

Introduced by

Senators Cook, Holmberg, Wardner

Representatives Belter, Carlson, Delzer

1 A BILL for an Act to amend and reenact section 57-51-15 of the North Dakota Century Code,  
2 relating to allocation of gross production taxes; and to provide an effective date.

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

4 **SECTION 1. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **57-51-15. Gross production tax allocation.**

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

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

11 a. Allocate five hundred thousand dollars per fiscal year to each city in an  
12 oil-producing county which has a population of seven thousand five hundred or  
13 more and more than two percent of its private covered employment engaged in  
14 the mining industry, according to data compiled by job service North Dakota. The  
15 allocation under this subdivision must be doubled if the city has more than seven  
16 and one-half percent of its private covered employment engaged in the mining  
17 industry, according to data compiled by job service North Dakota;

18 b. Credit revenues to the oil and gas impact grant fund, but not in an amount  
19 exceeding one hundred million dollars per biennium; and

20 c. Allocate the remaining revenues under subsection 3.

21 2. After deduction of the amount provided in subsection 1, annual revenue collected  
22 under this chapter from oil and gas produced in each county must be allocated as  
23 follows:

24 a. The first ~~two~~five million dollars is allocated to the county.

- 1           b. ~~Of the next one million dollars, seventy-five~~all annual revenue exceeding five  
2           million dollars, twenty-five percent is allocated to the county.
- 3           e. ~~Of the next one million dollars, fifty percent is allocated to the county.~~
- 4           d. ~~Of the next fourteen million dollars, twenty-five percent is allocated to the county.~~
- 5           e. ~~Of all annual revenue exceeding eighteen million dollars, ten percent is allocated~~  
6           ~~to the county.~~
- 7           3. After the allocations under subsections 1 and 2, the amount remaining is allocated first  
8           to provide for deposit of thirty percent of all revenue collected under this chapter in the  
9           legacy fund as provided in section 26 of article X of the Constitution of North Dakota  
10          and the remainder must be allocated to the state general fund. If the amount available  
11          for a monthly allocation under this subsection is insufficient to deposit thirty percent of  
12          all revenue collected under this chapter in the legacy fund, the state treasurer shall  
13          transfer the amount of the shortfall from the state general fund share of oil extraction  
14          tax collections and deposit that amount in the legacy fund.
- 15          4. The amount to which each county is entitled under subsection 2 must be allocated  
16          within the county so the first ~~five~~six million ~~three~~eight hundred fifty thousand dollars is  
17          allocated under subsection 5 for each fiscal year and any amount received by a county  
18          exceeding ~~five~~six million ~~three~~eight hundred fifty thousand dollars is credited by the  
19          county treasurer to the county infrastructure fund and allocated under subsection 6.
- 20          5. a. Forty-five percent of all revenues allocated to any county for allocation under this  
21          subsection must be credited by the county treasurer to the county general fund.  
22          However, the allocation to a county under this subdivision must be credited to the  
23          state general fund if during that fiscal year the county does not levy a total of at  
24          least ten mills for combined levies for county road and bridge, farm-to-market and  
25          federal aid road, and county road purposes.
- 26          b. Thirty-five percent of all revenues allocated to any county for allocation under this  
27          subsection must be apportioned by the county treasurer no less than quarterly to  
28          school districts within the county on the average daily attendance distribution  
29          basis, as certified to the county treasurer by the county superintendent of  
30          schools. However, no school district may receive in any single academic year an  
31          amount under this subsection greater than the county average per student cost

1 multiplied by seventy percent, then multiplied by the number of students in  
2 average daily attendance or the number of children of school age in the school  
3 census for the county, whichever is greater. Provided, however, that in any county  
4 in which the average daily attendance or the school census, whichever is greater,  
5 is fewer than four hundred, the county is entitled to one hundred twenty percent  
6 of the county average per student cost multiplied by the number of students in  
7 average daily attendance or the number of children of school age in the school  
8 census for the county, whichever is greater. Once this level has been reached  
9 through distributions under this subsection, all excess funds to which the school  
10 district would be entitled as part of its thirty-five percent share must be deposited  
11 instead in the county general fund. The county superintendent of schools of each  
12 oil-producing county shall certify to the county treasurer by July first of each year  
13 the amount to which each school district is limited pursuant to this subsection. As  
14 used in this subsection, "average daily attendance" means the average daily  
15 attendance for the school year immediately preceding the certification by the  
16 county superintendent of schools required by this subsection.

17 The countywide allocation to school districts under this subdivision is subject  
18 to the following:

- 19 (1) The first three hundred fifty thousand dollars is apportioned entirely among  
20 school districts in the county.
- 21 (2) The next three hundred fifty thousand dollars is apportioned seventy-five  
22 percent among school districts in the county and twenty-five percent to the  
23 county infrastructure fund.
- 24 (3) The next ~~two hundred sixty-two thousand five hundred~~three hundred fifty  
25 thousand dollars is apportioned ~~two-thirds~~fifty percent among school  
26 districts in the county and ~~one-third~~fifty percent to the county infrastructure  
27 fund.
- 28 (4) The next ~~one hundred seventy-five~~seven hundred thousand dollars is  
29 apportioned ~~fifty~~twenty-five percent among school districts in the county and  
30 ~~fifty~~seventy-five percent to the county infrastructure fund.

- 1           (5) Any remaining amount is apportioned to the county infrastructure fund  
2           except from that remaining amount the following amounts are apportioned  
3           among school districts in the county:
- 4           (a) Four hundred ~~ninetytwo~~ thousand five hundred dollars, for counties  
5           having a population of three thousand or fewer.
- 6           (b) ~~FiveFour~~ hundred ~~sixtyseventy-two~~ thousand five hundred dollars, for  
7           counties having a population of more than three thousand and fewer  
8           than six thousand.
- 9           (c) ~~SevenSix~~ hundred ~~thirty-five~~forty-seven thousand five hundred  
10           dollars, for counties having a population of six thousand or more.
- 11          c. Twenty percent of all revenues allocated to any county for allocation under this  
12          subsection must be apportioned no less than quarterly by the state treasurer to  
13          the incorporated cities of the county. Apportionment among cities under this  
14          subsection must be based upon the population of each incorporated city  
15          according to the last official decennial federal census. In determining the  
16          population of any city in which total employment increases by more than two  
17          hundred percent seasonally due to tourism, the population of that city for  
18          purposes of this subdivision must be increased by eight hundred percent. If a city  
19          receives a direct allocation under subsection 1, the allocation to that city under  
20          this subsection is limited to sixty percent of the amount otherwise determined for  
21          that city under this subsection and the amount exceeding this limitation must be  
22          reallocated among the other cities in the county.
- 23          6.    a. Forty-five percent of all revenues allocated to a county infrastructure fund under  
24          subsections 4 and 5 must be credited by the county treasurer to the county  
25          general fund. However, the allocation to a county under this subdivision must be  
26          credited to the state general fund if during that fiscal year the county does not  
27          levy a total of at least ten mills for combined levies for county road and bridge,  
28          farm-to-market and federal aid road, and county road purposes.
- 29          b. Thirty-five percent of all revenues allocated to the county infrastructure fund  
30          under subsections 4 and 5 must be allocated by the board of county  
31          commissioners to or for the benefit of townships in the county on the basis of

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

- 15 c. Twenty percent of all revenues allocated to any county infrastructure fund under  
16 subsections 4 and 5 must be allocated by the county treasurer no less than  
17 quarterly to the incorporated cities of the county. Apportionment among cities  
18 under this subsection must be based upon the population of each incorporated  
19 city according to the last official decennial federal census. If a city receives a  
20 direct allocation under subsection 1, the allocation to that city under this  
21 subsection is limited to sixty percent of the amount otherwise determined for that  
22 city under this subsection and the amount exceeding this limitation must be  
23 reallocated among the other cities in the county.

- 24 7. Within thirty days after the end of each calendar year, the board of county  
25 commissioners of each county that has received an allocation under this section shall  
26 file a report for the calendar year with the commissioner, in a format prescribed by the  
27 commissioner, including:  
28 a. The county's statement of revenues and expenditures; and  
29 b. The amount available in the county infrastructure fund for allocation to or for the  
30 benefit of townships or school districts, the amount allocated to each organized  
31 township or school district and the amount expended from each such allocation

1                   by that township or school district, the amount expended by the board of county  
2                   commissioners on behalf of each unorganized township for which an expenditure  
3                   was made, and the amount available for allocation to or for the benefit of  
4                   townships or school districts which remained unexpended at the end of the fiscal  
5                   year.

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

9                   **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
10                  June 30, 2013.