47
	Palermo	77	NA	\$ 57,750.00	\$ 750.00	\$ 421.50	\$ 755.47
	Parshall	981	NA	\$ 735,750.00	\$ 750.00	\$ 5,369.93	\$ 755.47
	Plaza	167	NA	\$ 125,250.00	\$ 750.00	\$ 914.14	\$ 755.47
	Ross	48	NA	\$ 36,000.00	\$ 750.00	\$ 262.74	\$ 755.47
	Stanley	1,279	NA	\$ 959,250.00	\$ 750.00	\$ 7,001.18	\$ 755.47
	White Earth	63	NA	\$ 47,250.00	\$ 750.00	\$ 344.87	\$ 755.47
Slope	Amidon	26	NA	\$ 19,500.00	\$ 750.00	\$ 21,459.48	\$ 1,575.37
	Marmarth	140	NA	\$ 105,000.00	\$ 750.00	\$ 115,551.07	\$ 1,575.37
<b>Non-capped Cities, by County Only</b>							
Bottineau	all	3,781	NA	\$ 745,832.77	\$ 197.26		
Burke	all	1,244	NA	\$ 725,349.43	\$ 583.08		
Divide	all	1,297	NA	\$ 770,917.64	\$ 594.39		
Golden Valley	all	1,284	NA	\$ 281,523.75	\$ 219.26		
Hettinger	all	1,574	NA	\$ 171.52	\$ 0.11		
McHenry	all	3,019	NA	\$ 14,902.61	\$ 4.94		
McLean	all	5,558	NA	\$ 56,437.09	\$ 10.15		
Mercer	all	6,534	NA	\$ 2,577.88	\$ 0.39		
Renville	all	1,532	NA	\$ 414,888.86	\$ 270.82		
Ward	all	41,252	NA	\$ 30,064.62	\$ 0.73		
Stark	all except Dickinson	2,190	100% + 40% Dickinson	\$ 290,430.37	\$ 132.62		
	Dickinson	16,010	\$500,000 + 60% allocation	\$ 824,630.44	\$ 51.51		
Williams	all except Williston	2,146	100% + 40% Williston allocation	\$ 707,706.99	\$ 329.78		
	Williston	12,512	\$1,000,000 + 60% allocation	\$ 1,742,979.50	\$ 139.30		



## House Bill 1077

Representative Wesley Belter, Chairman

House Finance and Tax

January 11, 2011 10:00 a.m. Fort Totten Room

Good morning Representative Belter and members of the House Finance and Tax Committee—

My name is Lyn James, President of the Bowman City Commission and President of the North Dakota League of Cities. I am here today to present testimony in favor of House Bill 1077.

It is my understanding that this bill would not impact the state's revenue, but would come from the share of gross production tax which is already distributed to the oil producing counties.

The increase in the capped amounts which comes from each county's gross production tax distributions would be beneficial

to all cities affected by the oil exploration and production phases. The dollars distributed to cities from this resource are an invaluable tool which is used to fund the long term expenses of each community, making the budget process more manageable. It supports the salaries for extra law enforcement, clerical staff and public works employees. The cities are forced to keep salaries at a level which is competitive with the oil industry to some degree. It is also a key component in the needs that arise to enhance each city's quality of place, making it a community that is not only attractive but functional for the growing and changing population.

The increase that the Legislature shared with cities during the 61<sup>st</sup> session was timely and greatly appreciated. A further increase in the cap would certainly assist cities with the growing needs they are experiencing, and would help some of the cities like Bowman catch up from the many years where there was no increase in funding, as well as prepare for the next round of oil exploration that we are anticipating in our area. The City of Bowman is diligently working to plan for this, and hopes to stay ahead of the chaos that many of the cities in oil country are experiencing right now. The key words I think of are SUSTAINABLE FUNDING, which the gross production tax provides. Therefore, we strongly support HB 1077, and would appreciate the House Finance and Tax Committee's recommendation to the legislative body in support of this bill. I

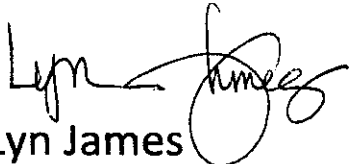
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would also like to advise the committee that the North Dakota League of Cities supports the passage of HB 1077.

The City of Bowman also recognizes the importance of Governor Dalrymple's proposed budget increase to the Oil Impact Fund. The unprecedented infusion of money Governor Dalrymple has suggested is critical ONE-TIME FUNDING for infrastructure projects necessary to accommodate the needs in these impacted cities. HB 1077 would also assist with any matching funds that might be needed in order to access oil impact funds, whether by written law, or by the size and cost of a proposed project. We are hopeful that the Legislature will see the need for both the passage of HB 1077, and support of the Governor's Oil Impact Fund increase.

Thank you for your time and attention to this very important matter today.

Respectfully submitted,

  
Lyn James

President, Bowman City Commission

President, North Dakota League of Cities

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## House Bill 1077

Representative Wesley Belter, Chairman

House Finance and Tax

January 11, 2011 10:00 a.m. Fort Totten Room

Good morning Representative Belter and members of the House Finance and Tax Committee—

Thank you for your support to the cities in the energy impacted areas with the introduction of HB1077. We appreciate the opportunity to debate the merits of an increase in the cities' capped amounts from the county gross production tax distributions. We opposed the \$750 per capita cap last session. We did receive an increase from the prior cap however the impacts have increased more than our caps. Watford City passed a budget to deficit spend by more than \$1 million this year. We will have a \$300,000 increase in salaries alone from increasing the size of our police force, city public works staff and hiring a City Planner. This for a city that collects less than \$200,000 in property taxes annually. We appreciated the increase we did receive from the last session, but question where we will be left fiscally if the cap remains at \$750 per

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capita. The Commerce Department housing study forecasts a population increase from 1,435 in our last census to 2,650 population in the next few years. An 80% increase in a town's population is staggering, especially considering that the study did not even attempt to quantify the indirect jobs created by the new direct oilfield jobs, such as ancillary jobs in the oilfield, resulting jobs in the retail service, government service, or healthcare sector. The population of Watford City may double in the next 3-5 years. It doesn't seem fair or logical that our city revenues should be capped at the level driven by the 2010 census as the growth will occur after the measuring point of the current census. A cap increase of \$250 per capita, along with the projected 15-20% increase in population from the 2000 census to the anticipated 2010 census level would provide a modest increase to our City budget to help us keep in line with the growing demand of City services.

The gross production tax distribution received by cities is important because it is continuing revenue that can be used for budgeting and planning. Watford City used these expected revenues to bond for our main street improvement project 3 years ago. The oilfield impact does not all happen in the first year. It continues for 20+ years as the wells are produced. The oil continues to be piped or trucked off, the pumpers keep

driving the roads to the wells and their families live in our towns and utilize our services for the 20+ year timeframe. Not just the first year.

Therefore, we support an increase in the city cap on county gross production tax distribution.

We also strongly support and respect the Governor's budgeted increases to assist with infrastructure in the oil affected areas.

The county and state roads and highways are in need of an injection to get them to the level where they can withstand the oilfield activity. Without it oilfield activity will be hampered.

The budgeted increase for the oil impact fund comes at a critical point for the cities, counties, townships and fire departments as one time projects for infrastructure are necessary to get the public buildings and public infrastructure to the point where it can serve the ballooning population. We

appreciate the efforts to differentiate between the large population centers and the smaller regional centers and communities. We hope HB1077 does not adversely affect the process of the Governor's proposed budget. It does not bring more funds out of the gross production tax distribution

formula, but it would move a few million dollars back and forth between cities and counties. Hopefully this bill is considered on

#3 p.4

its own merits as housekeeping within the formula and in the end the best result is attained to address the infrastructure and services challenges being faced by the oil impacted areas of our state.

Sincerely,

Mayor Brent Sanford

Watford City



# 4

STATE OF NORTH DAKOTA  
**OFFICE OF STATE TAX COMMISSIONER**

Cory Fong, Commissioner

## Memorandum

**To:** Chairman Belter  
Members of House Finance and Taxation Committee

**From:** Kathryn Strombeck, Research Analyst and Member of ND Census Committee

**Date:** January 11, 2011

**Subject:** Annual Population Estimates of Cities (Possible Amendment to HB 1077)

At your request, I have attached a list of the annual population estimates for cities in North Dakota. The first numeric column on the attachment is the **official** 2000 Census, followed by the **estimate** as of July 1, 2000. Each column thereafter shows the annual estimate as of July 1 for each subsequent year, through 2009. Please note that only the Decennial Census is considered a **complete count**, the other years are considered to be **annual estimates**.

It is likely of no surprise to the committee to see that for the first part of the decade, the annual estimates indicated rural cities in western North Dakota were decreasing in population. The estimated population upticks started in most cases in 2009, likely followed by significant increases in 2010. Unfortunately the 2010 estimates – which were up significantly statewide – are not yet available on Census's web site and are not contained on this handout. The timing of the release of the 2010 estimates for counties and cities is influenced – and delayed – by the process of the 2010 Decennial Census.

The use of annual population estimates prepared by the Population Estimates Branch of the U.S. Census Bureau does have some precedence in the duties of Job Service North Dakota. If the committee contemplates a shift to these estimates as the source of population statistics for oil tax distributions in HB 1077, it would need to clarify that the shift is for gross production tax distributions only, and not the myriad of other tax distributions that are based on population.

The Offices of Treasurer and Tax Commissioner will be happy to assist you with an amendment if you wish. Please contact Deputy Treasurer Carlee McLeod (328- 4694) or me (328-3402) if you have any questions.

name	POPCENSUS_2000	POP_2000	POP_2001	POP_2002	POP_2003	POP_2004	POP_2005	POP_2006	POP_2007	POP_2008	POP_2009
North Dakota	642200	641200	636267	633617	632809	636303	635365	636771	638202	641421	646844
Abercrombie city	296	295	293	290	292	291	288	281	276	274	270
Adams city	203	202	198	192	189	186	184	181	177	176	174
Alamo city	51	51	50	50	49	49	49	49	49	49	50
Alexander city	217	216	213	213	209	208	211	210	211	214	222
Alice city	56	56	55	54	54	53	52	51	51	50	51
Almont city	89	89	88	88	87	86	86	86	84	84	84
Alsen city	68	68	66	64	63	61	60	57	54	53	52
Ambrose city	23	23	22	22	22	22	22	21	21	21	20
Amenia city	89	89	88	87	85	89	89	90	90	90	90
Amidon city	26	26	25	25	24	24	23	23	22	23	22
Anamoose city	282	280	274	270	268	266	260	256	249	247	246
Aneta city	284	283	275	265	261	261	259	252	249	246	247
Antler city	47	47	46	45	45	44	44	43	42	42	42
Ardoch city	61	61	60	58	57	56	56	55	54	54	53
Argusville city	147	147	145	143	141	140	137	135	135	135	137
Arnegard city	105	105	102	103	101	100	101	101	101	102	106
Arthur city	402	402	401	396	391	387	382	377	376	380	387
Ashley city	882	878	857	829	817	786	767	751	701	688	672
Ayr city	23	23	23	23	23	23	22	22	22	22	22
Balfour city	20	20	19	19	19	19	18	18	17	17	17
Balta city	73	73	71	69	67	65	64	63	62	62	60
Bantry city	19	19	18	18	18	18	18	17	17	17	17
Barney city	69	69	67	66	66	65	65	63	62	61	60
Bathgate city	66	66	64	63	62	61	60	59	57	56	56
Beach city	1116	1109	1077	1050	1031	994	975	950	945	936	925
Belfield city	866	862	853	841	833	825	824	810	814	813	817
Benedict city	53	53	52	51	51	50	49	48	48	47	47
Bergen city	11	11	11	11	10	10	10	10	10	10	10
Berlin city	35	35	35	34	34	33	32	31	31	30	30
Berthold city	466	465	455	450	448	448	449	444	439	442	446
Beulah city	3152	3146	3105	3079	3039	2991	2946	2908	2910	2872	2891
Bisford city	201	199	191	186	183	178	177	171	169	168	168
Bisbee city	167	166	161	158	154	150	145	141	135	131	130
Bismarck city	55532	55805	55984	56439	56716	56934	57818	58633	59467	60253	61217
Bottineau city	2336	2324	2273	2236	2200	2129	2115	2073	2039	2040	2046
Bowbells city	406	404	389	376	367	358	349	335	326	318	325
Bowdon city	139	138	132	129	125	122	119	114	112	111	110
Bowman city	1600	1608	1547	1526	1518	1528	1485	1466	1474	1521	1515
Braddock city	43	43	42	41	40	39	37	36	35	35	34
Briarwood city	78	78	77	79	81	80	81	82	82	82	83
Brinsmade city	29	29	29	28	28	29	29	29	29	29	29
Brocket city	65	65	63	63	61	60	59	59	59	59	58
Buchanan city	77	77	75	74	73	72	73	73	71	70	70
Bucyrus city	26	26	25	25	24	24	23	23	23	22	22
Buffalo city	209	209	207	204	201	198	195	192	192	192	197
Burlington city	1096	1093	1070	1052	1043	1042	1028	1016	1007	1005	1013
Butte city	92	92	122	117	114	123	85	83	83	82	81
Buxton city	350	350	346	345	343	342	339	331	330	329	326
Calio city	24	24	23	23	22	22	21	20	19	19	18
Calvin city	26	26	25	25	24	23	23	22	21	20	20
Cando city	1342	1331	1288	1252	1207	1170	1135	1104	1063	1028	1022
Canton City city	42	42	41	40	41	40	39	38	37	37	36
Carpio city	148	148	146	144	144	145	144	141	140	139	140
Carrington city	2268	2253	2184	2140	2098	2090	2112	2112	2069	2026	1955
Carson city	319	318	308	295	289	280	274	264	259	253	247
Casselton city	1855	1893	1908	1912	1930	1950	1978	1982	1998	2012	2044
Cathay city	56	56	54	53	52	51	50	48	47	46	45
Cavalier city	1537	1532	1499	1471	1464	1448	1413	1390	1353	1328	1320
Cayuga city	61	61	61	60	58	58	58	58	57	56	55
Center city	678	674	645	629	612	598	585	563	557	545	537
Christine city	153	153	153	153	152	153	153	154	173	173	174
Churchs Ferry city	77	77	75	74	72	72	71	71	71	71	71
Cleveland city	112	112	109	108	106	104	103	102	100	99	100
Clifford city	51	51	50	50	50	50	50	48	48	48	48

Cogswell city	165	164	163	159	153	150	152	150	148	145	143
Coleharbor city	106	105	103	101	99	100	97	96	95	94	94
Colfax city	91	91	92	92	92	91	90	88	87	86	85
Columbus city	151	150	145	140	136	133	129	123	120	117	119
Conway city	23	23	22	22	21	21	21	20	20	20	20
Cooperstown city	1053	1045	1006	982	967	942	935	910	900	880	885
Courtenay city	53	53	52	51	50	50	49	48	47	47	47
Crary city	149	148	146	144	141	140	139	138	138	139	138
Crosby city	1089	1078	1032	1033	1030	1023	991	975	953	955	932
Crystal city	167	167	163	161	162	160	157	154	150	147	146
Davenport city	261	260	258	254	255	255	249	248	248	252	257
Dawson city	75	75	72	70	69	69	65	65	63	62	60
Dazey city	91	91	89	88	87	87	86	84	83	82	82
Deering city	118	117	115	112	111	108	106	105	101	101	101
Des Lacs city	209	208	204	200	198	197	196	195	193	195	196
Devils Lake city	7222	7214	7079	7055	6914	6817	6734	6696	6695	6738	6711
Dickey city	57	57	56	55	54	54	52	51	50	48	47
Dickinson city	16010	15963	15818	15700	15651	15654	15680	15582	15856	15969	16265
Dodge city	125	125	125	123	123	120	119	119	118	119	120
Donnybrook city	90	90	88	88	87	87	86	84	83	83	83
Douglas city	64	64	63	62	62	63	62	61	60	60	61
Drake city	322	319	310	302	297	291	283	278	270	268	266
Drayton city	913	909	885	866	862	850	833	819	797	784	778
Dunn Center city	122	122	120	119	117	114	112	112	110	111	112
Dunseith city	739	739	741	738	732	734	734	732	735	734	735
Dwight city	75	75	74	73	74	74	73	72	70	70	69
Edgeley city	637	632	620	606	591	581	565	549	539	524	515
Edinburg city	252	251	245	238	235	231	228	228	223	221	219
Edmore city	256	255	251	249	243	240	236	235	234	234	233
Egeland city	49	49	47	46	45	43	42	40	39	38	37
Elgin city	659	657	640	617	606	590	581	562	548	534	527
Ellendale city	1559	1556	1531	1505	1497	1592	1493	1485	1507	1459	1454
Elliot city	44	44	43	42	42	42	42	41	41	41	40
Emerado city	510	510	509	509	507	509	499	490	483	486	482
Enderlin city	947	954	981	1019	1070	1052	1042	1034	1060	1023	997
Epping city	79	79	77	77	76	76	76	76	76	76	78
Esmond city	159	158	157	152	152	153	151	151	150	150	150
Fairdale city	51	51	50	48	47	47	46	45	44	44	44
Fairmount city	406	404	397	390	389	385	382	373	367	363	357
Fargo city	90599	90951	92077	91968	92010	93082	91965	91925	92872	93851	95556
Fessenden city	625	621	593	578	560	547	534	516	504	495	487
Fingal city	133	132	130	128	127	124	123	122	120	119	118
Finley city	515	510	491	473	461	453	438	428	412	403	389
Flasher city	285	285	283	280	274	270	269	269	267	264	264
Flaxton city	73	73	70	68	66	64	62	60	59	57	59
Forbes city	64	64	63	63	62	61	62	61	60	59	58
Fordville city	266	265	259	251	248	244	241	237	233	231	229
Forest River city	154	153	150	145	143	141	139	137	134	133	131
Forman city	506	505	501	491	477	469	471	472	475	464	456
Fort Ransom city	70	70	68	67	67	100	99	98	98	97	94
Fortuna city	31	31	30	30	30	30	29	29	28	28	27
Fort Yates city	228	229	228	231	233	238	239	247	283	279	283
Fredonia city	51	51	49	48	47	46	45	43	43	42	42
Frontier city	273	272	270	270	269	269	266	263	262	262	265
Fullerton city	85	85	84	83	80	79	79	78	77	75	74
Gackle city	335	332	320	315	306	299	292	283	283	279	275
Galesburg city	157	157	154	152	153	156	154	151	150	150	148
Gardena city	38	38	37	36	36	36	35	35	34	34	34
Gardner city	80	80	82	84	87	90	87	86	86	86	87
Garrison city	1318	1310	1286	1262	1250	1219	1193	1181	1167	1174	1157
Gascoyne city	23	23	22	21	21	22	21	21	21	21	21
Gilby city	243	243	241	241	241	241	238	232	229	228	225
Goodstone city	248	247	244	239	237	237	235	231	232	234	237
Glenburn city	374	371	358	355	346	340	335	329	315	308	311
Glenfield city	134	133	130	128	127	128	130	129	126	124	120
Glen Ullin city	865	864	852	852	836	828	819	815	807	800	796

Golden Valley city	183	182	179	176	173	171	168	165	165	163	163
Golva city	106	106	103	100	99	95	93	91	90	90	89
Goodrich city	163	161	153	147	141	134	131	125	120	114	112
Grace City city	71	71	69	68	67	67	68	68	66	65	63
Grafton city	4516	4504	4414	4304	4266	4205	4161	4097	4035	3978	3954
Grand Forks city	49321	49250	48894	48895	49118	50879	50775	51631	50775	51328	51216
Grandin city	181	181	179	177	174	172	171	168	168	167	169
Grano city	9	9	9	9	9	9	9	8	8	8	8
Granville city	286	284	276	269	265	260	252	248	240	239	238
Great Bend city	118	118	117	115	116	116	115	113	110	109	108
Grenora city	202	201	198	197	195	193	193	193	194	194	198
Gwinner city	717	717	718	709	693	687	703	711	710	705	694
Hague city	91	90	88	86	84	82	79	77	74	73	72
Halliday city	227	226	223	219	216	209	206	205	204	205	207
Hamberg city	28	28	27	26	26	25	25	24	23	23	23
Hamilton city	73	73	71	70	69	68	66	65	63	62	62
Hampden city	60	60	58	58	56	56	56	55	55	55	55
Hankinson city	1058	1054	1036	1019	1018	1008	1000	1009	997	983	966
Hannaford city	181	179	172	168	165	160	158	153	151	149	150
Hannah city	20	20	19	19	19	18	18	17	16	16	15
Hansboro city	8	8	8	8	7	7	7	7	7	6	6
Harvey city	1989	1978	1894	1847	1797	1759	1722	1662	1627	1603	1580
Harwood city	607	610	622	643	643	651	647	637	695	701	718
Hatton city	707	705	693	684	674	674	668	655	653	648	647
Havana city	94	94	93	90	89	87	87	87	85	83	82
Haynes city	19	19	18	18	18	17	17	17	17	16	16
Hazleton city	237	241	236	228	221	216	208	202	195	191	188
Hazen city	2457	2441	2400	2385	2355	2316	2276	2245	2238	2206	2200
Hebron city	803	801	785	776	759	748	745	741	731	725	725
Hettinger city	1307	1299	1281	1260	1236	1214	1193	1170	1161	1151	1140
Hillsboro city	1563	1561	1537	1517	1501	1506	1492	1476	1490	1484	1474
Hoople city	292	291	284	276	272	268	265	260	255	252	250
Hope city	303	300	289	279	271	266	263	259	261	257	248
Horace city	915	1852	1855	1830	1873	1942	1959	1977	2024	2034	2078
Hunter city	326	320	317	312	309	307	307	302	305	306	312
Hurdsfield city	91	91	87	86	84	83	81	79	77	75	74
Inkster city	102	102	101	101	101	101	100	97	96	95	94
Jamestown city	15527	15515	15357	15230	15066	14865	14799	14814	14653	14587	14687
Jud city	76	76	75	74	73	72	70	68	67	65	64
Karlsruhe city	119	118	116	114	113	112	110	108	105	104	104
Kathryn city	63	63	61	60	59	58	57	56	55	55	54
Kenmare city	1081	1089	1106	1137	1128	1124	1109	1094	1093	1078	1084
Kensal city	161	161	161	159	156	154	153	151	148	146	146
Kief city	13	13	13	12	12	12	12	12	11	11	11
Killdeer city	713	712	703	693	684	665	656	654	662	667	681
Kindred city	614	621	615	612	602	597	586	592	601	621	641
Knox city	59	59	59	58	58	59	59	59	58	58	59
Kramer city	44	44	43	42	42	41	41	40	40	39	39
Kulm city	422	420	418	410	401	395	382	371	365	354	347
Lakota city	781	778	759	753	748	751	744	721	712	697	689
LaMoure city	944	938	924	909	912	896	865	841	828	799	790
Landa city	28	28	27	27	27	26	26	26	25	25	25
Langdon city	2101	2085	2017	1964	1909	1862	1812	1727	1655	1623	1597
Lankin city	131	131	127	124	122	120	118	116	114	113	112
Lansford city	253	252	248	241	241	239	237	232	229	226	227
Larimore city	1433	1429	1412	1405	1389	1382	1355	1328	1306	1317	1299
Lawton city	42	42	41	41	39	39	39	39	38	39	38
Leal city	36	36	35	35	35	35	34	34	33	33	33
Leeds city	464	462	458	445	444	445	445	444	443	442	445
Lehr city	114	114	111	108	107	104	101	97	93	92	89
Leith city	28	28	27	26	26	25	25	24	24	23	23
Leonard city	255	263	260	257	254	259	253	249	252	251	254
Lodgepole city	738	778	766	755	753	749	738	722	714	706	695
Lignite city	174	173	169	165	162	158	153	147	143	140	143
Lincoln city	1730	1738	1778	1855	1994	2142	2296	2429	2518	2704	2876
Linton city	1321	1309	1265	1227	1192	1165	1119	1090	1052	1032	1018

Lisbon city	2292	2292	2285	2268	2250	2223	2212	2194	2209	2189	2121
Litchville city	191	190	185	181	179	176	174	171	168	167	166
Loma city	21	21	20	20	19	19	19	18	17	16	16
Loraine city	19	19	18	18	18	18	18	17	17	16	16
Ludden city	29	29	29	28	28	28	28	27	27	27	26
Luverne city	44	44	42	41	41	40	39	38	36	35	34
McClusky city	415	411	391	377	363	346	337	323	312	297	293
McHenry city	71	71	69	68	67	68	69	69	67	66	64
McVile city	470	468	455	435	429	428	427	414	411	407	401
Maddock city	498	496	492	480	479	480	476	475	472	472	474
Makoti city	145	145	143	142	142	142	141	139	138	137	138
Mandan city	16718	16775	16634	16657	16702	16864	17034	17289	17675	18034	18274
Mantador city	71	71	70	68	70	69	68	67	65	66	65
Manvel city	370	370	367	364	360	357	349	342	336	334	330
Mapleton city	606	606	603	598	591	629	620	611	690	724	743
Marion city	146	145	142	139	135	133	128	127	126	122	120
Marmarth city	140	138	134	130	127	123	121	121	115	117	114
Martin city	96	95	90	87	83	79	80	77	74	70	69
Max city	278	277	272	269	267	262	257	253	251	250	248
Maxbass city	91	82	80	78	78	77	76	75	74	73	73
Mayville city	1953	1951	1892	1887	1884	1905	1888	1886	1932	1786	1779
Medina city	335	334	326	322	316	312	309	305	298	298	298
Medora city	100	99	99	98	95	92	90	87	90	91	95
Mercer city	86	86	84	83	82	79	77	76	75	75	74
Michigan City city	345	343	332	316	311	310	307	296	292	287	282
Milnor city	711	709	704	688	678	666	670	693	680	670	662
Milton city	85	85	82	80	79	77	75	71	68	67	65
Minnewaukan city	318	307	304	296	295	296	293	292	292	290	292
Minot city	36567	36587	36046	35618	35509	35684	35426	35260	35369	35540	36256
Minto city	657	656	643	627	621	613	614	605	597	592	590
Mohall city	812	807	788	784	766	753	747	735	703	683	689
Monango city	28	28	28	27	27	27	27	26	26	26	25
Montpelier city	103	101	99	97	95	94	93	92	90	89	89
Mooreton city	204	203	200	196	198	198	195	191	187	185	182
Mott city	808	800	779	766	743	717	708	698	679	664	662
Mountain city	133	133	130	128	128	127	124	123	124	122	122
Munich city	268	270	260	253	245	238	232	220	210	206	202
Mylo city	19	19	19	19	19	19	19	19	19	19	19
Napoleon city	857	858	824	809	781	762	739	715	718	712	691
Neché city	437	436	429	427	430	427	414	407	398	394	393
Nekoma city	51	51	49	48	47	46	45	43	41	40	39
Newburg city	88	88	86	84	84	83	83	81	80	79	79
New England city	555	549	533	521	502	586	582	590	561	549	558
New Leipzig city	274	273	265	255	249	242	238	230	225	220	215
New Rockford city	1463	1454	1414	1389	1377	1357	1331	1285	1266	1242	1197
New Salem city	938	936	921	914	897	887	879	875	866	859	859
New Town city	1367	1659	1640	1622	1615	1645	1692	1677	1697	1729	1838
Niagara city	57	57	57	56	56	56	56	54	53	53	52
Nome city	70	70	68	67	67	67	66	65	64	63	63
Noonan city	154	153	148	149	150	150	147	144	141	140	138
North River city	65	65	64	63	62	62	63	63	62	62	63
Northwood city	959	956	944	936	926	919	903	888	881	928	913
Oakes city	1979	1981	1947	1914	1864	1848	1844	1814	1802	1770	1752
Oberon city	81	81	81	79	80	81	80	80	80	80	80
Oriska city	128	127	124	121	120	120	118	116	114	113	113
Osnabrock city	174	173	169	166	163	160	157	151	146	145	143
Overly city	19	19	19	18	18	18	18	17	17	17	17
Oxbow city	248	248	248	247	245	245	242	238	238	238	241
Page city	225	225	222	219	215	213	210	207	207	207	209
Palermo city	77	75	74	73	72	72	70	69	70	70	71
Park River city	1535	1531	1499	1460	1444	1424	1409	1388	1370	1371	1345
Parshall city	981	981	986	992	1003	1020	1018	1017	1045	1061	1073
Pekin city	80	80	78	74	74	75	74	72	71	69	68
Pembina city	642	639	622	610	606	600	586	576	561	552	547
Perth city	13	13	12	12	12	11	11	10	10	10	10
Petersburg city	195	194	187	178	175	176	176	170	167	165	162

Pettibone city	88	87	83	81	80	78	74	74	72	70	68
Pick City city	166	166	167	166	165	162	159	158	159	160	160
Pillsbury city	24	24	23	23	23	23	23	22	22	22	22
Pingree city	66	66	64	63	62	61	61	60	59	58	58
Pisek city	96	96	93	91	90	88	87	85	84	83	82
Plaza city	167	166	164	162	161	160	157	154	155	157	159
Portal city	131	131	129	126	122	120	116	113	110	108	111
Portland city	604	598	586	581	571	570	563	553	555	557	552
Powers Lake city	309	307	296	286	279	273	264	253	247	241	248
Prairie Rose city	68	68	67	66	65	65	63	74	74	74	75
Ray city	534	531	525	526	522	519	521	525	532	532	552
Reeder city	181	180	175	172	168	165	162	158	157	156	152
Regan city	43	43	43	42	42	41	41	41	41	41	41
Regent city	211	209	203	198	191	183	179	176	173	169	168
Reile's Acres city	254	254	251	248	244	245	243	239	267	285	306
Reynolds city	350	350	350	346	341	342	338	333	331	329	326
Rhame city	189	188	180	177	176	178	171	169	169	175	174
Richardton city	619	616	607	595	589	584	582	572	575	573	577
Riverdale city	273	271	265	261	261	260	259	260	264	264	261
Robinson city	71	71	68	66	66	65	62	62	60	59	57
Rocklake city	194	193	186	181	174	168	162	157	150	145	144
Rogers city	61	61	60	59	59	58	57	56	55	55	54
Rolette city	538	538	539	536	532	534	530	528	530	529	530
Rolla city	1417	1421	1430	1425	1416	1424	1416	1410	1415	1419	1428
Ross city	48	48	47	47	46	46	45	44	45	45	46
Rugby city	2939	2925	2867	2816	2744	2682	2626	2603	2573	2559	2510
Ruso city	6	6	6	6	6	6	6	5	5	5	5
Rutland city	220	219	217	213	206	202	202	201	197	193	189
Ryder city	92	92	90	88	87	87	85	84	83	83	83
St. John city	358	358	359	358	355	356	354	352	353	355	357
St. Thomas city	447	445	433	424	422	416	407	401	389	383	380
Sanborn city	194	193	191	189	191	192	191	187	184	183	182
Charles city	25	25	24	24	23	23	22	21	20	19	19
Sawyer city	377	376	368	361	358	356	353	348	344	343	345
Scranton city	304	305	291	286	285	288	277	273	274	284	282
Selfridge city	223	223	218	219	217	216	215	218	215	214	218
Sentinel Butte city	62	62	60	59	58	56	54	53	53	52	52
Sharon city	109	108	105	102	100	100	97	93	89	87	84
Sheldon city	135	134	131	129	127	125	124	123	123	121	118
Sherwood city	255	253	244	243	236	231	228	224	214	210	212
Sheyenne city	318	316	308	304	304	303	298	287	283	278	268
Sibley city	46	46	45	44	44	44	44	43	42	42	42
Solen city	86	86	85	86	86	87	87	88	87	87	88
Souris city	83	83	81	79	79	78	77	76	74	73	74
South Heart city	307	306	302	296	293	295	298	295	298	299	302
Spiritwood Lake ci	72	72	70	75	75	76	76	78	77	76	78
Springbrook city	26	26	26	26	25	25	25	25	25	25	26
Stanley city	1279	1273	1256	1239	1231	1230	1212	1194	1213	1224	1279
Stanton city	345	343	337	333	327	322	316	311	310	305	306
Starkweather city	157	156	153	152	148	147	146	145	145	145	145
Steele city	761	761	738	717	716	707	678	677	659	642	621
Strasburg city	549	545	531	517	504	495	478	467	454	447	439
Streeter city	172	171	167	165	162	160	158	156	152	151	151
Surrey city	917	917	908	894	888	885	880	880	880	878	892
Sykeston city	153	152	147	144	141	139	137	132	128	126	124
Tappen city	210	209	202	195	195	192	183	183	178	174	169
Taylor city	150	149	147	146	146	144	143	141	143	144	144
Thompson city	1006	1004	993	996	996	997	983	970	954	960	954
Tioga city	1125	1118	1103	1102	1093	1083	1082	1083	1093	1094	1127
Tolley city	63	63	61	61	60	59	59	58	55	54	54
Tolna city	202	201	196	188	187	189	188	182	179	176	173
Tower City city	252	252	250	248	246	243	244	242	243	243	245
Towner city	574	570	554	543	534	523	508	501	487	485	480
Turtle Lake city	580	576	563	551	542	527	517	509	506	503	499
Tuttle city	106	105	101	98	98	97	92	92	89	87	85
Underwood city	812	806	790	774	762	744	725	716	713	712	705

Upham city	155	154	151	148	148	146	143	141	137	136	135
Valley City city	6826	6783	6606	6495	6407	6431	6385	6349	6307	6265	6286
Velva city	1049	1043	1022	1006	992	972	953	939	914	910	913
Venturia city	23	23	22	22	22	21	20	20	19	18	18
Verona city	108	108	107	105	104	103	100	97	96	93	91
Voltaire city	51	51	50	49	49	48	47	46	45	45	45
Wahpeton city	8586	8561	8340	8248	8382	8226	8132	7831	7695	7586	7418
Walcott city	189	188	185	182	188	186	183	179	175	177	174
Wales city	30	30	29	28	28	27	26	25	24	23	23
Walhalla city	1057	1052	1026	1006	1000	988	961	947	914	902	885
Warwick city	75	75	75	73	74	75	75	75	75	74	75
Washburn city	1389	1379	1349	1324	1306	1272	1239	1226	1226	1241	1234
Watford City city	1435	1426	1389	1382	1343	1327	1337	1330	1350	1364	1399
West Fargo city	14940	15537	15851	16407	16991	18340	20260	22364	23048	23711	24313
Westhope city	533	530	517	501	497	489	482	475	468	458	461
White Earth city	63	63	62	61	61	61	59	58	59	59	60
Wildrose city	129	128	128	127	126	125	125	125	126	126	128
Williston city	12512	12464	12322	12308	12192	12125	12109	12193	12407	12590	13014
Willow City city	221	220	216	210	210	208	206	202	199	196	197
Wilton city	807	803	789	775	764	745	736	731	726	723	720
Wimbledon city	237	235	229	224	222	218	215	212	208	207	206
Wing city	124	124	123	122	120	118	118	118	119	118	118
Wishek city	1122	1117	1095	1063	1048	1010	981	951	914	878	856
Wolford city	50	50	49	48	47	47	46	45	44	44	43
Woodworth city	80	80	78	77	75	74	74	73	71	70	71
Wyndmere city	533	531	521	512	511	505	497	486	478	473	464
York city	26	26	26	25	26	26	26	26	26	26	26
Zap city	231	229	226	223	219	215	211	209	208	210	209
Zeeland city	141	140	137	134	133	128	125	120	115	112	109

Chairman Cook and members of the Senate Finance and Tax Committee. For the record I am David Drovdal, Representative from District 39. I am the prime sponsor of HB 1077

HB 1077 changes the dollars that cities in the Oil and Gas counties will receive from the impact distribution allocation. It will not increase the amount of dollars flowing back to throw the formula but will change the distribution within the formula. Currently each city is capped at \$750.00 per resident and if there is any dollars above that total they go to the county general fund. Two years ago when we approved the new formula we had about 24 drilling rigs operating and the value of crude was around \$50.00. Today the rig count is 170 with oil at around \$100.00 a barrel. You can image the impact that has had on all cities with the demand for housing, law enforcement, water, sewer, wear and tear on streets and emergency services. Many of these workers do not call their temporary homes their residents so the numbers don't show up in the census. When we approved the language two years ago it was hoped that if there were any dollars that went to the county that the commissioners would work with the city government to make it whole. What has happen is that the county would consider one project as worthwhile but the city government needed dollars for other projects and had no say as to where the dollars went.

Again let me state that this does not increase the dollar amount coming from the state. It only changes the allocation with the current formula. I am asking you to give it a favorable recommendation.

Thank you for your time and consideration and I would be glad to answer any questions.

## House Bill 1077

Senator Dwight Cook, Chairman

### Senate Finance and Tax

Good morning Senator Cook and members of the Senate Finance and Tax Committee—

My name is Lyn James, President of the Bowman City Commission and President of the North Dakota League of Cities. I am here today to present testimony in favor of House Bill 1077 not only on behalf of the City of Bowman, but also on behalf of all impacted cities who are members of the North Dakota Association of Oil and Gas Producing Counties.

It is my understanding that this bill would not impact the state's revenue, but would come from the share of gross production tax which is already distributed to the oil producing counties.

The removal of the capped amounts which comes from each county's gross production tax distributions would be beneficial to all cities impacted by the oil exploration and production phases. The dollars distributed to cities from this resource are an invaluable tool which is used to fund the long term expenses of each community, making the budget process more manageable. It supports the salaries for extra law enforcement, clerical staff and public works employees. The cities are forced to keep salaries at a level which is competitive

with the oil industry, in order to keep the employees they have and to hire any new employees. It is also a key component in the needs that arise to enhance each city's quality of place, making it a community that is not only attractive but functional for the growing and changing population.

The increase that the Legislature shared with cities during the 61<sup>st</sup> session was timely and greatly appreciated. Eliminating the cap would certainly assist cities with the growing needs they are experiencing, and would help some of the cities like Bowman catch up from the many years where there was no increase in funding even though there were great increases in expenses, as well as prepare for the next round of oil exploration that we are anticipating in our area. The City of Bowman is diligently working to plan for this, and hopes to stay ahead of the chaos that many of the cities in oil country are experiencing right now. The key words I think of are SUSTAINABLE FUNDING, which the gross production tax provides. Therefore, we strongly support HB 1077, and would appreciate the Senate Finance and Tax Committee's recommendation to the legislative body in support of this bill.

The City of Bowman also recognizes the importance of Governor Dalrymple's proposed budget increase to the Oil Impact Fund as outlined in HB 1013. The unprecedented infusion of money Governor Dalrymple has suggested is critical

ONE-TIME FUNDING for infrastructure projects necessary to accommodate the needs in these impacted cities. HB 1077 would assist with any matching funds that might be needed in order to access oil impact grant funds, depending on the size and cost of a proposed project. We are hopeful that the Legislature will see the need for both the passage of HB 1077, and support of HB 1013.

Thank you for your time and attention to this very important matter today.

Respectfully submitted,

Lyn James

President, Bowman City Commission

President, North Dakota League of Cities

City Rep. for ND Assoc. of Oil & Gas Producing Counties

C

House Bill 1077

Senator Dwight Cook, Chairman  
Senate Finance and Tax

Good morning Senator Cook and members of the Senate Finance and Tax Committee.

My name is Justin Voll City Council President from Watford City. I am here today to in support of House Bill 1077. Watford City passed a budget to deficit spend by more than \$1 million this year. We will have a \$300,000 increase in salaries alone from increasing the size of our police force, city public works staff and hiring a City Planner. This for a city that collects less than \$200,000 in property taxes annually. We appreciated the increase we did receive from the last session, but question where we will be left fiscally if the cap remains at \$750 per capita. The impacts have increased far more than the increase in the caps from the last session. The Commerce Department housing study forecasts a population increase from 1,435 in our last census to 2,650 population in the next few years. An 80% increase in a town's population is staggering, especially considering that the study did not even attempt to quantify the indirect jobs created by the new direct oilfield jobs, such as ancillary jobs in the oilfield, resulting in retail service, government service, or the healthcare sector. The population of Watford City may double in the next 3 - 5 years. It doesn't seem fair or logical that our city revenues should be capped at the level driven by the 2010 census as the growth will occur after the measuring point of the current census. Removal of the cap, along with the projected 15-20% increase in population from the 2000 census to the anticipated 2010 census level would provide a modest increase to our City budget to help us keep in line with the growing demand of City services.

The gross production tax distribution received by cities is important because it is continuing revenue that can be used for budgeting and planning. Watford City used these expected revenues to bond for our main street improvement project 3 years ago. The oilfield impact does not all happen in the first year. It continues for 20+ years as the wells are produced. The oil continues to be piped or trucked off, the pumpers keep driving the roads to the wells and their families live in our towns and utilize our services for the 20+ year timeframe. Not just the first year.

Therefore, we support the removal of the city cap on county gross production tax distributions.

We also strongly support and respect the Governor's budgeted increases to assist with infrastructure in the oil affected areas. The county and state roads and highways are in need of an injection to get them to the level where they can withstand the oilfield activity. Without it oilfield activity will be hampered. The budgeted increase for the oil impact fund comes at a critical point for the cities, counties, townships and fire departments as one time projects for infrastructure are necessary to get the public buildings and public infrastructure to the point where it can serve the ballooning population. We appreciate the efforts to differentiate between the large population centers and the smaller regional centers and communities. We hope HB 1077 does not adversely affect the process of the Governor's proposed budget. It does not bring more funds out of the gross production tax distribution formula, but it would move a few million \$\$'s back and forth between cities and counties. Hopefully this bill is considered on its own merits as housekeeping within the formula and in the end the best result is attained to address the infrastructure and service challenges being faced by the oil impacted areas of our state.

Thank you for your time,

Justin Voll

President Watford City City Council

City Rep. for ND Association of Oil and Gas Producing Counties

**Oil and Gas City Disposition Fiscal Year 2010**  
**Office of the Treasurer**

**Capped Cities, by County**

County	City	Population	Population Adjustment plus 800%	Cap amount	Pd per resident	Additional allocation without \$750/resident cap	Per resident without cap
Billings	Medora	100		\$ 675,000.00	\$ 750.00	\$ 292,942.27	\$ 1,075.49
Bowman	Bowman	1,600	NA	\$ 1,200,000.00	\$ 750.00	\$ 92,467.52	\$ 807.79
	Gascoyne	23	NA	\$ 17,250.00	\$ 750.00	\$ 1,329.23	\$ 807.79
	Rhame	189	NA	\$ 141,750.00	\$ 750.00	\$ 10,922.72	\$ 807.79
	Scranton	304	NA	\$ 228,000.00	\$ 750.00	\$ 17,568.83	\$ 807.79
Dunn	Dodge	125	NA	\$ 93,750.00	\$ 750.00	\$ 79,851.56	\$ 1,388.81
	Dunn Center	122	NA	\$ 91,500.00	\$ 750.00	\$ 77,935.12	\$ 1,388.81
	Halliday	227	NA	\$ 170,250.00	\$ 750.00	\$ 145,010.43	\$ 1,388.81
	Kildeer	713	NA	\$ 534,750.00	\$ 750.00	\$ 455,473.27	\$ 1,388.81
McKenzie	Alexander	217	NA	\$ 162,750.00	\$ 750.00	\$ 50,862.60	\$ 984.39
	Arnegard	105	NA	\$ 78,750.00	\$ 750.00	\$ 24,610.94	\$ 984.39
	Watford City	1,435	NA	\$ 1,076,250.00	\$ 750.00	\$ 336,349.38	\$ 984.39
Mountrail	New Town	1,367	NA	\$ 1,025,250.00	\$ 750.00	\$ 7,482.90	\$ 755.47
	Palermo	77	NA	\$ 57,750.00	\$ 750.00	\$ 421.50	\$ 755.47
	Parshall	981	NA	\$ 735,750.00	\$ 750.00	\$ 5,369.93	\$ 755.47
	Plaza	167	NA	\$ 125,250.00	\$ 750.00	\$ 914.14	\$ 755.47
	Ross	48	NA	\$ 36,000.00	\$ 750.00	\$ 262.74	\$ 755.47
	Stanley	1,279	NA	\$ 959,250.00	\$ 750.00	\$ 7,001.18	\$ 755.47
	White Earth	63	NA	\$ 47,250.00	\$ 750.00	\$ 344.87	\$ 755.47
Slope	Amidon	26	NA	\$ 19,500.00	\$ 750.00	\$ 21,459.48	\$ 1,575.37
	Marmarth	140	NA	\$ 105,000.00	\$ 750.00	\$ 115,551.07	\$ 1,575.37

**Non-capped Cities, by County Only**

Bottineau	all	3,781	NA	\$ 745,832.77	\$ 197.26		
Burke	all	1,244	NA	\$ 725,349.43	\$ 583.08		
Divide	all	1,297	NA	\$ 770,917.64	\$ 594.39		
Golden Valley	all	1,284	NA	\$ 281,523.75	\$ 219.26		
Hettinger	all	1,574	NA	\$ 171.52	\$ 0.11		
McHenry	all	3,019	NA	\$ 14,902.61	\$ 4.94		
McLean	all	5,558	NA	\$ 56,437.09	\$ 10.15		
Mercer	all	6,534	NA	\$ 2,577.88	\$ 0.39		
Renville	all	1,532	NA	\$ 414,888.86	\$ 270.82		
Ward	all	41,252	NA	\$ 30,064.62	\$ 0.73		
Stark	all except Dickinson	2,190	100% + 40% Dickinson	\$ 290,430.37	\$ 132.62		
	Dickinson	16,010	\$500,000 + 60% allocation	\$ 824,630.44	\$ 51.51		
Williams	all except Williston	2,146	100% + 40% Williston allocation	\$ 707,706.99	\$ 329.78		
	Williston	12,512	\$1,000,000 + 60% allocation	\$ 1,742,979.50	\$ 139.30		