

**HOUSE BILL NO. 1013**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
 2 university and school lands; to provide for distributions from permanent funds; ~~to create and~~  
 3 ~~enact sections 57-62-07 and 57-62-08 of the North Dakota Century Code, relating to the oil and~~  
 4 ~~gas impact grant advisory committee~~; to amend and reenact sections 15-01-02 ~~and 15-02-05,~~  
 5 ~~subsection 1 of section 57-51-15, and section~~ 57-62-03, 57-62-03.1, 57-62-04, 57-62-05, and  
 6 57-62-06 of the North Dakota Century Code, relating to the powers of the board of university  
 7 and school lands, the duties of the commissioner of university and school lands, the  
 8 apportionment of oil and gas gross production tax proceeds, the energy development impact  
 9 office, and the duties of the energy development impact director; and to declare an emergency.

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

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
 12 as may be necessary, are appropriated from special funds derived from the state lands  
 13 maintenance fund and the oil and gas impact grant fund in the state treasury, to the  
 14 commissioner of university and school lands for the purpose of defraying the expenses of the  
 15 commissioner of university and school lands, for the biennium beginning July 1, 2011, and  
 16 ending June 30, 2013, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
19 Salaries and wages	\$3,214,850	\$930,974	\$4,145,824
20 Operating expenses	739,952	691,144	1,431,096
21 Capital assets	10,000	0	10,000
22 <del>Grants</del>	<del>9,777,759</del>	<del>90,110,341</del>	<del>99,888,100</del>
23 <u>Grants</u>	<u>9,777,759</u>	<u>90,000,510</u>	<u>99,778,269</u>
24 Contingencies	<u>50,000</u>	<u>50,000</u>	<u>100,000</u>

1	<del>Total special funds</del>	<del>\$13,792,561</del>	<del>\$91,782,459</del>	<del>\$105,575,020</del>
2	Total special funds	\$13,792,561	\$91,672,628	\$105,465,189

3	Full-time equivalent positions	21.75	3.00	24.75
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4       **SECTION 2. ~~OIL AND GAS~~ENERGY INFRASTRUCTURE AND IMPACT GRANTS -**

5       **EXEMPTION.** Section 54-44.1-11 does not apply to appropriations made for ~~oil and gas~~energy  
6       infrastructure and impact grants in section 1 of this Act.

7       **SECTION 3. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the board of  
8       university and school lands, the commissioner of university and school lands may transfer  
9       between the various line items in section 1 of this Act, including transfers from the contingencies  
10      line to all other line items. The commissioner shall notify the office of management and budget  
11      of each transfer made pursuant to this section.

12      **SECTION 4. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of  
13      article IX of the Constitution of North Dakota, the board of university and school lands shall  
14      distribute during the biennium beginning July 1, 2011, and ending June 30, 2013, the following  
15      amounts, from the permanent funds managed for the benefit of the following entities:

16	Common schools	\$92,514,000
17	North Dakota state university	1,424,000
18	University of North Dakota	1,310,000
19	Youth correctional center	528,000
20	School for the deaf	454,000
21	State college of science	523,429
22	State hospital	603,429
23	Veterans' home	279,429
24	Valley City state university	286,000
25	North Dakota vision services - school for the blind	247,429
26	Mayville state university	184,000
27	Dakota college at Bottineau	31,429
28	Dickinson state university	31,429
29	Minot state university	<u>31,429</u>
30	Total	\$98,448,003

1       **SECTION 5. AMENDMENT.** Section 15-01-02 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **15-01-02. Powers - Control of public lands and permanent funds.**

4       The board has:

- 5       1. Full control of the selection, appraisal, rental, sale, disposal, and management of:
  - 6           a. Lands donated or granted by or received from the United States or from any  
7               other source for the support and maintenance of the common schools.
  - 8           b. All lands which fall to the state by escheat.
  - 9           c. All lands donated or granted by or received from the United States or from any  
10               other source for the maintenance of the educational, penal, or charitable  
11               institutions.
  - 12           d. All lands acquired by the state through the investment of the permanent school  
13               funds of the state as the result of mortgage foreclosure or otherwise.
- 14       2. Full control of the investment of the permanent funds derived from the sale of any of  
15       the lands described in subsection 1.
- 16       3. Full control of such percent of the proceeds of any sale of public lands as may be  
17       granted to the state by the United States on such sale.
- 18       4. Full control of the proceeds of any property that fall to the state by escheat and of the  
19       proceeds of all gifts and donations to the state for the support or maintenance of the  
20       common schools, and of all other property otherwise acquired by the state for the  
21       maintenance of the common schools. Any gift to the state not specifically appropriated  
22       to any other purpose must be considered as a gift for the support and maintenance of  
23       the common schools.
- 24       5. Authority to expend moneys for the purpose of making refunds in cases in which an  
25       error has been made by the board, or a person dealing with the board, with regard to  
26       any of the lands, minerals, funds, proceeds, or any other kind of property managed by  
27       the board. Moneys expended to make refunds must come from the same fund or  
28       account into which the money to be refunded was originally placed.
- 29       6. Authority to award and distribute ~~oil and gas~~energy infrastructure and impact grants  
30       from moneys deposited in the oil and gas impact grant fund, except that grants  
31       awarded annually may not exceed sixty percent of the biennial appropriation for

1 energy infrastructure and impact grants. The board may create an advisory committee  
2 to assist the board in making its grant award determinations.

3 ~~— **SECTION 6. AMENDMENT.** Section 15-02-05 of the North Dakota Century Code is~~  
4 ~~amended and reenacted as follows:~~

5 ~~— **15-02-05. Powers and duties in general.**~~

6 ~~— The commissioner, under such directions as may be given by the board of university and~~  
7 ~~school lands, shall:~~

8 ~~— 1. Have general charge and supervision of all lands described in section 15-01-02.~~

9 ~~— 2. Act as general agent of the board in the performance of its duties.~~

10 ~~— 3. Have the custody of all maps, books, and papers relating to any of the lands~~  
11 ~~mentioned in this title.~~

12 ~~— 4. Procure the books, maps, and plats required to keep a complete record of all such~~  
13 ~~lands, and keep true records of all the sales, leases, permits, patents, deeds, and~~  
14 ~~other conveyances of lands under the commissioner's supervision made by the state~~  
15 ~~showing the amount of money paid, the date of sale and of payment, the description of~~  
16 ~~lands sold or leased, the number of acres [hectares] thereof, the name of the~~  
17 ~~purchaser, and the designation of the fund to be credited therewith.~~

18 ~~— 5. Direct all appraisements, sales, and leases, and execute all contracts of sale, leases,~~  
19 ~~permits, and other evidences of disposal of lands, subject to approval by the board.~~

20 ~~— 6. Certify the book and page number of all contracts, leases, or permits recorded by the~~  
21 ~~commissioner.~~

22 ~~— 7. Serve as chairman of the oil and gas impact grant advisory committee.~~

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

25 ~~— 1. First the tax revenue collected under this chapter equal to one percent of the gross~~  
26 ~~value at the well of the oil and one fifth of the tax on gas must be deposited with the~~  
27 ~~state treasurer who shall:~~

28 ~~— a. Credit thirty three and one third percent of the revenues to the oil and gas impact~~  
29 ~~grant fund, but not in an amount exceeding eightone hundred million dollars per~~  
30 ~~biennium;~~

- 1 ~~b. Allocate five hundred thousand dollars per fiscal year to each city in an~~  
2 ~~oil-producing county which has a population of seven thousand five hundred or~~  
3 ~~more and more than two percent of its private covered employment engaged in~~  
4 ~~the mining industry, according to data compiled by job service North Dakota. The~~  
5 ~~allocation under this subdivision must be doubled if the city has more than seven~~  
6 ~~and one-half percent of its private covered employment engaged in the mining~~  
7 ~~industry, according to data compiled by job service North Dakota; and~~  
8 ~~c. Credit the remaining revenues to the state general fund.~~

9 **SECTION 6. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11 **57-51-15. Apportionment and use of proceeds of tax.**

12 The gross production tax provided for in this chapter must be apportioned as follows:

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

- 1           b. The next one million dollars must be allocated seventy-five percent to the county  
2           and twenty-five percent to the state general fund.
- 3           c. The next one million dollars must be allocated fifty percent to the county and fifty  
4           percent to the state general fund.
- 5           d. The next fourteen million dollars must be allocated twenty-five percent to the  
6           county and seventy-five percent to the state general fund.
- 7           e. All annual revenue remaining after the allocation in subdivision d must be  
8           allocated ten percent to the county and ninety percent to the state general fund.
- 9        3. The amount to which each county is entitled under subsection 2 must be allocated  
10        within the county so the first five million three hundred fifty thousand dollars is  
11        allocated under subsection 4 for each fiscal year and any amount received by a county  
12        exceeding five million three hundred fifty thousand dollars is credited by the county  
13        treasurer to the county infrastructure fund and allocated under subsection 5.
- 14        4. a. Forty-five percent of all revenues allocated to any county for allocation under this  
15        subsection must be credited by the county treasurer to the county general fund.  
16        However, the allocation to a county under this subdivision must be credited to the  
17        state general fund if during that fiscal year the county does not levy a total of at  
18        least ten mills for combined levies for county road and bridge, farm-to-market and  
19        federal-aid road, and county road purposes.
- 20        b. Thirty-five percent of all revenues allocated to any county for allocation under this  
21        subsection must be apportioned by the county treasurer no less than quarterly to  
22        school districts within the county on the average daily attendance distribution  
23        basis, as certified to the county treasurer by the county superintendent of  
24        schools. However, no school district may receive in any single academic year an  
25        amount under this subsection greater than the county average per student cost  
26        multiplied by seventy percent, then multiplied by the number of students in  
27        average daily attendance or the number of children of school age in the school  
28        census for the county, whichever is greater. Provided, however, that in any county  
29        in which the average daily attendance or the school census, whichever is greater,  
30        is fewer than four hundred, the county is entitled to one hundred twenty percent  
31        of the county average per student cost multiplied by the number of students in

1 average daily attendance or the number of children of school age in the school  
2 census for the county, whichever is greater. Once this level has been reached  
3 through distributions under this subsection, all excess funds to which the school  
4 district would be entitled as part of its thirty-five percent share must be deposited  
5 instead in the county general fund. The county superintendent of schools of each  
6 oil-producing county shall certify to the county treasurer by July first of each year  
7 the amount to which each school district is limited pursuant to this subsection. As  
8 used in this subsection, "average daily attendance" means the average daily  
9 attendance for the school year immediately preceding the certification by the  
10 county superintendent of schools required by this subsection.

11 The countywide allocation to school districts under this subdivision is subject  
12 to the following:

- 13 (1) The first three hundred fifty thousand dollars is apportioned entirely among  
14 school districts in the county.
- 15 (2) The next three hundred fifty thousand dollars is apportioned seventy-five  
16 percent among school districts in the county and twenty-five percent to the  
17 county infrastructure fund.
- 18 (3) The next two hundred sixty-two thousand five hundred dollars is  
19 apportioned two-thirds among school districts in the county and one-third to  
20 the county infrastructure fund.
- 21 (4) The next one hundred seventy-five thousand dollars is apportioned fifty  
22 percent among school districts in the county and fifty percent to the county  
23 infrastructure fund.
- 24 (5) Any remaining amount is apportioned to the county infrastructure fund  
25 except from that remaining amount the following amounts are apportioned  
26 among school districts in the county:
  - 27 (a) Four hundred ninety thousand dollars, for counties having a  
28 population of three thousand or fewer.
  - 29 (b) Five hundred sixty thousand dollars, for counties having a population  
30 of more than three thousand and fewer than six thousand.

1 (c) Seven hundred thirty-five thousand dollars, for counties having a  
2 population of six thousand or more.

3 c. Twenty percent of all revenues allocated to any county for allocation under this  
4 subsection must be apportioned no less than quarterly by the state treasurer to  
5 the incorporated cities of the county. Apportionment among cities under this  
6 subsection must be based upon the population of each incorporated city  
7 according to the last official decennial federal census. A city may not receive an  
8 allocation for a fiscal year under this subsection and subsection 5 which totals  
9 more than seven hundred fifty dollars per capita. Once this level has been  
10 reached through distributions under this subsection, all excess funds to which  
11 any city would be entitled except for this limitation must be deposited instead in  
12 that county's general fund. In determining the population of any city in which total  
13 employment increases by more than two hundred percent seasonally due to  
14 tourism, the population of that city for purposes of this subdivision must be  
15 increased by eight hundred percent. If a city receives a direct allocation under  
16 subsection 1, the allocation to that city under this subsection is limited to sixty  
17 percent of the amount otherwise determined for that city under this subsection  
18 and the amount exceeding this limitation must be reallocated among the other  
19 cities in the county.

20 5. a. Forty-five percent of all revenues allocated to a county infrastructure fund under  
21 subsections 3 and 4 must be credited by the county treasurer to the county  
22 general fund. However, the allocation to a county under this subdivision must be  
23 credited to the state general fund if during that fiscal year the county does not  
24 levy a total of at least ten mills for combined levies for county road and bridge,  
25 farm-to-market and federal-aid road, and county road purposes.

26 b. Thirty-five percent of all revenues allocated to the county infrastructure fund  
27 under subsections 3 and 4 must be allocated by the board of county  
28 commissioners to or for the benefit of townships in the county on the basis of  
29 applications by townships for funding to offset oil and gas development impact to  
30 township roads or other infrastructure needs or applications by school districts for  
31 repair or replacement of school district vehicles necessitated by damage or

1 deterioration attributable to travel on oil and gas development-impacted roads. An  
2 organized township is not eligible for an allocation of funds under this subdivision  
3 unless during that fiscal year that township levies at least ten mills for township  
4 purposes. For unorganized townships within the county, the board of county  
5 commissioners may expend an appropriate portion of revenues under this  
6 subdivision to offset oil and gas development impact to township roads or other  
7 infrastructure needs in those townships. The amount deposited during each  
8 calendar year in the county infrastructure fund which is designated for allocation  
9 under this subdivision and which is unexpended and unobligated at the end of  
10 the calendar year must be transferred by the county treasurer to the county road  
11 and bridge fund for use on county road and bridge projects.

12 c. Twenty percent of all revenues allocated to any county infrastructure fund under  
13 subsections 3 and 4 must be allocated by the county treasurer no less than  
14 quarterly to the incorporated cities of the county. Apportionment among cities  
15 under this subsection must be based upon the population of each incorporated  
16 city according to the last official decennial federal census. A city may not receive  
17 an allocation for a fiscal year under this subsection and subsection 4 which totals  
18 more than seven hundred fifty dollars per capita. Once this per capita limitation  
19 has been reached, all excess funds to which a city would otherwise be entitled  
20 must be deposited instead in that county's general fund. If a city receives a direct  
21 allocation under subsection 1, the allocation to that city under this subsection is  
22 limited to sixty percent of the amount otherwise determined for that city under this  
23 subsection and the amount exceeding this limitation must be reallocated among  
24 the other cities in the county.

25 6. Within sixty days after the end of each fiscal year, the board of county commissioners  
26 of each county that has received an allocation under this section shall file a report for  
27 the fiscal year with the tax commissioner, in a format prescribed by the tax  
28 commissioner, showing:

29 a. The amount received by the county in its own behalf, the amount of those funds  
30 expended for each purpose to which funds were devoted, and the share of

1 county property tax revenue expended for each of those purposes, and the  
2 amount of those funds unexpended at the end of the fiscal year; and

3 b. The amount available in the county infrastructure fund for allocation to or for the  
4 benefit of townships or school districts, the amount allocated to each organized  
5 township or school district and the amount expended from each such allocation  
6 by that township or school district, the amount expended by the board of county  
7 commissioners on behalf of each unorganized township for which an expenditure  
8 was made, and the amount available for allocation to or for the benefit of  
9 townships or school districts which remained unexpended at the end of the fiscal  
10 year.

11 Within sixty days after the time when reports under this subsection were due, the  
12 tax commissioner shall provide a report to the legislative council compiling the  
13 information from reports received under this subsection.

14 In developing the format for reports under this subsection, the tax commissioner  
15 shall consult the energy ~~development~~infrastructure and impact office and at least two  
16 county auditors from oil-producing counties.

17 **SECTION 7. AMENDMENT.** Section 57-62-03 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19 **57-62-03. Loans - Terms and conditions - Repayment.**

20 The board of university and school lands is authorized to make loans to coal  
21 development-impacted counties, cities, and school districts before or after the beginning of  
22 actual coal mining from moneys deposited in the coal development trust fund established by  
23 subsection 2 of section 57-62-02. Loans made prior to actual mining must be preceded by site  
24 permitting and by beginning actual construction of the mine or its mine mouth facility. Loans  
25 may be made for any purpose for which a grant may be made pursuant to this chapter, but  
26 before making any loan the board of university and school lands shall receive the  
27 recommendation of the energy ~~development~~infrastructure and impact office. The board of  
28 university and school lands shall prescribe the terms and conditions of such loans within the  
29 provisions of this chapter and shall require a warrant executed by the governing body of the  
30 county, city, or school district as evidence of such loan. The warrants must bear interest at a  
31 rate not to exceed six percent. The warrants shall be payable only from the allocations of

1 moneys from the coal development fund to the borrowing county, city, or school district and shall  
2 not constitute a general obligation of the county, city, or school district nor may such loans be  
3 considered as indebtedness of the county, city, or school district. Loans made in advance of  
4 actual coal mining must provide that repayment is to begin when the borrowing county, city, or  
5 school district receives allocations from the coal development fund. The terms of the loan must  
6 provide that not less than ten percent of each allocation made to the borrowing county, city, or  
7 school district pursuant to this chapter must be withheld by the state treasurer to repay the  
8 principal of the warrants and the interest thereon. The amount withheld by the state treasurer as  
9 payment of interest must be deposited in the general fund and the amount withheld by the state  
10 treasurer as payment of principal must be remitted to the board of university and school lands  
11 and deposited by the board in the trust fund provided for in subsection 2 of section 57-62-02.  
12 The warrants executed by the county, city, or school district have all of the qualities and  
13 incidents of negotiable paper and are not subject to taxation by the state of North Dakota or by  
14 any political subdivision thereof.

15       The board of university and school lands is authorized to sell such warrants to other parties  
16 and the proceeds of such sale which constitute principal must be deposited in the coal  
17 development trust fund and that which constitutes interest in the general fund. If the future  
18 allocations of moneys to the borrowing county, city, or school district should, for any reason,  
19 permanently cease, the loan shall be canceled except that if the county, city, or school district is  
20 merged with another county, city, or school district which receives an allocation of moneys from  
21 the coal development fund, the surviving county, city, or school district is obligated to repay the  
22 loan from such allocation. If the loan is canceled due to the permanent cessation of allocations  
23 of moneys to the county, city, or school district pursuant to this chapter, the board of university  
24 and school lands shall cancel those warrants it holds from such county, city, or school district  
25 and shall pay from any moneys in the trust fund provided for in subsection 2 of section 57-62-02  
26 the principal and interest, as it becomes due, on those warrants of the county, city, or school  
27 district which are held by another party.

28       **SECTION 8. AMENDMENT.** Section 57-62-03.1 of the North Dakota Century Code is  
29 amended and reenacted as follows:

1 | **57-62-03.1. Oil and gas impact grant fund--Continuing appropriation.**

2 | The moneys accumulated in the oil and gas impact grant fund must be allocated as  
3 | provided by law and as appropriated by the legislative assembly for distribution through grants  
4 | by the energy ~~development~~infrastructure and impact office to oil and gas development-impacted  
5 | cities, counties, school districts, and other taxing districts or for industrial commission  
6 | enforcement of laws and rules relating to geophysical exploration in this state. ~~The amounts-~~  
7 | ~~deposited in the oil and gas impact grant fund under subsection 1 of section 57-51-15 are-~~  
8 | ~~appropriated as a standing and continuing appropriation to the energy development impact~~  
9 | ~~office for grants as provided in this section.~~

10 | **SECTION 9. AMENDMENT.** Section 57-62-04 of the North Dakota Century Code is  
11 | amended and reenacted as follows:

12 | **57-62-04. Energy ~~development~~infrastructure and impact office - Appointment of**  
13 | **director.**

14 | There is hereby created an energy ~~development~~infrastructure and impact office, to be a  
15 | division within the office of the commissioner of the board of university and school lands, the  
16 | director of which must be appointed by and serve at the pleasure of the board of university and  
17 | school lands. The director shall have knowledge of state and local government and shall have  
18 | experience or training in the fields of taxation and accounting. The salary of the director must be  
19 | set by the commissioner of university and school lands within the limits of legislative  
20 | appropriations. The director may employ such other persons as may be necessary and may fix  
21 | their compensation within the appropriation made for such purpose. The board of university and  
22 | school lands shall fill any vacancy in the position of director in the same manner as listed above  
23 | and, in addition, shall serve as an appeals board under rules promulgated by the board of  
24 | university and school lands to reconsider grant applications for aid under this chapter which  
25 | have been denied by the director. All action by the board of university and school lands,  
26 | including appointment of a director, must be by majority vote.

27 | **SECTION 10. AMENDMENT.** Section 57-62-05 of the North Dakota Century Code is  
28 | amended and reenacted as follows:

29 | **57-62-05. Powers and duties of energy ~~development~~infrastructure and impact office**  
30 | **director.**

31 | The energy ~~development~~infrastructure and impact office director shall:

1       1.   Develop a plan for the assistance, through financial grants for services and facilities, of  
2            counties, cities, school districts, and other political subdivisions in coal development  
3            and oil and gas development impact areas.

4       2.   Establish procedures and provide proper forms to political subdivisions for use in  
5            making application for funds for impact assistance as provided in this chapter.

6       ~~3.2.~~ Make grants disbursements to counties, cities, school districts, and other taxing  
7            districts for grants awarded by the board of university and school lands pursuant to  
8            chapter 15-01, as provided in this chapter and within the appropriations made for such  
9            purposes. In determining the amount of impact grants for which political subdivisions  
10           are eligible, the amount of revenue to which such political subdivisions will be entitled  
11           from taxes upon the real property of coal and oil and gas development plants and from  
12           other tax or fund distribution formulas provided by law must be considered.

13     ~~3.   Serve as a member of the oil and gas impact grant advisory committee.~~

14     4.   Receive and review applications for impact assistance pursuant to this chapter.

15     5.   Make recommendations, not less than once each calendar quarter, to the board of  
16           university and school lands on grants to counties, cities, school districts, and other  
17           political subdivisions in oil and gas development impact areas based on identified  
18           needs, and other sources of revenue available to the political subdivision.

19     6.   Make recommendations to the board of university and school lands providing for the  
20           distribution of thirty-five percent of moneys available in the oil and gas impact fund to  
21           incorporated cities with a population of ten thousand or more, based on the most  
22           recent official decennial federal census, that are impacted by oil and gas development.  
23           The director may not recommend that an incorporated city receive more than sixty  
24           percent of the funds available under this subsection.

25     7.   Make recommendations to the board of university and school lands providing for the  
26           distribution of sixty-five percent of moneys available in the oil and gas impact fund to  
27           cities not otherwise eligible for funding under this section, counties, school districts,  
28           and other political subdivisions impacted by oil and gas development.

29     ~~**SECTION 9.** Section 57-62-07 of the North Dakota Century Code is created and enacted as~~  
30     ~~**follows:**~~

1 ~~57-62-07. Oil and gas impact grant advisory committee – Membership.~~

2 ~~The oil and gas impact grant advisory committee consists of:~~

3 ~~1. The commissioner of university and school lands.~~

4 ~~2. The energy development impact director.~~

5 ~~3. The director of the division of energy of the department of commerce.~~

6 ~~4. The director of the department of transportation.~~

7 ~~5. One member appointed by the governor from a list of three nominees submitted by the~~

8 ~~North Dakota league of cities to represent incorporated cities with a population of ten~~

9 ~~thousand or more, based on the most recent official decennial federal census, that are~~

10 ~~impacted by oil and gas development.~~

11 ~~6. One member appointed by the governor from a list of three nominees submitted by the~~

12 ~~North Dakota league of cities to represent incorporated cities with a population of less~~

13 ~~than ten thousand, based on the most recent official decennial federal census, that are~~

14 ~~impacted by oil and gas development.~~

15 ~~7. Two members appointed by the governor from a list of six nominees submitted by the~~

16 ~~North Dakota association of oil and gas-producing counties to represent counties~~

17 ~~impacted by oil and gas development.~~

18 ~~SECTION 10. Section 57-62-08 of the North Dakota Century Code is created and enacted~~  
19 ~~as follows:~~

20 ~~57-62-08. Oil and gas impact grant advisory committee – Duties – Expense~~

21 ~~reimbursement.~~

22 ~~1. The oil and gas impact grant advisory committee shall:~~

23 ~~a. Establish its own rules of operation and procedure, including rules relating to~~

24 ~~terms of office, vacancies, quorums, and meetings, provided that the rules do not~~

25 ~~conflict with any provisions of this chapter.~~

26 ~~b. Develop a plan to be considered by the board of university and school lands for~~

27 ~~providing grants to counties, cities, school districts, and other political~~

28 ~~subdivisions in oil and gas development impact areas.~~

29 ~~c. Receive and review applications for impact assistance using procedures and~~

30 ~~forms approved by the energy development impact director pursuant to this~~

31 ~~chapter.~~

- 1 ~~d. Make recommendations, not less than once each calendar quarter, to the board~~  
2 ~~of university and school lands on grants to counties, cities, school districts, and~~  
3 ~~other political subdivisions in oil and gas development impact areas based on~~  
4 ~~identified needs, other sources of revenue available to the political subdivision,~~  
5 ~~and criteria established by the committee.~~
- 6 ~~e. Make recommendations to the board of university and school lands providing for~~  
7 ~~the distribution of thirty five percent of moneys available in the oil and gas impact~~  
8 ~~fund to incorporated cities with a population of ten thousand or more, based on~~  
9 ~~the most recent official decennial federal census, that are impacted by oil and gas~~  
10 ~~development.~~
- 11 ~~f. Make recommendations to the board of university and school lands providing for~~  
12 ~~the distribution of sixty five percent of moneys available in the oil and gas impact~~  
13 ~~fund to cities not otherwise eligible for funding under this section, counties,~~  
14 ~~school districts, and other political subdivisions impacted by oil and gas~~  
15 ~~development.~~
- 16 ~~2. Members of the advisory committee are entitled to reimbursement for actual and~~  
17 ~~necessary expenses incurred in the same manner as state officials.~~

18 **SECTION 11. AMENDMENT.** Section 57-62-06 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **57-62-06. Legislative intent and guidelines on impact grants.**

21 The legislative assembly intends that the moneys appropriated to, and distributed by, the  
22 energy ~~development~~infrastructure and impact office for grants are to be used by grantees to  
23 meet initial impacts affecting basic governmental services, and directly necessitated by coal  
24 development and oil and gas development impact. As used in this section, "basic governmental  
25 services" do not include activities relating to marriage or guidance counseling, services or  
26 programs to alleviate other sociological impacts, or services or facilities to meet secondary  
27 impacts. All grant applications and presentations to the energy ~~development~~infrastructure and  
28 impact office must be made by an appointed or elected government official.

29 **SECTION 12. EMERGENCY.** Sections 5, 67, 8, 9, ~~and~~ 10, and 11 of this Act are declared to  
30 be an emergency measure.