

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2013**

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 amend and
3 reenact subsection 1 of section 57-51-15 and section 57-62-04 of the North Dakota Century
4 Code, relating to oil and gas gross production taxes and the energy infrastructure and impact
5 office; to provide an effective date; to provide an expiration date; and to declare an emergency.

6 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

7 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
8 as may be necessary, are appropriated from special funds derived from the state lands
9 maintenance fund and the oil and gas impact grant fund in the state treasury, to the
10 commissioner of university and school lands for the purpose of defraying the expenses of the
11 commissioner of university and school lands, for the biennium beginning July 1, 2013, and
12 ending June 30, 2015, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
15 Salaries and wages	\$4,145,824	\$921,833	\$5,067,657
16 Accrued leave payments	0	108,541	108,541
17 Operating expenses	1,431,096	544,767	1,975,863
18 Capital assets	0	65,550	65,550
19 Grants	99,778,269	(99,778,269)	0
20 Energy infrastructure and impact office	0	217,000,000	217,000,000
21 Contingencies	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>
22 Total special funds	\$105,455,189	\$118,962,422	\$224,417,611
23 Full-time equivalent positions	24.75	6.25	31.00

1 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

2 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
3 funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and
4 the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

5 <u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
6 Contingent energy impact grants	\$30,000,000	\$0
7 Contingent energy impact grants -	5,000,000	0
8 new development counties		
9 Energy impact grants - airports	0	60,000,000
10 Energy impact grants - higher education	0	4,000,000
11 Energy impact grants - dust control	0	3,000,000
12 Capital assets	10,000	65,550
13 Flood impact grants	<u>30,000,000</u>	<u>0</u>
14 Total all funds	\$65,010,000	\$67,065,550
15 Less estimated income	<u>35,010,000</u>	<u>67,065,550</u>
16 Total general fund	\$30,000,000	\$0

17 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
18 2015-17 biennium. The department shall report to the appropriations committees of the
19 sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning
20 July 1, 2013, and ending June 30, 2015.

21 **SECTION 3. OIL AND GAS IMPACT GRANTS - EXEMPTION.** Section 54-44.1-11 does
22 not apply to appropriations made for oil and gas impact grants in section 1 of this Act.

23 **SECTION 4. OIL AND GAS IMPACT GRANTS - FLOOD-IMPACTED POLITICAL**
24 **SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS - 2011-13 - EXEMPTION.**

25 Section 54-44.1-11 does not apply to appropriations made by the sixty-second legislative
26 assembly for oil and gas impact grants and flood-impacted political subdivision infrastructure
27 development grants pursuant to chapter 579 of the 2011 Session Laws.

28 **SECTION 5. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the board of
29 university and school lands, the commissioner of university and school lands may transfer
30 between the various line items in section 1 of this Act, including transfers from the contingencies

1 line item to all other line items. The commissioner shall notify the office of management and
2 budget of each transfer made pursuant to this section.

3 **SECTION 6. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of
4 article IX of the Constitution of North Dakota, the board of university and school lands shall
5 distribute during the biennium beginning July 1, 2013, and ending June 30, 2015, the following
6 amounts, from the permanent funds managed for the benefit of the following entities:

7 Common schools	\$130,326,000
8 North Dakota state university	2,066,000
9 University of North Dakota	1,814,000
10 Youth correctional center	810,000
11 School for the deaf	720,000
12 State college of science	731,428
13 State hospital	803,428
14 Veterans' home	325,428
15 Valley City state university	372,000
16 North Dakota vision services - school for the blind	331,428
17 Mayville state university	236,000
18 Dakota college at Bottineau	49,428
19 Dickinson state university	49,428
20 Minot state university	<u>49,428</u>
21 Total	\$138,683,996

22 **SECTION 7. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR AIRPORTS - 2013-15**
23 **BIENNIUM.** The energy infrastructure and impact office line item in section 1 of this Act includes
24 \$60,000,000 for grants to airports impacted by oil and gas development. The director of the
25 energy infrastructure and impact office shall adopt grant procedures and requirements
26 necessary for distribution of grants under this section, which must include cost-share
27 requirements. Cost-share requirements must consider the availability of local funds to support
28 the project. Grant funds must be distributed giving priority to projects that have been awarded or
29 are eligible to receive federal funding. Grants distributed pursuant to this section are not to be
30 considered in making grant recommendations under section 57-62-05.

1 **SECTION 8. OIL AND GAS IMPACT GRANT DISTRIBUTIONS FOR HIGHER**

2 **EDUCATION - 2013-15 BIENNIUM.** The energy infrastructure and impact office line item in
3 section 1 of this Act includes \$4,000,000 for grants to public institutions of higher education
4 impacted by oil and gas development. Notwithstanding the provisions of chapter 57-62, public
5 institutions of higher education are eligible to receive oil and gas impact grants under this
6 section. The director of the energy infrastructure and impact office may develop grant
7 procedures and requirements necessary for distribution of grants under this section.

8 **SECTION 9. PILOT PROJECT - DUST CONTROL.** The energy infrastructure and impact
9 office line item in section 1 of this Act includes \$3,000,000 for grants of \$1,000,000 each to
10 three counties in oil-impacted areas for a pilot project for dust control for the period beginning
11 with the effective date of this Act and ending June 30, 2015. The county commission from each
12 county shall file a report with the department of trust lands by August 1, 2013, regarding any
13 product used to control dust and the success or failure of the product in controlling dust. The
14 director of the energy infrastructure and impact office may develop grant procedures and
15 requirements necessary for distribution of grants under this section. The department of trust
16 lands shall consult with the state department of health and the industrial commission relating to
17 the use of oilfield-produced saltwater and products previously tested for dust control. Grants
18 distributed pursuant to this section are not to be considered in making grant recommendations
19 under section 57-62-05.

20 **SECTION 10. PRIVATE LAND STUDY - EMERGENCY COMMISSION APPROVAL FOR**

21 **ADDITIONAL FUNDS.** The operating expenses line item in section 1 of this Act includes the
22 sum of \$50,000 from the strategic investment and improvements fund for a study provided for in
23 House Bill No. 1338, as approved by the sixty-third legislative assembly, of private lands owned
24 adjacent to lands under control of the United States army corps of engineers. If the \$50,000
25 provided for the study is insufficient, the department of trust lands may seek emergency
26 commission approval for additional funding from the state contingencies appropriation of up to
27 \$50,000 for the biennium beginning July 1, 2013, and ending June 30, 2015.

28 **SECTION 11. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota Century
29 Code is amended and reenacted as follows:

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

14 **SECTION 12. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota
15 Century Code is amended and reenacted as follows:

- 16 1. First the tax revenue collected under this chapter equal to one percent of the gross
17 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
18 state treasurer who shall:
- 19 a. 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;
- 26 b. Credit revenues to the oil and gas impact grant fund, but not in an amount
27 exceeding one hundred fifty million dollars per biennium; and
- 28 c. Allocate the remaining revenues under subsection 3.

29 **SECTION 13. AMENDMENT.** Section 57-62-04 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **57-62-04. Energy infrastructure and impact office - Appointment of director.**

2 There is hereby created an energy infrastructure and impact office, to be a division within
3 the office of the commissioner of the board of university and school lands, the director of which
4 must be appointed by and serve at the pleasure of the board of university and school lands. The
5 director shall have knowledge of state and local government and shall have experience or
6 training in the fields of taxation and accounting. The salary of the director must be set by the
7 commissioner of university and school lands within the limits of legislative appropriations. The
8 director may employ such other persons as may be necessary and may fix their compensation
9 within the appropriation made for such purpose. The board of university and school lands shall
10 fill any vacancy in the position of director in the same manner as listed above ~~and, in addition,~~
11 ~~shall serve as an appeals board under rules promulgated by the board of university and school~~
12 ~~lands to reconsider grant applications for aid under this chapter which have been denied by the~~
13 ~~director.~~ All action by the board of university and school lands, including appointment of a
14 director, must be by majority vote.

15 **SECTION 14. EFFECTIVE DATE.** Section 12 of this Act is effective for oil and gas
16 produced after June 30, 2015.

17 **SECTION 15. EXPIRATION DATE.** Section 11 of this Act is effective for oil and gas
18 produced through June 30, 2015, and after that date is ineffective.

19 **SECTION 16. EMERGENCY.** The sum of \$3,000,000 included in the energy infrastructure
20 and impact office line item in section 1 of this Act and section 9 of this Act are declared to be an
21 emergency measure.