

**SECOND ENGROSSMENT
with Conference Committee Amendments
REENGROSSED HOUSE BILL NO. 1358**

Introduced by

Representatives Skarphol, Brandenburg, Froseth, Rust, Steiner, Glassheim, J. Kelsh
Senators Andrist, Wanzek, Wardner, Murphy, Triplett

1 A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North
2 Dakota Century Code, relating to definitions under the oil and gas gross production tax; to
3 amend and reenact sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating
4 to oil and gas gross production tax allocation and the impact aid program; to provide
5 appropriations; to provide for reports to the budget section; to provide an effective date; and to
6 provide an expiration date.

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

8 **SECTION 1.** Two new subsections to section 57-51-01 of the North Dakota Century Code
9 are created and enacted as follows:

10 "Hub city" means a city with a population of twelve thousand five hundred or more,
11 according to the last official decennial federal census, which has more than one
12 percent of its private covered employment engaged in the mining industry, according
13 to data compiled by job service North Dakota.

14 "Hub city school district" means the school district with the highest student enrollment
15 within the city limits of a hub city.

16 **SECTION 2. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-51-15. Gross production tax allocation.**

19 The gross production tax must be allocated monthly as follows:

20 1. First the tax revenue collected under this chapter equal to one percent of the gross
21 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
22 state treasurer who shall:

- 1 a. ~~Allocate to each hub city a monthly amount that will provide a total allocation of~~
2 ~~fivethree~~ hundred ~~seventy-five~~ thousand dollars per fiscal year to each city in an
3 ~~oil-producing county which has a population of seven thousand five hundred or~~
4 ~~more and more than two percent of its private covered employment engaged in~~
5 ~~the mining industry, according to data compiled by job service North Dakota. The~~
6 ~~allocation under this subdivision must be doubled if the city has more than seven~~
7 ~~and one-half percent~~for each full or partial percentage point of its private covered
8 employment engaged in the mining industry, according to data compiled by job
9 service North Dakota;
- 10 b. Allocate to each hub city school district a monthly amount that will provide a total
11 allocation of one hundred twenty-five thousand dollars per fiscal year for each full
12 or partial percentage point of the hub city's private covered employment engaged
13 in the mining industry, according to data compiled by job service North Dakota;
- 14 c. Credit revenues to the oil and gas impact grant fund, but not in an amount
15 exceeding ~~one~~two hundred ~~forty~~ million dollars per biennium; and
- 16 e.d. Allocate the remaining revenues under subsection 3.
- 17 2. After deduction of the amount provided in subsection 1, annual revenue collected
18 under this chapter from oil and gas produced in each county must be allocated as
19 follows:
- 20 a. The first ~~two~~five million dollars is allocated to the county.
- 21 b. ~~Of the next one~~all annual revenue exceeding five million dollars,
22 ~~seventy-five~~twenty-five percent is allocated to the county.
- 23 e. ~~Of the next one million dollars, fifty percent is allocated to the county.~~
- 24 d. ~~Of the next fourteen million dollars, twenty-five percent is allocated to the county.~~
- 25 e. ~~Of all annual revenue exceeding eighteen million dollars, ten percent is allocated~~
26 ~~to the county.~~
- 27 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first
28 to provide for deposit of thirty percent of all revenue collected under this chapter in the
29 legacy fund as provided in section 26 of article X of the Constitution of North Dakota
30 and the remainder must be allocated to the state general fund. If the amount available
31 for a monthly allocation under this subsection is insufficient to deposit thirty percent of

1 all revenue collected under this chapter in the legacy fund, the state treasurer shall
2 transfer the amount of the shortfall from the state general fund share of oil extraction
3 tax collections and deposit that amount in the legacy fund.

4 4. ~~The amount to which each county is entitled under subsection 2 must be allocated~~
5 ~~within the county so the first five million three hundred fifty thousand dollars is~~
6 ~~allocated under subsection 5 for each fiscal year and any amount received by a county~~
7 ~~exceeding five million three hundred fifty thousand dollars is credited by the county~~
8 ~~treasurer to the county infrastructure fund and allocated under subsection 6.~~

9 5. For a county that received less than five million dollars of allocations under
10 subsection 2 in the most recently completed state fiscal year, revenues allocated to
11 that county must be distributed by the state treasurer as follows:

12 a. ~~Forty-five percent of all revenues allocated to any county for allocation under this~~
13 ~~subsection must be credited by~~distributed to the county treasurer and credited to
14 the county general fund. However, the allocation to a county under this
15 subdivision must be credited to the state general fund if during that fiscal year in a
16 taxable year after 2012 the county does not levy is not levying a total of at least
17 ten mills for combined levies for county road and bridge, farm-to-market and
18 federal aid road, and county road purposes.

19 b. ~~Thirty-five percent of all revenues allocated to any county for allocation under this~~
20 ~~subsection must be apportioned by the county~~state treasurer no less than
21 quarterly to school districts within the county, excluding consideration of and
22 allocation to any hub city school district in the county, on the average daily
23 attendance distribution basis, as certified to the countystate treasurer by the
24 county superintendent of schools. However, no school district may receive in any
25 single academic year an amount under this subsection greater than the county
26 average per student cost multiplied by seventy percent, then multiplied by the
27 number of students in average daily attendance or the number of children of
28 school age in the school census for the county, whichever is greater. Provided,
29 however, that in any county in which the average daily attendance or the school
30 census, whichever is greater, is fewer than four hundred, the county is entitled to
31 one hundred twenty percent of the county average per student cost multiplied by

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

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

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

1 apportionment under this subdivision. Apportionment among cities under this
2 subsection must be based upon the population of each incorporated city
3 according to the last official decennial federal census. In determining the
4 population of any city in which total employment increases by more than two
5 hundred percent seasonally due to tourism, the population of that city for
6 purposes of this subdivision must be increased by eight hundred percent.

7 d. Three percent must be apportioned no less than quarterly by the state treasurer
8 among the organized and unorganized townships of the county. The state
9 treasurer shall apportion the funds available under this subdivision among
10 townships in the proportion that township road miles in the township bears to the
11 total township road miles in the county. The amount apportioned to unorganized
12 townships under this subdivision must be distributed to the county treasurer and
13 credited to a special fund for unorganized township roads, which the board of
14 county commissioners shall use for the maintenance and improvement of roads
15 in unorganized townships.

16 e. Three percent must be allocated by the state treasurer among the organized and
17 unorganized townships in all the counties that received five million dollars or
18 more of allocations under subsection 2 in the most recently completed state fiscal
19 year. The amount available under this subdivision must be allocated no less than
20 quarterly by the state treasurer in an equal amount to each eligible organized and
21 unorganized township. The amount allocated to unorganized townships under
22 this subdivision must be distributed to the county treasurer and credited to a
23 special fund for unorganized township roads, which the board of county
24 commissioners shall use for the maintenance and improvement of roads in
25 unorganized townships.

26 f. Nine percent must be allocated by the state treasurer among hub cities. The
27 amount available for allocation under this subdivision must be apportioned by the
28 state treasurer no less than quarterly among hub cities. Sixty percent of funds
29 available under this subdivision must be distributed to the hub city receiving the
30 greatest percentage of allocations to hub cities under subdivision a of
31 subsection 1 for the quarterly period, thirty percent of funds available under this

1 subdivision must be distributed to the hub city receiving the second greatest
2 percentage of such allocations, and ten percent of funds available under this
3 subdivision must be distributed to the hub city receiving the third greatest
4 percentage of such allocations.

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

11 b. ~~Thirty-five percent of all revenues allocated to the county infrastructure fund~~
12 ~~under subsections 4 and 5 must be allocated by the board of county~~
13 ~~commissioners to or for the benefit of townships in the county on the basis of~~
14 ~~applications by townships for funding to offset oil and gas development impact to~~
15 ~~township roads or other infrastructure needs or applications by school districts for~~
16 ~~repair or replacement of school district vehicles necessitated by damage or~~
17 ~~deterioration attributable to travel on oil and gas development impacted roads. An~~
18 ~~organized township is not eligible for an allocation of funds under this subdivision~~
19 ~~unless during that fiscal year that township levies at least ten mills for township~~
20 ~~purposes. For unorganized townships within the county, the board of county~~
21 ~~commissioners may expend an appropriate portion of revenues under this~~
22 ~~subdivision to offset oil and gas development impact to township roads or other~~
23 ~~infrastructure needs in those townships. The amount deposited during each~~
24 ~~calendar year in the county infrastructure fund which is designated for allocation~~
25 ~~under this subdivision and which is unexpended and unobligated at the end of~~
26 ~~the calendar year must be transferred by the county treasurer to the county road~~
27 ~~and bridge fund for use on county road and bridge projects.~~

28 c. ~~Twenty percent of all revenues allocated to any county infrastructure fund under~~
29 ~~subsections 4 and 5 must be allocated by the county treasurer no less than~~
30 ~~quarterly to the incorporated cities of the county. Apportionment among cities~~
31 ~~under this subsection must be based upon the population of each incorporated~~

1 city according to the last official decennial federal census. If a city receives a
2 direct allocation under subsection 1, the allocation to that city under this
3 subsection is limited to sixty percent of the amount otherwise determined for that
4 city under this subsection and the amount exceeding this limitation must be
5 reallocated among the other cities in the county.

6 7-6. Within thirty days after the end of each calendar year, the board of county
7 commissioners of each county that has received an allocation under this section shall
8 file a report for the calendar year with the commissioner, in a format prescribed by the
9 commissioner, including:

- 10 a. The county's statement of revenues and expenditures; and
11 b. The amount ~~available in the county infrastructure fund for allocation~~allocated to
12 or for the benefit of townships or school districts, the amount allocated to each
13 organized township or school district and the amount expended from each such
14 allocation by that township or school district, the amount expended by the board
15 of county commissioners on behalf of each unorganized township for which an
16 expenditure was made, and the amount available for allocation to or for the
17 benefit of townships or school districts which remained unexpended at the end of
18 the fiscal year.

19 Within fifteen days after the time when reports under this subsection were due, the
20 commissioner shall provide the reports to the legislative council compiling the
21 information from reports received under this subsection.

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

24 **57-62-05. Powers and duties of energy infrastructure and impact office director.**

25 The energy infrastructure and impact office director shall:

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

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

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

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

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

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

24 **SECTION 4. APPROPRIATION - JOB SERVICE NORTH DAKOTA.** There is appropriated
25 out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum
26 of \$120,000, or so much of the sum as may be necessary, to job service North Dakota for the
27 purpose of upgrading collection and use of employment data to correctly identify all employees
28 who should be included for statistical purposes in oil and gas-related employment, including
29 employees of refineries and gas plants and oil and gas transportation services, for the biennium
30 beginning July 1, 2013, and ending June 30, 2015.

1 **SECTION 5. APPROPRIATION - DEPARTMENT OF TRANSPORTATION.** There is
2 appropriated out of any moneys in the general fund in the state treasury, not otherwise
3 appropriated, the sum of \$160,000,000, or so much of the sum as may be necessary, to the
4 department of transportation for the purpose of allocation as provided in this section among
5 oil-producing counties that received \$5,000,000 or more of allocations under subsection 2 of
6 section 57-51-15 in the state fiscal year ending June 30, 2012, for the biennium beginning
7 July 1, 2013, and ending June 30, 2015.

8 1. The sum appropriated in this section must be used to rehabilitate or reconstruct county
9 paved and unpaved roads and bridges needed to support oil and gas production and
10 distribution in North Dakota.

11 a. Funding allocations to counties are to be made by the department of
12 transportation based on data supplied by the upper great plains transportation
13 institute.

14 b. Counties identified in the data supplied by the upper great plains transportation
15 institute which received \$5,000,000 or more of allocations under subsection 2 of
16 section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for
17 this funding.

18 2. Each county requesting funding under this section for county road and bridge projects
19 shall submit the request in accordance with criteria developed by the department of
20 transportation.

21 a. The request must include a proposed plan for funding projects that rehabilitate or
22 reconstruct paved and unpaved roads and bridges within the county.

23 b. The plan must be based on data supplied by the upper great plains transportation
24 institute, actual road and bridge conditions, and integration with state highway
25 and other county projects.

26 c. Projects funded under this section must comply with the American association of
27 state highway transportation officials (AASHTO) pavement design procedures
28 and the department of transportation local government requirements. Upon
29 completion of major reconstruction projects, the roadway segment must be
30 posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

31 d. Funds may not be used for routine maintenance.

- 1 3. The department of transportation, in consultation with the county, may approve the
2 plan or approve the plan with amendments.
- 3 4. The funding appropriated in this section may be used for:
 - 4 a. Ninety percent of the cost of the approved projects not to exceed the funding
5 available for that county.
 - 6 b. Funding may be used for construction, engineering, and plan development costs.
- 7 5. Upon approval of the plan, the department of transportation shall transfer to the county
8 the approved funding for engineering and plan development costs.
- 9 6. Upon execution of a construction contract by the county, the department of
10 transportation shall transfer to the county the approved funding to be distributed for
11 county and township rehabilitation and reconstruction projects.
- 12 7. The recipient counties shall report to the department of transportation upon awarding
13 of each contract and upon completion of each project in a manner prescribed by the
14 department.
- 15 8. The funding under this section may be applied to engineering, design, and
16 construction costs incurred on related projects as of January 1, 2013.
- 17 9. For purposes of this section, a "bridge" is a structure that has an opening of more than
18 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also
19 be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long
20 as the pipes are spaced less than half the distance apart of the smallest diameter
21 pipe.
- 22 10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent
23 by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and
24 ending June 30, 2017, and may be expended only for purposes authorized by this
25 section.

26 **SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION.** There is
27 appropriated out of any moneys in the general fund in the state treasury, not otherwise
28 appropriated, the sum of \$120,000,000, or so much of the sum as may be necessary, to the
29 department of transportation for the purpose of allocation among counties that did not receive
30 \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year
31 ending June 30, 2012, for the biennium beginning July 1, 2013, and ending June 30, 2015. The

1 amounts available for allocation under this section must be distributed on or after February 1,
2 2014.

3 1. The sum appropriated in this section must be used to rehabilitate or reconstruct county
4 paved and unpaved roads and bridges needed to support economic activity in North
5 Dakota.

6 a. To be eligible to receive an allocation under this section, a county may not have
7 received \$5,000,000 or more of allocations under subsection 2 of section
8 57-51-15 during the state fiscal year ending June 30, 2012.

9 b. Allocations among eligible counties under this section must be based on the
10 miles of roads defined by the department of transportation as county major
11 collector roadways in each county.

12 c. The department of transportation may use data supplied by the upper great
13 plains transportation institute in determining the projects to receive funding under
14 this section.

15 2. Each county requesting funding under this section shall submit the request in
16 accordance with criteria developed by the department of transportation.

17 a. The request must include a proposed plan for funding projects that rehabilitate or
18 reconstruct paved and unpaved roads and bridges within the county.

19 b. The plan must be based on actual road and bridge conditions and the integration
20 of projects with state highway and other county projects.

21 c. Projects funded under this section must comply with the American association of
22 state highway transportation officials (AASHTO) pavement design procedures
23 and the department of transportation local government requirements. Upon
24 completion of major reconstruction projects, the roadway segment must be
25 posted at a legal load limit of 105,500 pounds [47853.993 kilograms].

26 d. Funds may not be used for routine maintenance.

27 3. The department of transportation, in consultation with the county, may approve the
28 plan or approve the plan with amendments.

29 4. The funding appropriated in this section may be used for:

30 a. Ninety percent of the cost of the approved projects not to exceed the funding
31 available for that county.

- 1 b. Funding may be used for construction, engineering, and plan development costs.
- 2 5. Upon approval of the plan, the department of transportation shall transfer to the county
- 3 the approved funding for engineering and plan development costs.
- 4 6. Upon execution of a construction contract by the county, the department of
- 5 transportation shall transfer to the county the approved funding to be distributed for
- 6 county and township rehabilitation and reconstruction projects.
- 7 7. The recipient counties shall report to the department of transportation upon awarding
- 8 of each contract and upon completion of each project in a manner prescribed by the
- 9 department.
- 10 8. The funding under this section may be applied to engineering, design, and
- 11 construction costs incurred on related projects as of January 1, 2013.
- 12 9. For purposes of this section, a "bridge" is a structure that has an opening of more than
- 13 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also
- 14 be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long
- 15 as the pipes are spaced less than half the distance apart of the smallest diameter
- 16 pipe.
- 17 10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent
- 18 by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and
- 19 ending June 30, 2017, and may be expended only for purposes authorized by this
- 20 section.

21 **SECTION 7. APPROPRIATION - STATE TREASURER.** There is appropriated out of any

22 moneys in the general fund in the state treasury, not otherwise appropriated, the sum of

23 \$8,760,000, or so much of the sum as may be necessary, to the state treasurer for allocation to

24 counties for allocation to or for the benefit of townships in oil-producing counties, for the

25 biennium beginning July 1, 2013, and ending June 30, 2015. The funding provided in this

26 section must be distributed in equal amounts in July 2013 and May 2014. The state treasurer

27 shall distribute the funds provided under this section as soon as possible to counties and the

28 county treasurer shall allocate the funds to or for the benefit of townships in oil-producing

29 counties through a distribution of \$15,000 each year to each organized township and a

30 distribution of \$15,000 each year for each unorganized township to the county in which the

31 unorganized township is located. For unorganized townships within the county, the board of

1 county commissioners may expend an appropriate portion of revenues under this subdivision
2 for township roads or other infrastructure needs in those townships. A township is not eligible for
3 an allocation of funds under this section if the township does not maintain any township roads.
4 For the purposes of this section, an "oil-producing county" means a county that received an
5 allocation of funding under section 57-51-15 of more than \$500,000 but less than \$5,000,000 in
6 the state fiscal year ending June 30, 2012.

7 **SECTION 8. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC**

8 **INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION.** There is
9 appropriated out of any moneys in the strategic investment and improvements fund in the state
10 treasury, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be
11 necessary, to the department of commerce for the purpose of administering a grant program for
12 nursing homes, basic care facilities, and providers that serve individuals with developmental
13 disabilities located in oil-producing counties to address the effects of oil and gas and related
14 economic development activities, for the biennium beginning July 1, 2013, and ending June 30,
15 2015. The department of commerce shall allocate funding in January of each year of the
16 biennium, based on the number of full-time equivalent positions of each nursing home, facility,
17 or provider as determined by the department of human services. When setting rates for the
18 entities receiving grants under this section, the department of human services shall exclude
19 grant income received under this section as an offset to costs. This funding is considered one-
20 time funding for the 2013-15 biennium. The department of commerce shall report to the budget
21 section annually and to the appropriations committees of the sixty-fourth legislative assembly on
22 the use of this one-time funding. For purposes of this section, an "oil-producing county" means
23 a county that received an allocation of funding under section 57-51-15 for the preceding state
24 fiscal year.

25 **SECTION 9. APPROPRIATION - OIL AND GAS IMPACT GRANT FUND - GRANT**

26 **RECOMMENDATIONS.** There is appropriated out of any moneys in the oil and gas impact
27 grant fund in the state treasury, not otherwise appropriated, the sum of \$239,299,174, or so
28 much of the sum as may be necessary, to the board of university and school lands for the
29 purpose of oil and gas impact grants, for the biennium beginning July 1, 2013, and ending
30 June 30, 2015.

1 Grants awarded under this section are not subject to section 54-44.1-11. The funding
2 provided in this section is considered a one-time funding item.

3 During the biennium beginning July 1, 2013, and ending June 30, 2015, the energy
4 infrastructure and impact office director shall include in recommendations to the board of
5 university and school lands on grants to eligible entities in oil and gas development impact
6 areas:

7 1. \$5,000,000, or so much of the sum as may be necessary, for the purpose of providing
8 distributions to eligible counties experiencing new oil and gas development activities.

9 As determined by the director of the department of mineral resources, a county is
10 eligible for a distribution under this subsection if the county produced fewer than
11 100,000 barrels of oil for the month of November 2012 and after November 2012 the
12 number of active oil rigs operating in the county in any one month exceeds four rigs.
13 Upon the determination by the director of the department of mineral resources that a
14 county is eligible for a distribution under this section, the commissioner of university
15 and school lands shall provide \$1,250,000 to the county for defraying expenses
16 associated with oil and gas development impacts in the county. The county, in
17 determining the use of the funds received, shall consider and, to the extent possible,
18 address the needs of other political subdivisions in the county resulting from the
19 impact of oil and gas development.

20 2. \$60,000,000, or so much of the sum as may be necessary, for grants to airports
21 impacted by oil and gas development. The director of the energy infrastructure and
22 impact office shall adopt grant procedures and requirements necessary for distribution
23 of grants under this subsection, which must include cost-share requirements.
24 Cost-share requirements must consider the availability of local funds to support the
25 project. Grant funds must be distributed giving priority to projects that have been
26 awarded or are eligible to receive federal funding.

27 3. \$4,000,000, or so much of the sum as may be necessary, for grants to public
28 institutions of higher education impacted by oil and gas development. Notwithstanding
29 the provisions of chapter 57-62, public institutions of higher education are eligible to
30 receive oil and gas impact grants under this subsection. The director of the energy

- 1 infrastructure and impact office may develop grant procedures and requirements
2 necessary for distribution of grants under this subsection.
- 3 4. \$3,000,000, or so much of the sum as may be necessary, for grants of \$1,000,000
4 each to three counties in oil-impacted areas for a pilot project for dust control. The
5 county commission from each county awarded a grant shall file a report with the
6 director of the energy infrastructure and impact office by January 1, 2014, regarding
7 any product used to control dust and the success or failure of the product in controlling
8 dust. The director of the energy infrastructure and impact office may develop grant
9 procedures and requirements necessary for distribution of grants under this section.
10 The director of the energy infrastructure and impact office shall consult with the state
11 department of health and the industrial commission relating to the use of
12 oilfield-produced saltwater and products previously tested for dust control.
- 13 5. \$7,000,000, or so much of the sum as may be necessary, to counties for the benefit of
14 county sheriff's departments to offset oil and gas development impact causing a need
15 for increased sheriff's department services, staff, funding, equipment, coverage, and
16 personnel training.
- 17 6. \$7,000,000, or so much of the sum as may be necessary, for grants to emergency
18 medical services providers for an extraordinary expenditure that would mitigate
19 negative effects of oil development impact affecting emergency medical services
20 providers providing service in oil-producing counties, including need for increased
21 emergency medical services providers services, staff, funding, equipment, coverage,
22 and personnel training. The director of the energy infrastructure and impact office may
23 develop grant procedures and requirements necessary for distribution of grants under
24 this subsection.
- 25 7. \$3,500,000, or so much of the sum as may be necessary, for grants to fire protection
26 districts for an extraordinary expenditure that would mitigate negative effects of oil
27 development impact affecting fire protection districts providing service in oil-producing
28 counties, including need for increased fire protection districts services, staff, funding,
29 equipment, coverage, and personnel training.
- 30 8. \$14,000,000, or so much of the sum as may be necessary, for grants to hub cities. A
31 hub city as defined in section 57-51-01 is eligible to receive grants from the oil and gas

1 impact grant fund only to the extent provided for under this subsection. Of the funding
2 allocation provided for in this subsection, \$2,000,000 is available for grants to the hub
3 city receiving the greatest percentage of allocations to hub cities under subdivision a
4 of subsection 1 of section 57-51-15, \$7,000,000 is available for grants to the hub city
5 receiving the second greatest percentage of allocations to hub cities under
6 subdivision a of subsection 1 of section 57-51-15, and \$5,000,000 is available for
7 grants to the hub city receiving the third greatest percentage of allocations to hub
8 cities under subdivision a of subsection 1 of section 57-51-15.

9 **SECTION 10. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - STRATEGIC**
10 **INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET SECTION.** There is

11 appropriated out of any moneys in the strategic investment and improvements fund in the state
12 treasury, not otherwise appropriated, the sum of \$9,600,000, or so much of the sum as may be
13 necessary, to the department of human services for the purpose of administering a grant
14 program for critical access hospitals in oil-producing counties and in counties contiguous to an
15 oil-producing county to address the effects of oil and gas and related economic development
16 activities, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department
17 of human services shall develop policies and procedures for the disbursement of the grant
18 funding and may not award more than \$4,800,000 during each year of the biennium. The
19 department of human services shall allocate funding in January of each year of the biennium.
20 This funding is considered one-time funding for the 2013-15 biennium. The department of
21 human services shall report to the budget section annually and to the appropriations
22 committees of the sixty-fourth legislative assembly on the use of this one-time funding. For the
23 purposes of this section, an "oil-producing county" means a county that received an allocation
24 of funding under section 57-51-15 of more than \$500,000 for the preceding state fiscal year.

25 **SECTION 11. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S**
26 **OFFICE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - REPORT TO BUDGET**
27 **SECTION.** There is appropriated out of any moneys in the strategic investment and

28 improvements fund in the state treasury, not otherwise appropriated, the sum of \$9,600,000, or
29 so much of the sum as may be necessary, to the attorney general's office for the purpose of
30 awarding grants to law enforcement agencies, for crime-related needs of the attorney general's
31 office, and for the development of a uniform law enforcement and custody manual, for the

1 biennium beginning July 1, 2013, and ending June 30, 2015. The drug and violent crime policy
2 board of the attorney general shall, with approval of the board of university and school lands,
3 grant funds to law enforcement agencies in oil-impacted counties where crime-related activities
4 have increased or in other counties if the crime-related activities in oil-impacted counties
5 originated in any of those counties. The attorney general may spend up to ten percent of the
6 funding provided under this section for defraying the expenses of additional staffing needs or
7 other needs necessary to accomplish the role of the attorney general's office as an assisting
8 agency in ensuring public safety in the affected areas. The funding provided in this section is
9 considered a one-time funding item. The attorney general shall report to the budget section
10 annually and to the appropriations committees of the sixty-fourth legislative assembly on the
11 use of this one-time funding, including the impact the grant funding has had on crime-related
12 activities.

13 **SECTION 12. HUB CITIES - REPORT TO BUDGET SECTION.** A representative of a hub
14 city as defined in section 57-51-01 shall report to the budget section annually on the use of
15 funding received from allocations under section 57-51-15.

16 **SECTION 13. EFFECTIVE DATE - EXPIRATION DATE.** Sections 1 and 2 of this Act are
17 effective for taxable events occurring after June 30, 2013, and before July 1, 2015, and are
18 thereafter ineffective.