

2025 HOUSE POLITICAL SUBDIVISIONS

HB 1065

2025 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Room JW327B, State Capitol

HB 1065
1/9/2025

A BILL for an Act to amend and reenact subsection 3 of section 57-51.1-07.8 of the North Dakota Century Code, relating to the county and township infrastructure fund.

9:44 a.m. Chairman Longmuir opened the hearing.

Members Present: Chairman Longmuir, Vice-Chairman Fegley, Vice-Chairman Jonas, Representatives Bolinske, Hatlestad, Heilman, Klemin, Motschenbacher, Ostlie, Toman, Warrey, Hager

Members Absent: Representative Davis

Discussion Topics:

- Non-oil producing counties
- County fund distribution process

9:44 a.m. Thomas Beadle, North Dakota State Treasurer, testified in favor and provided testimony #28289, #28287, #28288, #28290.

9:54 a.m. Representative Heilman moved to Amend and remove "using roadway mileage" from page 1 line 14 and "criteria from the department of transportation" from page 1 line 15.

9:54 a.m. Representative Jonas seconded the motion.

Representatives	Vote
Representative Donald W. Longmuir	Y
Representative Clayton Fegley	Y
Representative Jim Jonas	Y
Representative Macy Bolinske	Y
Representative Jayme Davis	A
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Matthew Heilman	Y
Representative Lawrence R. Klemin	Y
Representative Mike Motschenbacher	Y
Representative Mitch Ostlie	N
Representative Nathan Toman	Y
Representative Jonathan Warrey	Y

9:55 a.m. Motion passed 11-1-1.

9:57 a.m. Representative Heilman moved a Do Not Pass as Amended.

9:75 a.m. Representative Toman seconded the motion.

Representatives	Vote
Representative Donald W. Longmuir	N
Representative Clayton Fegley	Y
Representative Jim Jonas	N
Representative Macy Bolinske	N
Representative Jayme Davis	A
Representative LaurieBeth Hager	N
Representative Patrick R. Hatlestad	N
Representative Matthew Heilman	N
Representative Lawrence R. Klemin	N
Representative Mike Motschenbacher	N
Representative Mitch Ostlie	Y
Representative Nathan Toman	Y
Representative Jonathan Warrey	N

10:00 a.m. Motion failed 3-9-1.

10:01 a.m. Representative Klemin moved a Do Pass as Amended.

10:01 a.m. Representative Warrey seconded the motion.

Representatives	Vote
Representative Donald W. Longmuir	Y
Representative Clayton Fegley	N
Representative Jim Jonas	Y
Representative Macy Bolinske	Y
Representative Jayme Davis	A
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Matthew Heilman	Y
Representative Lawrence R. Klemin	Y
Representative Mike Motschenbacher	Y
Representative Mitch Ostlie	N
Representative Nathan Toman	N
Representative Jonathan Warrey	Y

9:59 a.m. Motion passed 9-3-1.

10:02 a.m. Representative Klemin will carry the bill.

10:02 a.m. Chairman Longmuir closed the hearing.

Wyatt Armstrong, Committee Clerk

January 9, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1065

Introduced by

Political Subdivisions Committee

(At the request of the State Treasurer)

- 1 A BILL for an Act to amend and reenact subsection 3 of section 57-51.1-07.8 of the North
2 Dakota Century Code, relating to the county and township infrastructure fund.

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

- 4 **SECTION 1. AMENDMENT.** Subsection 3 of section 57-51.1-07.8 of the North Dakota
5 Century Code is amended and reenacted as follows:
- 6 3. The state treasurer shall distribute the lesser of thirteen percent of the balance of the
7 fund or sixteen million one hundred thousand dollars to non-oil-producing counties for
8 the benefit of the organized and unorganized townships within each non-oil-producing
9 county. The distribution ~~to each non-oil-producing county~~ must provide for an equal
10 allocation to each organized and unorganized township which is proportional to the
11 number of township road miles in each organized and unorganized township relative
12 to the combined total township road miles in all organized and unorganized townships
13 in all non-oil-producing counties. For purposes of this subsection, township road miles
14 must be based on certifications provided to the state treasurer ~~using roadway mileage~~
15 ~~criteria from the department of transportation~~ under section 54-27-19.1. The amount
16 allocated to organized townships under this section must be paid by the county
17 treasurer to each organized township. The amount allocated to unorganized townships
18 under this section must be credited by the county treasurer to a special fund for
19 unorganized township roads. ~~A township is not eligible for an allocation of funds under~~
20 ~~this section if the township does not maintain any township roads.~~

**REPORT OF STANDING COMMITTEE
HB 1065**

Political Subdivisions Committee (Rep. Longmuir, Chairman) recommends **AMENDMENTS** ([25.8073.01001](#)) and when so amended, recommends **DO PASS** (9 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1065 was placed on the Sixth order on the calendar.

Original HB 1066 Language					Proposed Bill Change (11 2024)					
County	TOTAL Township and Range		Distribution		County	TOTAL Township and Range		Distribution		Difference: Proposed Minus OG
	Organized	Unorganized	TOTAL	Total		Organized	Unorganized	TOTAL	Total	
Adams	17.00	11.00	28.00	256,494.84	Adams	326.25	195.00	521.25	166,032.36	(90,462.48)
Barnes	42.00	-	42.00	384,742.26	Barnes	1,468.00	-	1,468.00	467,598.10	82,855.84
Benson	38.17	2.00	40.17	367,967.09	Benson	1,052.00	5.00	1,057.00	336,683.37	(31,283.72)
Bottineau	53.00	2.00	55.00	503,829.15	Bottineau	1,468.25	55.00	1,523.25	485,196.74	(18,632.41)
Burleigh	39.88	7.13	47.01	430,677.14	Burleigh	745.91	152.51	898.42	286,171.31	(144,505.83)
Cass	48.00	-	48.00	439,705.44	Cass	2,220.65	-	2,220.65	707,337.69	267,632.25
Cavalier	48.00	-	48.00	439,705.44	Cavalier	1,545.50	-	1,545.50	492,283.97	52,578.53
Dickey	32.00	-	32.00	293,136.96	Dickey	915.50	-	915.50	291,611.76	(1,525.20)
Eddy	18.00	-	18.00	164,889.54	Eddy	549.21	-	549.21	174,938.39	10,048.85
Emmons	1.00	42.45	43.45	398,063.47	Emmons	32.55	1,190.91	1,223.46	389,705.43	(8,358.04)
Foster	18.00	-	18.00	164,889.54	Foster	577.00	-	577.00	183,790.26	18,900.72
Golden Valley	21.00	9.00	30.00	274,815.90	Golden Valley	455.00	132.00	587.00	186,975.54	(87,840.36)
Grand Forks	43.00	-	43.00	393,902.79	Grand Forks	1,585.80	-	1,585.80	505,120.62	111,217.83
Grant	8.24	39.70	47.94	439,124.15	Grant	193.50	1,690.30	1,883.80	600,041.76	160,917.61
Griggs	20.00	-	20.00	183,210.60	Griggs	556.30	-	556.30	177,196.75	(6,013.85)
Hettinger	29.00	3.00	32.00	293,136.96	Hettinger	753.06	69.50	822.56	262,007.83	(31,129.13)
Kidder	38.00	2.00	40.00	366,421.20	Kidder	809.00	35.00	844.00	268,837.06	(97,584.14)
Lamoure	32.00	-	32.00	293,136.96	Lamoure	1,056.00	-	1,056.00	336,364.85	43,227.89
Logan	7.00	21.00	28.00	256,494.84	Logan	124.00	495.75	619.75	197,407.30	(59,087.54)
McHenry	45.00	8.00	53.00	485,508.09	McHenry	1,468.00	139.50	1,607.50	512,032.66	26,524.57
McIntosh	1.00	27.00	28.00	256,494.84	McIntosh	28.00	668.00	696.00	221,695.01	(34,799.83)
McLean	27.20	33.20	60.40	553,299.87	McLean	637.75	500.00	1,137.75	362,404.46	(190,895.41)
Mercer	-	30.83	30.83	282,420.29	Mercer	-	648.25	648.25	206,485.33	(75,934.96)
Morton	0.03	54.58	54.60	500,185.40	Morton	1.10	989.79	990.89	315,625.53	(184,559.87)
Nelson	28.00	-	28.00	256,494.84	Nelson	718.00	-	718.00	228,702.61	(27,792.23)
Oliver	-	20.36	20.36	186,542.32	Oliver	-	509.09	509.09	162,159.07	(24,383.25)
Pembina	39.00	-	39.00	357,260.67	Pembina	1,447.10	-	1,447.10	460,940.88	103,680.21
Pierce	15.00	15.00	30.00	274,815.90	Pierce	535.50	480.00	1,015.50	323,464.49	48,648.59
Ramsey	35.83	-	35.83	328,233.19	Ramsey	990.00	-	990.00	315,342.04	(12,891.15)
Ransom	24.00	-	24.00	219,852.72	Ransom	751.78	-	751.78	239,462.47	19,609.75
Renville	28.00	-	28.00	256,494.84	Renville	907.00	-	907.00	288,904.28	32,409.44
Richland	45.00	-	45.00	412,223.85	Richland	1,812.10	-	1,812.10	577,203.35	164,979.50
Rolette	3.00	27.00	30.00	274,815.90	Rolette	128.00	669.00	797.00	253,866.27	(20,949.63)
Sargent	30.00	-	30.00	274,815.90	Sargent	776.00	-	776.00	247,177.20	(27,638.70)
Sheridan	15.00	13.00	28.00	256,494.84	Sheridan	492.08	320.45	812.53	258,813.00	2,318.16
Sioux	0.89	27.51	28.40	260,143.85	Sioux	22.50	298.00	320.50	102,088.01	(158,055.84)
Slope	20.00	14.00	34.00	311,458.02	Slope	322.40	128.40	450.80	143,592.11	(167,865.91)
Stark	-	39.00	39.00	357,260.67	Stark	1160.91		1160.91	369,781.55	**only included for estimate purposes. Stark County does not qualify for 2023-2025 Biennium
Steele	20.00	-	20.00	183,210.60	Steele	806.00	-	806.00	256,733.02	73,522.42
Stutsman	62.00	2.00	64.00	586,273.92	Stutsman	1,685.50	34.75	1,720.25	547,946.62	(38,327.30)
Towner	32.00	-	32.00	293,136.96	Towner	686.00	-	686.00	218,509.74	(74,627.22)
Traill	26.00	-	26.00	238,173.78	Traill	1,226.00	-	1,226.00	390,514.49	152,340.71
Walsh	38.00	-	38.00	348,100.14	Walsh	1,583.25	-	1,583.25	504,308.37	156,208.23
Ward	56.00	1.00	57.00	522,150.21	Ward	1,541.35	21.25	1,562.60	497,730.79	(24,419.42)
Wells	36.00	-	36.00	329,779.08	Wells	1,347.50	-	1,347.50	429,215.56	99,436.48
TOTAL	1,180.24	451.76	1,632.00	14,949,984.96	TOTAL	36,346.39	10,588.36	46,934.75	14,950,000.00	

**only included for estimate purposes. Stark County does not qualify for 2023-2025 Biennium

HB 1065 Amendment:

Remove Page 1 Line 14 “using roadway mileage”

Remove Page 1 Line 15 “criteria from the department of transportation”



State of North Dakota
OFFICE OF STATE TREASURER
Thomas Beadle, State Treasurer

January 09, 2025

Chairman Longmuir,

Before you is HB 1065, which impacts the formula for the County and Township Infrastructure Fund distribution, part of what is commonly referred to as Operation Prairie Dog.

As a reminder, this fund was created in the 2019 legislative session and is part of the waterfall buckets that are filled as Oil and Gas Gross Production tax revenue comes into the state's coffers. Included in my testimony is a flow chart for the order and current dollar amounts for the buckets that fill as a part of this formula.

The bill before you seeks to change the Township distribution portion of this formula. Under current law, up to \$115,000,000 per biennium is allocated to non-oil producing counties and the townships within the non-oil producing counties. The townships receive 13% or \$14,950,000, to be split evenly among all townships in non-oil counties that maintain road miles. Our office distributes the monies to the Counties, who then transfer it to organized townships within their borders or retain for the benefit of the unorganized townships.

The current formula creates some inconsistencies, first the number of townships does not equally divide into the dollar amount available and second does not seem to align with the needs of the townships. The requirement for the distribution to be equally divided leaves an immaterial remainder. Currently, under guidance from the intent of HB 1066 and legal counsel, the remainder has been placed back into the County and Township Infrastructure Fund to be allocated to the Counties. The needs of townships vary, however for most townships, maintaining roadways is the primary cost incurred. Under current law, the same dollar amount is given to townships whether they have 1 mile of roadway or 20. By using a mileage-based formula, we will align with other distributions made by our office, provide for a cleaner distribution, and more accurately reflect the needs of the townships. Included in the testimony is a breakdown for how the distributions to each county would have been affected by this change.

We do have one amendment that we are asking for that I've attached on the next page. In our drafting we mirrored language that was used for a one-time distribution to townships in 2021 following the same formula. Both in that bill and today, the language stating "criteria set by Department of Transportation" causes unnecessary confusion as the definition of a township road miles is defined by administrative rules and currently the criteria used by the Office of State Treasurer's county township road mileage certification process as guided by NDCC 54-27-19.1. We ask that this committee approve the suggested amendments to be more clear and concise.

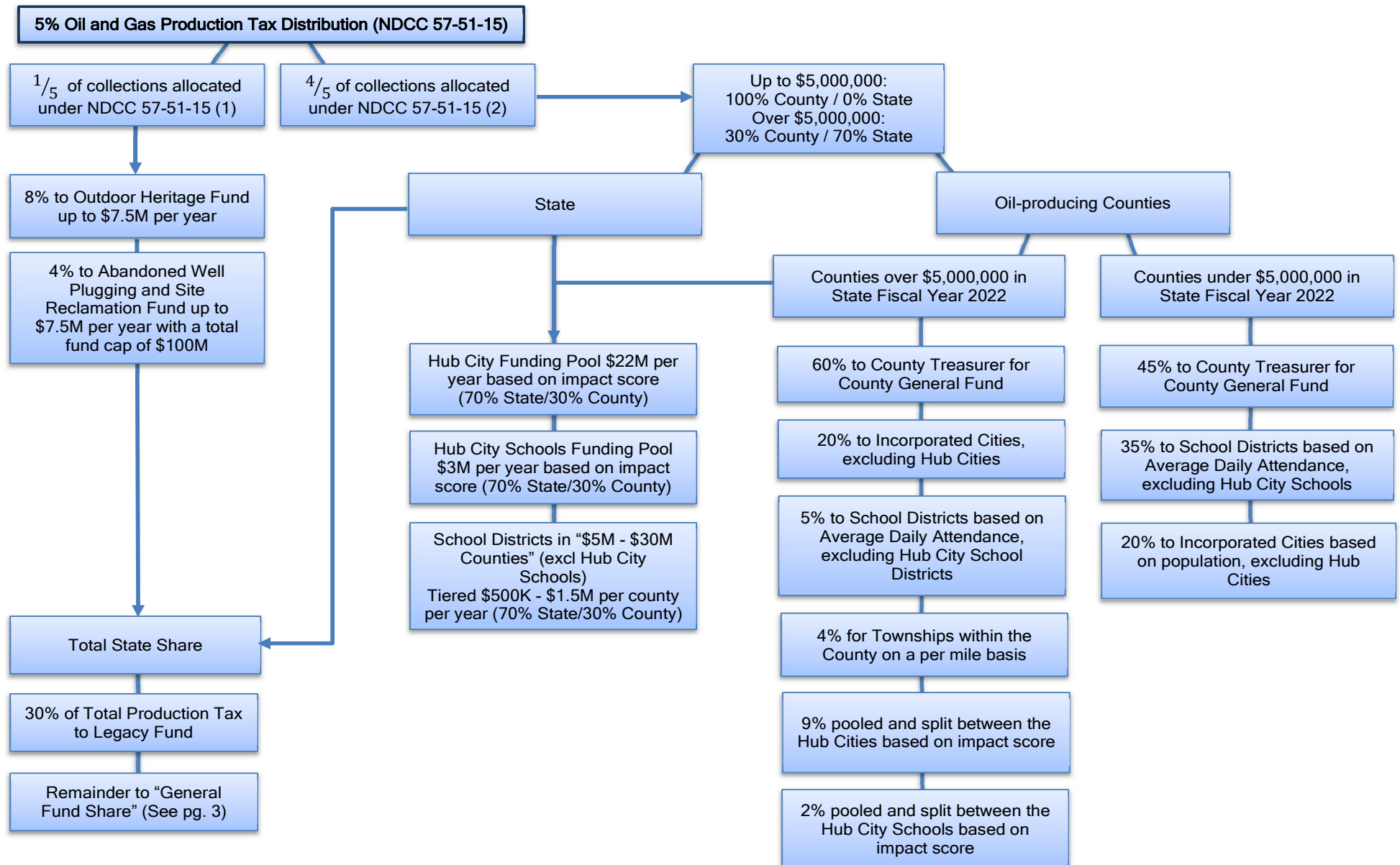
Thank you for your consideration and I'm happy to answer any questions the committee might have.

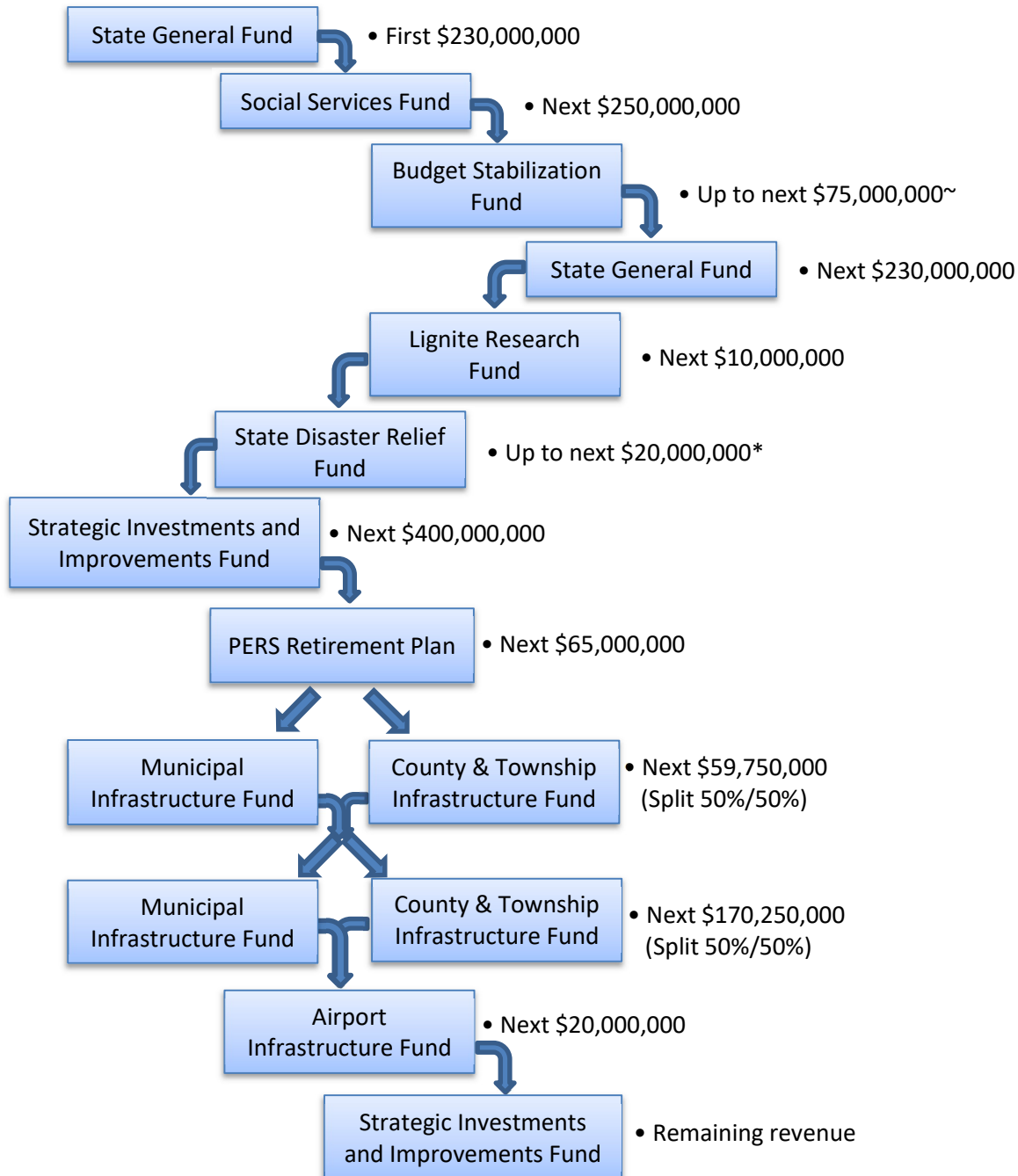
Thomas Beadle
State Treasurer

Office of State Treasurer
Phone: 701-328-2643
Website: www.treasurer.nd.gov

North Dakota

Oil Extraction and Gross Production Distribution Fiscal Years 2024 and 2025





Oil and Gas “General Fund Share” State Revenue

Oil and Gas production and extraction is taxed under NDCC 57-51 and NDCC 57-51.1. A portion of the tax collections is allocated to the state and subsequently deposited into a variety of funds as spelled out in NDCC 57-51.1-07.5.

Prior to deposit in these “buckets”, 2% of revenues (up to \$17,500,000 for the '23-'25 Biennium) is deposited into the **Oil and Gas Research Fund** and another 1% of revenues (up to \$7,500,000 per biennium) is deposited into the **State Energy Research Center Fund**.

Per SB 2319 as passed during the 2021 Legislative session, an amount based on tax revenue from “**straddle wells**” that have laterals going under the reservation is distributed directly to the tribes.

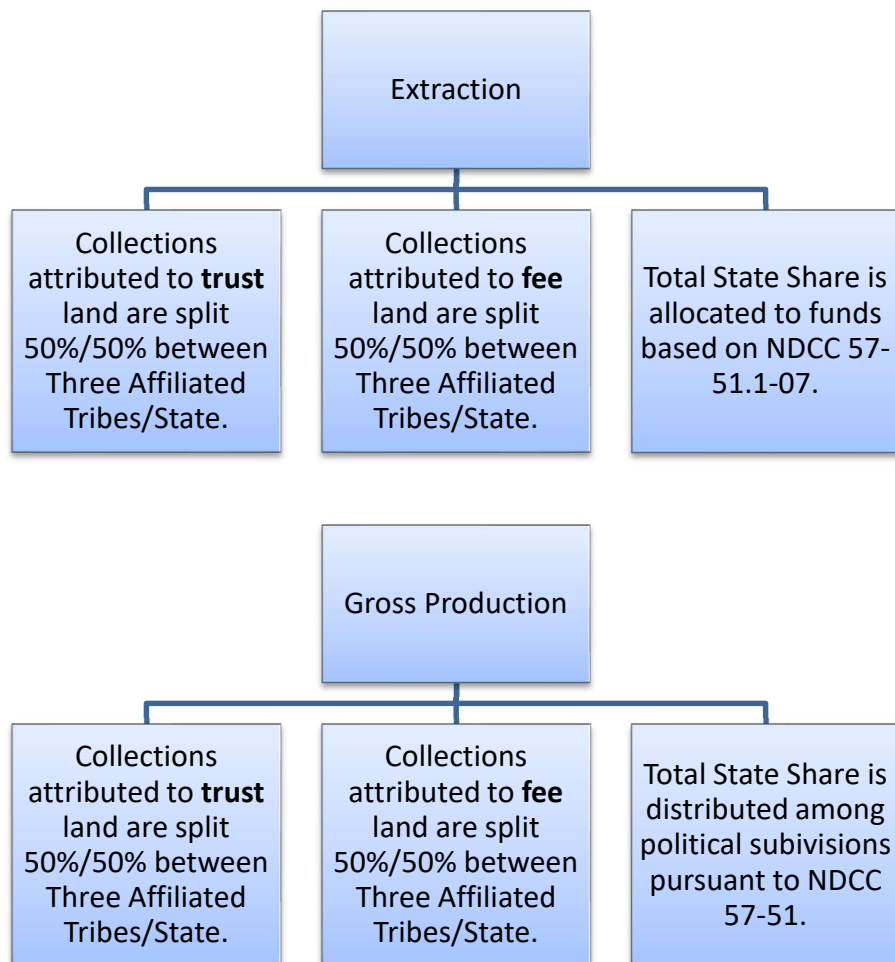
The remaining Oil and Gas “State General Fund Share” revenue will be deposited into the funds listed to the left.

~Under the provisions of NDCC 57-51.1-07.5, no amount is to be deposited into the Budget Stabilization Fund if it would bring the balance in the fund to more than the limit in NDCC 54-27.2-01.

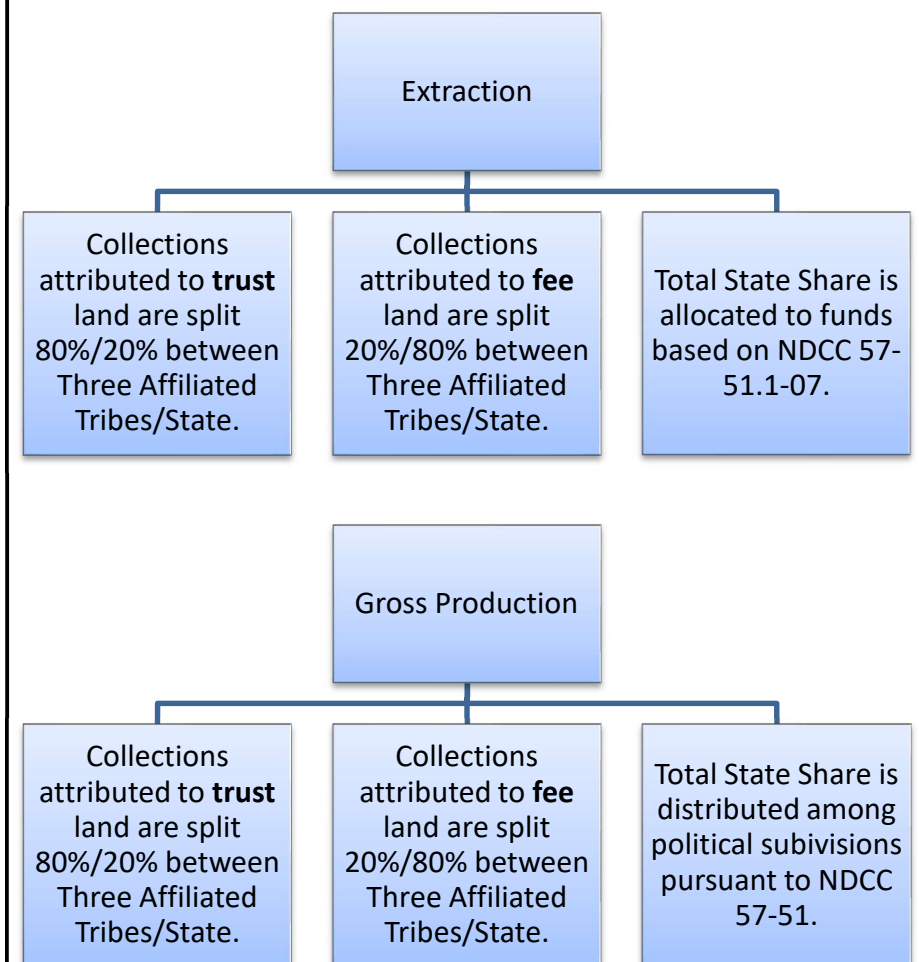
*Under the provisions of NDCC 57-51.1-07.5, no amount is to be deposited into the State Disaster Relief Fund if it would bring the unobligated balance in the fund to more than \$20,000,000.

Tribal Oil and Gas Production and Extraction is taxed and distributed according to a compact between the Three Affiliated Tribes and the State and is codified in NDCC 57-51.2

Oil and gas wells drilled prior to July 1, 2019



Oil and gas wells drilled after June 30, 2019



2025 SENATE TRANSPORTATION

HB 1065

2025 SENATE STANDING COMMITTEE MINUTES

Transportation Committee Fort Totten Room, State Capitol

HB 1065
2/14/2025

Relating to the county and township infrastructure fund.
--

9:32 a.m. Chairman Clemens opened the hearing.

Members present: Chairman Clemens, Vice Chairwoman Cory, Senator Hogan, Senator Klein, Senator Paulson, Senator Rummel

Discussion Topics:

- Agreement between counties and townships regarding fund distribution
- Addressing road maintenance on a per mile basis
- Criteria for small townships to obtain distributions
- Unorganized township distribution process

9:32 a.m. Thomas Beadle, State Treasurer, introduced HB 1065, testified in favor and submitted testimony #37714, #37715, #37716.

9:43 a.m. Larry Syverson, Executive Director, North Dakota Township Officers Association, testified in favor.

9:47 a.m. Genny Dienstmann, Operations Director, NDACo, testified neutral.

9:50 a.m. Senator Klein moved a Do Pass.

9:50 a.m. Senator Paulson seconded the motion.

Senators	Vote
Senator David A. Clemens	Y
Senator Claire Cory	AB
Senator Kathy Hogan	Y
Senator Jerry Klein	Y
Senator Bob Paulson	Y
Senator Dean Rummel	Y

Motion passed 5-0-1.

Senator Paulson will carry the bill.

9:53 a.m. Chairman Clemens adjourned the meeting.

Chance Anderson, Committee Clerk

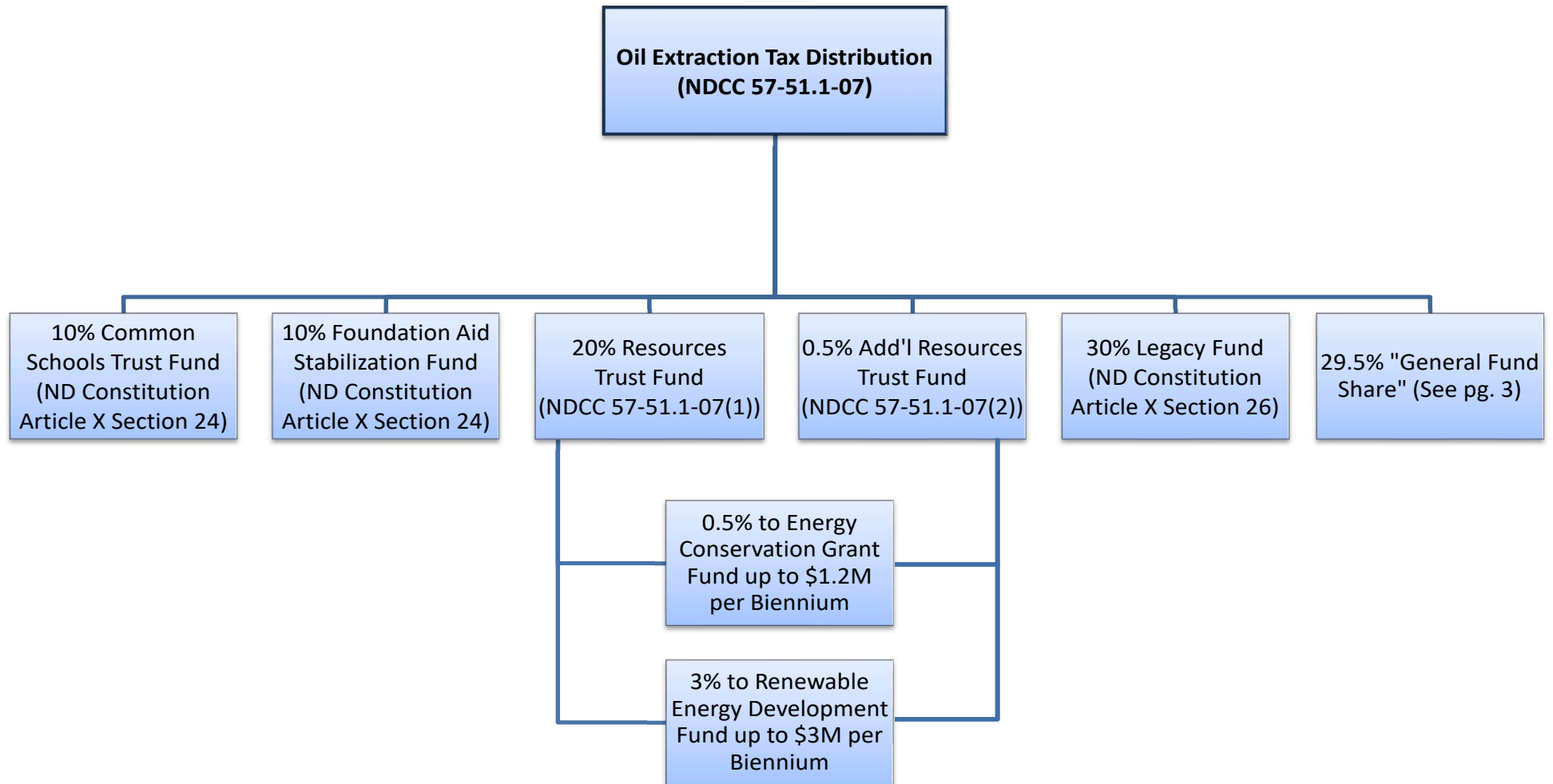
**REPORT OF STANDING COMMITTEE
ENGROSSED HB 1065 ([25.8073.02000](#))**

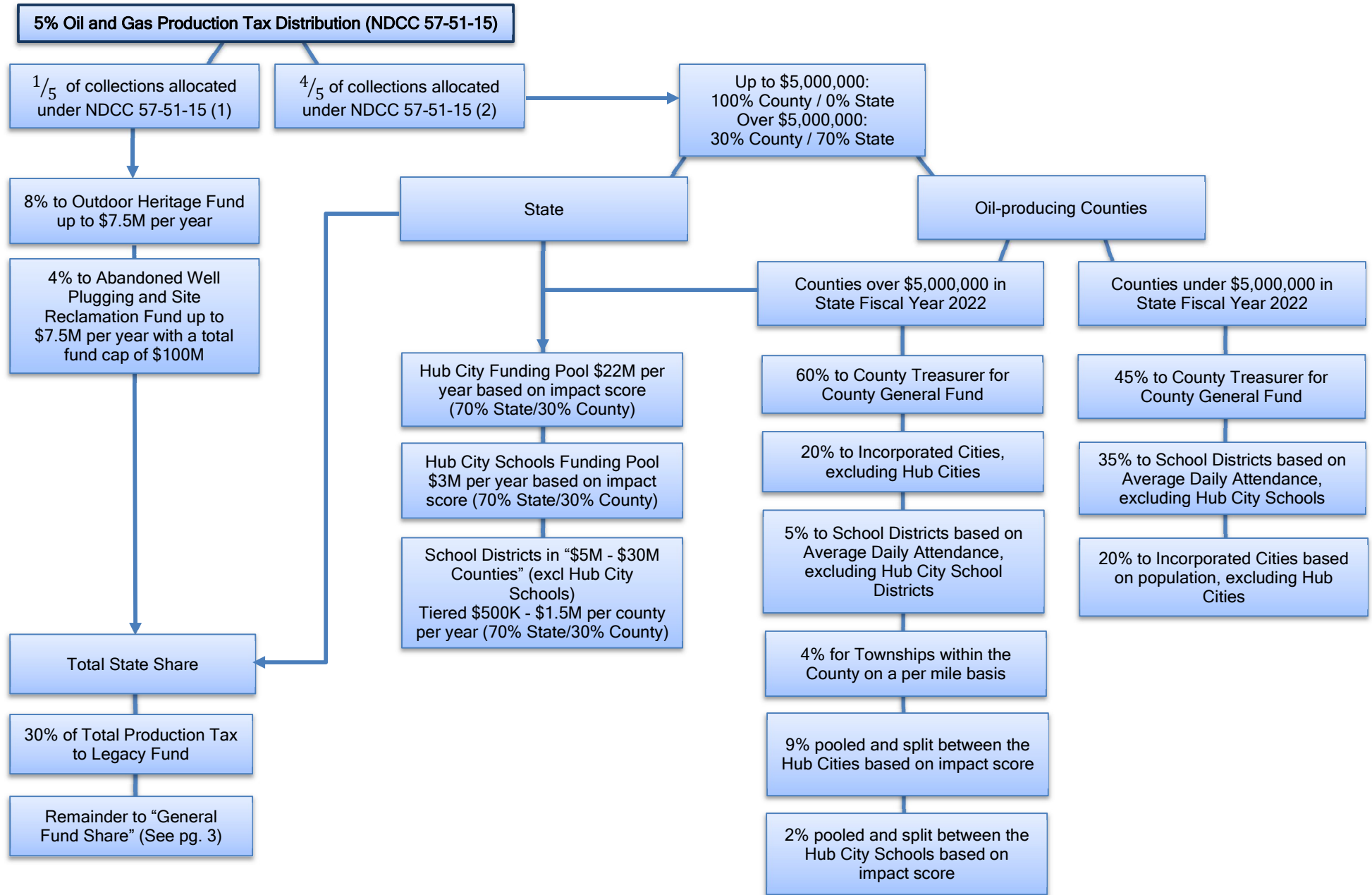
Transportation Committee (Sen. Clemens, Chairman) recommends **DO PASS** (5 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). HB 1065 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

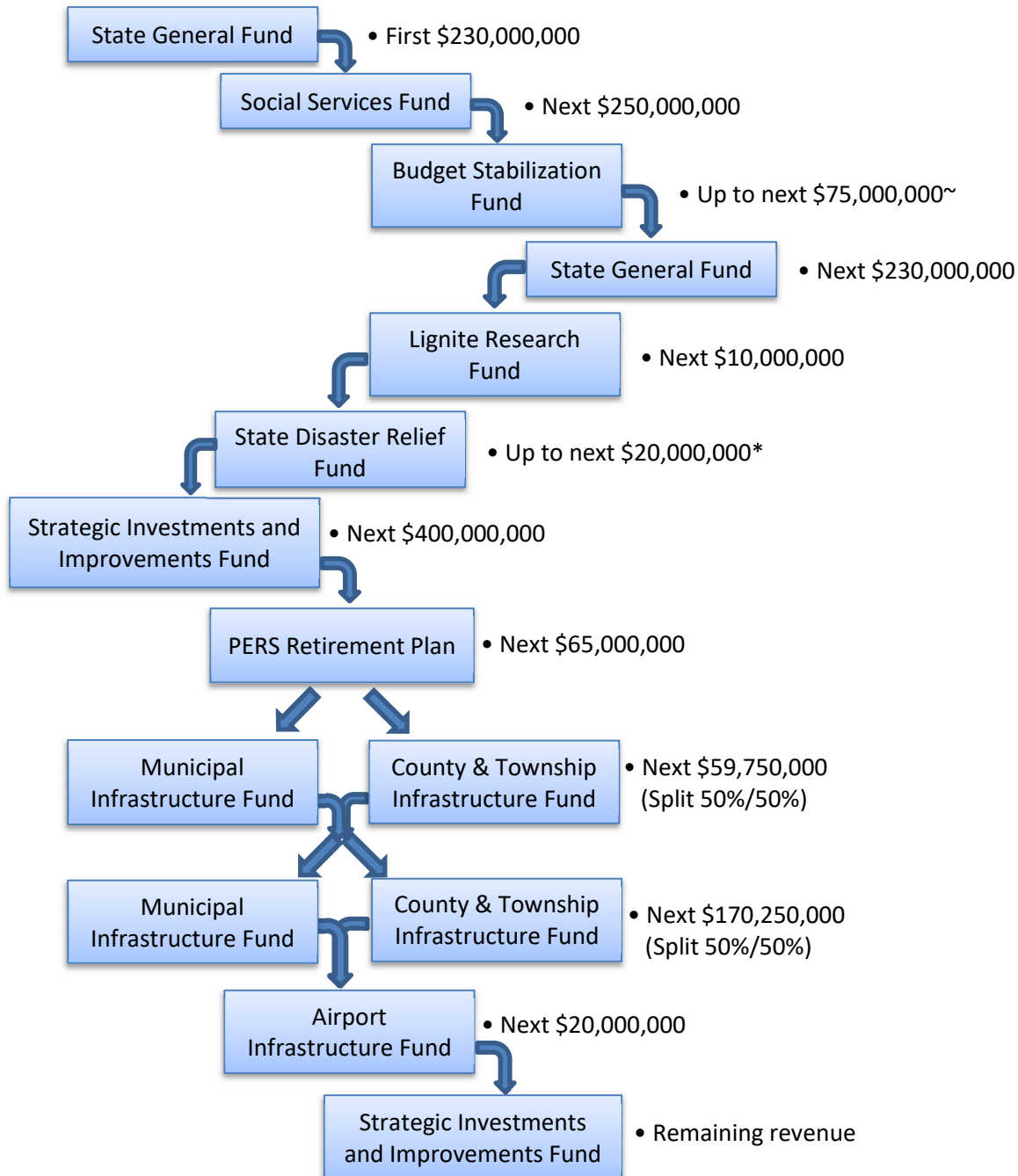
Office of State Treasurer
Phone: 701-328-2643
Website: www.treasurer.nd.gov

North Dakota

Oil Extraction and Gross Production Distribution Fiscal Years 2024 and 2025







Oil and Gas “General Fund Share” State Revenue

Oil and Gas production and extraction is taxed under NDCC 57-51 and NDCC 57-51.1. A portion of the tax collections is allocated to the state and subsequently deposited into a variety of funds as spelled out in NDCC 57-51.1-07.5.

Prior to deposit in these “buckets”, 2% of revenues (up to \$17,500,000 for the '23-'25 Biennium) is deposited into the **Oil and Gas Research Fund** and another 1% of revenues (up to \$7,500,000 per biennium) is deposited into the **State Energy Research Center Fund**.

Per SB 2319 as passed during the 2021 Legislative session, an amount based on tax revenue from “**straddle wells**” that have laterals going under the reservation is distributed directly to the tribes.

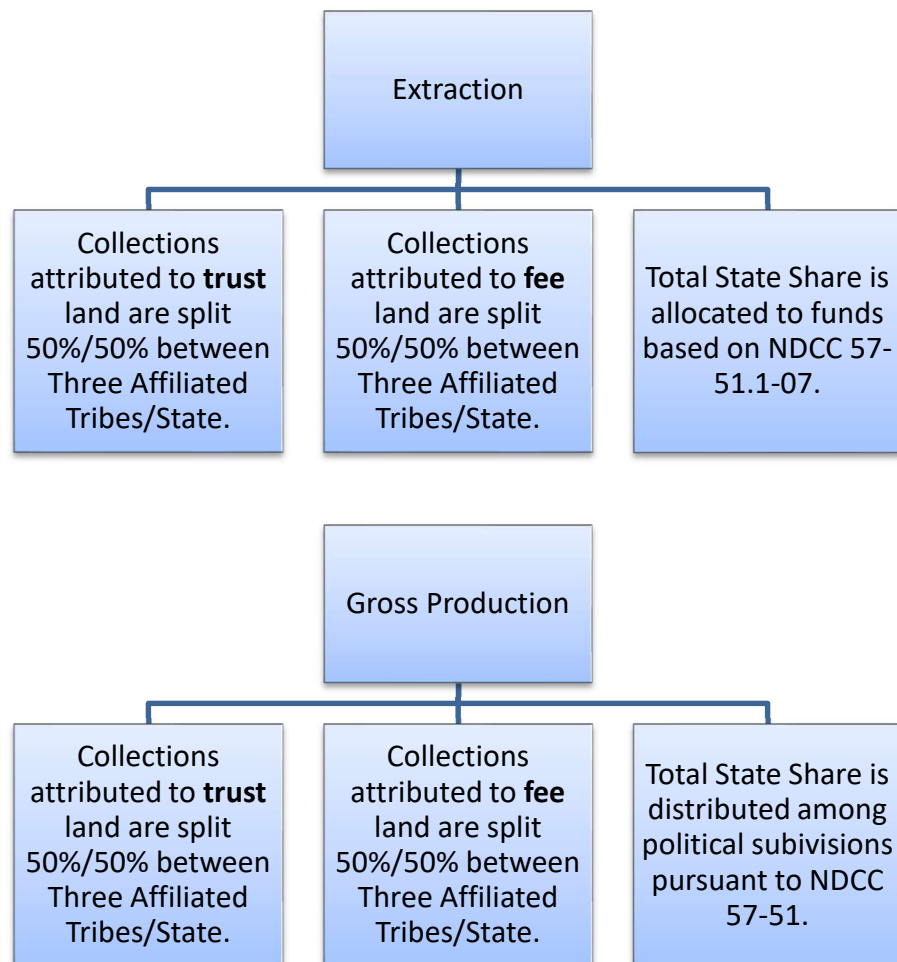
The remaining Oil and Gas “State General Fund Share” revenue will be deposited into the funds listed to the left.

~Under the provisions of NDCC 57-51.1-07.5, no amount is to be deposited into the Budget Stabilization Fund if it would bring the balance in the fund to more than the limit in NDCC 54-27.2-01.

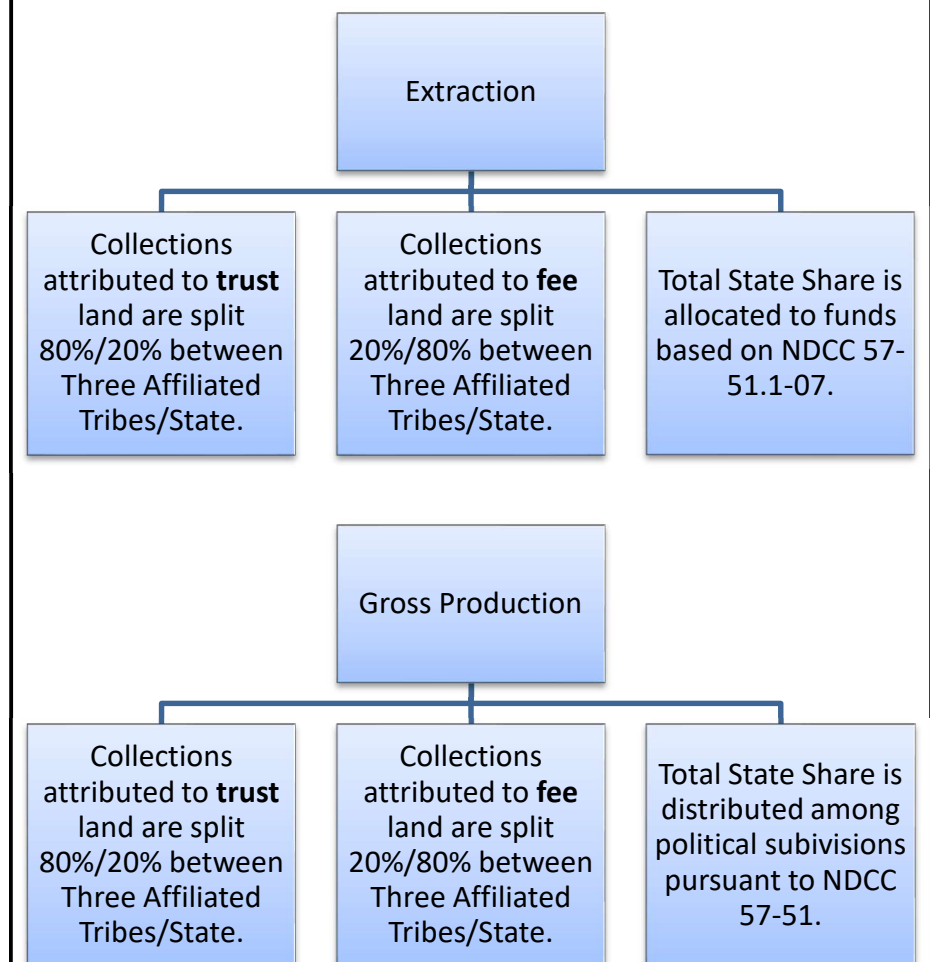
*Under the provisions of NDCC 57-51.1-07.5, no amount is to be deposited into the State Disaster Relief Fund if it would bring the unobligated balance in the fund to more than \$20,000,000.

Tribal Oil and Gas Production and Extraction is taxed and distributed according to a compact between the Three Affiliated Tribes and the State and is codified in NDCC 57-51.2

Oil and gas wells drilled prior to July 1, 2019



Oil and gas wells drilled after June 30, 2019



2025-2027 Biennium Estimates
(based on non-oil counties as of FY24)

County	Equal Share	Mileage	Fiscal Impact
Adams	257,125.12	166,032.05	(91,093.07)
Barnes	385,687.68	467,597.20	81,909.52
Benson	368,607.23	336,682.73	(31,924.50)
Bottineau	505,067.20	485,195.81	(19,871.39)
Burleigh	431,602.88	286,170.76	(145,432.12)
Cass	440,785.92	707,336.32	266,550.40
Cavalier	440,785.92	492,283.02	51,497.10
Dickey	293,857.28	291,611.20	(2,246.08)
Eddy	165,294.72	174,938.05	9,643.33
Emmons	399,094.92	389,704.68	(9,390.24)
Foster	165,294.72	183,789.91	18,495.19
Golden Valley	275,491.20	186,975.18	(88,516.02)
Grand Forks	394,870.72	505,119.65	110,248.93
Grant	440,143.11	600,040.61	159,897.50
Griggs	183,660.80	177,196.41	(6,464.39)
Hettinger	293,857.28	262,007.33	(31,849.95)
Kidder	367,321.60	268,836.54	(98,485.06)
Lamoure	293,857.28	336,364.20	42,506.92
Logan	257,125.12	197,406.93	(59,718.19)
McHenry	486,701.12	512,031.68	25,330.56
McIntosh	257,125.12	221,694.59	(35,430.53)
McLean	554,563.79	362,403.76	(192,160.03)
Mercer	283,204.95	206,484.94	(76,720.01)
Morton	501,485.82	315,624.93	(185,860.89)
Nelson	257,125.12	228,702.18	(28,422.94)
Oliver	187,058.52	162,158.76	(24,899.76)
Pembina	348,955.52	460,940.00	111,984.48
Pierce	275,491.20	323,463.87	47,972.67
Ramsey	329,303.81	315,341.44	(13,962.37)
Ransom	192,843.84	239,462.01	46,618.17
Renville	257,125.12	288,903.72	31,778.60
Richland	413,236.80	577,202.25	163,965.45
Rolette	275,491.20	253,865.78	(21,625.42)
Sargent	275,491.20	247,176.72	(28,314.48)
Sheridan	257,125.12	258,812.50	1,687.38
Sioux	260,798.34	102,087.81	(158,710.53)
Slope	312,223.36	143,591.84	(168,631.52)
Stark	358,138.56	369,809.51	11,670.95
Steele	183,660.80	256,732.53	73,071.73
Stutsman	587,714.56	547,945.57	(39,768.99)
Towner	293,857.28	218,509.32	(75,347.96)
Traill	238,759.04	390,513.74	151,754.70
Walsh	348,955.52	504,307.41	155,351.89
Ward	523,433.28	497,729.83	(25,703.45)
Wells	330,589.44	429,214.74	98,625.30



State of North Dakota
OFFICE OF STATE TREASURER
Thomas Beadle, State Treasurer

February 14, 2025

Chairman Clemens,

Before you is HB 1065, which impacts the formula for the County and Township Infrastructure Fund distribution, part of what is commonly referred to as Operation Prairie Dog.

As a reminder, this fund was created in the 2019 legislative session and is part of the waterfall buckets that are filled as Oil and Gas Gross Production tax revenue comes into the state's coffers. Included in my testimony is a flow chart for the order and current dollar amounts for the buckets that fill as a part of this formula.

The bill before you seeks to change the Township distribution portion of this formula. Under current law, up to \$115,000,000 per biennium is allocated to non-oil producing counties and the townships within the non-oil producing counties. The townships receive 13% or \$14,950,000, to be split evenly among all townships in non-oil counties that maintain road miles. Our office distributes the monies to the Counties, who then transfer it to organized townships within their borders or retain for the benefit of the unorganized townships.

The current formula creates some inconsistencies, first the number of townships does not equally divide into the dollar amount available and second does not seem to align with the needs of the townships. The requirement for the distribution to be equally divided leaves an immaterial remainder. Currently, under guidance from the intent of HB 1066 and legal counsel, the remainder has been placed back into the County and Township Infrastructure Fund to be allocated to the Counties. The needs of townships vary, however for most townships, maintaining roadways is the primary cost incurred. Under current law, the same dollar amount is given to townships whether they have 1 mile of roadway or 20. By using a mileage-based formula, we will align with other distributions made by our office, provide for a cleaner distribution following the certification process and criteria already spelled out in NDCC 54-27-19.1 and defined in DOT's administrative rules, and more accurately reflect the needs of the townships.

Included in the testimony is a breakdown for how the distributions to each county would have been affected by this change.

Thank you for your consideration and I'm happy to answer any questions the committee might have.

Thomas Beadle
State Treasurer