

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL ~~for an Act to amend and reenact section 57-51-15 of the North Dakota Century Code,~~
2 ~~relating to reporting requirements for schools and counties receiving oil and gas gross~~
3 ~~production tax allocations.~~ for an Act to provide for a legislative management study of developing
4 a uniform county system of accounting.

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

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

8 ~~— **57-51-15. Gross production tax allocation.**~~

9 ~~— The gross production tax must be allocated monthly as follows:~~

10 ~~— 1. The tax revenue collected under this chapter equal to one percent of the gross value~~
11 ~~at the well of the oil and one fifth of the tax on gas must be deposited with the state~~
12 ~~treasurer. The state treasurer shall allocate the funding in the following order:~~

13 ~~— a. To each hub city, which is located in a county that received an allocation under~~
14 ~~subsection 2 in the most recently completed even-numbered fiscal year, the state~~
15 ~~treasurer shall allocate a monthly amount that will provide a total allocation of~~
16 ~~three hundred seventy five thousand dollars per fiscal year for each full or partial~~
17 ~~percentage point, excluding the first two percentage points, of its private covered~~
18 ~~employment engaged in the mining industry, according to annual data compiled~~
19 ~~by job service North Dakota. For purposes of the allocations under this~~
20 ~~subdivision during the period beginning September 1, 2017, and ending~~
21 ~~August 31, 2018, the state treasurer shall use the following employment~~
22 ~~percentages:~~

23 ~~— (1) Thirty-three percent for the city of Williston;~~

24 ~~— (2) Seventeen percent for the city of Dickinson; and~~

1 ~~————— (3) — Four percent for the city of Minot.~~

2 ~~————— b. — To each hub city, which is located in a county that did not receive an allocation~~
3 ~~under subsection 2 in the most recently completed even-numbered fiscal year,~~
4 ~~the state treasurer shall allocate a monthly amount that will provide a total~~
5 ~~allocation of two hundred fifty thousand dollars per fiscal year for each full or~~
6 ~~partial percentage point, excluding the first two percentage points, of its private~~
7 ~~covered employment engaged in the mining industry, according to annual data~~
8 ~~compiled by job service North Dakota.~~

9 ~~————— c. — To each hub city school district, which is located in a county that received an~~
10 ~~allocation under subsection 2 in the most recently completed even-numbered~~
11 ~~fiscal year, the state treasurer shall allocate a monthly amount that will provide a~~
12 ~~total allocation of one hundred twenty five thousand dollars per fiscal year for~~
13 ~~each full or partial percentage point, excluding the first two percentage points, of~~
14 ~~the hub city's private covered employment engaged in the mining industry,~~
15 ~~according to annual data compiled by job service North Dakota. Hub city school~~
16 ~~districts, which are located in a county that did not receive an allocation under~~
17 ~~subsection 2 in the most recently completed even-numbered fiscal year, must be~~
18 ~~excluded from the allocations under this subdivision. For purposes of the~~
19 ~~allocations under this subdivision during the period beginning September 1,~~
20 ~~2017, and ending August 31, 2018, the state treasurer shall use the following~~
21 ~~employment percentages:~~

22 ~~————— (1) — Thirty-three percent for the city of Williston;~~

23 ~~————— (2) — Seventeen percent for the city of Dickinson; and~~

24 ~~————— (3) — Four percent for the city of Minot.~~

25 ~~————— d. — To each county that received more than five million dollars but less than thirty~~
26 ~~million dollars of total allocations under subsection 2 in the most recently~~
27 ~~completed even-numbered fiscal year, the state treasurer shall allocate a monthly~~
28 ~~amount that will be added to the allocations to school districts under subdivision b~~
29 ~~of subsection 5, as follows:~~

30 ~~————— (1) — To each county that received more than five million dollars but not~~

31 ~~exceeding ten million dollars of total allocations under subsection 2 in the~~

- 1 most recently completed even-numbered fiscal year, the state treasurer
2 shall allocate a monthly amount that will provide a total allocation of one
3 million five hundred thousand dollars per fiscal year. The allocation must be
4 distributed to school districts within the county pursuant to subdivision b of
5 subsection 5.
- 6 ~~(2) To each county that received more than ten million dollars but not exceeding~~
7 ~~fifteen million dollars of total allocations under subsection 2 in the most~~
8 ~~recently completed even-numbered fiscal year, the state treasurer shall~~
9 ~~allocate a monthly amount that will provide a total allocation of one million~~
10 ~~two hundred fifty thousand dollars per fiscal year. The allocation must be~~
11 ~~distributed to school districts within the county pursuant to subdivision b of~~
12 ~~subsection 5.~~
- 13 ~~(3) To each county that received more than fifteen million dollars but not~~
14 ~~exceeding twenty million dollars of total allocations under subsection 2 in~~
15 ~~the most recently completed even-numbered fiscal year, the state treasurer~~
16 ~~shall allocate a monthly amount that will provide a total allocation of one~~
17 ~~million dollars per fiscal year. The allocation must be distributed to school~~
18 ~~districts within the county pursuant to subdivision b of subsection 5.~~
- 19 ~~(4) To each county that received more than twenty million dollars but not~~
20 ~~exceeding twenty-five million dollars of total allocations under subsection 2~~
21 ~~in the most recently completed even-numbered fiscal year, the state~~
22 ~~treasurer shall allocate a monthly amount that will provide a total allocation~~
23 ~~of seven hundred fifty thousand dollars per fiscal year. The allocation must~~
24 ~~be distributed to school districts within the county pursuant to subdivision b~~
25 ~~of subsection 5.~~
- 26 ~~(5) To each county that received more than twenty-five million dollars but not~~
27 ~~exceeding thirty million dollars of total allocations under subsection 2 in the~~
28 ~~most recently completed even-numbered fiscal year, the state treasurer~~
29 ~~shall allocate a monthly amount that will provide a total allocation of five~~
30 ~~hundred thousand dollars per fiscal year. The allocation must be distributed~~

1 to school districts within the county pursuant to subdivision b of
2 subsection 5.

3 ~~e. (1) For the period beginning September 1, 2017, and ending August 31, 2019,~~
4 ~~the state treasurer shall allocate eight percent of the amount available under~~
5 ~~this subsection to the North Dakota outdoor heritage fund, but not in an~~
6 ~~amount exceeding ten million dollars per biennium. For purposes of this~~
7 ~~paragraph, "biennium" means the period beginning September first of each~~
8 ~~odd-numbered calendar year and ending August thirty-first of the following~~
9 ~~odd-numbered calendar year.~~

10 ~~(2) After August 31, 2019, the state treasurer shall allocate eight percent of the~~
11 ~~amount available under this subsection to the North Dakota outdoor~~
12 ~~heritage fund, but not in an amount exceeding twenty million dollars per~~
13 ~~fiscal year.~~

14 ~~f. (1) For the period beginning September 1, 2017, and ending August 31, 2019,~~
15 ~~the state treasurer shall allocate four percent of the amount available under~~
16 ~~this subsection to the abandoned oil and gas well plugging and site~~
17 ~~reclamation fund, but not in an amount exceeding four million dollars per~~
18 ~~fiscal year and not in an amount that would bring the balance in the fund to~~
19 ~~more than one hundred million dollars.~~

20 ~~(2) After August 31, 2019, the state treasurer shall allocate four percent of the~~
21 ~~amount available under this subsection to the abandoned oil and gas well~~
22 ~~plugging and site reclamation fund, but not in an amount exceeding seven~~
23 ~~million five hundred thousand dollars per fiscal year and not in an amount~~
24 ~~that would bring the balance in the fund to more than one hundred million~~
25 ~~dollars.~~

26 ~~g. For the period beginning September 1, 2017, and ending August 31, 2019, the~~
27 ~~state treasurer shall allocate the remaining revenues in the following order:~~

28 ~~(1) Up to twenty five million dollars to the oil and gas impact grant fund.~~

29 ~~(2) Any remaining revenues under subsection 3.~~

30 ~~h. After August 31, 2019, the state treasurer shall allocate the remaining revenues~~
31 ~~in the following order:~~

1 ~~————— (1) Up to five million dollars per biennium to the oil and gas impact grant fund.~~
2 ~~For purposes of this paragraph, "biennium" means the period beginning~~
3 ~~September first of each odd-numbered calendar year and ending~~
4 ~~August thirty first of the following odd-numbered calendar year.~~

5 ~~————— (2) Any remaining revenues under subsection 3.~~

6 ~~————— i. For purposes of this subsection, "fiscal year" means the period beginning~~
7 ~~September first and ending August thirty first of the following calendar year.~~

8 ~~————— 2. a. During the period beginning September 1, 2017, and ending August 31, 2019, for~~
9 ~~counties that received less than five million dollars of total allocations under this~~
10 ~~subsection in the most recently completed even-numbered fiscal year, then after~~
11 ~~deduction of the amount provided in subsection 1, the state treasurer shall~~
12 ~~allocate revenue collected under this chapter from oil and gas produced in each~~
13 ~~county as follows:~~

14 ~~————— (1) The first five million dollars of collections received each fiscal year is~~
15 ~~allocated to the county.~~

16 ~~————— (2) The remaining revenue collections received each fiscal year are allocated~~
17 ~~thirty percent to the county and seventy percent to the state for allocations~~
18 ~~under subsection 3.~~

19 ~~————— b. During the period beginning September 1, 2017, and ending August 31, 2019, for~~
20 ~~counties that received five million dollars or more of total allocations under this~~
21 ~~subsection in the most recently completed even-numbered fiscal year, then after~~
22 ~~deduction of the amount provided in subsection 1, the state treasurer shall~~
23 ~~allocate revenue collected under this chapter from oil and gas produced in each~~
24 ~~county as follows:~~

25 ~~————— (1) The first five million dollars of collections received each fiscal year is~~
26 ~~allocated to the county. From the first five million dollars allocated to the~~
27 ~~county, the state treasurer shall allocate an amount from each county to the~~
28 ~~energy impact fund to provide a total allocation of two million per fiscal year~~
29 ~~to the fund. The amount allocated from each county to the energy impact~~
30 ~~fund under this paragraph must be proportional to the county's monthly oil~~
31 ~~and gas gross production tax revenue collected relative to the total monthly~~

1 oil and gas gross production tax revenue collected from all the counties
2 under this subdivision. The state treasurer shall allocate the amount
3 remaining from this paragraph to the county under subsection 5. For the
4 purposes of determining the counties that received five million dollars or
5 more of total allocations under this subsection in the most recently
6 completed even-numbered fiscal year under this section, any amounts
7 withheld from the county for allocations to the energy impact fund are
8 considered allocations to the county.

9 ~~————— (2) The remaining revenue collections received each fiscal year are allocated~~
10 ~~thirty percent to the county and seventy percent to the state for allocations~~
11 ~~under subsection 3.~~

12 ~~————— c. After deduction of the amount provided in subsection 1, annual revenue collected~~
13 ~~under this chapter from oil and gas produced in each county must be allocated~~
14 ~~after August 31, 2019, as follows:~~

15 ~~————— (1) The first five million dollars is allocated to the county.~~

16 ~~————— (2) Of all annual revenue exceeding five million dollars, thirty percent is~~
17 ~~allocated to the county.~~

18 ~~————— d. For purposes of this subsection, "fiscal year" means the period beginning~~
19 ~~September first and ending August thirty first of the following calendar year.~~

20 ~~————— 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first~~
21 ~~to provide for deposit of thirty percent of all revenue collected under this chapter in the~~
22 ~~legacy fund as provided in section 26 of article X of the Constitution of North Dakota~~
23 ~~and the remainder must be allocated to the state general fund. If the amount available~~
24 ~~for a monthly allocation under this subsection is insufficient to deposit thirty percent of~~
25 ~~all revenue collected under this chapter in the legacy fund, the state treasurer shall~~
26 ~~transfer the amount of the shortfall from the state general fund share of oil extraction~~
27 ~~tax collections and deposit that amount in the legacy fund.~~

28 ~~————— 4. For a county that received less than five million dollars of allocations under~~
29 ~~subsection 2 in the most recently completed even-numbered fiscal year, revenues~~
30 ~~allocated to that county must be distributed at least quarterly by the state treasurer as~~
31 ~~follows:~~

- 1 ~~———— a. Forty five percent must be distributed to the county treasurer and credited to the~~
2 ~~county general fund. However, the distribution to a county under this subdivision~~
3 ~~must be credited to the state general fund if in a taxable year after 2012 the~~
4 ~~county is not levying a total of at least ten mills for combined levies for county~~
5 ~~road and bridge, farm to market and federal aid road, and county road purposes.~~
- 6 ~~———— b. Thirty five percent must be distributed to school districts within the county on the~~
7 ~~average daily attendance distribution basis for kindergarten through grade twelve~~
8 ~~students residing within the county, as certified to the state treasurer by the~~
9 ~~county superintendent of schools. However, a hub city school district must be~~
10 ~~omitted from distributions under this subdivision.~~
- 11 ~~———— c. Twenty percent must be distributed to the incorporated cities of the county. A hub~~
12 ~~city must be omitted from distributions under this subdivision. Distributions~~
13 ~~among cities under this subsection must be based upon the population of each~~
14 ~~incorporated city according to the last official decennial federal census. In~~
15 ~~determining the population of any city in which total employment increases by~~
16 ~~more than two hundred percent seasonally due to tourism, the population of that~~
17 ~~city for purposes of this subdivision must be increased by eight hundred percent.~~
- 18 ~~———— d. For purposes of this subsection, "fiscal year" means the period beginning~~
19 ~~September first and ending August thirty first of the following calendar year.~~
- 20 ~~———— 5. For a county that received five million dollars or more of allocations under subsection 2~~
21 ~~in the most recently completed even numbered fiscal year, revenues allocated to that~~
22 ~~county must be distributed at least quarterly by the state treasurer as follows:~~
- 23 ~~———— a. Sixty percent must be distributed to the county treasurer and credited to the~~
24 ~~county general fund. However, the distribution to a county under this subdivision~~
25 ~~must be credited to the state general fund if in a taxable year after 2012 the~~
26 ~~county is not levying a total of at least ten mills for combined levies for county~~
27 ~~road and bridge, farm to market and federal aid road, and county road purposes.~~
- 28 ~~———— b. Five percent must be distributed to school districts within the county on the~~
29 ~~average daily attendance distribution basis for kindergarten through grade twelve~~
30 ~~students residing within the county, as certified to the state treasurer by the~~

1 county superintendent of schools. However, a hub-city school district must be
2 omitted from distributions under this subdivision.

3 ~~c. Twenty percent must be distributed to the incorporated cities of the county. A hub-~~
4 ~~city must be omitted from distributions under this subdivision. Distributions~~
5 ~~among cities under this subsection must be based upon the population of each~~
6 ~~incorporated city according to the last official decennial federal census. In~~
7 ~~determining the population of any city in which total employment increases by~~
8 ~~more than two hundred percent seasonally due to tourism, the population of that~~
9 ~~city for purposes of this subdivision must be increased by eight hundred percent.~~

10 ~~d. Three percent must be allocated among the organized and unorganized~~
11 ~~townships of the county. The state treasurer shall allocate the funds available~~
12 ~~under this subdivision among townships in proportion to each township's road~~
13 ~~miles relative to the total township road miles in the county. The amount allocated~~
14 ~~to unorganized townships under this subdivision must be distributed to the county~~
15 ~~treasurer and credited to a special fund for unorganized township roads, which~~
16 ~~the board of county commissioners shall use for the maintenance and~~
17 ~~improvement of roads in unorganized townships.~~

18 ~~e. Three percent must be allocated among the organized and unorganized~~
19 ~~townships in all the counties that received five million dollars or more of~~
20 ~~allocations under subsection 2 in the most recently completed even-numbered~~
21 ~~fiscal year. The amount available under this subdivision must be allocated by the~~
22 ~~state treasurer in an equal amount to each eligible organized and unorganized~~
23 ~~township. The amount allocated to unorganized townships under this subdivision~~
24 ~~must be distributed to the county treasurer and credited to a special fund for~~
25 ~~unorganized township roads, which the board of county commissioners shall use~~
26 ~~for the maintenance and improvement of roads in unorganized townships.~~

27 ~~f. Nine percent must be distributed among hub cities. Sixty percent of funds~~
28 ~~available under this subdivision must be distributed to the hub city receiving the~~
29 ~~highest percentage of allocations to hub cities under subdivision a of~~
30 ~~subsection 1 for the quarterly period, thirty percent of funds available under this~~
31 ~~subdivision must be distributed to the hub city receiving the second highest~~

1 percentage of such allocations, and ten percent of funds available under this
2 subdivision must be distributed to the hub city receiving the third highest
3 percentage of such allocations. Hub cities, which are located in a county that did
4 not receive an allocation under subsection 2 in the most recently completed
5 even-numbered fiscal year, must be excluded from the allocations under this
6 subdivision. If fewer than three hub cities are eligible for the allocations under this
7 subdivision, the state treasurer shall allocate the available funds in proportion to
8 the amounts the eligible hub cities received under subdivision a of subsection 1.

9 ~~g.~~ For purposes of this subsection, "fiscal year" means the period beginning
10 September first and ending August thirty first of the following calendar year.

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

15 ~~a.~~ The county's statement of revenues and expenditures;

16 ~~b.~~ The county's ending fund balances;

17 ~~c.~~ The amounts allocated under this section to the county's general fund, the
18 amounts expended from these allocations, and the purposes of the expenditures;
19 and

20 ~~d.~~ The amounts allocated under this section to or for the benefit of townships within
21 the county, the amounts expended from these allocations, and the purposes of
22 the expenditures.

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

26 ~~7.~~ Within thirty days after the end of each fiscal year ended June thirtieth, each school
27 district that has received an allocation under this section shall file a report for the fiscal
28 year ended June thirtieth with the commissioner, in a format prescribed by the
29 commissioner, including:

30 ~~a.~~ The school district's statement of revenue and expenditures;

31 ~~b.~~ The school district's ending fund balances; and

1 ~~_____ c. The amounts allocated under this section to the school district, the amounts~~
2 ~~expended from these allocations, and the purposes of the expenditures.~~
3 ~~Within fifteen days after the time when reports under this subsection are due, the~~
4 ~~commissioner shall provide the reports to the legislative council compiling the~~
5 ~~information from reports received under this subsection.~~

6 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY - UNIFORM COUNTY SYSTEM OF**
7 **ACCOUNTING.** During the 2019-20 interim, the legislative management shall consider studying
8 the feasibility and desirability of developing standard procedures and classification of accounts
9 to provide a means of accumulating financial information that is uniform for all counties,
10 regardless of the county's size or various approaches to budgeting and accounting which may
11 be in use, with the objective of achieving uniformity of financial information to guide preparation
12 of financial reports required by law. The legislative management shall report its findings and
13 recommendations, together with any legislation required to implement the recommendations, to
14 the sixty-seventh legislative assembly.