

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2013 - Funding Summary

| | Base Budget | Final Legislative Action | Comparison to Base Budget |
|---|--------------------|---------------------------------|----------------------------------|
| State Treasurer | | | |
| Distributions to Non-Oil Townships | | \$16,100,000 ¹ | \$16,100,000 |
| | <hr/> | <hr/> | <hr/> |
| Total all funds | \$0 | \$16,100,000 | \$16,100,000 |
| Less estimated income | 0 | 16,100,000 | 16,100,000 |
| General fund | <hr/> \$0 | <hr/> \$0 | <hr/> \$0 |
| FTE | 0.00 | 0.00 | 0.00 |
| Department of Trust Lands | | | |
| Salaries and wages | \$6,123,516 | \$6,005,550 | (\$117,966) |
| Operating expenses | 2,019,637 | 1,775,723 | (243,914) |
| Capital assets | | 3,600,000 | 3,600,000 |
| Grants | 99,300,000 | 40,000,000 | (59,300,000) |
| Energy Infrastructure and Impact Office | 700,000 | | (700,000) |
| Contingencies | 100,000 | 100,000 | |
| | <hr/> | <hr/> | <hr/> |
| Total all funds | \$108,243,153 | \$51,481,273 | (\$56,761,880) |
| Less estimated income | 108,243,153 | 51,481,273 | (56,761,880) |
| General fund | <hr/> \$0 | <hr/> \$0 | <hr/> \$0 |
| FTE | 33.00 | 31.00 | (2.00) |
| Bill Total | | | |
| Total all funds | \$108,243,153 | \$67,581,273 | (\$40,661,880) |
| Less estimated income | 108,243,153 | 67,581,273 | (40,661,880) |
| General fund | <hr/> \$0 | <hr/> \$0 | <hr/> \$0 |
| FTE | 33.00 | 31.00 | (2.00) |

¹ This appropriation was vetoed by the Governor.

Senate Bill No. 2013 - State Treasurer - Conference Committee Action

| | Base Budget | Senate Version | Conference Committee Changes | Conference Committee Version | House Version | Comparison to House |
|------------------------------------|--------------------|-----------------------|-------------------------------------|-------------------------------------|----------------------|----------------------------|
| Distributions to Non-Oil Townships | | | \$16,100,000 | \$16,100,000 | | \$16,100,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total all funds | \$0 | \$0 | \$16,100,000 | \$16,100,000 | \$0 | \$16,100,000 |
| Less estimated income | 0 | 0 | 16,100,000 | 16,100,000 | 0 | 16,100,000 |
| General fund | <hr/> \$0 | <hr/> \$0 | <hr/> \$0 | <hr/> \$0 | <hr/> \$0 | <hr/> \$0 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Department 120 - State Treasurer - Detail of Conference Committee Changes

| | Adds Funding for Distributions to Townships in Non-Oil-Producing Counties¹ | Total Conference Committee Changes |
|------------------------------------|--|---|
| Distributions to Non-Oil Townships | 16,100,000 | 16,100,000 |
| Total all funds | \$16,100,000 | \$16,100,000 |
| Less estimated income | 16,100,000 | 16,100,000 |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

¹ Funding of \$8 million from the strategic investment and improvements fund and \$8.1 million from the state disaster relief fund is added to provide a distribution of \$10,000 to each organized and unorganized township in non-oil-producing counties. **The Governor vetoed this appropriation.**

This amendment also includes the following changes related to the State Treasurer:

- Adds a section to provide an appropriation to the State Treasurer for distributions to townships in non-oil-producing counties and to provide the criteria for the distributions. **The Governor vetoed this section.**
- Provides for a transfer of \$8 million from the political subdivision allocation fund to the energy impact fund.
- Provides for a transfer of the remaining amounts from the political subdivision allocation fund to the strategic investment and improvements fund.
- Provides for a transfer of \$3 million from the strategic investment and improvements fund to the energy impact fund.

Senate Bill No. 2013 - Department of Trust Lands - Senate Action

| | Base Budget | Senate Changes | Senate Version |
|---|--------------------|-----------------------|-----------------------|
| Salaries and wages | \$6,123,516 | \$95,220 | \$6,218,736 |
| Operating expenses | 2,019,637 | (243,914) | 1,775,723 |
| Capital assets | | 5,250,000 | 5,250,000 |
| Grants | 99,300,000 | (99,300,000) | |
| Energy Infrastructure and Impact Office | 700,000 | (479,283) | 220,717 |
| Contingencies | 100,000 | | 100,000 |
| Total all funds | \$108,243,153 | (\$94,677,977) | \$13,565,176 |
| Less estimated income | 108,243,153 | (94,677,977) | 13,565,176 |
| General fund | \$0 | \$0 | \$0 |
| FTE | 33.00 | (1.00) | 32.00 |

Department 226 - Department of Trust Lands - Detail of Senate Changes

| | Adjusts Funding for Base Payroll Changes¹ | Adds Funding for Health Insurance Increases² | Adjusts Funding for FTE Positions³ | Adjusts Funding for Operating Expenses⁴ | Adjusts Funding for Oil and Gas Impact Grants⁵ | Adds One-Time Funding for an Information Technology Project⁶ |
|--|---|--|--|---|--|--|
| Salaries and wages | 86,577 | 90,870 | (82,227) | | | |
| Operating expenses | | | 23,025 | (266,939) | | |
| Capital assets | | | | | | 5,250,000 |
| Grants | | | | | (99,300,000) | |
| Energy Infrastructure and Impact Office | (160,260) | 714 | (151,237) | | (168,500) | |
| Contingencies | | | | | | |
| Total all funds | (\$73,683) | \$91,584 | (\$210,439) | (\$266,939) | (\$99,468,500) | \$5,250,000 |
| Less estimated income | (73,683) | 91,584 | (210,439) | (266,939) | (99,468,500) | 5,250,000 |
| General fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FTE | 0.00 | 0.00 | (1.00) | 0.00 | 0.00 | 0.00 |

| | Total Senate Changes |
|--|-------------------------------------|
| Salaries and wages | 95,220 |
| Operating expenses | (243,914) |
| Capital assets | 5,250,000 |
| Grants | (99,300,000) |
| Energy Infrastructure and Impact Office | (479,283) |
| Contingencies | |
| Total all funds | (\$94,677,977) |
| Less estimated income | (94,677,977) |
| General fund | \$0 |
| FTE | (1.00) |

¹ Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ Funding is adjusted for FTE positions as follows:

- Removes 1 FTE natural resources director position (\$259,307).
- Removes 1 FTE energy infrastructure and impact office position (\$151,237).
- Adds 1 FTE geographic information systems specialist position (\$200,105) and related operating expenses (\$23,025).

⁴ Funding for operating expenses is adjusted as follows:

| | Total Other Funds |
|---|----------------------------------|
| Adds funding for building maintenance costs and utility cost increases | \$93,746 |
| Adds funding for professional development | 45,000 |
| Reduces funding related to professional services, information technology services and equipment, and travel | (405,685) |
| Total | (\$266,939) |

⁵ Funding is reduced for energy infrastructure and impact office operating expenses (\$168,500), and funding is removed for grants to political subdivisions from the oil and gas impact grant fund (\$99,300,000).

⁶ One-time funding of \$5,250,000 is added for an information technology system replacement project.

This amendment also:

- Adds a section to allow the Commissioner of University and School Lands, upon approval of the Board of University and School Lands, to transfer funding between the various line items, including the contingencies line item. The Commissioner shall notify the Office of Management and Budget and the Legislative Council of each transfer made pursuant to this section.
- Provides permanent fund income distributions to state institutions and adds a new section to provide a one-time correcting adjustment to the distributions.
- Adds a section to provide an exemption for the amount appropriated from the oil and gas impact grant fund for administrative costs and oil impact grants for the 2015-17 biennium and for the deposits in the fund for taxable events through June 30, 2017, allowing the funding to continue to be available during the 2017-19 biennium.

Senate Bill No. 2013 - Department of Trust Lands - House Action

| | Base Budget | Senate Version | House Changes | House Version |
|---|----------------------|-----------------------|----------------------|----------------------|
| Salaries and wages | \$6,123,516 | \$6,218,736 | (\$390,266) | \$5,828,470 |
| Operating expenses | 2,019,637 | 1,775,723 | (23,025) | 1,752,698 |
| Capital assets | | 5,250,000 | (5,250,000) | |
| Grants | 99,300,000 | | 40,000,000 | 40,000,000 |
| Energy Infrastructure and Impact Office | 700,000 | 220,717 | | 220,717 |
| Contingencies | 100,000 | 100,000 | | 100,000 |
| Total all funds | \$108,243,153 | \$13,565,176 | \$34,336,709 | \$47,901,885 |
| Less estimated income | 108,243,153 | 13,565,176 | 34,336,709 | 47,901,885 |
| General fund | \$0 | \$0 | \$0 | \$0 |
| FTE | 33.00 | 32.00 | (2.00) | 30.00 |

Department 226 - Department of Trust Lands - Detail of House Changes

| | Adjusts Funding for Health Insurance Increases¹ | Removes Funding for FTE Positions² | Removes Funding for an Information Technology Project³ | Adds Funding for Grants⁴ | Total House Changes |
|---|---|--|--|--|----------------------------|
| Salaries and wages | (6,636) | (383,630) | | | (390,266) |
| Operating expenses | | (23,025) | | | (23,025) |
| Capital assets | | | (5,250,000) | | (5,250,000) |
| Grants | | | | 40,000,000 | 40,000,000 |
| Energy Infrastructure and Impact Office | | | | | |
| Contingencies | | | | | |
| Total all funds | (\$6,636) | (\$406,655) | (\$5,250,000) | \$40,000,000 | \$34,336,709 |
| Less estimated income | (6,636) | (406,655) | (5,250,000) | 40,000,000 | 34,336,709 |
| General fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| FTE | 0.00 | (2.00) | 0.00 | 0.00 | (2.00) |

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

² Funding is removed as follows:

- \$200,105 is removed for a geographic information system position, which was added by the Senate. Of the \$200,105, \$177,080 relates to salaries and wages, and \$23,025 relates to operating expenses.
- \$206,550 is removed for a project manager position.

³ One-time funding of \$5.25 million is removed for an information technology project. The Senate added this funding.

⁴ One-time funding of \$25 million is added from the oil and gas impact grant fund for grants to the Williston airport (\$20 million) and the Dickinson airport (\$5 million). One-time funding of \$15 million is added from the strategic investment and improvements fund for a grant to the Williston airport.

This amendment also:

- Identifies the health insurance increase.
- Provides an exemption to allow an unspent grant to a flood-impacted political subdivision to be available in the 2017-19 biennium.
- Identifies \$25 million from the oil and gas impact grant fund for an oil impact grant of \$20 million to the Williston airport and a grant of \$5 million to the Dickinson airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project.
- Identifies \$15 million from the strategic investment and improvements fund for a grant to the Williston airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project.
- Adds two advisory members that are appointed by the Speaker of the House and the President Pro Tempore to the board of university and school lands.
- Amends the oil and gas tax revenue allocation formulas (see the table in the "Other Changes - House Action" section below) and provides an effective date related to the formula changes.
- Provides that the city of Williston use the proceeds from the sale of the existing airport, up to \$27.5 million, to repay the Department of Trust Lands for the state's financial assistance provided for the new airport.
- Provides a statement of legislative intent that hub cities not issue new bonds during the 2017-19 biennium based on anticipated future hub city oil tax revenue allocations.
- Provides a statement of legislative intent regarding efficiencies within the Department of Trust Lands.
- Provides a statement of legislative intent regarding the calculation of mineral royalties.
- Provides for a Legislative Management study by a committee with proportional geographic representation and members of the Finance and Taxation and Appropriations Committees regarding the oil and gas tax revenue allocations to hub cities and hub city school districts.

Senate Bill No. 2013 - Department of Trust Lands - Conference Committee Action

| | Base Budget | Senate Version | Conference Committee Changes | Conference Committee Version | House Version | Comparison to House |
|--|------------------------|---------------------------|---|---|--------------------------|--------------------------------|
| Salaries and wages | \$6,123,516 | \$6,218,736 | (\$213,186) | \$6,005,550 | \$5,828,470 | \$177,080 |
| Operating expenses | 2,019,637 | 1,775,723 | | 1,775,723 | 1,752,698 | 23,025 |
| Capital assets | | 5,250,000 | (1,650,000) | 3,600,000 | | 3,600,000 |
| Grants | 99,300,000 | | 40,000,000 | 40,000,000 | 40,000,000 | |
| Energy Infrastructure and Impact Office | 700,000 | 220,717 | (220,717) | | 220,717 | (220,717) |
| Contingencies | 100,000 | 100,000 | | 100,000 | 100,000 | |
| Total all funds | \$108,243,153 | \$13,565,176 | \$37,916,097 | \$51,481,273 | \$47,901,885 | \$3,579,388 |
| Less estimated income | 108,243,153 | 13,565,176 | 37,916,097 | 51,481,273 | 47,901,885 | 3,579,388 |
| General fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FTE | 33.00 | 32.00 | (1.00) | 31.00 | 30.00 | 1.00 |

Department 226 - Department of Trust Lands - Detail of Conference Committee Changes

| | Adjusts Funding for Health Insurance Increases¹ | Removes Funding for an FTE Position² | Adds Funding for Grants³ | Reduces Funding for Information Technology Project⁴ | Adjusts Funding for Energy Infrastructure and Impact Office⁵ | Total Conference Committee Changes |
|--|---|--|--|---|--|---|
| Salaries and wages | (6,636) | (206,550) | | | | (213,186) |
| Operating expenses | | | | | | |
| Capital assets | | | | (1,650,000) | | (1,650,000) |
| Grants | | | 40,000,000 | | | 40,000,000 |
| Energy Infrastructure and Impact Office | | | | | (220,717) | (220,717) |
| Contingencies | | | | | | |
| Total all funds | (\$6,636) | (\$206,550) | \$40,000,000 | (\$1,650,000) | (\$220,717) | \$37,916,097 |
| Less estimated income | (6,636) | (206,550) | 40,000,000 | (1,650,000) | (220,717) | 37,916,097 |
| General fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FTE | 0.00 | (1.00) | 0.00 | 0.00 | 0.00 | (1.00) |

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

² Funding of \$206,550 is removed for a project manager position. The House removed \$406,655 for a geographic information system position (\$200,105) and for a project manager position (\$206,550), both of which were included in the Senate version.

³ One-time funding of \$25 million is added from the oil and gas impact grant fund for grants to the Williston airport (\$20 million) and the Dickinson airport (\$5 million). One-time funding of \$15 million is added from the energy impact fund for a grant to the Williston airport. The House provided the same level of funding but did not use funding from the energy impact fund.

⁴ Funding is reduced by \$1.65 million to provide \$3.6 million for an information technology project. Of the \$3.6 million, \$1.8 million is available only upon approval of the Budget Section pursuant to Section 12 of the bill. The Senate included \$5.25 million, and the House removed the funding for the project. **The Governor vetoed the requirement relating to the Budget Section approval.**

⁵ Funding is removed for the Energy Infrastructure and Impact Office because the funding is a duplication of the funding authorized for administrative expenses from the continuation of unspent 2015-17 biennium appropriation authority as identified in Section 11.

This amendment also provides the following changes related to the Department of Trust Lands:

- Identifies the health insurance increase.
- Removes a section to provide line item transfer authority.
- Provides an exemption to allow an unspent grant to a flood-impacted political subdivision to be available in the 2017-19 biennium, the same as the House.
- Identifies \$25 million from the oil and gas impact grant fund for an oil impact grant of \$20 million to the Williston airport and a grant of \$5 million to the Dickinson airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. The House also included this funding designation.
- Identifies \$15 million from the energy impact fund for a grant to the Williston airport. This funding is available to the Williston airport only when any related federal funding is committed and available to be spent on the new airport construction project. The House provided \$15 million from the strategic investment and improvements fund and included the federal funding commitment provisions.
- Removes a section added by the House to add two advisory members that are appointed by the Speaker of the House and the President Pro Tempore to the board of university and school lands.
- Amends the oil and gas tax revenue allocation formulas (see the table in the "Other Changes - Conference Committee Action" section below) and provides an effective date related to the formula changes.
- Removes a section added by the House to provide that the city of Williston use the proceeds from the sale of the existing airport, up to \$27.5 million, to repay the Department of Trust Lands for the state's financial assistance provided for the new airport.
- Removes a section added by the House to provide a statement of legislative intent that hub cities not issue new bonds during the 2017-19 biennium based on anticipated future hub city oil tax revenue allocations.

- Provides a statement of legislative intent regarding efficiencies within the Department of Trust Lands, the same as the House.
- Provides a statement of legislative intent regarding the calculation of mineral royalties, the same as the House. **The Governor vetoed this section.**
- Provides for a study by the Tax Department and other state agencies regarding the valuation of oil and gas for mineral royalties and tax liability.
- Provides for a Legislative Management study regarding the oil and gas tax revenue allocations to hub cities and hub city school districts. The House also included the study.
- Provides an effective date for House Bill No. 1300 relating to the requirement that the Department of Trust Lands be subject to the administrative rules process.

Senate Bill No. 2013 - Other Changes - House Action

The schedule below summarizes changes to the oil and gas tax allocation formula

| Current Law | Proposed Changes |
|--|--|
| <p>Hub city definition</p> <ul style="list-style-type: none"> • After August 31, 2017, a hub city is based on mining employment. <p>Hub city and hub city school district allocations</p> <ul style="list-style-type: none"> • Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment. • Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment. • Hub city school districts receive an annual allocation of \$125,000 per full or partial percentage point of mining employment, excluding hub city school districts located in non-oil-producing counties. <p>Supplemental school district allocation</p> <ul style="list-style-type: none"> • Eligible counties receive an annual allocation of \$1.5 million for distributions to school districts in the county. <p>North Dakota outdoor heritage fund allocations</p> <ul style="list-style-type: none"> • From the 1 percent of the 5 percent oil and gas gross production tax, 8 percent is allocated to the North Dakota outdoor heritage fund, up to \$20 million per fiscal year. <p>Abandoned oil and gas well plugging and site reclamation fund allocations</p> <ul style="list-style-type: none"> • From the 1 percent of the 5 percent oil and gas gross production tax, 4 percent is allocated to the abandoned oil and gas well plugging and site reclamation fund, up to \$7.5 million per fiscal year. <p>Oil and gas impact grant fund allocations</p> <ul style="list-style-type: none"> • Up to \$100 million per biennium is allocated to the oil and gas impact grant fund. | <p>Hub city definition</p> <ul style="list-style-type: none"> • No change to current law. <p>Hub city and hub city school district allocations</p> <ul style="list-style-type: none"> • Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment exceeding 2 percent. • Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment exceeding 2 percent. • Hub city school districts in oil-producing counties receive an annual allocation of \$125,000 per full or partial percentage point of mining employment exceeding 2 percent. <p>Supplemental school district allocation</p> <ul style="list-style-type: none"> • Changes the annual allocation to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered fiscal year. The specific amounts range from \$500,000 to \$1.5 million per year. <p>North Dakota outdoor heritage fund allocations</p> <ul style="list-style-type: none"> • Decreases the amount allocated to the North Dakota outdoor heritage fund by changing the limit from \$20 million per fiscal year to \$10 million for the 2017-19 biennium. <p>Abandoned oil and gas well plugging and site reclamation fund allocations</p> <ul style="list-style-type: none"> • Decreases the amount allocated to the abandoned oil and gas well plugging and site reclamation fund by changing the limit from \$7.5 million per fiscal year to \$4 million per fiscal year for the 2017-19 biennium. <p>Oil and gas impact grant fund allocations</p> <ul style="list-style-type: none"> • Decreases the allocation to the oil and gas impact grant fund from \$100 million per biennium to \$25 million per biennium for the 2017-19 biennium and provides an allocation of \$5 million per biennium to the oil and gas impact grant fund after the 2017-19 biennium. |

Distributions to political subdivisions

- The distributions to political subdivisions in North Dakota Century Code Sections 57-51-15(4) and 57-51-15(5) are based on the oil and gas tax allocations received by a county in fiscal year 2014.
- From the 4 percent of the 5 percent oil and gas gross production tax, 30 percent of all revenue above \$5 million is allocated to the county with the remaining 70 percent allocated to the state.
- The distributions to political subdivisions are as follows:

| | Counties - Less Than \$5 Million | Counties - \$5 Million Or More |
|------------------------|--|--------------------------------------|
| County general fund | 45% | 60% |
| Cities | 20% | 20% |
| Schools | 35% | 5% |
| Townships (equal) | | 3% |
| Townships (road miles) | | 3% |
| Hub cities | | 9% |

- From the counties' share in counties that received \$5 million or more of oil and gas tax allocations, 9 percent is distributed to the three hub cities with the highest percentage of mining employment.

Distributions to political subdivisions

- Changes the basis for the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to reflect the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year rather than fiscal year 2014.
- No change to current law.
- The proposed changes to the distributions to political subdivisions are as follows:

| | Counties - Less Than \$5 Million | Counties - \$5 Million Or More |
|------------------------|--|--------------------------------------|
| County general fund | 45% | 60% |
| Cities | 20% | 20% |
| Schools | 35% | 5% |
| Townships (equal) | | 1% |
| Townships (road miles) | | 1% |
| Townships (non-oil) | | 4% |
| Hub cities | | 9% |

- Clarifies the distribution to hub cities to exclude hub cities that are located in non-oil-producing counties and to provide proportional allocations if less than three hub cities qualify for the distributions.

Senate Bill No. 2013 - Other Changes - Conference Committee Action

The schedule below summarizes changes to the oil and gas tax allocation formula

| 2017-19 Biennium Oil and Gas Tax Allocation Formulas | | |
|--|--|--|
| Current Law | House Version - Senate Bill No. 2013 [17.0521.02014] | Conference Committee Version - Senate Bill No. 2013 [17.0521.02017] |
| <p>Hub city definition</p> <ul style="list-style-type: none"> • After August 31, 2017, a hub city is based on mining employment. | <p>Hub city definition</p> <ul style="list-style-type: none"> • No change to current law. | <p>Hub city definition</p> <ul style="list-style-type: none"> • A hub city must have more than 2 percent mining employment compared to 1 percent under current law. |
| <p>Hub city and hub city school district allocations</p> <ul style="list-style-type: none"> • Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment. • Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment. | <p>Hub city and hub city school district allocations</p> <ul style="list-style-type: none"> • Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment exceeding 2 percent. • Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment exceeding 2 percent. | <p>Hub city and hub city school district allocations</p> <ul style="list-style-type: none"> • Hub cities located in oil-producing counties receive an annual allocation of \$375,000 per full or partial percentage point of mining employment exceeding 2 percent and specifies employment percentages for the first year. • Hub cities located in non-oil-producing counties receive an annual allocation of \$250,000 per full or partial percentage point of mining employment exceeding 2 percent. (Same as House) |

| | | |
|---|---|---|
| <ul style="list-style-type: none"> • Hub city school districts receive an annual allocation of \$125,000 per full or partial percentage point of mining employment, excluding hub city school districts located in non-oil-producing counties. | <ul style="list-style-type: none"> • Hub city school districts in oil-producing counties receive an annual allocation of \$125,000 per full or partial percentage point of mining employment exceeding 2 percent. | <ul style="list-style-type: none"> • Hub city school districts in oil-producing counties receive an annual allocation of \$125,000 per full or partial percentage point of mining employment exceeding 2 percent and specifies employment percentages for the first year. |
| <p>Supplemental school district allocation</p> | <p>Supplemental school district allocation</p> | <p>Supplemental school district allocation</p> |
| <ul style="list-style-type: none"> • Eligible counties receive an annual allocation of \$1.5 million for distributions to school districts in the county. | <ul style="list-style-type: none"> • Changes the annual allocation to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered fiscal year. The specific amounts range from \$500,000 to \$1.5 million per year. | <ul style="list-style-type: none"> • Changes the annual allocation to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered fiscal year. The specific amounts range from \$500,000 to \$1.5 million per year. (Same as House) |
| <p>North Dakota outdoor heritage fund allocations</p> | <p>North Dakota outdoor heritage fund allocations</p> | <p>North Dakota outdoor heritage fund allocations</p> |
| <ul style="list-style-type: none"> • From the 1 percent of the 5 percent oil and gas gross production tax, 8 percent is allocated to the North Dakota outdoor heritage fund, up to \$20 million per fiscal year. | <ul style="list-style-type: none"> • Decreases the amount allocated to the North Dakota outdoor heritage fund by changing the limit from \$20 million per fiscal year to \$10 million per biennium only for the 2017-19 biennium. | <ul style="list-style-type: none"> • Decreases the amount allocated to the North Dakota outdoor heritage fund by changing the limit from \$20 million per fiscal year to \$10 million per biennium only for the 2017-19 biennium. (Same as House) |
| <p>Abandoned oil and gas well plugging and site reclamation fund allocations</p> | <p>Abandoned oil and gas well plugging and site reclamation fund allocations</p> | <p>Abandoned oil and gas well plugging and site reclamation fund allocations</p> |
| <ul style="list-style-type: none"> • From the 1 percent of the 5 percent oil and gas gross production tax, 4 percent is allocated to the abandoned oil and gas well plugging and site reclamation fund, up to \$7.5 million per fiscal year. | <ul style="list-style-type: none"> • Decreases the amount allocated to the abandoned oil and gas well plugging and site reclamation fund by changing the limit from \$7.5 million per fiscal year to \$4 million per fiscal year only for the 2017-19 biennium. | <ul style="list-style-type: none"> • Decreases the amount allocated to the abandoned oil and gas well plugging and site reclamation fund by changing the limit from \$7.5 million per fiscal year to \$4 million per fiscal year only for the 2017-19 biennium. (Same as House) |
| <p>Oil and gas impact grant fund allocations</p> | <p>Oil and gas impact grant fund allocations</p> | <p>Oil and gas impact grant fund allocations</p> |
| <ul style="list-style-type: none"> • Up to \$100 million per biennium is allocated to the oil and gas impact grant fund. | <ul style="list-style-type: none"> • Decreases the allocation to the oil and gas impact grant fund from \$100 million per biennium to \$25 million per biennium for the 2017-19 biennium and provides an allocation of \$5 million per biennium to the oil and gas impact grant fund after the 2017-19 biennium. | <ul style="list-style-type: none"> • Decreases the allocation to the oil and gas impact grant fund from \$100 million per biennium to \$25 million per biennium for the 2017-19 biennium and provides an allocation of \$5 million per biennium to the oil and gas impact grant fund after the 2017-19 biennium. (Same as House) |
| <p>Distributions to political subdivisions</p> | <p>Distributions to political subdivisions</p> | <p>Distributions to political subdivisions</p> |
| <ul style="list-style-type: none"> • The distributions to political subdivisions in North Dakota Century Code Sections 57-51-15(4) and 57-51-15(5) are based on the oil and gas tax allocations received by a county in fiscal year 2014. | <ul style="list-style-type: none"> • Changes the basis for the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to reflect the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year rather than fiscal year 2014. | <ul style="list-style-type: none"> • Changes the basis for the distributions to political subdivisions in Sections 57-51-15(4) and 57-51-15(5) to reflect the oil and gas tax allocations received by a county in the most recently completed even-numbered fiscal year rather than fiscal year 2014. (Same as House) |

- From the 4 percent of the 5 percent oil and gas gross production tax, 30 percent of all revenue above \$5 million is allocated to the county with the remaining 70 percent allocated to the state.

- The distributions to political subdivisions are as follows:

| | Counties - Less Than \$5 Million | Counties - \$5 Million Or More |
|------------|--|--------------------------------------|
| County | 45% | 60% |
| Cities | 20% | 20% |
| Schools | 35% | 5% |
| Townships | | |
| Equal | | 3% |
| Road miles | | 3% |
| Hub cities | | 9% |

- From the counties' share in counties that received \$5 million or more of oil and gas tax allocations, 9 percent is distributed to the 3 hub cities with the highest percentage of mining employment.

Political subdivision allocation fund

- Allocations to the political subdivision allocation fund expire at the end of the 2015-17 biennium. Distributions from the fund are made in March and August of odd-numbered fiscal years.

- No change to current law.

- The proposed changes to the distributions to political subdivisions are as follows:

| | Counties - Less Than \$5 Million | Counties - \$5 Million Or More |
|------------|--|--------------------------------------|
| County | 45% | 60% |
| Cities | 20% | 20% |
| Schools | 35% | 5% |
| Townships | | |
| Equal | | 1% |
| Road miles | | 1% |
| Non-oil | | 4% |
| Hub cities | | 9% |

- Clarifies the distribution to hub cities to exclude hub cities that are located in non-oil-producing counties and to provide proportional allocations if less than 3 hub cities qualify for the distributions.

Political subdivision allocation fund

- No change to current law.

- From the first \$5 million allocated to the county related to counties that received \$5 million or more in the most recently completed even-numbered fiscal year, a total of \$2 million per fiscal year is allocated to the energy impact fund with the remainder allocated to the counties. This allocation change is only for the 2017-19 biennium.

- No change to current law.

- Clarifies the distribution to hub cities to exclude hub cities that are located in non-oil-producing counties and to provide proportional allocations if less than 3 hub cities qualify for the distributions. (Same as House)

Political subdivision allocation fund

- Provides that money in the fund may be spent pursuant to legislative appropriations and repeals the fund on September 1, 2017.