

DEPARTMENT OF TRUST LANDS



Energy infrastructure and impact grant awards - In Section 6 of 2011 House Bill No. 1013, the Legislative Assembly increased the maximum amount of oil and gas tax revenues that may be deposited in the oil and gas impact grant fund by \$92 million per biennium, from \$8 million to \$100 million.

In Section 5 of 2011 House Bill No. 1013, the Legislative Assembly provided authority to the Board of University and School Lands to award and distribute energy infrastructure and impact grants from money deposited in the oil and gas impact grant fund. Annual distributions may not exceed 60 percent of the biennial appropriation for energy infrastructure and impact grants. The board is authorized to create an advisory committee to assist in making grant award determinations.

In Sections 6, 7, 8, 9, and 10 of 2011 House Bill No. 1013, the Legislative Assembly updated language to change the name of the Energy Development Impact Office to the Energy Infrastructure and Impact Office.

In Section 10 of 2011 House Bill No. 1013, the Legislative Assembly added the following items to the powers and duties of the Energy Infrastructure and Impact Office director:

- Receive and review applications for impact assistance.
- Make recommendations at least quarterly to the Board of University and School Lands on grants to counties, cities, school districts, and other political subdivisions in oil and gas development impact areas.
- Recommendations are to provide 35 percent of money available in the oil and gas impact fund to incorporated cities with a population of 10,000 or more. An incorporated city may not receive more than 60 percent of the funds available.
- Recommendations are to provide 65 percent of money available in the oil and gas impact fund to cities not otherwise eligible for funding under this section, counties, school districts, and other political subdivisions impacted by oil and gas development.

In Section 23 of 2011 Senate Bill No. 2371, the Legislative Assembly provided for a contingent transfer of \$30 million from the general fund to the oil and gas impact grant fund. The Office of Management and Budget may transfer this funding only if the Tax Commissioner certifies that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed oil and gas tax revenue collection projections for that period by at least \$48 million.

The Department of Trust Lands utilizes the oil and gas impact grant fund for providing energy infrastructure and impact grants and for the administration of the energy infrastructure and impact grant program. Of the \$100 million of oil and gas tax revenues deposited in the oil and gas impact grant fund, \$99,778,269 is available for energy infrastructure and impact grant awards in the 2011-13 biennium. The remaining amount of \$221,731 is available for salaries and operating expenses relating to administration of the energy infrastructure and impact grant program.

Conditions for the contingent appropriation included in 2011 Senate Bill No. 2371 were met, and the transfer and appropriation of \$30 million was available to the Department of Trust Lands in April 2012. The Land Board directed additional funds from the contingent appropriation to the January 2012 to March 2012 emergency services grant round pursuant to legislative intent.

The Board of University and School Lands plans to award and distribute approximately 35 percent of the grants to Williston, Dickinson, and Minot (no city may receive more than 60 percent of the funds) and approximately 65 percent to other cities, counties, school districts, and political subdivisions impacted by oil and gas development.

The Board of University and School Lands established an advisory committee to make recommendations regarding policies, procedures, and distributions of the 65 percent consisting of nine members as follows:

Two county representatives

- David Hynek, Mountrail County Commissioner
- Jim Arthaud, Billings County Commissioner

Two city representatives

- Lyn James, Bowman Mayor
- Brent Sanford, Watford City Mayor

One emergency services representative

- Barry Jager, Burke County Sheriff and Emergency Manager

One township representative

- Floyd Miller, township officer in Williams County

One at-large

- Rick Larson, Energy Industry Representative (and former EDIO director)

Department of Transportation Director

- Francis Ziegler

Section 24 of 2011 Senate Bill No. 2371 provides a contingent appropriation of \$30 million from the oil and gas impact grant fund to the commissioner of University and School Lands for providing oil and gas impact grants in accordance with North Dakota Century Code Sections 57-62-03.1 and 57-62-05. For these funds, the commissioner is to give priority to approving grants related to emergency services.

Commissioner of University and School Lands

- Lance Gaebe

The Board of University and School Lands has completed grant rounds to date in the 2011-13 biennium as follows:

July 2011	July to September 2011 - Quarterly grant round - City infrastructure	\$53,500,000
August 2011	Firefighters - Big rig extraction training	20,000
December 2011	October to December 2011 - Quarterly grant round - Townships and transportation	2,000,998
December 2011	Housing and Urban Development western communities planning grant - Cost-share	300,000
March 2012	January to March 2012 - Quarterly grant round - Emergency services and response	11,990,101
Total awarded to date		\$67,811,099

The Legislative Assembly in 2011 provided that annual distributions may not exceed 60 percent of the biennial appropriation for energy infrastructure and impact grants (\$77,866,961 for fiscal year 2012). Therefore, \$10,055,862 of the maximum year one allocation remains available for distribution in the April to June 2012 grant round designated for airports, counties, parks, and other infrastructure as determined by the advisory committee. The Department of Trust Lands calculated the annual allocations as follows:

Appropriation for grants in Section 1 of 2011 House Bill No. 1013	\$99,778,269 ¹
Contingent appropriation for grants in Section 24 of 2011 Senate Bill No. 2371	30,000,000
Total biennial appropriation	\$129,778,269
60 percent annual award limit	\$77,866,961
2012 Fiscal Year	\$77,866,961
Awarded to date (estimate)	67,811,099
Remaining 2012 fiscal year distributions	10,055,862
2013 fiscal year	\$51,911,308
Reduction for 2011 Senate Bill No. 2150 - Rapid school enrollment grants	5,000,000 ²
Reduction for 2011 Senate Bill No. 2325 - Upper Great Plains Transportation study	350,000 ³
Remaining available for 2013 fiscal year distributions	\$46,561,308

¹Oil and gas tax revenues of \$100 million deposited in the oil and gas impact grant fund available for energy infrastructure and impact grant awards is reduced by \$221,731 for salaries (\$90,189) and operating (\$131,542) expenses relating to administration of the program.

²In 2011 Senate Bill No. 2150, the Legislative Assembly appropriated \$5 million to the Superintendent of Public Instruction from the oil and gas impact grant fund for grants to school districts that can demonstrate rapid enrollment growth.

³In 2011 Senate Bill No. 2325, the Legislative Assembly appropriated \$350,000 to the Upper Great Plains Transportation Institute from the oil and gas impact grant fund for updating and maintaining reports for transportation infrastructure needs for all county and township roads.

The advisory committee's tentative schedule for the 2013 fiscal year distribution follows a schedule similar to fiscal year 2012; city infrastructure (July to September 2012), townships and transportation (October to December 2012), emergency services and response assets training (January to March 2013), and airports, counties, parks, and other infrastructure (April to June 2013).