

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

ENGROSSED SENATE BILL NO. 2323

Introduced by

Senators Bekkedahl, Sorvaag, Hogue

Representatives Lefor, Brandenburg, Richter

In place of amendment (25.0911.04003) adopted by the House, Engrossed Senate Bill No. 2323 is amended by amendment (25.0911.04007) as follows:

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 an energy impact grant fund;~~ to amend and reenact sections 57-51-15
3 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax
4 allocations and the state share of oil and gas tax allocations; ~~to provide a continuing-~~
5 ~~appropriation;~~ to provide for a legislative management report; to provide an exemption; and 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 - Report.** ~~(Effective through June 30,~~
11 ~~20272037)~~

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

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

16 ~~—a.—Eight percent of the amount available under this subsection to the North Dakota-~~
17 ~~outdoor heritage fund, but not in an amount exceeding twenty million dollars per-~~
18 ~~fiscal year.~~

19 ~~—b.—Four percent of the amount available under this subsection to the abandoned oil-~~
20 ~~and gas well plugging and site reclamation fund, but not in an amount exceeding-~~

1 seven million five hundred thousand dollars per fiscal year and not in an amount
2 that would bring the balance in the fund to more than one hundred million dollars
3 through June 30, 2027, or to more than fifty million dollars after June 30, 2027.

4 ~~c. Up to twenty million dollars per fiscal year to the energy impact grant fund under~~
5 ~~section 2 of this Act.~~

6 ~~d. Any remaining revenues pursuant to subsection 3.~~

7 ~~d.e. For purposes of this subsection, "fiscal year" means the period beginning~~
8 ~~September first and ending August thirty-first of the following calendar year.~~

9 ~~2. The tax revenue collected under this chapter equal to four percent of the gross value~~
10 ~~at the well of the oil and four-fifths of the tax on gas must be deposited with the state~~
11 ~~treasurer. The state treasurer shall allocate the funding in the following order:~~

12 ~~a. The first five million dollars of collections received from a county each fiscal year~~
13 ~~is allocated to the county.~~

14 ~~b. The remaining revenue collections received from a county each fiscal year are~~
15 ~~allocated thirty percent to the county and seventy percent as follows:~~

16 ~~(1) Monthly amounts to the hub city funding pool to provide fifteen million four~~
17 ~~hundred thousand dollars per fiscal year for the allocations under~~
18 ~~paragraph 2 of subdivision a of subsection 5.~~

19 ~~(2) Monthly amounts to the hub city school district funding pool to provide two~~
20 ~~million one hundred thousand dollars per fiscal year for the allocations~~
21 ~~under paragraph 3 of subdivision a of subsection 5.~~

22 ~~(3) Monthly amounts to the supplemental school district funding pool to provide~~
23 ~~seventy percent of the total amount needed for the allocations under~~
24 ~~paragraph 4 of subdivision a of subsection 5.~~

25 ~~(4) Any remaining revenue collections to the state for the state's allocations~~
26 ~~pursuant to subsection 3.~~

27 ~~c. For purposes of this subsection, "fiscal year" means the period beginning~~
28 ~~September first and ending August thirty-first of the following calendar year.~~

29 ~~3. After the allocations under subsections 1 and 2, the amount remaining is allocated first~~
30 ~~to provide for deposit of thirty percent of all revenue collected under this chapter in the~~
31 ~~legacy fund as provided in section 26 of article X of the Constitution of North Dakota.~~

1 and the remainder must be allocated to the state general fund. If the amount available
2 for a monthly allocation under this subsection is insufficient to deposit thirty percent of
3 all revenue collected under this chapter in the legacy fund, the state treasurer shall
4 transfer the amount of the shortfall from the state general fund share of oil extraction
5 tax collections and deposit that amount in the legacy fund.

6 ~~4.~~ For a county that received less than five million dollars of allocations under
7 subsection 2 in the most recently completed even-numbered fiscal year before the
8 start of the biennium, revenues allocated to that county must be distributed by the
9 state treasurer as follows:

10 ~~a.~~ Forty five percent must be distributed to the county treasurer and credited to the
11 county general fund.

12 ~~b.~~ Thirty five percent must be distributed proportionally to school districts within the
13 county on the average daily attendance distribution basis for kindergarten
14 through grade twelve students residing within the county, as certified to the state
15 treasurer by the county superintendent of schools. However, a hub city school
16 district must be omitted from distributions under this subdivision.

17 ~~c.~~ Twenty percent must be distributed to the incorporated cities of the county. A hub
18 city must be omitted from distributions under this subdivision. Distributions
19 among cities under this subsection must be proportional based upon the
20 population of each incorporated city according to the last official decennial federal
21 census. In determining the population of any city in which total employment
22 increases by more than two hundred percent seasonally due to tourism, the
23 population of that city for purposes of this subdivision must be increased by eight
24 hundred percent.

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

27 ~~5.~~ For a county that received five million dollars or more of allocations under subsection 2
28 in the most recently completed even-numbered fiscal year before the start of the
29 biennium, revenues allocated to that county must be distributed by the state treasurer
30 as follows:

1 ~~a. A portion of the revenues from each county must be distributed to a hub city~~
2 ~~funding pool, a hub city school district funding pool, and a supplemental school~~
3 ~~district funding pool as follows:~~

4 ~~(1) The amount distributed from each county to the funding pools under this~~
5 ~~subdivision must be proportional to each county's monthly oil and gas gross~~
6 ~~production tax revenue collections relative to the combined total monthly oil~~
7 ~~and gas gross production tax revenue collections from all the counties that~~
8 ~~receive allocations under this subsection.~~

9 ~~(2) The state treasurer shall distribute, to the hub city funding pool, the monthly~~
10 ~~amount needed from each county to provide six million six hundred~~
11 ~~thousand dollars per fiscal year for the allocations under this paragraph.~~

12 ~~(a) The state treasurer shall allocate monthly amounts from the hub city~~
13 ~~funding pool to provide a combined total of twenty-two million dollars~~
14 ~~per fiscal year to all the hub cities, which includes the fifteen million~~
15 ~~four hundred thousand dollars under paragraph 1 of subdivision b of~~
16 ~~subsection 2 and the six million six hundred thousand dollars under~~
17 ~~this paragraph. The monthly allocation to each hub city must be~~
18 ~~proportional to each hub city's impact percentage score, including~~
19 ~~fractional percentage points rounded to the nearest tenth of a percent,~~
20 ~~relative to the combined total of all the hub cities' impact percentage~~
21 ~~scores.~~

22 ~~(b) The state treasurer shall calculate the impact percentage score for~~
23 ~~each hub city by summing the following:~~

24 ~~[1] The percentage of mining, quarrying, and oil and gas extraction~~
25 ~~employment relative to the total employment of all industries in~~
26 ~~the county in which the hub city is located, based on the most~~
27 ~~recent annual data for all ownership types compiled by job~~
28 ~~service North Dakota in the quarterly census of employment and~~
29 ~~wages, multiplied by forty-five hundredths;~~

30 ~~[2] The average of the percentage of mining, quarrying, and oil and~~
31 ~~gas extraction employment relative to the total employment of all~~

1 industries in each county for all the counties in the human-
2 service region in which the hub city is located, based on the most
3 recent annual data for all ownership types compiled by job-
4 service North Dakota in the quarterly census of employment and
5 wages, multiplied by fifteen hundredths;

6 ~~[3] The percentage of establishments engaged in mining, quarrying,
7 and oil and gas extraction relative to the total establishments of
8 all industries in the county in which the hub city is located, based
9 on the most recent annual data for all ownership types compiled
10 by job service North Dakota in the quarterly census of
11 employment and wages, multiplied by one-tenth;~~

12 ~~[4] The percentage of oil production in the human service region in
13 which the hub city is located relative to the total oil production in
14 all the human service regions with hub cities, based on the most
15 recently available calendar year data compiled by the industrial
16 commission in a report on the historical barrels of oil produced by
17 county, multiplied by one-tenth;~~

18 ~~[5] The percentage change in population from five years prior for the
19 hub city, based on the most recent actual or estimated census
20 data published by the United States census bureau, multiplied by
21 one-tenth; and~~

22 ~~[6] The percentage change in population from five years prior for the
23 county in which the hub city is located, based on the most recent
24 actual or estimated census data published by the United States
25 census bureau, multiplied by one-tenth.~~

26 ~~(c) For purposes of this paragraph, "human service region" means the
27 areas designated by the governor's executive order 1978-12 dated
28 October 5, 1978.~~

29 ~~(3) The state treasurer shall distribute, to the hub city school district funding
30 pool, the monthly amount needed from each county to provide nine hundred
31 thousand dollars per fiscal year for the allocations under this paragraph.~~

- 1 ~~_____ (a) The state treasurer shall allocate monthly amounts from the hub-city-~~
2 ~~school district funding pool to provide a combined total of three million-~~
3 ~~dollars per fiscal year to all the hub-city school districts, which-~~
4 ~~includes the two million one hundred thousand dollars under-~~
5 ~~paragraph 2 of subdivision b of subsection 2 and the nine hundred-~~
6 ~~thousand dollars under this paragraph. The monthly allocation to each-~~
7 ~~hub-city school districts must be proportional to each hub-city school-~~
8 ~~district's impact percentage score, including fractional percentage-~~
9 ~~points rounded to the nearest tenth of a percent, relative to the-~~
10 ~~combined total of all the hub-cities' impact percentage scores.~~
- 11 ~~_____ (b) For the purpose of determining the impact percentage score for each-~~
12 ~~hub-city school district, the state treasurer shall use the same impact-~~
13 ~~percentage score as the corresponding score calculated for each hub-~~
14 ~~city in paragraph 2.~~
- 15 ~~_____ (4) The state treasurer shall distribute, to the supplemental school district-~~
16 ~~funding pool, the monthly amount needed from each county to provide for-~~
17 ~~thirty percent of the total allocations under this paragraph. To each county-~~
18 ~~that received more than five million dollars but less than thirty million dollars-~~
19 ~~of total allocations under subsection 2 in the most recently completed-~~
20 ~~even-numbered fiscal year before the start of the biennium, the state-~~
21 ~~treasurer shall allocate a monthly amount from the supplemental school-~~
22 ~~district funding pool which will be added to the distributions to school-~~
23 ~~districts under paragraph 2 of subdivision b, as follows:~~
- 24 ~~_____ (a) To each county that received more than five million dollars but not-~~
25 ~~exceeding ten million dollars of total allocations under subsection 2 in-~~
26 ~~the most recently completed even-numbered fiscal year before the-~~
27 ~~start of the biennium, the state treasurer shall allocate a monthly-~~
28 ~~amount that will provide a total allocation of one million five hundred-~~
29 ~~thousand dollars per fiscal year. The allocation must be distributed to-~~
30 ~~school districts within the county pursuant to paragraph 2 of-~~
31 ~~subdivision b.~~

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

1 ~~_____ b. After the distributions in subdivision a, each county's remaining revenues must be~~
2 ~~distributed as follows:~~

3 ~~_____ (1) Sixty percent must be distributed to the county treasurer and credited to the~~
4 ~~county general fund.~~

5 ~~_____ (2) Five percent must be distributed proportionally to school districts within the~~
6 ~~county on the average daily attendance distribution basis for kindergarten~~
7 ~~through grade twelve students residing within the county, as certified to the~~
8 ~~state treasurer by the county superintendent of schools. However, a hub city~~
9 ~~school district must be omitted from distributions under this subdivision.~~

10 ~~_____ (3) Twenty percent must be distributed to the incorporated cities of the county. A~~
11 ~~hub city must be omitted from distributions under this subdivision.~~
12 ~~Distributions among cities under this subsection must be proportional based~~
13 ~~upon the population of each incorporated city according to the last official~~
14 ~~decennial federal census. In determining the population of any city in which~~
15 ~~total employment increases by more than two hundred percent seasonally~~
16 ~~due to tourism, the population of that city for purposes of this subdivision~~
17 ~~must be increased by eight hundred percent.~~

18 ~~_____ (4) Four percent must be allocated among the organized and unorganized~~
19 ~~townships of the county. The state treasurer shall allocate the funds~~
20 ~~available under this subdivision among townships in proportion to each~~
21 ~~township's road miles relative to the total township road miles in the county.~~
22 ~~The amount allocated to unorganized townships under this subdivision must~~
23 ~~be distributed to the county treasurer and credited to a special fund for~~
24 ~~unorganized township roads, which the board of county commissioners shall~~
25 ~~use for the maintenance and improvement of roads in unorganized~~
26 ~~townships.~~

27 ~~_____ (5) Nine percent must be distributed among hub cities. The state treasurer shall~~
28 ~~distribute the funds available under this subdivision in proportion to the~~
29 ~~amounts the hub cities receive under paragraph 2 of subdivision a.~~

30 ~~_____ (6) Two percent must be distributed among hub city school districts. The state~~
31 ~~treasurer shall distribute the funds available under this subdivision in~~

~~proportion to the amounts the hub city school districts receive under
paragraph 3 of subdivision a.~~

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

~~**Gross production tax allocation. (Effective after June 30, 2027~~2037~~)**~~ The gross
production tax must be allocated monthly as follows:

1. The tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the state treasurer. The state treasurer shall allocate the funding in the following order:
 - a. Eight percent of the amount available under this subsection to the North Dakota outdoor heritage fund, but not in an amount exceeding twenty million dollars per fiscal year.
 - b. Four percent of the amount available under this subsection to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding seven million five hundred thousand dollars per fiscal year and not in an amount that would bring the balance in the fund to more than fifty million dollars through June 30, 2027, or to more than fifty million dollars after June 30, 2027.
 - c. Any remaining revenues pursuant to subsection 3.
 - d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.
2. The tax revenue collected under this chapter equal to four percent of the gross value at the well of the oil and four-fifths of the tax on gas must be deposited with the state treasurer. The state treasurer shall allocate the funding in the following order:
 - a. The first five million dollars of collections received from a county each fiscal year is allocated to the county.
 - b. The remaining revenue collections received from a county each fiscal year are allocated thirty percent to the county and seventy percent as follows:
 - (1) Monthly amounts to the hub city funding pool to provide fifteen million four hundred thousand dollars per fiscal year for the allocations under paragraph 2 of subdivision a of subsection 5.

- 1 (2) Monthly amounts to the hub city school district funding pool to provide two
2 million one hundred thousand dollars per fiscal year for the allocations
3 under paragraph 3 of subdivision a of subsection 5.
- 4 (3) Monthly amounts to the supplemental school district funding pool to provide
5 seventy percent of the total amount needed for the allocations under
6 paragraph 4 of subdivision a of subsection 5.
- 7 (4) Monthly amounts to the hub city debt relief funding pool to provide seven
8 million three hundred fifty thousand dollars per fiscal year for the allocations
9 under paragraph 2 of subdivision a of subsection 5.
- 10 (5) Any remaining revenue collections to the state for the state's allocations
11 pursuant to subsection 3.

12 c. For purposes of this subsection, "fiscal year" means the period beginning
13 September first and ending August thirty-first of the following calendar year.

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

22 4. For a county that received less than five million dollars of allocations under
23 subsection 2 in the most recently completed even-numbered fiscal year before the
24 start of the biennium, revenues allocated to that county must be distributed by the
25 state treasurer as follows:

26 a. Forty-five percent must be distributed to the county treasurer and credited to the
27 county general fund.

28 b. Thirty-five percent must be distributed proportionally to school districts within the
29 county on the average daily attendance distribution basis for kindergarten
30 through grade twelve students residing within the county, as certified to the state

- 1 treasurer by the county superintendent of schools. However, a hub city school
2 district must be 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 proportional based upon the
6 population of each incorporated city according to the last official decennial federal
7 census. In determining the population of any city in which total employment
8 increases by more than two hundred percent seasonally due to tourism, the
9 population of that city for purposes of this subdivision must be increased by eight
10 hundred percent.
- 11 d. For purposes of this subsection, "fiscal year" means the period beginning
12 September first and ending August thirty-first of the following calendar year.
- 13 5. For a county that received five million dollars or more of allocations under subsection 2
14 in the most recently completed even-numbered fiscal year before the start of the
15 biennium, revenues allocated to that county must be distributed by the state treasurer
16 as follows:
- 17 a. A portion of the revenues from each county must be distributed to a hub city
18 funding pool, a hub city school district funding pool, ~~and~~ a supplemental school
19 district funding pool, and a hub city debt relief funding pool as follows:
- 20 (1) The amount distributed from each county to the funding pools under this
21 subdivision must be proportional to each county's monthly oil and gas gross
22 production tax revenue collections relative to the combined total monthly oil
23 and gas gross production tax revenue collections from all the counties that
24 receive allocations under this subsection.
- 25 (2) The state treasurer shall distribute, to the hub city funding pool, the monthly
26 amount needed from each county to provide six million six hundred
27 thousand dollars per fiscal year for the allocations under this paragraph.
- 28 (a) The state treasurer shall allocate monthly amounts from the hub city
29 funding pool to provide a combined total of twenty-two million dollars
30 per fiscal year to all the hub cities, which includes the fifteen million
31 four hundred thousand dollars under paragraph 1 of subdivision b of

1 subsection 2 and the six million six hundred thousand dollars under
2 this paragraph. The monthly allocation to each hub city must be
3 proportional to each hub city's impact percentage score, including
4 fractional percentage points rounded to the nearest tenth of a percent,
5 relative to the combined total of all the hub cities' impact percentage
6 scores.

7 (b) The state treasurer shall calculate the impact percentage score for
8 each hub city by summing the following:

- 9 [1] The percentage of mining, quarrying, and oil and gas extraction
10 employment relative to the total employment of all industries in
11 the county in which the hub city is located, based on the most
12 recent annual data for all ownership types compiled by job
13 service North Dakota in the quarterly census of employment and
14 wages, multiplied by forty-five hundredths;
- 15 [2] The average of the percentage of mining, quarrying, and oil and
16 gas extraction employment relative to the total employment of all
17 industries in each county for all the counties in the human
18 service region in which the hub city is located, based on the most
19 recent annual data for all ownership types compiled by job
20 service North Dakota in the quarterly census of employment and
21 wages, multiplied by fifteen hundredths;
- 22 [3] The percentage of establishments engaged in mining, quarrying,
23 and oil and gas extraction relative to the total establishments of
24 all industries in the county in which the hub city is located, based
25 on the most recent annual data for all ownership types compiled
26 by job service North Dakota in the quarterly census of
27 employment and wages, multiplied by one-tenth;
- 28 [4] The percentage of oil production in the human service region in
29 which the hub city is located relative to the total oil production in
30 all the human service regions with hub cities, based on the most
31 recently available calendar year data compiled by the industrial

- 1 commission in a report on the historical barrels of oil produced by
2 county, multiplied by one-tenth;
- 3 [5] The percentage change in population from five years prior for the
4 hub city, based on the most recent actual or estimated census
5 data published by the United States census bureau, multiplied by
6 one-tenth; and
- 7 [6] The percentage change in population from five years prior for the
8 county in which the hub city is located, based on the most recent
9 actual or estimated census data published by the United States
10 census bureau, multiplied by one-tenth.
- 11 (c) For purposes of this paragraph, "human service region" means the
12 areas designated by the governor's executive order 1978-12 dated
13 October 5, 1978.
- 14 (3) The state treasurer shall distribute, to the hub city school district funding
15 pool, the monthly amount needed from each county to provide nine hundred
16 thousand dollars per fiscal year for the allocations under this paragraph.
- 17 (a) The state treasurer shall allocate monthly amounts from the hub city
18 school district funding pool to provide a combined total of three million
19 dollars per fiscal year to all the hub city school districts, which
20 includes the two million one hundred thousand dollars under
21 paragraph 2 of subdivision b of subsection 2 and the nine hundred
22 thousand dollars under this paragraph. The monthly allocation to each
23 hub city school districts must be proportional to each hub city school
24 district's impact percentage score, including fractional percentage
25 points rounded to the nearest tenth of a percent, relative to the
26 combined total of all the hub cities' impact percentage scores.
- 27 (b) For the purpose of determining the impact percentage score for each
28 hub city school district, the state treasurer shall use the same impact
29 percentage score as the corresponding score calculated for each hub
30 city in paragraph 2.

1 (4) The state treasurer shall distribute, to the supplemental school district
2 funding pool, the monthly amount needed from each county to provide for
3 thirty percent of the total allocations under this paragraph. To each county
4 that received more than five million dollars but less than thirty million dollars
5 of total allocations under subsection 2 in the most recently completed
6 even-numbered fiscal year before the start of the biennium, the state
7 treasurer shall allocate a monthly amount from the supplemental school
8 district funding pool which will be added to the distributions to school
9 districts under paragraph 2 of subdivision b, as follows:

10 (a) To each county that received more than five million dollars but not
11 exceeding ten million dollars of total allocations under subsection 2 in
12 the most recently completed even-numbered fiscal year before the
13 start of the biennium, the state treasurer shall allocate a monthly
14 amount that will provide a total allocation of one million five hundred
15 thousand dollars per fiscal year. The allocation must be distributed to
16 school districts within the county pursuant to paragraph 2 of
17 subdivision b.

18 (b) To each county that received more than ten million dollars but not
19 exceeding fifteen million dollars of total allocations under subsection 2
20 in the most recently completed even-numbered fiscal year before the
21 start of the biennium, the state treasurer shall allocate a monthly
22 amount that will provide a total allocation of one million two hundred
23 fifty thousand dollars per fiscal year. The allocation must be distributed
24 to school districts within the county pursuant to paragraph 2 of
25 subdivision b.

26 (c) To each county that received more than fifteen million dollars but not
27 exceeding twenty million dollars of total allocations under subsection 2
28 in the most recently completed even-numbered fiscal year before the
29 start of the biennium, the state treasurer shall allocate a monthly
30 amount that will provide a total allocation of one million dollars per

1 fiscal year. The allocation must be distributed to school districts within
2 the county pursuant to paragraph 2 of subdivision b.

3 (d) To each county that received more than twenty million dollars but not
4 exceeding twenty-five million dollars of total allocations under
5 subsection 2 in the most recently completed even-numbered fiscal
6 year before the start of the biennium, the state treasurer shall allocate
7 a monthly amount that will provide a total allocation of seven hundred
8 fifty thousand dollars per fiscal year. The allocation must be distributed
9 to school districts within the county pursuant to paragraph 2 of
10 subdivision b.

11 (e) To each county that received more than twenty-five million dollars but
12 not exceeding thirty million dollars of total allocations under
13 subsection 2 in the most recently completed even-numbered fiscal
14 year before the start of the biennium, the state treasurer shall allocate
15 a monthly amount that will provide a total allocation of five hundred
16 thousand dollars per fiscal year. The allocation must be distributed to
17 school districts within the county pursuant to paragraph 2 of
18 subdivision b.

19 (5) The state treasurer shall distribute, to the hub city debt relief funding pool,
20 the monthly amount needed from each county to provide three million one
21 hundred fifty thousand dollars per fiscal year for the allocations under this
22 paragraph. At least once per interim, each hub city shall provide a report to
23 the budget section regarding the use of the funding received under this
24 section and information on the hub city's outstanding debt, including
25 maturity dates, interest rates, and annual repayment amounts.

26 (a) The state treasurer shall allocate monthly amounts from the hub city
27 debt relief funding pool to provide a combined total of ten million five
28 hundred thousand dollars per fiscal year to all the hub cities, which
29 includes the seven million three hundred fifty thousand dollars under
30 paragraph 4 of subdivision b of subsection 2 and the three million one

1 hundred fifty thousand dollars under this paragraph. The monthly
2 allocation to hub cities under this paragraph is:

3 [1] Seventy and thirteen hundredths percent to Williston;

4 [2] Nineteen and ninety-four hundredths to Dickinson; and

5 [3] Nine and ninety-three hundredths to Minot.

6 (b) A hub city shall use the funding allocated under this paragraph for
7 debt repayments related to debt incurred between July 1, 2012, and
8 December 31, 2025, to address impacts from oil and gas
9 development.

10 b. After the distributions in subdivision a, each county's remaining revenues must be
11 distributed as follows:

12 (1) Sixty percent must be distributed to the county treasurer and credited to the
13 county general fund.

14 (2) Five percent must be distributed proportionally to school districts within the
15 county on the average daily attendance distribution basis for kindergarten
16 through grade twelve students residing within the county, as certified to the
17 state treasurer by the county superintendent of schools. However, a hub city
18 school district must be omitted from distributions under this subdivision.

19 (3) Twenty percent must be distributed to the incorporated cities of the county. A
20 hub city must be omitted from distributions under this subdivision.

21 Distributions among cities under this subsection must be proportional based
22 upon the population of each incorporated city according to the last official
23 decennial federal census. In determining the population of any city in which
24 total employment increases by more than two hundred percent seasonally
25 due to tourism, the population of that city for purposes of this subdivision
26 must be increased by eight hundred percent.

27 (4) Four percent must be allocated among the organized and unorganized
28 townships of the county. The state treasurer shall allocate the funds
29 available under this subdivision among townships in proportion to each
30 township's road miles relative to the total township road miles in the county.
31 The amount allocated to unorganized townships under this subdivision must

1 be distributed to the county treasurer and credited to a special fund for
2 unorganized township roads, which the board of county commissioners shall
3 use for the maintenance and improvement of roads in unorganized
4 townships.

5 (5) Nine percent must be distributed among hub cities. The state treasurer shall
6 distribute the funds available under this subdivision in proportion to the
7 amounts the hub cities receive under paragraph 2 of subdivision a.

8 (6) Two percent must be distributed among hub city school districts. The state
9 treasurer shall distribute the funds available under this subdivision in
10 proportion to the amounts the hub city school districts receive under
11 paragraph 3 of subdivision a.

12 (7) For purposes of this subsection, "fiscal year" means the period beginning
13 September first and ending August thirty-first of the following calendar year.

14 ~~SECTION 2. A new section to chapter 57-51 of the North Dakota Century Code is created~~
15 ~~and enacted as follows:~~

16 ~~Energy impact grant fund - State treasurer - Continuing appropriation.~~

17 ~~1. There is created in the state treasury the energy impact grant fund. The fund consists~~
18 ~~of all moneys allocated to the fund under section 57-51-15. All moneys in the fund are~~
19 ~~appropriated to the state treasurer on a continuing basis for energy impact grants to~~
20 ~~hub cities.~~

21 ~~2. Within forty days after the fund receives its statutory limit of oil and gas tax allocations~~
22 ~~for a fiscal year under section 57-51-15 or by August thirty-first of each year,~~
23 ~~whichever is earlier, the state treasurer shall distribute moneys in the fund for grants to~~
24 ~~hub cities as follows:~~

25 ~~a. Seventy-three and eighty-eight hundredths percent of the amount under this~~
26 ~~subsection to Williston;~~

27 ~~b. Fifteen and sixty-six hundredths percent of the amount under this subsection to~~
28 ~~Dickinson; and~~

29 ~~c. Ten and forty-six hundredths percent of the amount under this subsection to~~
30 ~~Minot.~~

1 ~~3. A hub city shall use the grant funding provided under this section for debt repayments~~
2 ~~related to debt incurred to address impacts from oil and gas development or for other~~
3 ~~expenses incurred to address impacts from oil and gas development.~~

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

6 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

7 From the revenues designated for deposit in the state general fund under chapters 57-51
8 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the
9 following order:

- 10 1. The first ~~two hundred thirty million~~two hundred fifty million dollars into the state general
11 fund;
- 12 2. The next two hundred fifty million dollars into the social service fund;
- 13 3. The next seventy-five million dollars into the budget stabilization fund, but not in an
14 amount that would bring the balance in the fund to more than the limit in section
15 54-27.2-01;
- 16 4. The next ~~two hundred thirty million~~two hundred fifty million dollars into the state
17 general fund;
- 18 5. The next ten million dollars into the lignite research fund;
- 19 6. The next twenty million dollars into the state disaster relief fund, but not in an amount
20 that would bring the unobligated balance in the fund to more than twenty million
21 dollars;
- 22 7. The next ~~four hundred million~~three hundred twenty millionthree hundred sixty million
23 dollars into the strategic investment and improvements fund;
- 24 8. The next sixty-five million dollars to the public employees retirement fund for the main
25 system plan;
- 26 9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount
27 necessary to provide for twice the amount of the distributions under subsection 2 of
28 section 57-51.1-07.7, into the funds designated for infrastructure development in
29 non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty
30 percent deposited into the municipal infrastructure fund and fifty percent deposited into
31 the county and township infrastructure fund;

- 1 10. The next one hundred seventy million two hundred fifty thousand dollars or the amount
2 necessary to provide a total of two hundred thirty million dollars into the funds
3 designated for infrastructure development in non-oil-producing counties under sections
4 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal
5 infrastructure fund and fifty percent deposited into the county and township
6 infrastructure fund;
- 7 11. The next twenty million dollars into the airport infrastructure fund; and
- 8 12. Any additional revenues into the strategic investment and improvements fund.

9 **SECTION 3. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
10 **DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.**

- 11 1. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the
12 North Dakota outdoor heritage fund, for the period beginning September 1, 2025, and
13 ending August 31, 2027, the state treasurer shall allocate eight percent of the oil and
14 gas gross production tax revenue available under subsection 1 of section 57-51-15 to
15 the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000
16 per fiscal year.
- 17 2. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the
18 oil and gas research fund, for the period beginning August 1, 2025, and ending
19 July 31, 2027, the state treasurer shall allocate two percent of the oil and gas gross
20 production tax and oil extraction tax revenues, up to \$17,500,000, into the oil and gas
21 research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5,
22 57-51.1-07.9, and 57-51.1-07.10.

23 **SECTION 4. EFFECTIVE DATE.** Section 1 of this Act is effective for oil and gas gross
24 production tax allocations by the state treasurer occurring after August 31, 2025.