

Introduced by

Representatives Onstad, Drovdal, Kempenich

Senators Andrist, Warner

1 A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota
2 Century Code, relating to establishment and use of a school influx fund to address funding
3 needs of school districts impacted by an influx of students due to oil and gas development; to
4 amend and reenact sections 57-51-15, 57-51.1-07.5, and 57-62-06 of the North Dakota Century
5 Code, relating to oil and gas gross production tax revenue allocation to political subdivisions; to
6 provide an effective date; and to provide an expiration date.

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

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

10 **57-51-15. Gross production tax allocation.**

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

- 12 1. First the tax revenue collected under this chapter equal to one percent of the gross
13 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
14 state treasurer who shall:
- 15 a. ~~Allocate five hundred thousand dollars per fiscal year to each city in an~~
16 ~~oil-producing county which has a population of seven thousand five hundred or~~
17 ~~more and more than two percent of its private covered employment engaged in~~
18 ~~the mining industry, according to data compiled by job service North Dakota. The~~
19 ~~allocation under this subdivision must be doubled if the city has more than seven~~
20 ~~and one-half percent of its private covered employment engaged in the mining~~
21 ~~industry, according to data compiled by job service North Dakota;~~
 - 22 b. ~~Credit credit the revenues to the oil and gas impact grant fund, but not in an~~
23 ~~amount exceeding one hundred million dollars per biennium; and~~
 - 24 c. ~~Allocate the remaining revenues under subsection 3.~~

- 1 2. After deduction of the amount provided in subsection 1, annual revenue collected
2 under this chapter from oil and gas produced in each county must be allocated as
3 follows:
- 4 a. ~~The first two million dollars is allocated to the county.~~
5 b. ~~Of the next one million dollars, seventy-five percent is allocated to the county.~~
6 c. ~~Of the next one million dollars, fifty percent is allocated to the county.~~
7 d. ~~Of the next fourteen million dollars, twenty-five percent is allocated to the county.~~
8 e. ~~Of all annual revenue exceeding eighteen million dollars, ten percent is allocated~~
9 to the producing county.
- 10 3. ~~After the allocations~~From the state general fund share of revenues under subsections
11 ~~1 and 2~~the oil extraction tax under chapter 57-51.1, the state treasurer shall transfer
12 an amount remaining ~~is allocated first to provide for deposit of~~equal to thirty percent of
13 all revenue collected under this chapter ~~into~~ the legacy fund as provided in section 26
14 of article X of the Constitution of North Dakota and ~~the remainder must be allocated to~~
15 the state general fund. ~~If the amount available for a monthly allocation under this~~
16 ~~subsection is insufficient to deposit thirty percent of all revenue collected under this~~
17 ~~chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall~~
18 ~~from the state general fund share of oil extraction tax collections and deposit that~~
19 amount in the legacy fund.
- 20 4. ~~The amount to which each county is entitled under subsection 2 must be allocated~~
21 ~~within the county so the first five million three hundred fifty thousand dollars is~~
22 ~~allocated under subsection 5 for each fiscal year and any amount received by a county~~
23 ~~exceeding five million three hundred fifty thousand dollars is credited by the county~~
24 ~~treasurer to the county infrastructure fund and allocated under subsection 6.~~
- 25 5. a. Forty-five percent of all revenues allocated to any county for allocation under this
26 subsection must be credited by the county treasurer to the county general fund.
27 However, the allocation to a county under this subdivision must be credited to the
28 state general fund if during that fiscal year the county does not levy a total of at
29 least ten mills for combined levies for county road and bridge, farm-to-market and
30 federal aid road, and county road purposes.

1 b. ~~Thirty-five~~Thirty percent of all revenues allocated to any county for allocation
2 under this subsection must be apportioned by the county treasurer no less than
3 quarterly to school districts within the county on the average daily attendance
4 distribution basis, as certified to the county treasurer by the county
5 superintendent of schools. ~~However, no~~

6 (1) Countywide revenue allocations to school districts under this subdivision
7 may not exceed three million dollars in a calendar year. Any amount
8 exceeding the limitation in this paragraph must be transferred by the county
9 treasurer to the state treasurer and deposited in the school influx fund.

10 (2) A school district may not receive in any single academic year an amount
11 under this subsection greater than the county average per student cost
12 multiplied by seventy percent, then multiplied by the number of students in
13 average daily attendance or the number of children of school age in the
14 school census for the county, whichever is greater. Provided, however, that
15 in any county in which the average daily attendance or the school census,
16 whichever is greater, is fewer than four hundred, the county is entitled to
17 one hundred twenty percent of the county average per student cost
18 multiplied by the number of students in average daily attendance or the
19 number of children of school age in the school census for the county,
20 whichever is greater. Once this level has been reached through distributions
21 under this ~~subsection~~paragraph, all excess funds to which the school district
22 would be entitled as part of its ~~thirty-five~~thirty percent share must be
23 transferred to the state treasurer and deposited instead in the ~~county~~
24 ~~general~~school influx fund. The county superintendent of schools of each
25 oil-producing county shall certify to the county treasurer by July first of each
26 year the amount to which each school district is limited pursuant to this
27 ~~subsection~~paragraph. As used in this ~~subsection~~subdivision, "average daily
28 attendance" means the average daily attendance for the school year
29 immediately preceding the certification by the county superintendent of
30 schools required by this ~~subsection~~paragraph.

1 The countywide allocation to school districts under this subdivision is subject
2 to the following:

3 (1) The first three hundred fifty thousand dollars is apportioned entirely among
4 school districts in the county.

5 (2) The next three hundred fifty thousand dollars is apportioned seventy-five
6 percent among school districts in the county and twenty-five percent to the
7 county infrastructure fund.

8 (3) The next two hundred sixty-two thousand five hundred dollars is
9 apportioned two-thirds among school districts in the county and one-third to
10 the county infrastructure fund.

11 (4) The next one hundred seventy-five thousand dollars is apportioned fifty
12 percent among school districts in the county and fifty percent to the county
13 infrastructure fund.

14 (5) Any remaining amount is apportioned to the county infrastructure fund
15 except from that remaining amount the following amounts are apportioned
16 among school districts in the county:

17 (a) Four hundred ninety thousand dollars, for counties having a
18 population of three thousand or fewer.

19 (b) Five hundred sixty thousand dollars, for counties having a population
20 of more than three thousand and fewer than six thousand.

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

23 c. Twenty percent of all revenues allocated to any county for allocation under this
24 subsection must be apportioned no less than quarterly by the state treasurer to
25 the incorporated cities of the county. Apportionment among cities under this
26 subsection must be based upon the population of each incorporated city
27 according to the last official decennial federal census. In determining the
28 population of any city in which total employment increases by more than two
29 hundred percent seasonally due to tourism, the population of that city for
30 purposes of this subdivision must be increased by eight hundred percent. If a city
31 receives a direct allocation under subsection 1, the allocation to that city under

1 this subsection is limited to sixty percent of the amount otherwise determined for
2 that city under this subsection and the amount exceeding this limitation must be
3 reallocated among the other cities in the county.

4 d. Five percent of all revenues allocated to any county for allocation under this
5 subsection must be deposited in the county infrastructure fund for use as
6 provided in subsection 5.

7 ~~6.5. a. Forty-five percent of all revenues allocated to a county infrastructure fund under~~
8 ~~subsections 4 and 5 must be credited by the county treasurer to the county~~
9 ~~general fund. However, the allocation to a county under this subdivision must be~~
10 ~~credited to the state general fund if during that fiscal year the county does not~~
11 ~~levy a total of at least ten mills for combined levies for county road and bridge,~~
12 ~~farm to market and federal aid road, and county road purposes.~~

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

30 ~~e. Twenty percent of all revenues allocated to any county infrastructure fund under~~
31 ~~subsections 4 and 5 must be allocated by the county treasurer no less than~~

~~quarterly to the incorporated cities of the county. Apportionment among cities under this subsection must be based upon the population of each incorporated city according to the last official decennial federal census. If a city receives a direct allocation under subsection 1, the allocation to that city under this subsection is limited to sixty percent of the amount otherwise determined for that city under this subsection and the amount exceeding this limitation must be reallocated among the other cities in the county.~~

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

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

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

SECTION 2. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.5. State share of oil and gas taxes - Deposits.

From the revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:

1. The first two hundred fifty million dollars into the state general fund;
2. The next three hundred forty-one million seven hundred ninety thousand dollars into the property tax relief sustainability fund;

- 1 3. The next one hundred million dollars into the state general fund;
- 2 4. The next one hundred million dollars into the strategic investment and improvements
- 3 fund;
- 4 5. The next twenty-two million dollars into the state disaster relief fund; and
- 5 6. Any additional revenues into the strategic investment and improvements fund.

6 **SECTION 3.** A new section to chapter 57-51 of the North Dakota Century Code is created
7 and enacted as follows:

8 **School influx fund- Governing board - Grants.**

9 The governing board of the school influx fund is composed of one member of the legislative
10 assembly, who shall serve as chairman; two members, each of whom is a school
11 superintendent of a school district in an oil-producing county; and two members who are
12 members of the advisory committee appointed by the board of university and school lands to
13 advise on oil and gas impact grant award determinations. The governor shall appoint the
14 members of the governing board of the school influx fund and set their terms of membership.

15 Grants from the school influx fund may be made by the governing board based upon school
16 district applications that demonstrate a need for financial assistance to meet demands from an
17 influx of students resulting from oil and gas development impact for which existing financial
18 resources of the school district are inadequate. The energy infrastructure and impact office shall
19 administer the grant program. The office shall receive and review applications and make
20 recommendations at least once each calendar quarter regarding funding of grants.

21 Any grant funds awarded from the school influx fund may not be considered in
22 determination of imputed taxable valuation of the receiving school district for purposes of
23 chapters 15.1-27 and 15.1-36.

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

26 **57-62-06. Legislative intent and guidelines on coal development impact grants.**

27 The legislative assembly intends that the moneys appropriated to, and distributed by, the
28 energy infrastructure and impact office for coal development impact grants are to be used by
29 grantees to meet initial impacts affecting basic governmental services, and directly necessitated
30 by coal development ~~and oil and gas development~~ impact. As used in this section, "basic
31 governmental services" do not include activities relating to marriage or guidance counseling,

1 services or programs to alleviate other sociological impacts, or services or facilities to meet
2 secondary impacts. All grant applications and presentations to the energy infrastructure and
3 impact office must be made by an appointed or elected government official.

4 **SECTION 5. EFFECTIVE DATE - EXPIRATION DATE.** Sections 1 through 3 of this Act are
5 effective for taxable events occurring after June 30, 2013, and before July 1, 2015, and are
6 thereafter ineffective.