2025 SENATE FINANCE AND TAXATION

SB 2323

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2323
1/28/2025

Relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; and to provide an effective date.

2:00 p.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:
- Current taxes utilized and levied to support city projects
- Debt allocations for city projects
- Details regarding city budgeting

2:00 p.m. Senator Bekkedahl, District 1, introduced SB 2323, testified in favor and submitted testimony #31375.

2:14 p.m. Geoff Simon, Executive Director, Wester Dakota Energy Association, testified in favor and submitted testimony #32027.

2:16 p.m. Howard Klug, President, Board of City Commissioners, testified in favor and submitted testimony #32073.

2:33 p.m. Shawn Wenko, City Administrator, City of Williston, testified in favor and submitted testimony #32076 and #32077.

2:43 p.m. Scott Decker, Mayor, City of Dickinson, testified in favor and submitted testimony #31952.

2:57 p.m. David Lakefield, Finance Director, City of Minot, testified in favor and submitted testimony #31922.

2:59 p.m. Kelly Braun, Airport Manager, Dickinson Municipal Airport Authority, testified in favor and submitted testimony #31990.

Additional written testimony:

Shawn Dobberstein, Executive Director, Municipal Airport Authority of the City of Fargo, submitted written testimony in favor #31665.

Ryan Riesinger, President, Airport Association of North Dakota and Grand Forks Regional Airport Authority, submitted written testimony in favor #31867.

Greg Haug, Airport Director, Bismarck Airport, submitted written testimony in favor #32201.

3:03 p.m. Chairman Weber adjourned the meeting.

Chance Anderson, Committee Clerk

Legislative Assembly

North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Senator Brad Bekkedahl
District 1
P.O. Box 2443
Williston, ND 58802-2443
bbekkedahl@ndlegis.gov

COMMITTEES:
Appropriations (Chair)

January 28, 2025

Senate Bill 2323 Testimony
Senate Finance and Tax Committee
Hon. Senator Mark Weber, Chairman

Chairman Weber and Committee Members,

Thank you, Mr. Chairman. For the record, I am Senator Brad Bekkedahl, from District 1 in Williston. For complete transparency, I have also been the elected Finance Commissioner for Williston since 1996, which has given me a great deal of information related to the topic of hub cities and hub cities debt situations. This bill seeks to provide a $20 million annual appropriation to the Energy Impact Fund for distribution to hub cities specifically to reduce the debt burdens that remain from infrastructure improvements necessary to accommodate the oil industry growth that we as a state have benefitted from so greatly in the last 15 years. I have with me today representation from all three hub cities, Dickinson, Minot, and Williston. They will be presenting the financial information relative to this bill request. As a bit of history, when the Bakken boom first started in the Williston area in 2007, we tried to start planning for the population growth the experts said we would see. No one predicted then what we would ultimately see. At that time, until the 2013 Legislative session, Williston was capped in Gross Production Tax (GPT) distributions from the state at $1.5 million/year. With the passage of hub city legislation in 2013, the GPT for Williams County cities was redistributed from Williston to all the smaller towns in the county and Williston, Dickinson, and Minot were granted a separate pool of revenue based on a static amount of dollars distributed by a formula based on the percentage of oil employment and other statistics to reflect impacts. There was also a 9% pool of dollars from the GPT distributed to the oil producing counties split appropriately. The major shift in funding that also occurred in this hub city bill was changing the percentage of GPT to counties from 45% of formula distribution to 60%, based on the assumption that they would have the highest dollar amount of impacts due to road needs for the

industry to move and expand. Cities would get 20% and schools would get the rest. This is an oversimplification of the formula as it has had minor adjustments since 2013, but suffice to say, Counties were and are the largest recipients of GPT funding to local political subdivisions. What none of us fully realized at the time was that the three largest cities in the oil region would have to take on the most impacts of increased population and required infrastructure and operating costs to house the industry businesses and workforce. This is the reason we are here today. In the case of Williston, we had to build a new airport to accommodate the industry workforce flying in and out at a cost of $300 million, of which the city now carries a debt load of $110 million. We also were facing fines of $25,000/day from the EPA, forcing us to build a new mechanical wastewater treatment plant at a cost of $100 million. As you will see in testimony from all three cities, the Finance Directors all researched their current debt load and calculated the projects and even a percentage of the projects related to oil impacts. The premise for the evaluation of projects was that they could not put a project on the list that would not have occurred without the oil boom. It is not all the debt each city carries, only applicable debt necessary to accommodate the industry growth we have seen. And as you will see from further testimony, the GPT distributions are inadequate to fully pay off the debt, our increased operations and maintenance costs, and allow us to move forward with future infrastructure maintenance. The reason you see this request from the State to the Energy Impact Fund is the reluctance of the other political subdivisions to agree to a GPT formula re-distribution because of their continuing funding needs. The impact to the State with this funding is a reduction in revenue to the bottom bucket of the oil stream flow chart, which is the state Strategic Improvement Investment Fund (SIIF) of $40 million/biennium. To accommodate any impacts to the existing Operation Prairie Dog funding buckets in the stream, you will see in this bill a reduction in the SIIF bucket allocation of $80 million, from existing $400 million to $320 million. I also have an amendment to the bill I would like to present to the committee that clarifies these funds, which would only pay 58.5% of the eligible debt load and leaving 41.5% city responsibility, can only be used to pay these original debt schedule instruments. And in the amendment, there is language that each city will provide the Treasurer's office with updated debt schedules on an annual basis so as bonded debt is paid off and the obligations removed, the distribution from the Treasurer's office is adjusted to never pay more than 58.5% of the remaining debt. As this occurs and less money is needed for the debt relief, any funds allocated by the $40 million/biennium appropriation over the amount needed would be transferred to the SIIF fund for that biennium. Long story short Mr. Chairman, we are seeking relief to these lingering debt impacts which with the amount of money distributed statewide from oil revenues to areas with no direct impacts, should be justified. Thank you for your time and consideration today. I respectfully request a Do Pass recommendation on SB 2323 and will stand for questions before others step up to offer further testimony. Help us thrive, not just survive.

January 28, 2025

RE: Testimony to Senate Finance and Taxation Committee on SB 2323 to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund;

Chairman Weber and members of the committee,

For the record, my name is Shawn Dobberstein. I am the Executive Director of the Municipal Airport Authority of the City of Fargo. On behalf of the Municipal Airport Authority, I respectfully offer testimony in support of SB 2323.

We understand several cities in North Dakota have taken on debt to meet the needs of their rapidly growing city. New and expanding businesses, along with housing developments, require significant investments in infrastructure to handle the growth. The infrastructure includes water, sanitary and storm sewer, roads, and airports. This is especially true for hub cities in Western North Dakota that expanded at a rapid pace due to the unprecedented growth in the energy industry.

SB 2323 will aid hub cities that have been impacted by this rapid growth. This bill provides impact grants to assist the hub cities with reducing their debt. This bill could allow airports to pay down their debt which will free up airport revenues to complete other critical projects that serve the traveling public and the aviation industry in North Dakota.

We appreciate the reduction in the SIF allocation from $400 million to $320 million. This will hold the buckets below that allocation in relatively the same position.

Your support of SB 2323 will provide needed financial assistance to impacted communities that will allow each to reduce their respective debt burden.

We respectfully request that the Senate Finance and Taxation Committee unanimously support the passage of SB 2323.

AAND Airport Association of North Dakota

Ryan Riesinger - President Anthony Dudas - Vice President
Jordan Dahl - Sec. / Treasurer
P.O. Box 2845, Fargo, North Dakota 58108-2845
1-701-738-4646

January 28, 2025

RE: Testimony to Senate Finance and Taxation Committee on SB 2323

Chairman Weber and members of the committee,

I am Ryan Riesinger, President of the Airport Association of North Dakota (AAND) and Executive Director of the Grand Forks Regional Airport Authority (GFK). I want to thank you for the opportunity to testify. AAND is the professional organization for North Dakota Airports and it serves to promote airports and aviation across the state. On behalf of AAND and GFK I want to provide support of SB 2323.

The airports in Williston, Minot, and Dickinson provide critical infrastructure for their growing communities. Since the oil boom, we have witnessed substantial growth that brought about needed improvements at these airports, to include a new terminal in Minot, new primary runway and taxiway in Dickinson, and a completely new airport in Williston. All of these projects were well justified, but the communities needed to take on debt in order to complete them.

SB 2323 would allocate $40 million with a distribution to hub cities (Williston, Minot, and Dickinson) from the Energy Impact Grant Fund. This distribution to the hub cities could be utilized for debt repayments. We believe this would allow those cities to pay down debt associated with their respective airport-related infrastructure development and/or other needed projects. AAND and GFK support this approach to improve the finances of these communities for their large airport infrastructure projects.

In closing, AAND and GFK are supportive of SB 2323. We respectfully request that the committee provide a do pass on the bill. Thank you for the opportunity to provide testimony.

Respectfully,

Ryan Riesinger
President, Airport Association of North Dakota
Executive Director, Grand Forks Regional Airport Authority

David Lakefield
Finance Director
City of Minot
david.lakefield@minotnd.gov
701-857-4774

Senate Bill 2323 Testimony
Senate Finance and Tax Committee
Hon. Senator Mark Weber, Chairman

Chairman Weber and committee members, thank you for the opportunity to be here today to discuss SB 2323. My name is David Lakefield, and I am the Finance Director for the City of Minot. I am here today to offer testimony in support of SB 2323.

As you are all aware, the State of ND—particularly the western region-- has been significantly impacted by the oil industry in the past two decades. Each community has faced unique challenges, and various approaches to address these issues.

In Minot, we were simultaneously dealing with the aftermath of the 2011 flood and the infrastructure challenges brought on by oil industry growth. This combination led Minot to adopt a more conservative approach to incurring new debt. Instead, we leveraged alternative funding sources such as sales tax revenues, property taxes, and surge funds to manage demands of new growth. However, this strategy also resulted in the deferral of several critical maintenance projects due to funding constraints.

The funding provided by this bill would allow Minot to service the debt related to the oil-driven growth while freeing up revenues that would have otherwise be allocated to debt service. This would allow the city to address long-overdue maintenance projects that have been deferred. For your reference I am including a list of Minot's debt service obligations and how much is oil-related on the following page.

Thank you for your consideration of SB 2323 and all the support that you offer to ND Cities. I will stand for any questions that you may have.

Long-Term Debt Outstanding as of 10/17/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
Series 2015E Airport Revenue Bonds	11/24/2015	10/1/2035	2.25-3.625%	$ 7,250,000	$ 560,000	100.00%	$ 7,250,000	$ 560,000
Series 2020C Airport Revenue Refunding Bonds	9/9/2020	10/1/2035	1.00-1.70%	12,570,000	1,085,000	100.00%	12,570,000	1,085,000
Series 2013C Water & Sewer Revenue Bonds	11/26/2013	10/1/2028	3.00-4.00%	1,650,000	395,000	0.00%	-	-
Series 2014C Water & Sewer Revenue Bonds	11/25/2014	10/1/2029	2.25-3.10%	1,585,000	300,000	59.40%	941,567	178,215
Series 2015D Water & Sewer Revenue Bonds	11/24/2015	10/1/2025	3.00%	765,000	765,000	11.77%	90,008	90,008
Series 2016C Water & Sewer Revenue Bonds	11/29/2016	10/1/2031	3.00-4.00%	2,550,000	330,000	68.71%	1,752,163	226,750
Clean Water State Revolving Loan Fund	9/24/2018	9/1/2038	1.50%	4,760,000	300,000	100.00%	4,760,000	300,000
Clean Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	6,643,716	525,000	0.00%	-	-
Drinking Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	789,947	75,000	0.00%	-	-
Series 2015C General Obligation Bonds	11/24/2015	10/1/2025	3.00%	45,000	45,000	100.00%	45,000	45,000
Series 2016B General Obligation Bonds	11/29/2016	10/1/2031	3.00-4.00%	5,395,000	695,000	100.00%	5,395,000	695,000
Series 2022A Taxable General Obligation Bonds (Tax Incremen	12/8/2022	10/1/2042	4.54-5.40%	2,170,000	100,000	0.00%	-	-
Series 2014A Refunding Improvement Bonds	11/25/2014	10/1/2034	3.00-3.375%	940,000	80,000	39.28%	369,260	31,426
Series 2015B Refunding Improvement Bonds	11/24/2015	10/1/2035	2.00-3.25%	1,130,000	90,000	49.54%	559,788	44,585
Series 2016A Refunding Improvement Bonds	11/29/2016	10/1/2036	3.00-3.25%	520,000	35,000	0.00%	-	-
Series 2020A Refunding Improvement Bonds	9/9/2020	10/1/2030	2.00%	840,000	135,000	0.00%	-	-
Series 2021A Refunidng Improvement Bonds	9/29/2021	10/1/2031	4.00-5.00%	2,650,000	325,000	0.00%	-	-
Series 2022B Refunding Improvement Bonds	12/29/2022	10/1/2033	5.00%	3,495,000	320,000	100.00%	3,495,000	320,000
Series 2024 Refunding Improvement Bonds	10/15/2024	10/1/2025	4.00%	865,000	75,000	0.00%	-	-
Series 2015A Capital Financing Program Bonds	2/11/2015	6/1/2029	3.00-4.00%	785,000	145,000	0.00%	-	-
Series 2020B Sales Tax Revenue Bonds	9/9/2020	10/1/2050	1.00-3.00%	7,345,000	220,000	0.00%	-	-
Series 2021B Sales Tax Revenue Bonds	9/29/2021	10/1/2051	2.00-5.00%	40,070,000	915,000	0.00%	-	-
				$ 104,813,663	$ 7,515,000		$ 37,227,785	$ 3,575,984

CITY OF Dickinson North Dakota

WRITTEN TESTIMONY FOR SB 2323

SENATE FINANCE & TAXATION COMMITTEE

January 28, 2025

Scott Decker, Mayor of the City of Dickinson, ND

Chairman Senator Weber and members of the Senate Finance & Taxation Committee.

My name is Scott Decker, Mayor of Dickinson. The City of Dickinson stands in support of SB 2323.

Even though oil impacts have lessened in the last decade, it does not mean they are behind us. We accepted the risk based on the need for hub cities to house the workers who came to North Dakota to make the Williston Basin oil and gas development a reality. SB 2323 is an equitable piece of legislation relating to an energy grant fund that pays back dollars to those who bore the brunt of the oil impact, and it also provides continuing appropriations for debt relief.

As you are aware, the City of Dickinson has experienced oil impacts for several years. With an explosive population gain due to rapid growth, the city has built much of the core infrastructure required to deal with the tremendous population gain. Our capital infrastructure improvement plan, including the forecasted grants and loans in the appendices, is much lower than previous years but still requires a substantial annual spend to maintain our streets and infrastructure. According to the AE2S 6-city study, the City of Dickinson is forecasted to spend over $20 million annually in the next 7 years to support the forecasted 3.7% population gain anticipated. Also, the hospital administrator has reported record births for the last four years.

The City's long term debt outstanding is approximately $89.4 million which will be required to be serviced over the next 20 to 30 years. This debt requires an annual payment of $5.5 million. Also, we had to add staff in several departments to accommodate the new infrastructure. These staff additions, plus the requirement of paying for short-term capital leases and maintaining the new infrastructure, has required an infusion of cash into our general fund from Oil Impact of $4 million annually. The study conclusively showed the City of Dickinson has operated lean from a staffing point of view for many years. It is time to increase staff in our Police Dept., Fire Dept., and Public Works along with our new city department, Dickinson Ambulance Service. The AE2S study indicated that the City of Dickinson has a very well-balanced fiscal approach to meeting local needs. By being fiscally responsible the city has raised fees where necessary, and have implemented water and sewer impact fees to offset the additional operation expenses.

I, as Mayor of Dickinson, am in support of SB 2323 and the share of oil and gas allocations presented in the bill. I stand before you to answer any questions that you may have.

Attachments: Appendix A & B

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APPENDIX – A FORECASTED GRANTS

Project Name	Grant Source
FAIRWAY/STATE AVE STORMWATER DRAINAGE	FEMA - Hazard Mitigation Funding
NORTHWEST REGIONAL POND	North Dakota Department of Water Resources - Flood Control
QUEEN CITY DAM EMERGENCY ACTION PLAN & MITIGATION STUDY	North Dakota Department of Water Resources - General Water Management
DICKINSON DRAINAGEWAY	North Dakota Department of Water Resources - Flood Control
DOWNTOWN DRAINAGE IMPROVEMENTS	FEMA - Hazard Mitigation Funding
PATTERSON LAKE IMPROVEMENTS	Bureau of Reclamation - Water Smart Program
8th Ave SE Crossings & Heart River Tributary 47	FEMA - Hazard Mitigation Funding
MANNS DAM EMERGENCY ACTION PLAN	North Dakota Department of Water Resources - General Water Management
2026 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
WATER TREATMENT PLANT DEMOLITION	North Dakota Department of Water Resources - Municipal Water Supply
2027 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
2028 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
2029 WATERMAIN AND LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
10TH AVE E - MUSEUM DR TO 21ST ST (24211 & 24212) - URBAN RECON	North Dakota Department of Water Resources - Municipal Water Supply
5TH ST SE – 3RD AVE W to 6TH AVE E (PCN 24213) - MILL AND OVERLAY_NEW CONSTRUCTION	North Dakota Department of Water Resources - Municipal Water Supply
SIMS ST - 2ND ST E TO 9TH ST E	North Dakota Department of Water Resources - Municipal Water Supply
BALER/RECYCLE BUILDING EXPANSION	Environmental Protection Agency - Environmental Justice and Community Change & EPA SWIFR
EAST BROADWAY DAM	North Dakota Department of Water Resources - General Water Management
2025 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
PUBLIC SAFETY TRAINING CENTER	North Dakota Department of Water Resources - Municipal Water Supply & Department of Defense - Infrastructure
10TH AVE E - MUSEUM DR TO 21ST ST (24211 & 24212)	North Dakota Department of Transportation - FLEX FUND
9TH ST W & 5TH AVE W INTERSECTION SAFETY	Federal Highway Administration - Highway Safety Improvement
DOWNTOWN LIGHTING	North Dakota Department of Transportation - Urban Grant
FORECASTED GRANTS	**$48,000,000.00**

APPENDIX – B FORECASTED LOANS

Project Name	
EAST DICKINSON GRAVITY SEWER REPLACEMENT	
2026 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	
2027 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	
2028 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	
2029 WATERMAIN AND LEAD SERVICE LINE REPLACEMENT	
SIMS ST - 2ND ST E TO 9TH ST E	
2025 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	
DICKINSON AIRPORT TERMINAL	
WATER RECLAMATION FACILITY UPGRADES	
BALER BUILDING EXPANSION	
FIRE STATION	
FORECASTED LOAN TOTAL	**$65,000,000.00**

#31990

January 27, 2025

RE: Testimony to Senate Finance and Taxation Committee on SB 2323 to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund;

Chairman Weber and members of the committee,

For the record my name is Kelly Braun, and I am the Manager of the Dickinson Municipal Airport. On behalf of the Dickinson Municipal Airport Authority, I respectfully offer testimony in support of **SB 2323**.

The Airport Authority recognizes that several cities in North Dakota have taken on debt to meet the needs of their rapidly growing communities. New and expanding businesses, along with housing developments, require significant investments in infrastructure to handle the growth. This infrastructure includes water, sanitary and storm sewer, roads, and airports. This is especially true for cities in Western North Dakota that have expanded at a rapid pace due to the unprecedented growth in the energy sector.

SB 2323 will aid cities that have been impacted by this rapid growth. This bill would provide grants to assist these impacted cities with reducing their debt, which will free up their revenues to complete other critical projects that serve the traveling public and the aviation industry in North Dakota.

Your support for **SB 2323** will provide the much-needed financial assistance to impacted communities allowing each to reduce their respective debt burden.

The Dickinson Municipal Airport Authority respectfully requests that the Senate Finance and Taxation Committee unanimously support the passage of **SB 2323**.

Kelly L. Braun, Airport Manager
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www.dickinsonairport.com

WESTERN DAKOTA ENERGY ASSOCIATION

January 27, 2025

Testimony of:
Geoff Simon, Lobbyist #144
in support of SB 2323 – Hub City Debt Relief
Senate Finance and Taxation Committee

Chairman Weber and members of the Senate Finance and Taxation Committee:

On behalf of the city, county and school district members of the Western Dakota Energy Association (WDEA), we wish to express our strong support for SB 2323, which would provide long-overdue debt relief to the Hub Cities of Dickinson, Minot and Williston.

Senator Bekkedahl's pre-filed testimony succinctly outlines the history of oil and gas development and the eventual recognition of the legislature that the state needed to do much more to support political subdivisions in western North Dakota that were struggling to cope with the impact of explosive Bakken development. To put it politely, the legislature was late to the game, initially assuming that counties would bear the burden of oil impacts related to heavy oilfield truck traffic. While county roads took a beating, the legislature initially failed to recognize the significant impact to municipalities that were forced to expand infrastructure to cope with rapidly growing population associated with Bakken development. It wasn't until the 2013 legislative session when the need to provide additional financial support to the Hub Cities was first acknowledged.

As articulated by Senator Bekkedahl, infrastructure impacts to the Hub Cities were huge, forcing Williston to build a new airport and expand its wastewater treatment facility, putting the city hundreds of millions of dollars in debt. Dickinson and Minot experienced similar growing pains, albeit not the extreme experienced in Williston. Meanwhile, the state of North Dakota was reaping billions in new tax revenue, while the Hub Cities were compelled to issue bonds to finance their expansion projects, placing the burden on local taxpayers.

SB 2323 seeks to rectify the state's delay in responding to the needs of the Hub Cities by providing $20 million per year, split proportionately among the three cities, to assist them in paying off the debt they incurred as a result of oilfield development. The state of North Dakota has reaped huge financial benefits from Bakken development, largely on the backs of communities in western North Dakota, so it's appropriate to support legislation that will begin to unburden the Hub Cities, allowing them to address other local needs that have gone unmet due to the lingering debt repayment obligations.

We encourage your strong support of SB 2323. Thank you for the opportunity to submit testimony regarding this important issue.

Geoff Simon
Executive Director

Western Dakota Energy Association
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CITY OF WILLISTON CITY COMMISSION

Chairman Weber
Senate Finance and Taxation Members

I am submitting this testimony in support of SB 2323

Thank you, Chairman Weber. I am Howard Klug, President of the Board of City Commissioners for the City of Williston. In my three terms as mayor and a member of the city commission before that, the challenges of funding a city to support world-class oil play have been a burden on our citizens and Williston's planned modest growth and development plans.

These plans laid out a clear and well-financed growth plan that was sustainable and affordable with normal impacts to those who chose to live in Williston. Expectations were reasonable, including police and fire department protection, good schools, modest government, jobs, and education opportunities, as well as the promise of funding for upgrades to streets, sewer collection, and water distribution in their neighborhoods. The plan was working, expectations met and promises kept, and without warning the Bakken Shale Play started.

As we continued to follow our growth plan, it was impossible for Williston to keep its promises to long-time residents because our city did not have the capacity to support an industry that came to western North Dakota, set up camp and said, "We're here, so deal with us."

The oil industry's plan was to get leases, secure those leases, and use whatever was available to implement their plan. It fell on Williston to support the industry and the thousands of workers that came to western North Dakota. At the beginning, our country was in a recession and the Bakken was the best area for good jobs and money-making opportunities.

Williston's options at the time were to support the industry and recoup our expenses from money collected by the state or do nothing and be overrun by those that flooded the area. Doing nothing meant our landfills would be full, our sewage systems, water systems, roads, police and fire protection would fail; and maybe the state would control this rapid expansion from Bismarck. We chose the option to support the industry and bring services that would allow this oil play to develop.

We did our best. We spent $125 million to handle wastewater under the threat of a $25,000 per day fine by the EPA. We worked with the Western Area Water Supply Authority (WAWSA) to provide treated water to western North Dakota and provide the industry with water to frac their wells. Even though plant expenses are reimbursed, Williston provides the employees and gives up $1 million of industrial water sales per year to support WAWSA.

Our landfill was subject to radioactive materials that we had to intercept and reject to prevent a toxic supersite from being created in North Dakota. With this came increased equipment and demands and labor requirements to address the issue. The Sloulin Field Airport was designed to emplane 10,000 passengers per year, but the new facility at XWA has increased that number to around 100,000 per year. We doubled our police force, created a new fire department, and equipped them to handle everything from speeding tickets and drug gangs to housefires and oilfield accidents.

In addition, we increased our ambulance staff, equipment, and training. Our ambulance service was forced to provide long-distance transfers due to the inadequate medical facilities in western North Dakota. While we tried to work with our local hospital, requests for funding were not provided, facilities were not upgraded, and healthcare has to be provided by other hospitals.

Growth that typically would happen over a 20-to-30-year period had to be addressed in five years or less. These growth issues would be at a manageable point if not for the tremendous cost Williston had to incur over the first years of the Bakken play. We took on loans to support the oil play during a time when the Bakken premium was a burden that escalated the cost of goods and services.

We have increased Enterprise Fund charges in all departments, raised property taxes at a five percent per year rate, and established sales tax to cover operational expenses of Williston Parks and Recreation. We have also established a Public Safety Sales Tax, which is now used by other North Dakota political subdivisions, to help meet the needs for police and fire protection. These funds cover the maintenance and upkeep of current services, but there is nothing left to continue the improvement of older areas of our city.

The needs are ongoing in older areas of Williston. The majority of the 150 frost boil issues in roads, water main breaks, and sewer issues are in the older areas that we had to put on hold.

Providing healthcare options is ongoing. On Jan. 23, the City agreed to backstop a fixed-wing ambulance service to our area at the cost of $800,000 with no help from our local hospital.

My ask is to support this bill so we can retire some debt that is directly related to the oil industry. Prevent Williston from going backwards and help us continue to support the oil industry.

H. Klug

Howard Klug
President, Board of City Commissioners

CITY OF
WILLISTON
ADMINISTRATION

Chairman Weber, members of the Senate Finance and Taxation Committee, thank you for the opportunity to testify in support of Senate Bill 2323. My name is Shawn Wenko, and I am the City Administrator for the City of Williston.

I was born and raised in Williston and, like many others at the time, left in the mid-1990s due to limited opportunities in our community. However, I was fortunate to return in 2008, drawn back by the opportunities created by the oil and gas industry—opportunities that have transformed Williston and the region in ways we could scarcely imagine back then. Since returning, I have had the privilege of serving the City of Williston for 17 years, most of that time as the Director of Economic Development before assuming the role of City Administrator in 2022.

My tenure has given me a front-row seat to the challenges and opportunities that rapid growth has brought to Williston. From the initial frenzy of activity during the early days of the oil boom to the more measured, sustainable growth we are seeing today, the city has faced an ongoing challenge: how to keep up with growth and ensure long-term stability for our community. Growth, both past and present, has consistently outpaced our revenue growth due to the immense needs in public safety, infrastructure, capital improvements, and overall public demand.

When I became City Administrator, I inherited many of the same budgeting challenges as my predecessor. Balancing the budget has always been about balancing the current needs against available revenue. Little if anything is left for proactive improvement. As the chart I have provided demonstrates, we rely heavily on gross production tax (GPT) revenue, which we estimate at approximately $30 million annually. However, this revenue is not enough to meet the demands placed on the city. Debt obligations and the need to transfer funds to shore up our general fund—especially for public safety—have placed significant strain on our GPT fund. In fact, for 2025, we are projecting a $19 million deficit in our GPT fund balance.

This deficit reflects the realities of addressing the impacts of past and future growth. Let me outline some of our major long-term debt obligations:

- **$125 million** pledged for a new wastewater treatment facility to meet the demands of a growing population and regulatory requirements.
- **$128 million** invested in the construction of the XWA Airport, a critical piece of infrastructure for the region.
- **$30 million** for a new and expanded public works and engineering facility.
- Ongoing annual transfers of up to **$9 million** to offset the rising costs of public safety services needed to serve our growing community.

While growth has brought tremendous opportunities, it has also brought tremendous costs, and unintended consequences of strained infrastructure hindering long-term development, and creating an unsustainable economic model.

The city's capital improvements plan currently has more than $90 million in projects that need to be completed within the city of Williston. Many of these projects have been deferred due to debt payment obligations to support the rapid growth of the oil boom.

These obligations underscore how growth has driven significant infrastructure and public safety needs that far exceed our current revenue streams.

In response to these challenges, we have taken significant steps to address our revenue shortfalls and improve fiscal stability:

- We worked with our finance department to identify investment opportunities in high-yield accounts, generating an additional **$5.3 million** in revenue.
- We increased water and sewer rates by 20% in 2021, with an automatic 3% annual increase.
- We increased landfill rates and implemented a 5% annual property tax levy increase.
- We refinanced revenue bonds for the airport and public safety, achieving **$3.5 million** in savings.
- We implemented hiring freezes for non-essential personnel and deferred capital improvement projects, which allowed us to turn a projected $11 million deficit in 2023 into a surplus and bring in a balanced budget for 2024.

While these efforts have helped stabilize our finances, they have come at a cost. Deferring capital improvement and infrastructure projects is not sustainable in the long term. In 2025, despite cutting nearly $20 million from preliminary budget estimates, we still face a $6 million shortfall due to infrastructure costs that simply could not be deferred another year.

Through all of this, we have strived to be responsible stewards of the community's resources. This is reflected in the recent improvement of our community's credit rating, which increased from A+ Negative to A+ Stable. However, the demands of keeping pace with the industry and growth in Western North Dakota remain immense. Our ability to fund necessary infrastructure and maintain our current debt obligations continues to outstrip our revenue capacity.

I urge you to support Senate Bill 2323. This bill represents an opportunity to provide communities like Williston with the tools and resources needed to address the unique challenges of growth and ensure a sustainable future for the oil and gas industry.

Thank you for your time and consideration. I am happy to stand for any questions.

Shawn Wenko
City Administrator

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22 East Broadway
Mailing Address: PO Box 1306 Williston, ND 58802

CITY OF
WILLISTON

CITY OF WILLISTON SB2323 TESTIMONY

January 22, 2025

GROSS PRODUCTION TAX REVENUES INSUFFICIENT

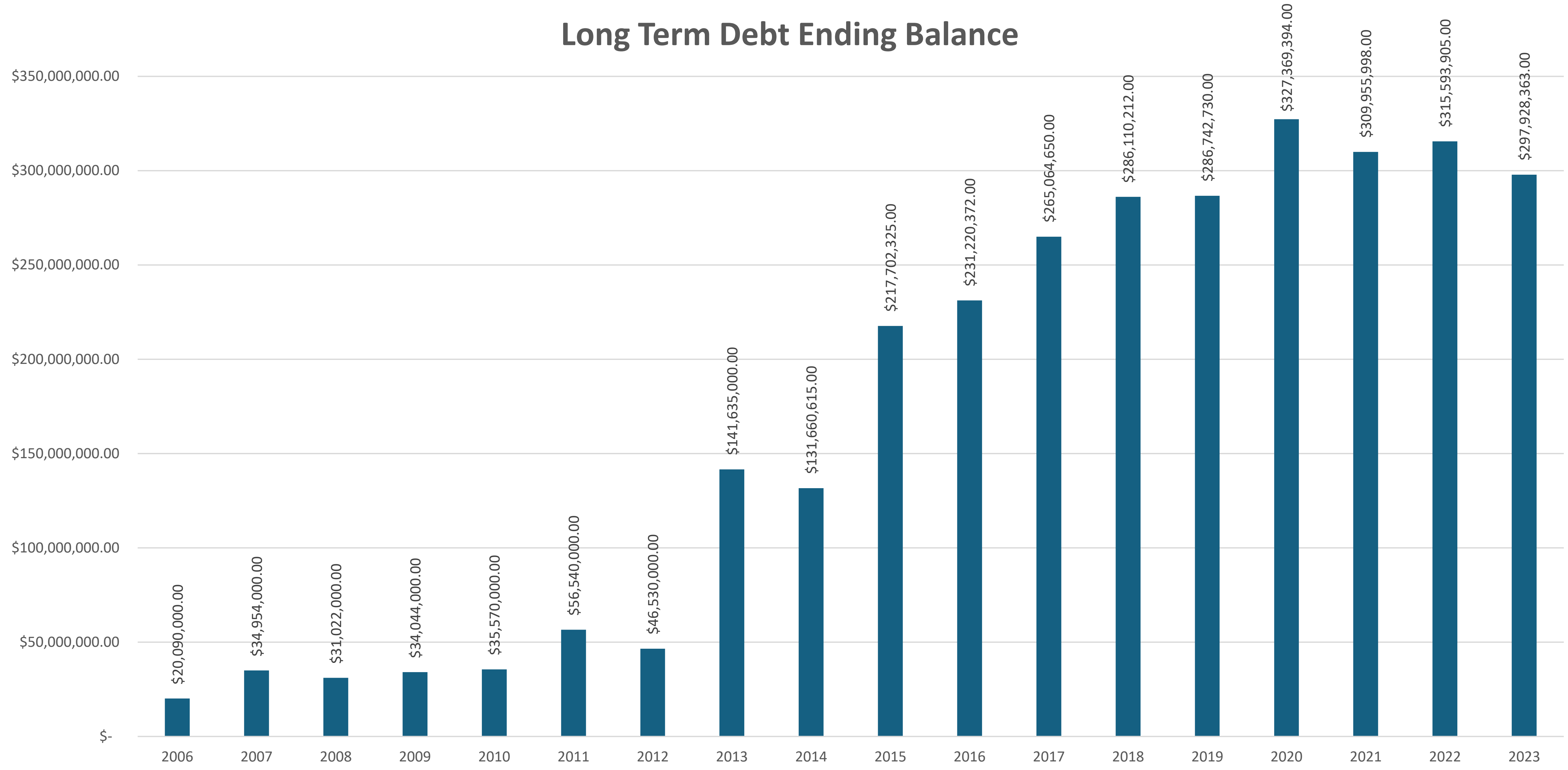
Despite the continued efforts to maintain the oil and gas economic growth demands, the City has fully maximized all its resources and options while the Gross Production tax is close to its debt service coverage capacity. Any additional debt leveraged against GPT must have approval from the USDA per bond covenant.

The 2025 City's Gross Production Tax fund is projected to have a deficit cash balance of **$19,182,310** to meet all debt obligations and sustain public works and public safety growth that supports the Oil Industry

The City of Williston focuses on fiscal responsibility by emphasizing efforts to enhance revenue while managing debt and maintaining credit ratings responsibly.

Gross Production Tax	2019	2020	2021	2022	2023	2024	2025 Budgeted
Revenues	**$ 29,298,219.89**	**$ 22,935,747.65**	**$ 29,979,341.37**	**$ 35,984,364.98**	**$ 31,866,956.78**	**$ 31,962,800.05**	**$ 30,020,000.00**
Expenses, Obligations, Transfers Out	**$ 8,473,502.86**	**$ 7,681,791.59**	**$ 12,591,644.43**	**$ 13,597,756.76**	**$ 15,958,785.39**	**$ 15,600,334.92**	**$ 15,795,368.48**
2014 State Revolving Fund SRF (Sewer P&I)	$ 7,162,050.27	$ 6,620,575.05	$ 6,626,000.00	$ 6,627,125.00	$ 6,625,500.00	$ 6,626,125.00	$ 6,623,875.00
2014 State Revolving Fund SRF (Minimum Reserve)	$ 800,700.00	$ -	$ -	$ -	$ 1,000,000.00	$ 1,238,840.25	$ 1,000,000.00
2019 GPT Revenue Bond (USDA XWA ARFF LOAN $2.9M) - Fund 342	$ 460,308.59	$ 152,180.00	$ 152,180.00	$ 1,152,180.00	$ 152,180.00	$ 152,180.00	$ 152,180.00
2020A USDA Direct Loan $95M 2022 Annual P&I - Fund 343	$ 50,444.00	$ 7,200.00	$ 3,876,625.96	$ 3,876,500.00	$ 3,876,500.00	$ 3,876,000.00	$ 3,451,500.00
Reserve - Debt Service (Yearly until $4,028,000; 2029)	$ -	$ 402,800.00	$ 402,499.62	$ 402,800.00	$ 402,800.00	$ 402,800.00	$ 402,800.00
Reserve - Increase Short-Lived Asset (Yearly until $3,000,000; 2029)	$ -	$ 300,000.00	$ 299,776.28	$ 300,000.00	$ 300,000.00	$ 300,000.00	$ 300,000.00
2020B USDA Guaranteed Loan $19M 2022 P&I - Fund 345	$ -	$ 93,898.54	$ 1,129,002.95	$ 1,133,513.76	$ 1,131,804.84	$ 1,130,039.64	$ 1,051,380.48
Reserve - Debt Service (Yearly until $1,051,380; 2029)	$ -	$ 105,138.00	$ 105,059.62	$ 105,138.00	$ 105,138.00	$ 105,138.00	$ 105,138.00
USDA Annual Renewal Fee (Collier's Escrow - 0.5% of 90% Loan Balance)	$ -	$ -	$ 500.00	$ 500.00	$ 500.00	$ -	$ 80,000.00
2022 COP PW Complex - Fund 349	$ -	$ -	$ -	$ -	$ 2,364,362.55	$ 1,769,212.03	$ 2,628,495.00
Gross Surplus (Deficit)	**$ 20,824,717.03**	**$ 15,253,956.06**	**$ 17,387,696.94**	**$ 22,386,608.22**	**$ 15,908,171.39**	**$ 16,362,465.13**	**$ 14,224,631.52**
Transfers Out to Supplement General Fund 100 Shortfall and Maintain 15% Reserve	$ -	$ 3,000,000.00	$ 21,100,000.00	$ 15,600,000.00	$ 16,500,000.00	$ 11,000,000.00	$ 32,406,942.10
Transfers Out to Fund 100 ARPA	$ -	$ -	$ 2,295,186.36	$ 2,295,186.33	$ -	$ -	$ -
Transfers Out to Close Capital Improvement Project Funds	$ -	$ 18,734,163.56	$ 1,496,781.63	$ 17,311,777.68	$ 220,000.00	$ -	$ -
Transfers Out to Fund 221 for Shortfalls and Minimum Guarantee	$ -	$ -	$ 1,041,505.32	$ 1,921,825.90	$ -	$ -	$ -
Transfers Out to Supplement Cemetery Fund 208 Deficit	$ -	$ -	$ 100,000.00		$ -	$ -	$ -
Transfers Out to Supplement Ambulance Fund 209 Deficit	$ -	$ -	$ -	$ 1,000,000.00	$ -	$ -	$ -
Transfers Out to Supplement Water Fund 501 Deficit	$ -	$ -	$ -		$ -	$ -	$ 1,000,000.00
Transfers Out to Supplement Water Fund 502 Deficit	$ -	$ -	$ -	$ 2,000,000.00	$ -	$ -	$ -
Net Surplus (Deficit)	**$ 20,824,717.03**	**$ (6,480,207.50)**	**$ (8,645,776.37)**	**$ (17,742,181.69)**	**$ (811,828.61)**	**$ 5,362,465.13**	**$ (19,182,310.58)**

CITY OF WILLISTON



Ending Balance (excludes compensated absences, capital/ finance leases, net pension & OPEB liabilities, cost-shared debt with WAWSA, landfill closure)

CITY OF WILLISTON

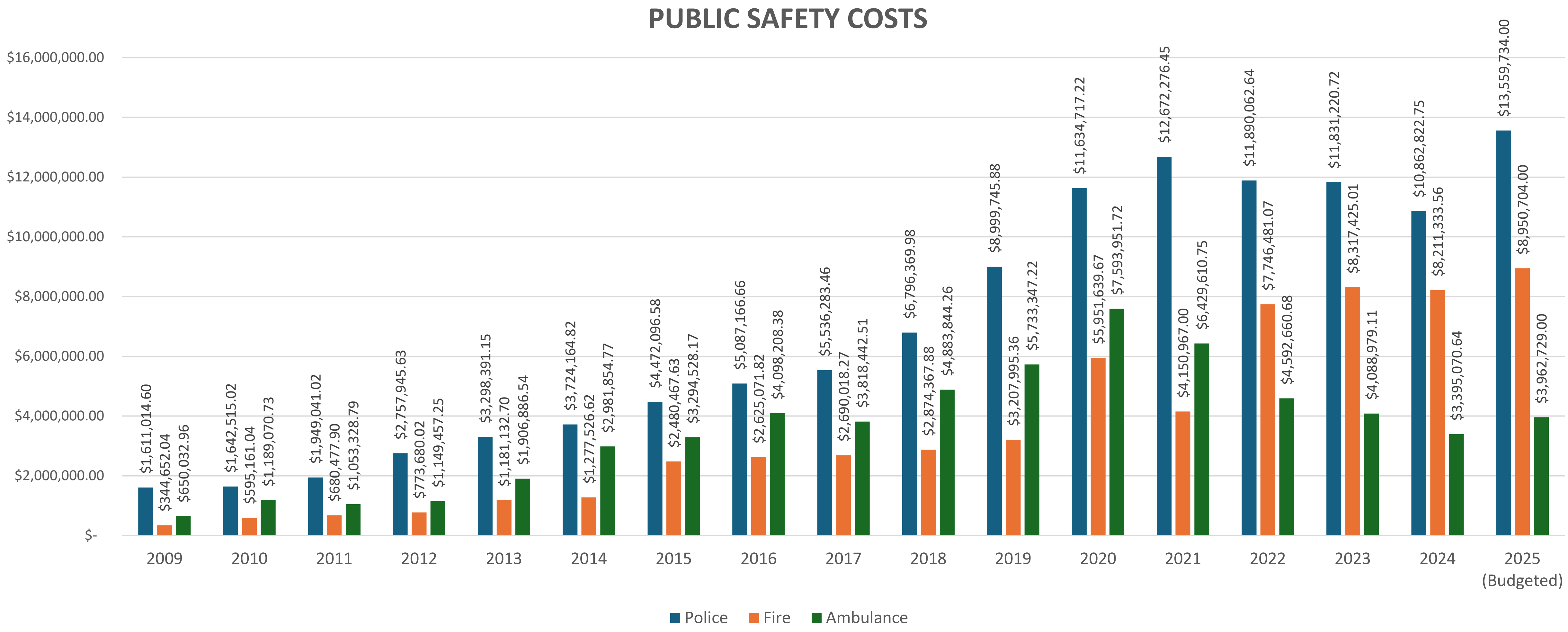
LONG-TERM DEBT TO FINANCE NEEDS SPURRED BY OIL INDUSTRY GROWTH

The City has taken on significant long-term debt to fund infrastructure projects and equipment upgrades necessitated by the rapid growth in the oil industry.

- To support the utility infrastructure needs and to prevent daily fines from the EPA in the amount of $25,000, the City secured a $125,600,000 State Revolving Fund (SRF) loan to construct a new wastewater facility that is pledged to Gross Production Tax.
- An additional 10-Million towards remediation of our old wastewater treatment facility.
- To support the oil industry, the City built the new XWA airport in which its local share was $110,568,388.94 (*Figure 2*) and its total long-term debt was the following:
    - Series USDA Airport Fire Rescue, $2,982,741
    - Series 2020A USDA XWA, $95,000,000
    - Series 2020B USDA XWA, $19,000,000
    - Series 2018A Airport City Sales Tax Revenue Bond, $1,500,000
    - Series 2018A Public Safety Sales Tax, $11,100,000
    - Series 2018A-T Public Safety Sales Tax, $910,000

- To align with the continued growth, the City of Williston issued an appropriation bond in the amount of $30,000,000 for a new public works and engineering facility, pledged to the Gross Production Tax

CITY OF WILLISTON



Total Debt Service Payments for Public Safety Sales Tax Bond to finance Capital and Operations

- Series 2015A Public Safety Sales Tax Bond: **$30,486,561.54**
- Series 2018A Public Safety Sales Tax Bond: **$12,522,513.50**

CITY OF WILLISTON

THE INFRASTRUCTURE STRAIN

Although the oil field's influx of jobs and investment can lead to a period of rapid growth, this boom can also have unintended consequences, straining infrastructure, hindering long-term development, and creating an unsustainable economic model.

•**Overburdened Services:** A sudden population influx puts a tremendous strain and immense pressure on existing infrastructure. Roads become congested, schools become overcrowded, and the demand for water, sewage, and electricity skyrockets. Roads, bridges, and public utilities can become overburdened as the population swells with oil workers and their families. The increased traffic from heavy machinery and transport vehicles accelerates wear and tear on roads, leading to more frequent repairs and maintenance. Cities such as Williston have funding limitations in which its finances are sometimes outpaced by industry growth.

•**Capital Improvements Plan:** The city's capital improvements plan currently has more than $90M in projects that need to be completed within the city of Williston. Many of these projects have been deferred due to debt payment obligations to support the rapid growth of the oil boom. Examples include reclamation of the original wastewater treatment plant, reconstruction of older areas in town including lead service line replacements, sanitary sewer lift stations to service areas currently without sanitary sewer mains with failing septic systems, and projects to replace failing road surfacing. Not only have these projects been deferred to support the growth of the boom, costs have significantly risen to perform the work; some projects more than 50% of preboom pricing.

•**Housing Crisis:** A lack of affordable housing often emerges as a critical issue. Additionally, the demand for housing can outpace supply, resulting in inflated property prices and a strain on public services like water, sewage, and emergency response. Rents skyrocket, making it difficult for long-time residents to remain in the community, while transient workers struggle to find suitable and affordable accommodations.

Despite the continued growth demands and strains, the City of Williston focuses on fiscal responsibility by emphasizing efforts to enhance revenue while managing debt and maintaining credit ratings responsibly.

REVENUE ENHANCEMENT EFFORTS

The City continues to analyze rates annually for revenue optimization, streamline administrative processes, improve revenue collection, actively monitor the interest environment for investment opportunities, and identify and capture new revenue sources.

- From 2020 to 2024, the City of Williston invested in CDs, Treasuries, Money Market Accounts, and high-yield savings accounts to generate $5,363,738.28
- The City increased all its water and sewer rates by approximately 20% for commercial and residential in 2021 with a 3% annual increase in water and sewer rates every year to reduce the reliability of Gross Production Taxes subsidies and allow more self-sustaining enterprise funds to transfer into the General Fund
- In 2021, the City increased its landfill rates in the enterprise funds to allow more self-sustaining enterprise funds to transfer into the General Fund. This included increases to roll-off bins, shut-offs, and implementation of new charges.
- The City has increased its property tax levies by 5% every year to keep pace with Public Works, administrative, and public safety as a result of the oil industry growth
- The City refinanced all revenue bonds for airport, and public safety in addition to all refunding improvement bonds saving over $3,487,465 *(Figure 1)*
- In 2021, the City drafted and implemented new write-off and A/R collection policies to significantly improve the cash conversion cycle.
- In 2021, the City introduced new payment corridors such as utility pay-by-text and recurring credit card payments to enhance ways for payment acceptance.

CITY OF WILLISTON

CREDIT RATING OVER THE YEARS

Year	Dated Date	Rating	Issue	Par Amount	Population	Market Value	Direct General Obligation Debt	Direct Special Assessment Debt	Overlapping General Obligation Debt	Overlapping Special Assessment Debt	Total Direct General Obligation Debt, Special Assessment Debt, and Overlapping General Obligation Debt:	Debt Per capita
2006												
	12/1/2006	A3 (Moody's)	Refunding Improvement Bonds of 2006	$440,000	12,512	$ 353,395,016	185,000	2,385,000	9,561,390	-	$ 12,131,390	$ 970
	12/1/2006	A3 (Moody's)	Refunding Improvement Bonds of 2006, Series B	$855,000	12,512	$ 353,395,016	185,000	3,240,000	9,350,090	-	$ 12,775,090	$ 1,021
2007												
	12/1/2007	A3 (Moody's)	Refunding Improvement Bonds of 2007	$1,020,000	13,000	$ 390,342,042	170,000	3,999,000	7,680,479	-	$ 11,849,479	$ 911
2009												
	10/1/2009	A3 (Moody's)	Refunding Improvement Bonds of 2009	$2,580,000	15,500	$ 605,374,284	140,000	5,879,000	3,785,871	232,200	$ 10,037,071	$ 648
	10/1/2009	A3 (Moody's)	Sales Tax revenue Bonds of 2009	$2,820,000	15,500	$ 605,374,284	140,000	5,879,000	3,785,871	232,200	$ 10,037,071	$ 648
2010												
	10/1/2010	A (S&P)	Sales Tax Revenue Bonds of 2010	$1,500,000	15,500	$ 605,374,284	120,000	5,355,000	1,100,113	395,000	$ 6,970,113	$ 450
	12/15/2010	A- (S&P)	Refunding Improvement Bonds of 2010	$1,900,000	15,500	$ 605,374,284	120,000	7,255,000	1,100,113	395,000	$ 8,870,113	$ 572
	12/15/2010	A- (S&P)	Refunding Improvement Bonds of 2010B	$740,000	15,500	$ 605,374,284	120,000	7,995,000	1,100,113	395,000	$ 9,610,113	$ 620
2011												
	7/14/2011	A (S&P)	Sales Tax Revenue Bonds of 2011A	$2,000,000	15,500	$ 605,374,284	100,000	7,449,000	1,076,887	360,000	8,985,887	580
	7/14/2011	A (S&P)	Sales Tax Revenue Bonds of 2011B	$10,000,000	15,500	$ 605,374,284	100,000	7,449,000	1,076,887	360,000	8,985,887	580
	9/7/2011	N/A	Taxable Certificates of Indebtedness Series 2011	$12,000,000	15,500	$ 605,374,284	100,000	7,449,000	1,076,887	360,000	8,985,887	580
2012												
	12/15/2012	BBB+ (S&P)	Refunding Improvement Bonds of 2012	$5,795,000	15,000	$ 750,725,312	75,000	12,557,000	-	325,000	12,957,000	$ 864
2013												
	9/11/2013	A (S&P)	Sales Tax Revenue Bonds of 2013A	$42,440,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
	9/11/2013	A (S&P)	Sales Tax Revenue Bonds of 2013B	$6,000,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
	10/15/2013	N/A	Certificates of Indebtedness Series 2013A	$43,155,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
	10/15/2013	N/A	Certificates of Indebtedness Series 2013B	$8,345,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
2014												
	4/1/2014	BBB+ (S&P)	Refunding Improvement Bonds of 2014	$4,490,000	20,850	$ 1,858,195,614	25,000	16,083,000	-	344,143	16,452,143	$ 789
	12/15/2014	A (S&P)	Refunding Improvement Bonds of 2014B	$15,075,000	20,850	$ 1,858,195,614	937,000	30,050,000	-	397,476	31,384,476	$ 1,505
2015												
	7/22/2015	A+ (S&P)	County Wide Public Safety Sales Tax Revenue Bonds Series 2015A	$24,530,000	30,000	$ 2,810,321,035	-	28,520,000	-	392,226	28,912,226	$ 964
	7/22/2015	A+ (S&P)	County Wide Public Safety Sales Tax Revenue Bonds Series 2015B	$20,000,000	30,000	$ 2,810,321,035	-	28,520,000	-	392,226	28,912,226	$ 964
	11/18/2015	A (S&P)	Refunding Improvement Bonds of 2015	$9,645,000	30,000	$ 2,810,321,035	645,000	38,055,000	11,620,000	-	50,320,000	$ 1,677
2016												
	3/8/2016	A (S&P)	Refunding Improvement Bonds of 2016	$20,185,000	26,568	$ 3,149,077,696	645,000	58,240,000	31,510,950	-	90,395,950	3,402
2017												
	3/16/2017	N/A	Pooled Tax Increment Financing Revenue Bonds Series 2017A	$10,280,000	25,932	$ 3,510,860,977	495,000	55,890,000	36,520,000	-	92,905,000	3,583
	3/16/2017	N/A	Pooled Tax Increment Financing Revenue Bonds Series 2017B Taxable	$8,750,000	25,932	$ 3,510,860,977	495,000	55,890,000	36,520,000	-	92,905,000	3,583
	12/27/2017	A (S&P)	Refunding Improvement Bonds of 2017	$2,280,000	25,932	$ 3,510,860,977	340,000	55,005,000	35,690,000	-	91,035,000	3,511
2018												
	12/21/2018	A+ (S&P)	Airport Revenue Bonds Series 2018	$27,485,000	27,455	$ 2,864,199,944	175,000	52,990,000	36,900,080	-	90,065,080	3,280
	12/21/2018	BBB+ (S&P)	County Wide Public Sales Tax Revenue Bonds Series 2018A	$11,100,000	27,455	$ 2,864,199,944	175,000	52,990,000	36,900,080	-	90,065,080	3,280
	12/21/2018	BBB+ (S&P)	County Wide Public Sales Tax Revenue Bonds Series 2018A - T	$910,000	27,455	$ 2,864,199,944	175,000	52,990,000	36,900,080	-	90,065,080	3,280
2019												
	3/1/2019	A+ (S&P)	Refunding Improvement Bonds of 2019	$1,145,000	29,033	$ 2,864,199,944	175,000	52,990,000	36,900,080	-	90,065,080	3,102
2021												
	2/16/2021	A+ (S&P)	Refunding Improvement Bonds of 2021A	$6,880,000	29,033	$ 2,864,199,944	-	48,165,000	30,979,306	-	79,144,306	2,726
2022												
	12/7/2022	A (S&P)	Taxable Certificated of Participation Series 2022	$30,000,000	29,160	$ 2,864,199,944	-	41,520,000	25,740,713	-	67,260,713	2,307
2023												
	10/2/2023	A+ (S&P)	Refunding Improvement Bonds of 2023	$1,270,000	27,029	$ 2,864,199,944	-	39,680,000	23,075,383	-	62,755,383	2,322

FIGURE 1: REFUNDING OF DEBT FOR CASH SAVINGS

	NPV Savings
Resolution 21-004: Refunding Improvement Bond Series 2021A	$ 229,276.54
Resolution 22-028 Airport Revenue Refunding Series 2022	$ 1,373,540.00
Resolution 20-011 Refunding 2018A Public Safety Sales Tax	$ 804,649.00
Resolution 22-10 Refunding Improvement Bond 2022A, 2022B	$ 1,080,000.00
Total Refunding Savings	**$ 3,487,465.54**

FIGURE 2: CITY OF WILLISTON LOCAL COST SHARE FOR THE AIRPORT

City of Williston					
XWA Airport					
Year	Expenditures	Federal Revenue		State Revenue	Local Share
2014	$ 580,000.48	$ -		$ 187,447.12	$ 392,553.36
2015	$ 2,174,357.80	$ 76,075.25		$ 664,950.79	$ 1,433,331.76
2016	$ 23,845,230.40	$ 9,495,031.69		$ 3,084,325.83	$ 11,265,872.88
2017	$ 28,268,347.88	$ 8,867,101.06		$ 10,270,361.88	$ 9,130,884.94
2018	$ 63,980,233.13	$ 24,972,876.43		$ 20,891,088.80	$ 18,116,267.90
2019	$ 141,794,363.84	$ 55,965,904.18		$ 15,308,584.59	$ 70,519,875.07
2020	$ 25,985,699.17	$ 19,389,307.28		$ 2,895,951.33	$ 3,700,440.56
2021	$ 686,777.65	$ 2,761,598.07		$ 18,293.13	$ (2,093,113.55)
2022	$ 51,302.76	$ 1,544,836.42	$ -	$ -	$ (1,493,533.66)
2023	$ (12,739.43)	$ 391,450.89		$ -	$ (404,190.32)
2024	$ -	$ -		$ -	$ -
Total	$287,353,573.68	$123,464,181.27		$53,321,003.47	$110,568,388.94

Bismarck
AIRPORT

January 27, 2025

RE: Testimony to Senate Finance and Taxation Committee on Senate Bill 2323

Chairman Weber and members of the committee,

My name is Greg Haug, and I am the Director of the Bismarck Airport. On behalf of the Bismarck Airport, I am providing testimony to express support of SB 2323.

In the past fifteen years, several communities across our state have grown at a rapid pace due to favorable economic conditions. This rapid growth, while great to experience, required a large investment in infrastructure on behalf of the state and its political sub-divisions. Infrastructure built during these times included roads, bridges, storm water, sewer, water treatment plants, public safety centers, schools, and airports. Financially, many political subs had to take on large amounts of debt to accommodate the infrastructure needs of their communities.

SB2323 would offer $40 million dollars for debt relief to political sub-divisions that were impacted by the rapid growth. This bill would offer much needed financial relief so the political sub-divisions can free up dollars to pay for other critical needs to support their communities, including projects at their airports. Additionally, the way the bill is structured the $400 million Strategic Investment and Improvement Fund (SIIF) Bucket is reduced so the buckets after the SIIF bucket are not negatively affected. We appreciate this structure as we do not want to see any additional funds placed before the Airport Infrastructure Bucket.

In closing, we appreciate the opportunity to offer testimony and we respectfully request that this committee offer a "Do Pass" recommendation to SB2323. This bill will help multiple communities reduce debt while not impacting the airport infrastructure Prairie Dog bucket. Any questions can be directed to me at 701-355-1808 or ghaug@bismarcknd.gov

Respectfully,

Greg Haug
Airport Director

2200 TERMINAL BOULEVARD, SUITE 225B PO BOX 991 BISMARCK, ND 58502-0991 [T] 701-355.1808 [F] 701-221.6886 www.bismarckairport.com

2025 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2323
1/29/2025

Relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; and to provide an effective date.

2:30 p.m. Chairman Weber called the meeting to order.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

Discussion Topics:
- Sunset clause amendment

2:32 p.m. Senator Rummel moved a Do Pass and Rereferred to Appropriation Committee.

2:32 p.m. Senator Walen seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

Senator Rummel will carry the bill.

2:34 p.m. Chairman Weber adjourned the meeting.

Chance Anderson, Committee Clerk

REPORT OF STANDING COMMITTEE
SB 2323 (25.0911.02000)

Finance and Taxation Committee (Sen. Weber, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2323 was rereferred to the **Appropriations Committee**. This bill does not affect workforce development.

2025 SENATE APPROPRIATIONS

SB 2323

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2323
2/3/2025

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; and to provide an effective date

3:43 p.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:
- Estimated Oil & Gas Tax Revenue Allocations.
- Long Term Debt in ND cities.

3:43 p.m. Senator Bekkedahl, District 1, Introduced the bill and submitted testimony #33674 and #34047

4:03 p.m. Jeff Simon, Executive Director, Western Dakota Energy Association, testified in favor.

4:04 p.m. David Lakefield, Finance Director, City of Minot, testified in favor and submitted testimony #33807.

4:07 p.m. Matt Gardener, Executive Director, ND League of Cities, testified in favor.

Additional written testimony:

Jennifer Eckman, Airport Director, Minot International Airport, submitted testimony in favor

#33697.

4:08 p.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

Legislative Assembly

North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Senator Brad Bekkedahl
District 1
P.O. Box 2443
Williston, ND 58802-2443
bbekkedahl@ndlegis.gov

COMMITTEES:
Appropriations (Chair)

February 3, 2025

Senate Bill 2323 Testimony
Senate Appropriations Education and Environmental Division
Hon. Senator Ron Sorvaag, Chairman

Chairman Sorvaag and Committee Members,

Thank you, Mr. Chairman. For the record, I am Senator Brad Bekkedahl, from District 1 in Williston. For complete transparency, I have also been the elected Finance Commissioner for Williston since 1996, which has given me a great deal of information related to the topic of hub cities and hub cities debt situations. This bill seeks to provide a $20 million annual appropriation to the Energy Impact Fund for distribution to hub cities specifically to reduce the debt burdens that remain from infrastructure improvements necessary to accommodate the oil industry growth that we as a state have benefitted from so greatly in the last 15 years. I have with me today representation from all three hub cities, Dickinson, Minot, and Williston. They will be presenting the financial information relative to this bill request. As a bit of history, when the Bakken boom first started in the Williston area in 2007, we tried to start planning for the population growth the experts said we would see. No one predicted then what we would ultimately see. At that time, until the 2013 Legislative session, Williston was capped in Gross Production Tax (GPT) distributions from the state at $1.5 million/year. With the passage of hub city legislation in 2013, the GPT for Williams County cities was redistributed from Williston to all the smaller towns in the county and Williston, Dickinson, and Minot were granted a separate pool of revenue based on a static amount of dollars distributed by a formula based on the percentage of oil employment and other statistics to reflect impacts. There was also a 9% pool of dollars from the GPT distributed to the oil producing counties split appropriately. The major shift in funding that also occurred in this hub city bill was changing the percentage of GPT to counties from 45% of formula distribution to 60%, based on the assumption that they would have the highest dollar amount of impacts due to road needs for the

industry to move and expand. Cities would get 20% and schools would get the rest. This is an oversimplification of the formula as it has had minor adjustments since 2013, but suffice to say, Counties were and are the largest recipients of GPT funding to local political subdivisions. What none of us fully realized at the time was that the three largest cities in the oil region would have to take on the most impacts of increased population and required infrastructure and operating costs to house the industry businesses and workforce. We should have listened to the debate in 1953 when the oil tax formula was first created. The discussion centered around whether counties and townships needed the majority of the tax distribution. To quote the last sentence in the report, "Hence a greater share of the tax should go to the local subdivisions during the early years of production." We didn't do this in 2013 and this is the reason we are here today. In the case of Williston, we had to build a new airport to accommodate the industry workforce flying in and out at a cost of $300 million, of which the city now carries a debt load of $110 million. We also were facing fines of $25,000/day from the EPA, forcing us to build a new mechanical wastewater treatment plant at a cost of $100 million. As you will see in testimony from all three cities, the Finance Directors all researched their current debt load and calculated the projects and even a percentage of the projects related to oil impacts. The premise for the evaluation of projects was that they could not put a project on the list that would not have occurred without the oil boom. It is not all the debt each city carries, only applicable debt necessary to accommodate the industry growth we have seen. And as you will see from further testimony, the GPT distributions are inadequate to fully pay off the debt, our increased operations and maintenance costs, and allow us to move forward with future infrastructure maintenance. The reason you see this request from the State to the Energy Impact Fund is the reluctance of the other political subdivisions to agree to a GPT formula re-distribution because of their continuing funding needs. The impact to the State with this funding is a reduction in revenue to the bottom bucket of the oil stream flow chart, which is the state Strategic Improvement Investment Fund (SIIF) of $40 million/biennium. To accommodate any impacts to the existing Operation Prairie Dog funding buckets in the stream, you will see in this bill a reduction in the SIIF bucket allocation of $80 million, from existing $400 million to $320 million. Long story short Mr. Chairman, we are seeking relief to these lingering debt impacts which with the amount of money distributed statewide from oil revenues to areas with no direct impacts, should be justified. Thank you for your time and consideration today. I respectfully request a Do Pass recommendation on SB 2323 and will stand for questions before others step up to offer further testimony. Please help us thrive, not just survive.

MINOT
INTERNATIONAL AIRPORT

January 31, 2025

RE: Testimony to North Dakota Senate Appropriations - Education and Environment Division Committee on SB 2323

Chairman Nathe and members of the Committee,

My name is Jennifer Eckman, Airport Director for the Minot International Airport with the City of Minot, ND. Thank you for the opportunity to testify in support of SB 2323.

The Minot community, along with many communities in the western part of the state, was significantly impacted by the oil boom resulting in the need for infrastructure improvements to support the growth. This required Minot and similarly impacted cities to assume significant debt in order to address the growth of our communities. An example of the new infrastructure is a new commercial terminal built in Minot in 2016 to support the exponential growth in passengers. The terminal addressed the capacity constraints Minot experienced during the peak of the oil boom, the debt acquired to construct the terminal building currently sits at over $20 million with annual debt payments of approximately $2 million.

SB 2323, as it is currently being proposed, will aid cities impacted by the rapid growth. This will allow hub cities like Minot, Dickinson, and Williston, the opportunity to reduce their debt, and ultimately allow for airports to pay down their debt, freeing up airport revenues that can be dedicated towards other critical projects that serve our communities.

Your support of SB 2323 will provide much needed financial assistance and debt relief to impacted communities. I respectfully request your support of SB 2323.

Sincerely,

Jennifer K. Eckman, A.A.E.
Airport Director
Minot International Airport

City of Minot
North Dakota
305 Airport Road, Suite 216 • Minot, North Dakota 58703 • 701.857.4724 • 701.857.4710 Fax • MOTairport.com

David Lakefield
Finance Director
City of Minot
david.lakefield@minotnd.gov
701-857-4774

Senate Bill 2323 Testimony
Senate Appropriations-Education and Environment Division
Hon. Senator Ron Sorvaag, Chairman

Chairman Sorvaag and committee members, thank you for the opportunity to be here today to discuss SB 2323. My name is David Lakefield, and I am the Finance Director for the City of Minot. I am here today to offer testimony in support of SB 2323.

As you are all aware, the State of ND—particularly the western region-- has been significantly impacted by the oil industry in the past two decades. Each community has faced unique challenges, and various approaches to address these issues.

In Minot, we were simultaneously dealing with the aftermath of the 2011 flood and the infrastructure challenges brought on by oil industry growth. This combination led Minot to adopt a more conservative approach to incurring new debt. Instead, we leveraged alternative funding sources such as sales tax revenues, surge funds, and property taxes to manage demands of new growth. Minot saw its mill rate climb from 76.67 mills in 2011 to a high of 129.23 mills in 2019. That rate has since receeded to 97.11. This debt averse strategy also resulted in the deferral of several critical maintenance projects due to funding constraints.

The funding provided by this bill would allow Minot to service the debt related to the oil-driven growth while freeing up revenues that would have otherwise be allocated to debt service. This would allow the city to address long-overdue maintenance projects that have been deferred. For your reference I am including a list of Minot's debt service obligations and how much is oil-related on the following page. This information is taken from the Minot Annual Comprehensive Financial Report so it reflects principal only.

Thank you for your consideration of SB 2323 and all the support that you offer to ND Cities. I will stand for any questions that you may have.

Long-Term Debt Outstanding as of 10/17/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
Series 2015E Airport Revenue Bonds	11/24/2015	10/1/2035	2.25-3.625%	$ 7,250,000	$ 560,000	100.00%	$ 7,250,000	$ 560,000
Series 2020C Airport Revenue Refunding Bonds	9/9/2020	10/1/2035	1.00-1.70%	12,570,000	1,085,000	100.00%	12,570,000	1,085,000
Series 2013C Water & Sewer Revenue Bonds	11/26/2013	10/1/2028	3.00-4.00%	1,650,000	395,000	0.00%	-	-
Series 2014C Water & Sewer Revenue Bonds	11/25/2014	10/1/2029	2.25-3.10%	1,585,000	300,000	59.40%	941,567	178,215
Series 2015D Water & Sewer Revenue Bonds	11/24/2015	10/1/2025	3.00%	765,000	765,000	11.77%	90,008	90,008
Series 2016C Water & Sewer Revenue Bonds	11/29/2016	10/1/2031	3.00-4.00%	2,550,000	330,000	68.71%	1,752,163	226,750
Clean Water State Revolving Loan Fund	9/24/2018	9/1/2038	1.50%	4,760,000	300,000	100.00%	4,760,000	300,000
Clean Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	6,643,716	525,000	0.00%	-	-
Drinking Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	789,947	75,000	0.00%	-	-
Series 2015C General Obligation Bonds	11/24/2015	10/1/2025	3.00%	45,000	45,000	100.00%	45,000	45,000
Series 2016B General Obligation Bonds	11/29/2016	10/1/2031	3.00-4.00%	5,395,000	695,000	100.00%	5,395,000	695,000
Series 2022A Taxable General Obligation Bonds (Tax Increment	12/8/2022	10/1/2042	4.54-5.40%	2,170,000	100,000	0.00%	-	-
Series 2014A Refunding Improvement Bonds	11/25/2014	10/1/2034	3.00-3.375%	940,000	80,000	39.28%	369,260	31,426
Series 2015B Refunding Improvement Bonds	11/24/2015	10/1/2035	2.00-3.25%	1,130,000	90,000	49.54%	559,788	44,585
Series 2016A Refunding Improvement Bonds	11/29/2016	10/1/2036	3.00-3.25%	520,000	35,000	0.00%	-	-
Series 2020A Refunding Improvement Bonds	9/9/2020	10/1/2030	2.00%	840,000	135,000	0.00%	-	-
Series 2021A Refunidng Improvement Bonds	9/29/2021	10/1/2031	4.00-5.00%	2,650,000	325,000	0.00%	-	-
Series 2022B Refunding Improvement Bonds	12/29/2022	10/1/2033	5.00%	3,495,000	320,000	100.00%	3,495,000	320,000
Series 2024 Refunding Improvement Bonds	10/15/2024	10/1/2025	4.00%	865,000	75,000	0.00%	-	-
Series 2015A Capital Financing Program Bonds	2/11/2015	6/1/2029	3.00-4.00%	785,000	145,000	0.00%	-	-
Series 2020B Sales Tax Revenue Bonds	9/9/2020	10/1/2050	1.00-3.00%	7,345,000	220,000	0.00%	-	-
Series 2021B Sales Tax Revenue Bonds	9/29/2021	10/1/2051	2.00-5.00%	40,070,000	915,000	0.00%	-	-
				$ 104,813,663	$ 7,515,000		$ 37,227,785	$ 3,575,984

#34047

Bekkedahl, Brad

n:	Mathiak, Adam
.t:	Saturday, January 18, 2025 9:41 AM
To:	Bekkedahl, Brad
Cc:	Knudson, Allen H.
Subject:	Oil tax revenue allocation scenarios

Senator Bekkedahl:

This email is in response to your request for oil and gas tax revenue allocation scenarios. The flowcharts should be emailed to you shortly.

The schedule below compares the 2025-27 biennium estimated oil and gas tax revenue allocations using a base scenario and a scenario with a new energy impact grant fund. The 2025-27 biennium estimated allocations reflect the following:

- Oil production decreasing from 1.15 to 1.1 million barrels per day for the entire biennium, the same as the Armstrong executive budget.
- Oil prices decreasing from $62 per barrel in the 1st year to $60 per barrel in the 2nd year of the biennium, the same as the Armstrong executive budget.
- An allocation limit for the North Dakota outdoor heritage fund of $7.5 million per fiscal year compared to a limit of $20 million per as provided in current law. The Armstrong executive budget recommends a limit of $7.5 million per fiscal year for the 2025-27 biennium, the same as the 2023-25 biennium.
- An allocation limit for the oil and gas research fund of $17.5 million per biennium compared to a limit of $10 million per biennium as provided in current law. The Armstong executive budget recommends a limit of $17.5 million per biennium for the 2025-27 biennium, the same as the 2023-25 biennium.
- An allocation limit of $500 million per biennium for the general fund compared to $460 million under current law. The Armstrong executive budget recommends increasing the limit to $500 million per biennium.
- An allocation limit of $320 million per biennium for the first allocation to the strategic investment and improvements fund compared to an allocation limit of $400 million under current law.
- An estimated $8.77 million allocation to the state disaster relief fund, the same as the Armstrong executive budget.
- An allocation of $40 million to a new energy impact grant fund from which the State Treasurer distributes energy impact grants to hub cities.

2025-27 Biennium Estimated Oil and Gas Tax Revenue Allocations			
	Base Scenario	New Fund Scenario	Increase (Decrease)
Oil price and production (biennium average)			
Production in barrels (biennium average)	1,125,000	1,125,000	0
Price per barrel (biennium average)	$61.00	$61.00	$0.00
Collections			
Gross production tax	$2,455,610,000	$2,455,610,000	$0
Oil extraction tax	2,405,500,000	2,405,500,000	0
Total oil tax collections	$4,861,110,000	$4,861,110,000	$0
Allocations			
Three Affiliated Tribes of the Fort Berthold Reservation	$441,780,000	$441,780,000	$0
Legacy fund	1,327,160,000	1,327,160,000	0
North Dakota outdoor heritage fund	15,000,000	15,000,000	0
Abandoned well reclamation fund	14,750,000	14,750,000	0
Energy impact grant fund	0	40,000,000	40,000,000
litical subdivisions	660,400,000	660,400,000	0
ommon schools trust fund	218,640,000	218,640,000	0
Foundation aid stabilization fund	218,640,000	218,640,000	0
Resources trust fund	448,210,000	448,210,000	0
Oil and gas research fund	17,500,000	17,500,000	0

State energy research center fund	7,500,000	7,500,000	0
State share ("buckets")[1]	1,491,530,000	1,451,530,000	(40,000,000)
Total oil tax allocations	**$4,861,110,000**	**$4,861,110,000**	**$0**

[1]The state share ("buckets") allocations include the following:

	Base Scenario	New Fund Scenario	Increase (Decrease)
General fund *($250 million limit)*	$250,000,000	$250,000,000	$0
Tax relief fund *($250 million limit)*	250,000,000	250,000,000	0
Budget stabilization fund *(limit varies - up to $75 million)*	0	0	0
General fund *($250 million limit)*	250,000,000	250,000,000	0
Lignite research fund *($10 million limit)*	10,000,000	10,000,000	0
State disaster relief *(limit varies - up to $20 million)*	8,770,000	8,770,000	0
Strategic investment and improvements fund *($320 million limit)*	320,000,000	320,000,000	0
PERS main system plan *($65 million limit)*	65,000,000	65,000,000	0
Municipal infrastructure fund *($115 million limit)*	115,000,000	115,000,000	0
County and township infrastructure fund *($115 million limit)*	115,000,000	115,000,000	0
Airport infrastructure fund *($20 million limit)*	20,000,000	20,000,000	0
Strategic investment and improvements fund *(no limit)*	87,760,000	47,760,000	(40,000,000)
Total state share	**$1,491,530,000**	**$1,451,530,000**	**($40,000,000)**

NOTE: The amounts reflected in this schedule are a preliminary estimate for August 2025 through July 2027. **The actual amounts allocated for the 2025-27 biennium may differ significantly from these estimates based on actual oil price and oil production or other changes to the oil and gas tax formula.**

Please let us know if you have any questions. Thanks.

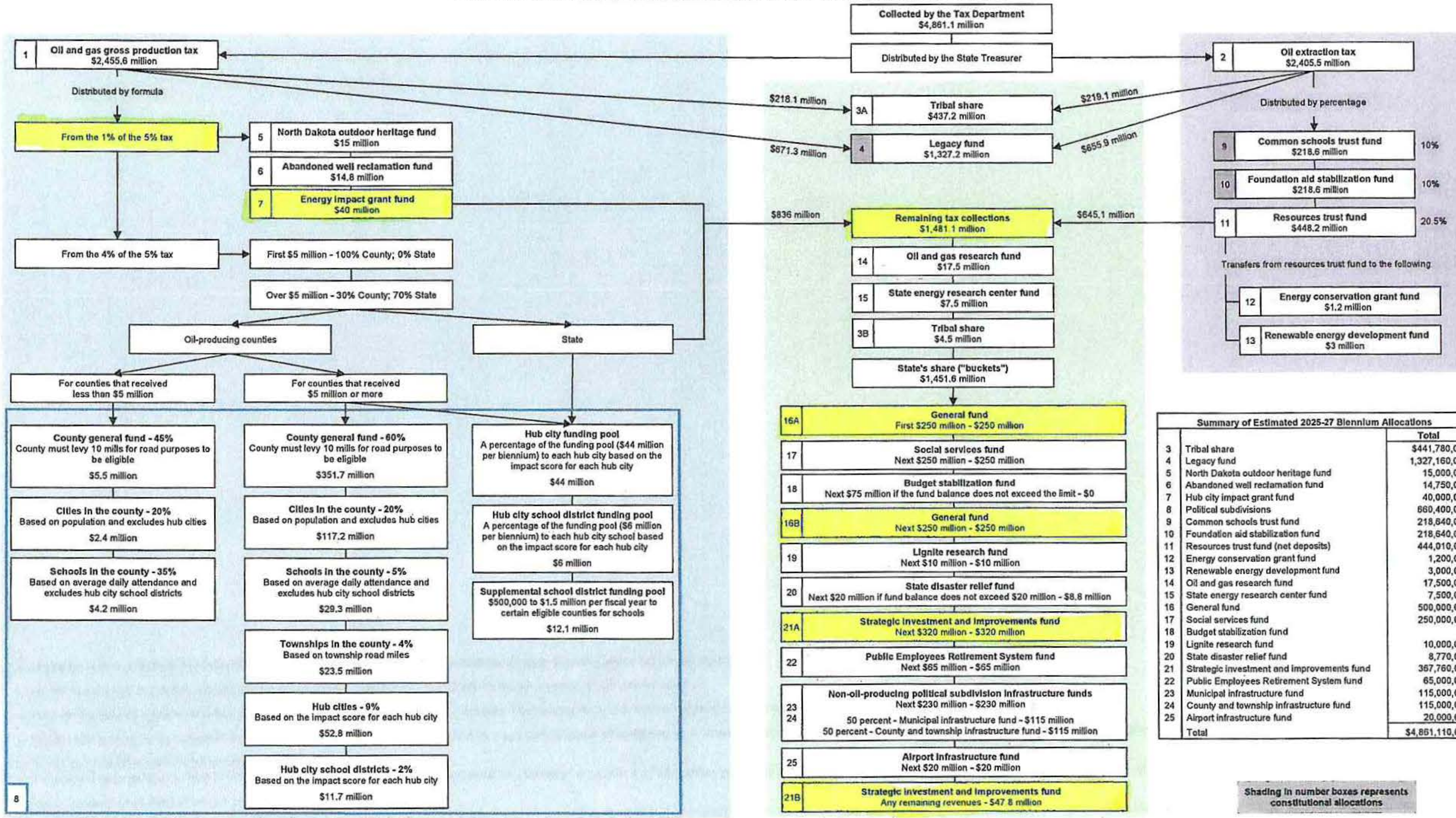
Legislative Council

Adam Mathiak
Senior Fiscal Analyst
www.ndlegis.gov
701-328-2936

OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART - NEW HUB CITY ALLOCATION SCENARIO

This memorandum provides information on the estimated allocation of oil and gas tax collections for a new hub city allocation based on a 2025-27 biennium scenario, which reflects oil prices decreasing from $62 per barrel (1st year) to $60 per barrel (2nd year) during the biennium and oil production decreasing from 1.15 to 1.1 million barrels per day during the biennium, the same as the Armstrong executive budget. The assumptions for the scenario are included on the second page.

ESTIMATED 2025-27 BIENNIUM ALLOCATIONS - ALTERNATE SCENARIO



Summary of Estimated 2025-27 Biennium Allocations

		Total
3	Tribal share	$441,780,000
4	Legacy fund	1,327,160,000
5	North Dakota outdoor heritage fund	15,000,000
6	Abandoned well reclamation fund	14,750,000
7	Hub city impact grant fund	40,000,000
8	Political subdivisions	660,400,000
9	Common schools trust fund	218,640,000
10	Foundation aid stabilization fund	218,640,000
11	Resources trust fund (net deposits)	444,010,000
12	Energy conservation grant fund	1,200,000
13	Renewable energy development fund	3,000,000
14	Oil and gas research fund	17,500,000
15	State energy research center fund	7,500,000
16	General fund	500,000,000
17	Social services fund	250,000,000
18	Budget stabilization fund	0
19	Lignite research fund	10,000,000
20	State disaster relief fund	8,770,000
21	Strategic investment and improvements fund	367,760,000
22	Public Employees Retirement System fund	65,000,000
23	Municipal infrastructure fund	115,000,000
24	County and township infrastructure fund	115,000,000
25	Airport infrastructure fund	20,000,000
	Total	$4,861,110,000

NOTE: The amounts reflected in these schedules are estimates for August 2025 through July 2027 for illustration purposes only. The actual amounts allocated for the 2025-27 biennium may differ significantly from these amounts based on actual oil price and oil production.

The allocations reflect the following:

- An allocation limit for the North Dakota outdoor heritage fund of $7.5 million per fiscal year compared to a limit of $20 million per as provided in current law. The Armstrong executive budget recommends a limit of $7.5 million per fiscal year for the 2025-27 biennium, the same as the 2023-25 biennium.
- An allocation limit for the oil and gas research fund of $17.5 million per biennium compared to a limit of $10 million per biennium as provided in current law. The Armstong executive budget recommends a limit of $17.5 million per biennium for the 2025-27 biennium, the same as the 2023-25 biennium.
- An allocation limit of $500 million per biennium for the general fund compared to $460 million under current law. The Armstrong executive budget recommends increasing the limit to $500 million per biennium.
- An allocation limit of $320 million per biennium for the first allocation to the strategic investment and improvements fund compared to an allocation limit of $400 million under current law.
- An estimated $8.77 million allocation to the state disaster relief fund, the same as the Armstrong executive budget.
- An allocation to a new energy impact grant fund from which the State Treasurer distributes energy impact grants to hub cities.

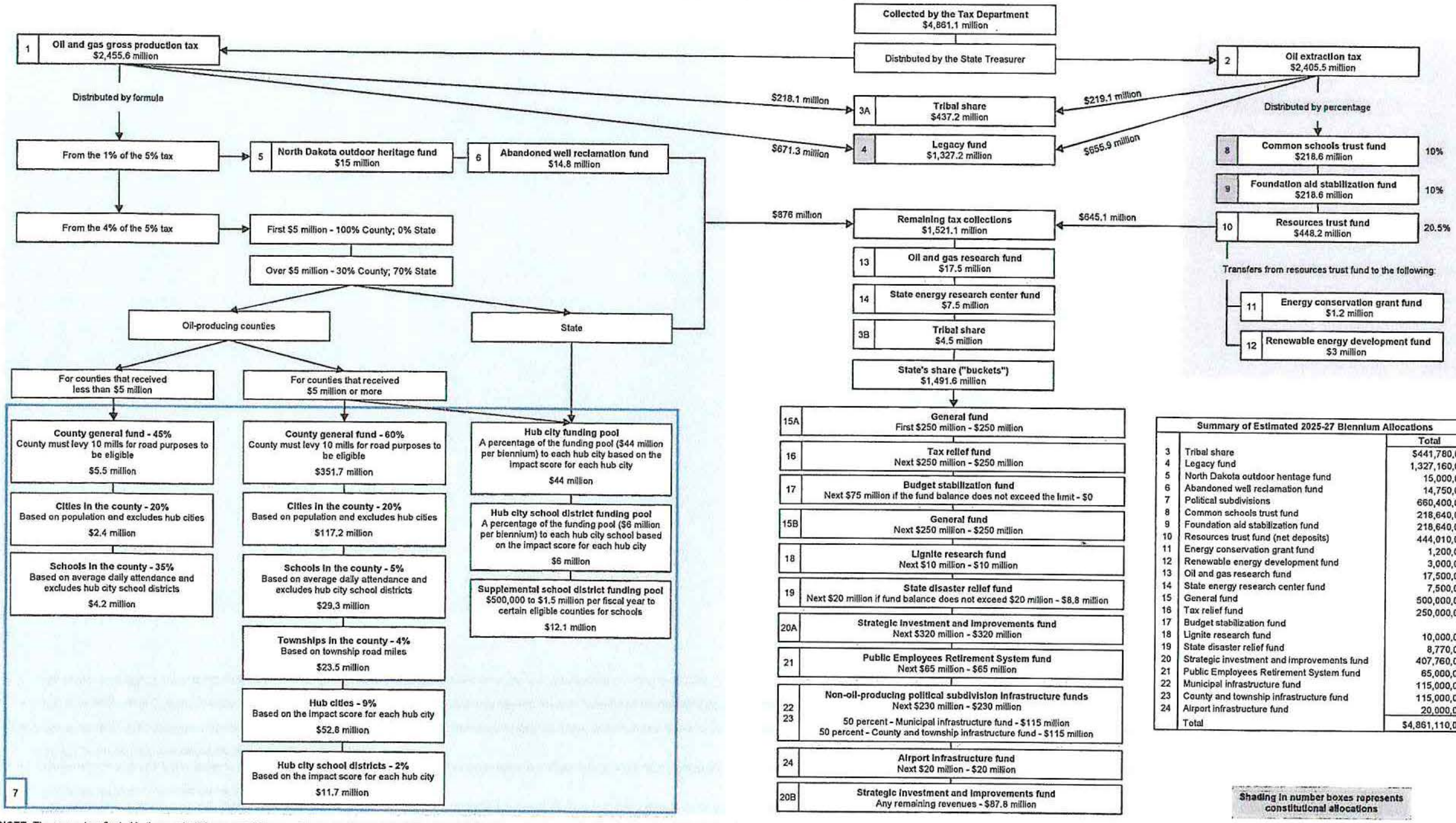
25.9417.01000

Prepared for Senator Bekkedahl

OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART - ALLOCATION SCENARIO

This memorandum provides information on the estimated allocation of oil and gas tax collections for a 2025-27 biennium scenario, which reflects oil prices decreasing from $62 per barrel (1st year) to $60 per barrel (2nd year) during the biennium and oil production decreasing from 1.15 to 1.1 million barrels per day during the biennium, the same as the Armstrong executive budget. The assumptions for the scenario are included on the second page.

ESTIMATED 2025-27 BIENNIUM ALLOCATIONS - ALTERNATE SCENARIO



Summary of Estimated 2025-27 Biennium Allocations

		Total
3	Tribal share	$441,780,000
4	Legacy fund	1,327,160,000
5	North Dakota outdoor heritage fund	15,000,000
6	Abandoned well reclamation fund	14,750,000
7	Political subdivisions	660,400,000
8	Common schools trust fund	218,640,000
9	Foundation aid stabilization fund	218,640,000
10	Resources trust fund (net deposits)	444,010,000
11	Energy conservation grant fund	1,200,000
12	Renewable energy development fund	3,000,000
13	Oil and gas research fund	17,500,000
14	State energy research center fund	7,500,000
15	General fund	500,000,000
16	Tax relief fund	250,000,000
17	Budget stabilization fund	0
18	Lignite research fund	10,000,000
19	State disaster relief fund	8,770,000
20	Strategic investment and improvements fund	407,760,000
21	Public Employees Retirement System fund	65,000,000
22	Municipal infrastructure fund	115,000,000
23	County and township infrastructure fund	115,000,000
24	Airport infrastructure fund	20,000,000
	Total	$4,861,110,000

NOTE: The amounts reflected in these schedules are preliminary estimates for August 2025 through July 2027. The actual amounts allocated for the 2025-27 biennium may differ significantly from these amounts based on actual oil price and oil production.

The allocations reflect the following:

- An allocation limit for the North Dakota outdoor heritage fund of $7.5 million per fiscal year compared to a limit of $20 million per as provided in current law. The Armstrong executive budget recommends a limit of $7.5 million per fiscal year for the 2025-27 biennium, the same as the 2023-25 biennium.
- An allocation limit for the oil and gas research fund of $17.5 million per biennium compared to a limit of $10 million per biennium as provided in current law. The Armstong executive budget recommends a limit of $17.5 million per biennium for the 2025-27 biennium, the same as the 2023-25 biennium.
- An allocation limit of $500 million per biennium for the general fund compared to $460 million under current law. The Armstrong executive budget recommends increasing the limit to $500 million per biennium.
- An allocation limit of $320 million per biennium for the first allocation to the strategic investment and improvements fund compared to an allocation limit of $400 million under current law.
- An estimated $8.77 million allocation to the state disaster relief fund, the same as the Armstrong executive budget.

Bekkedahl, Brad

m: Mathiak, Adam
nt: Wednesday, December 18, 2024 3:43 PM
To: Bekkedahl, Brad
Subject: RE: Hub city debt

Senator Bekkedahl:

Based on the debt information reported by the hub cities in the spreadsheet, the potential biennial distributions would be as follows:

	Williston	Dickinson	Minot	Total
Annual debt payments	$25,266,816	$5,355,203	$3,575,984	$34,198,003
Biennial debt payments	$50,533,633	$10,710,406	$7,151,968	$68,396,007
Relative proportion of debt	73.88%	15.66%	10.46%	100.00%
$30 million biennial distribution				
City distribution	$22,164,000	$4,698,000	$3,138,000	$30,000,000
Remaining city debt payments	$28,369,633	$6,012,406	$4,013,968	$38,396,007
$40 million biennial distribution				
City distribution	$29,552,000	$6,264,000	$4,184,000	$40,000,000
Remaining city debt payments	$20,981,633	$4,446,406	$2,967,968	$28,396,007

Since the distributions are proportional to the cities' debt payments, 43.9% of each city's debt payments would be covered under the $30 million biennial distribution scenario while 58.5% of each city's debt payments would be covered under the $40 million biennial distribution scenario.

pefully, this was the analysis you requested. Please let me know if you have any questions or need additional information. Thanks,

Legislative Council
Adam Mathiak
Senior Fiscal Analyst
www.ndlegis.gov
701-328-2936

From: Bekkedahl, Brad <bbekkedahl@ndlegis.gov>
Sent: Tuesday, December 17, 2024 3:53 PM
To: Mathiak, Adam <amathiak@ndlegis.gov>
Cc: Bekkedahl, Brad <bbekkedahl@ndlegis.gov>
Subject: FW: Hub city debt

Adam,

Sorry it took me so long to get you this updated information on hub cities debt outstanding. I asked each city finance director to review their debt portfolios and determine what debt was attributable to the oil industry growth in western ND. You will see in the attachment above that analysis done by each city, ing the same criteria for their debt calculations. Please review this and respond to me if you think this is applicable to what we discussed before, ie - funding the oil impact fund with dollars to be allocated on a pro-rata basis to each hub city to help reduce this lingering debt. I know we had the number of funding

Bekkedahl, Brad

n:	Bekkedahl, Brad
.:	Friday, January 3, 2025 8:21 AM
To:	Brent Bogar; Geoff Simon
Subject:	Fwd: Per capita debt numbers for hub cities

Brad Bekkedahl, Senator
District 1, Williston ND

From: Mathiak, Adam <amathiak@ndlegis.gov>
Sent: Wednesday, August 21, 2024 11:39 AM
To: Bekkedahl, Brad <bbekkedahl@ndlegis.gov>
Cc: Knudson, Allen H. <aknudson@ndlegis.gov>
Subject: RE: Per capita debt numbers for hub cities

Senator Bekkedahl:

Based on the most recently available audited financial statements posted online, the per capita debt for the three hub cities is shown below.

Hub City	Debt	Population[1]	Debt Per Capita	Proportion[2]
kinson[3]	$55,145,961	24,916	$2,213.28	12.47%
Minot[4]	$134,188,566	47,689	$2,813.83	15.85%
Williston[5]	$342,706,724	26,931	$12,725.36	71.68%

[1]The amounts shown for the population reflect the population estimates for July 1, 2022, as reported by the Census Bureau.

[2]The amounts shown for the proportion are percentages that reflect the debt per capita for each hub city relative to the combined debt per capita of all the hub cities.

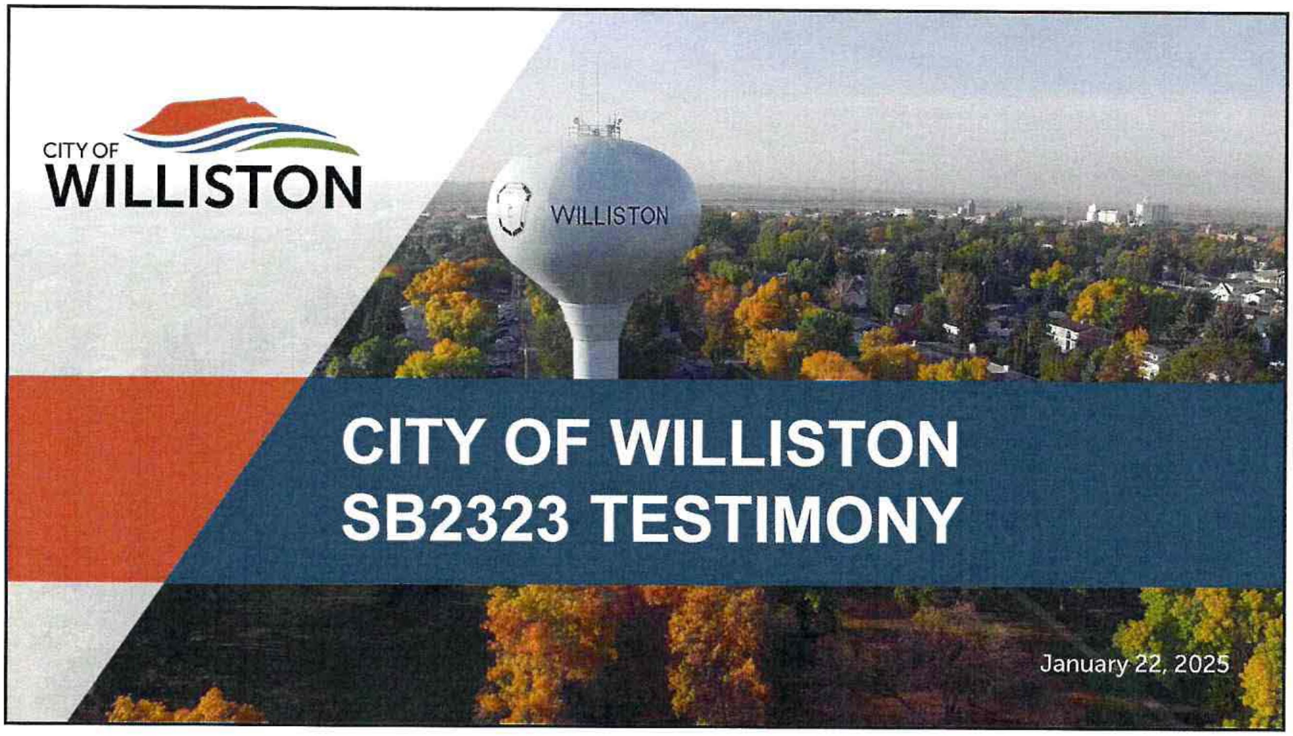
[3]Based on the December 31, 2022, audited financial statements for Dickinson, the debt includes bonds payable ($4,925,961) and notes payable ($50,220,000) as shown on PDF page 8 with additional details on PDF pages 32-35.

[4]Based on the December 31, 2022, audited financial statements for Minot, the debt includes general obligation bonds ($8,642,535), tax increment bonds ($2,361,321), special assessment bonds ($21,046,899), sales tax bonds ($52,201,245), capital financial program bonds ($1,141,175), revenue bonds ($33,888,330), and the state revolving fund ($14,907,061) as shown on PDF page 29 with additional details on PDF pages 72-75. NOTE: The December 31, 2023, audited financial statements for Minot are posted online, but were not used to keep the comparisons consistent.

[5]Based on the December 31, 2022, audited financial statements for Williston, the debt includes long term liabilities due within one year ($19,309,440), revenue bonds payable ($274,073,905), special assessment bonds payable ($41,520,000), and cost shared infrastructure ($7,803,379) as shown on PDF page 10 with additional details on PDF pages 36-39.

If the $40 million of distributions from your proposed hub city impact grant fund were based on the proportions shown above, the distributions would include $4,988,000 for Dickinson (12.47 percent), $6,340,000 for Minot (15.85 percent), 328,672,000 for Williston (71.68 percent).

Please let us know if you have any questions. Thanks.



GROSS PRODUCTION TAX REVENUES INSUFFICIENT

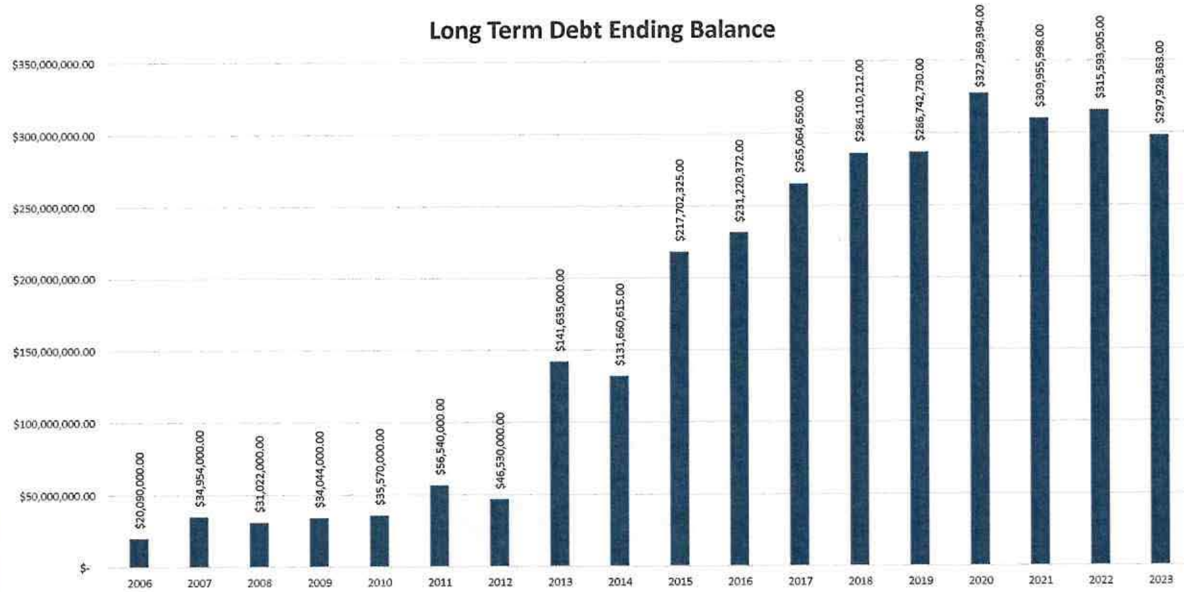
Despite the continued efforts to maintain the oil and gas economic growth demands, the City has fully maximized all its resources and options while the Gross Production tax is close to its debt service coverage capacity. Any additional debt leveraged against GPT must have approval from the USDA per bond covenant.

The 2025 City's Gross Production Tax fund is projected to have a deficit cash balance of $19,182,310 to meet all debt obligations and sustain public works and public safety growth that supports the Oil Industry

The City of Williston focuses on fiscal responsibility by emphasizing efforts to enhance revenue while managing debt and maintaining credit ratings responsibly.

Gross Production Tax	2019	2020	2021	2022	2023	2024	2025 Budgeted
Revenues	$ 29,298,219.89	$ 22,935,747.65	$ 29,979,341.37	$ 35,984,364.98	$ 31,866,956.78	$ 31,962,800.05	$ 30,020,000.00
Expenses, Obligations, Transfers Out	$ 8,473,502.86	$ 7,681,791.59	$ 12,591,644.43	$ 13,597,756.76	$ 15,958,785.39	$ 15,600,334.92	$ 15,795,368.48
2014 State Revolving Fund SRF (Sewer P&I)	$ 7,162,050.27	$ 6,620,575.05	$ 6,626,000.00	$ 6,627,125.00	$ 6,625,500.00	$ 6,626,125.00	$ 6,623,875.00
2014 State Revolving Fund SRF (Minimum Reserve)	$ 800,700.00	$ -	$ -	$ -	$ 1,000,000.00	$ 1,238,840.25	$ 1,000,000.00
2019 GPT Revenue Bond (USDA XWA ARFF LOAN $2.9M) - Fund 342	$ 460,308.59	$ 152,180.00	$ 152,180.00	$ 1,152,180.00	$ 152,180.00	$ 152,180.00	$ 152,180.00
2020A USDA Direct Loan $95M 2022 Annual P&I - Fund 343	$ 50,444.00	$ 7,200.00	$ 3,876,625.96	$ 3,876,500.00	$ 3,876,500.00	$ 3,876,000.00	$ 3,451,500.00
Reserve - Debt Service (Yearly until $4,028,000; 2029)	$ -	$ 402,800.00	$ 402,499.62	$ 402,800.00	$ 402,800.00	$ 402,800.00	$ 402,800.00
Reserve - Increase Short-Lived Asset (Yearly until $3,000,000; 2029)	$ -	$ 300,000.00	$ 299,776.28	$ 300,000.00	$ 300,000.00	$ 300,000.00	$ 300,000.00
2020B USDA Guaranteed Loan $19M 2022 P&I - Fund 345	$ -	$ 93,898.54	$ 1,129,002.95	$ 1,133,513.76	$ 1,131,804.84	$ 1,130,039.64	$ 1,051,380.48
Reserve - Debt Service (Yearly until $1,051,380; 2029)	$ -	$ 105,138.00	$ 105,059.62	$ 105,138.00	$ 105,138.00	$ 105,138.00	$ 105,138.00
USDA Annual Renewal Fee (Collier's Escrow - 0.5% of 90% Loan Balance)	$ -	$ -	$ 500.00	$ 500.00	$ 500.00	$ -	$ 80,000.00
2022 COP PW Complex - Fund 349	$ -	$ -	$ -	$ -	$ 2,364,362.55	$ 1,769,212.03	$ 2,628,495.00
Gross Surplus (Deficit)	$ 20,824,717.03	$ 15,253,956.06	$ 17,387,696.94	$ 22,386,608.22	$ 15,908,171.39	$ 16,362,465.13	$ 14,224,631.52
Transfers Out to Supplement General Fund 100 Shortfall and Maintain 15% Reserve	$ -	$ 3,000,000.00	$ 21,100,000.00	$ 15,600,000.00	$ 16,500,000.00	$ 11,000,000.00	$ 32,406,942.10
Transfers Out to Fund 100 ARPA	$ -	$ -	$ 2,295,186.36	$ 2,295,186.33	$ -	$ -	$ -
Transfers Out to Close Capital Improvement Project Funds	$ -	$ 18,734,163.56	$ 1,496,781.63	$ 17,311,777.68	$ 220,000.00	$ -	$ -
Transfers Out to Fund 221 for Shortfalls and Minimum Guarantee	$ -	$ -	$ 1,041,505.32	$ 1,921,825.90	$ -	$ -	$ -
Transfers Out to Supplement Cemetery Fund 208 Deficit	$ -	$ -	$ 100,000.00		$ -	$ -	$ -
Transfers Out to Supplement Ambulance Fund 209 Deficit	$ -	$ -	$ -	$ 1,000,000.00	$ -	$ -	$ -
Transfers Out to Supplement Water Fund 501 Deficit	$ -	$ -	$ -		$ -	$ -	$ 1,000,000.00
Transfers Out to Supplement Water Fund 502 Deficit	$ -	$ -	$ -	$ 2,000,000.00	$ -	$ -	$ -
Net Surplus (Deficit)	$ 20,824,717.03	$ (6,480,207.50)	$ (8,645,776.37)	$ (17,742,181.69)	$ (811,828.61)	$ 5,362,465.13	$ (19,182,310.58)

CITY OF
WILLISTON



**Ending Balance (excludes compensated absences, capital/finance leases, net pension & OPEB liabilities, cost-shared debt with WAWSA, landfill closure)*

CITY OF WILLISTON

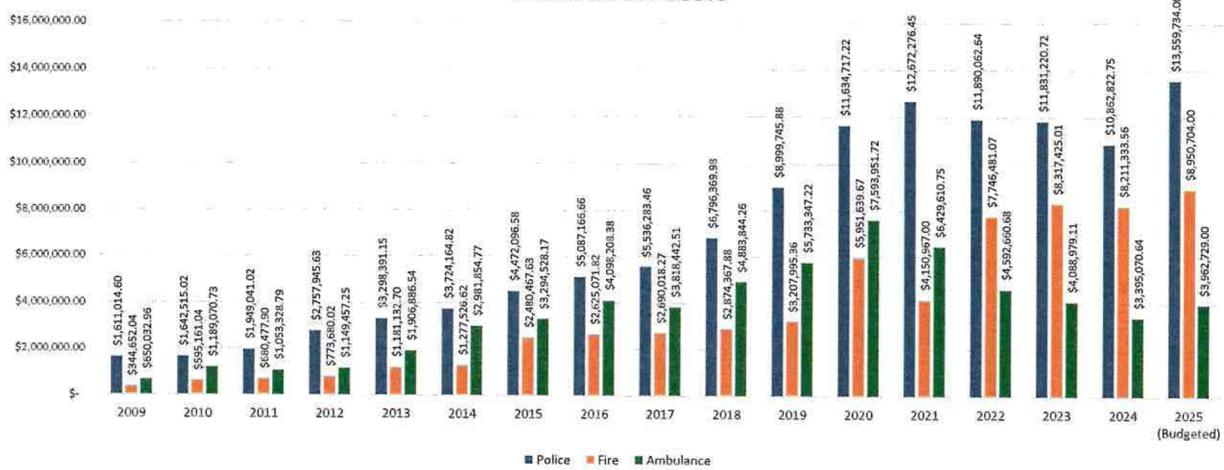
LONG-TERM DEBT TO FINANCE NEEDS SPURRED BY OIL INDUSTRY GROWTH

The City has taken on significant long-term debt to fund infrastructure projects and equipment upgrades necessitated by the rapid growth in the oil industry.

- To support the utility infrastructure needs and to prevent daily fines from the EPA in the amount of $25,000, the City secured a $125,600,000 State Revolving Fund (SRF) loan to construct a new wastewater facility that is pledged to Gross Production Tax.
- An additional 10-Million towards remediation of our old wastewater treatment facility.
- To support the oil industry, the City built the new XWA airport in which its local share was $110,568,388.94 (*Figure 2*) and its total long-term debt was the following:
  - Series USDA Airport Fire Rescue, $2,982,741
  - Series 2020A USDA XWA, $95,000,000
  - Series 2020B USDA XWA, $19,000,000
  - Series 2018A Airport City Sales Tax Revenue Bond, $1,500,000
  - Series 2018A Public Safety Sales Tax, $11,100,000
  - Series 2018A-T Public Safety Sales Tax, $910,000
- To align with the continued growth, the City of Williston issued an appropriation bond in the amount of $30,000,000 for a new public works and engineering facility, pledged to the Gross Production Tax

CITY OF WILLISTON

PUBLIC SAFETY COSTS



Total Debt Service Payments for Public Safety Sales Tax Bond to finance Capital and Operations

- Series 2015A Public Safety Sales Tax Bond: **$30,486,561.54**
- Series 2018A Public Safety Sales Tax Bond: **$12,522,513.50**

CITY OF WILLISTON

THE INFRASTRUCTURE STRAIN

Although the oil field's influx of jobs and investment can lead to a period of rapid growth, this boom can also have unintended consequences, straining infrastructure, hindering long-term development, and creating an unsustainable economic model.

•**Overburdened Services:** A sudden population influx puts a tremendous strain and immense pressure on existing infrastructure. Roads become congested, schools become overcrowded, and the demand for water, sewage, and electricity skyrockets. Roads, bridges, and public utilities can become overburdened as the population swells with oil workers and their families. The increased traffic from heavy machinery and transport vehicles accelerates wear and tear on roads, leading to more frequent repairs and maintenance. Cities such as Williston have funding limitations in which its finances are sometimes outpaced by industry growth.

•**Capital Improvements Plan:** The city's capital improvements plan currently has more than $90M in projects that need to be completed within the city of Williston. Many of these projects have been deferred due to debt payment obligations to support the rapid growth of the oil boom. Examples include reclamation of the original wastewater treatment plant, reconstruction of older areas in town including lead service line replacements, sanitary sewer lift stations to service areas currently without sanitary sewer mains with failing septic systems, and projects to replace failing road surfacing. Not only have these projects been deferred to support the growth of the boom, costs have significantly risen to perform the work; some projects more than 50% of preboom pricing.

•**Housing Crisis:** A lack of affordable housing often emerges as a critical issue. Additionally, the demand for housing can outpace supply, resulting in inflated property prices and a strain on public services like water, sewage, and emergency response. Rents skyrocket, making it difficult for long-time residents to remain in the community, while transient workers struggle to find suitable and affordable accommodations.

Despite the continued growth demands and strains, the City of Williston focuses on fiscal responsibility by emphasizing efforts to enhance revenue while managing debt and maintaining credit ratings responsibly.

CITY OF WILLISTON

REVENUE ENHANCEMENT EFFORTS

The City continues to analyze rates annually for revenue optimization, streamline administrative processes, improve revenue collection, actively monitor the interest environment for investment opportunities, and identify and capture new revenue sources.

- From 2020 to 2024, the City of Williston invested in CDs, Treasuries, Money Market Accounts, and high-yield savings accounts to generate $5,363,738.28
- The City increased all its water and sewer rates by approximately 20% for commercial and residential in 2021 with a 3% annual increase in water and sewer rates every year to reduce the reliability of Gross Production Taxes subsidies and allow more self-sustaining enterprise funds to transfer into the General Fund
- In 2021, the City increased its landfill rates in the enterprise funds to allow more self-sustaining enterprise funds to transfer into the General Fund. This included increases to roll-off bins, shut-offs, and implementation of new charges.
- The City has increased its property tax levies by 5% every year to keep pace with Public Works, administrative, and public safety as a result of the oil industry growth
- The City refinanced all revenue bonds for airport, and public safety in addition to all refunding improvement bonds saving over $3,487,465 *(Figure 1)*
- In 2021, the City drafted and implemented new write-off and A/R collection policies to significantly improve the cash conversion cycle.
- In 2021, the City introduced new payment corridors such as utility pay-by-text and recurring credit card payments to enhance ways for payment acceptance.

CITY OF WILLISTON

CREDIT RATING OVER THE YEARS

Year	Dated Date	Rating	Issue	Par Amount	Population	Market Value	Direct General Obligation Debt	Direct Special Assessment Debt	Overlapping General Obligation Debt	Overlapping Special Assessment Debt	Total Direct General Obligation Debt, Special Assessment Debt, and Overlapping General Obligation Debt	Debt Per capita
2006												
	12/1/2006	A3 (Moody's)	Refunding Improvement Bonds of 2006	$440,000	17,012	$ 353,395,016	185,000	2,385,000	9,561,390		$ 12,131,390	$ 970
	12/1/2006	A3 (Moody's)	Refunding Improvement Bonds of 2006, Series B	$650,000	17,012	$ 353,395,016	185,000	3,240,000	9,350,000	-	$ 17,775,000	$ 1,021
2007												
	12/1/2007	A3 (Moody's)	Refunding Improvement Bonds of 2007	$1,020,000	13,000	$ 396,343,042	170,000	3,800,000	7,880,470	-	$ 11,848,470	$ 911
2009												
	10/1/2009	A3 (Moody's)	Refunding Improvement Bonds of 2009	$2,500,000	15,500	$ 606,374,764	140,000	5,879,000	3,780,871	237,200	$ 10,037,071	$ 648
	10/1/2009	A3 (Moody's)	Sales Tax revenue Bonds of 2009	$7,820,000	15,500	$ 606,374,764	140,000	5,879,000	3,780,871	237,200	$ 10,037,071	$ 648
2010												
	10/1/2010	A (S&P)	Sales Tax Revenue Bonds of 2010	$1,500,000	15,500	$ 606,374,764	120,000	5,366,000	1,100,113	396,000	$ 6,970,113	$ 450
	12/15/2010	A- (S&P)	Refunding Improvement Bonds of 2010	$1,900,000	15,500	$ 606,374,764	120,000	7,255,000	1,100,113	396,000	$ 8,870,113	$ 572
	12/15/2010	A- (S&P)	Refunding Improvement Bonds of 2010B	$740,000	15,500	$ 606,374,764	120,000	7,996,000	1,100,113	396,000	$ 9,610,113	$ 620
2011												
	7/14/2011	A (S&P)	Sales Tax Revenue Bonds of 2011A	$7,000,000	15,500	$ 606,374,764	100,000	7,449,000	1,076,887	360,000	8,985,887	580
	7/14/2011	A (S&P)	Sales Tax Revenue Bonds of 2011B	$10,000,000	15,500	$ 606,374,764	100,000	7,449,000	1,076,887	360,000	8,985,887	580
	8/7/2011	N/A	Taxable Certificates of Indebtedness Series 2011	$12,000,000	15,500	$ 606,374,764	100,000	7,449,000	1,076,887	360,000	8,985,887	580
2012												
	12/15/2012	BBB+ (S&P)	Refunding Improvement Bonds of 2012	$5,735,000	15,000	$ 750,775,912	75,000	12,567,000	-	325,000	12,967,000	$ 864
2013												
	9/11/2013	A (S&P)	Sales Tax Revenue Bonds of 2013A	$47,440,000	18,532	$ 1,111,699,386	50,000	11,593,000		392,226	12,035,226	$ 649
	9/11/2013	A (S&P)	Sales Tax Revenue Bonds of 2013B	$6,000,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
	10/15/2013	N/A	Certificates of Indebtedness Series 2013A	$43,155,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
	10/15/2013	N/A	Certificates of Indebtedness Series 2013B	$8,345,000	18,532	$ 1,111,699,386	50,000	11,593,000		392,226	12,035,226	$ 649
2014												
	4/1/2014	BBB+ (S&P)	Refunding Improvement Bonds of 2014	$4,490,000	20,850	$ 1,858,106,614	75,000	16,083,000	-	344,143	16,502,143	$ 709
	12/15/2014	A (S&P)	Refunding Improvement Bonds of 2014B	$15,075,000	20,850	$ 1,858,106,614	937,000	30,030,000		397,476	31,364,476	$ 1,505
2015												
	7/22/2015	A+ (S&P)	County Wide Public Safety Sales Tax Revenue Bonds Series 2015A	$24,530,000	30,000	$ 2,810,371,035	-	28,320,000		397,226	28,717,226	$ 964
	7/22/2015	A+ (S&P)	County Wide Public Safety Sales Tax Revenue Bonds Series 2015B	$20,000,000	30,000	$ 2,810,371,035	-	28,520,000	-	392,226	28,912,226	$ 964
	11/18/2015	A (S&P)	Refunding Improvement Bonds of 2015	$9,645,000	30,000	$ 2,810,371,035	645,000	38,056,000	11,670,000		50,370,000	$ 1,677
2016												
	3/8/2016	A (S&P)	Refunding Improvement Bonds of 2016	$20,105,000	26,568	$ 3,149,077,086	645,000	58,740,000	31,510,750		90,355,560	3,402
2017												
	3/16/2017	N/A	Pooled Tax Increment Financing Revenue Bonds Series 2017A	$10,280,000	25,932	$ 3,510,860,977	495,000	55,890,000	36,520,000	-	92,905,000	3,583
	3/16/2017	N/A	Pooled Tax Increment Financing Revenue Bonds Series 2017B Taxable	$6,750,000	25,932	$ 3,510,860,977	495,000	55,890,000	36,520,000	-	92,905,000	3,583
	12/27/2017	A (S&P)	Refunding Improvement Bonds of 2017	$7,380,000	25,932	$ 3,510,860,977	340,000	56,065,000	35,600,000		91,005,000	3,511
2018												
	12/21/2018	A+ (S&P)	Airport Revenue Bonds Series 2018	$27,405,000	27,455	$ 2,864,199,944	175,000	57,990,000	31,900,000		90,065,000	3,280
	12/21/2018	BBB+ (S&P)	County Wide Public Sales Tax Revenue Bonds Series 2018A	$11,100,000	27,455	$ 2,864,199,944	175,000	57,990,000	31,900,000	-	90,065,000	3,280
	12/21/2018	BBB+ (S&P)	County Wide Public Sales Tax Revenue Bonds Series 2018A-T	$910,000	27,455	$ 2,864,199,944	175,000	57,990,000	31,900,000	-	90,065,000	3,280
2019												
	3/1/2019	A+ (S&P)	Refunding Improvement Bonds of 2019	$1,140,000	29,033	$ 2,864,199,944	175,000	52,990,000	36,500,000	-	90,080,000	3,102
2021												
	2/16/2021	A+ (S&P)	Refunding Improvement Bonds of 2021A	$6,880,000	29,033	$ 2,864,199,944	-	48,165,000	30,979,306	-	79,144,306	2,725
2022												
	12/7/2022	A (S&P)	Taxable Certificates of Participation Series 2022	$30,000,000	29,160	$ 2,864,199,944	-	41,520,000	25,740,713		67,260,713	2,307
2023												
	10/2/2023	A+ (S&P)	Refunding Improvement Bonds of 2023	$1,775,000	27,029	$ 2,864,199,944		39,690,000	23,076,383		62,766,383	2,322

FIGURE 1: REFUNDING OF DEBT FOR CASH SAVINGS

	NPV Savings
Resolution 21-004: Refunding Improvement Bond Series 2021A	$ 229,276.54
Resolution 22-028 Airport Revenue Refunding Series 2022	$ 1,373,540.00
Resolution 20-011 Refunding 2018A Public Safety Sales Tax	$ 804,649.00
Resolution 22-10 Refunding Improvement Bond 2022A, 2022B	$ 1,080,000.00
Total Refunding Savings	**$ 3,487,465.54**

FIGURE 2: CITY OF WILLISTON LOCAL COST SHARE FOR THE AIRPORT

City of Williston
XWA Airport

Year	Expenditures	Federal Revenue		State Revenue	Local Share
2014	$ 580,000.48	$ -		$ 187,447.12	$ 392,553.36
2015	$ 2,174,357.80	$ 76,075.25		$ 664,950.79	$ 1,433,331.76
2016	$ 23,845,230.40	$ 9,495,031.69		$ 3,084,325.83	$ 11,265,872.88
2017	$ 28,268,347.88	$ 8,867,101.06		$ 10,270,361.88	$ 9,130,884.94
2018	$ 63,980,233.13	$ 24,972,876.43		$ 20,891,088.80	$ 18,116,267.90
2019	$ 141,794,363.84	$ 55,965,904.18		$ 15,308,584.59	$ 70,519,875.07
2020	$ 25,985,699.17	$ 19,389,307.28		$ 2,895,951.33	$ 3,700,440.56
2021	$ 686,777.65	$ 2,761,598.07		$ 18,293.13	$ (2,093,113.55)
2022	$ 51,302.76	$ 1,544,836.42	$-	$ -	$ (1,493,533.66)
2023	$ (12,739.43)	$ 391,450.89		$ -	$ (404,190.32)
2024	$ -	$ -		$ -	$ -
Total	$287,353,573.68	$123,464,181.27		$53,321,003.47	$110,568,388.94

CITY OF MINOT

Long-Term Debt Outstanding as of 10/17/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
Series 2015E Airport Revenue Bonds	11/24/2015	10/1/2035	2.25-3.625%	$ 7,250,000.00	$ 560,000.00	$ 1.00	$ 7,250,000.00	$ 560,000.00
Series 2020C Airport Revenue Refunding Bonds	9/9/2020	10/1/2035	1.00-1.70%	$ 12,570,000.00	$ 1,085,000.00	$ 1.00	$ 12,570,000.00	$ 1,085,000.00
Series 2013C Water & Sewer Revenue Bonds	11/26/2013	10/1/2028	3.00-4.00%	$ 1,650,000.00	$ 395,000.00	$ -	$ -	$ -
Series 2014C Water & Sewer Revenue Bonds	11/25/2014	10/1/2029	2.25-3.10%	$ 1,585,000.00	$ 300,000.00	$ 0.59	$ 941,567.11	$ 178,214.59
Series 2015D Water & Sewer Revenue Bonds	11/24/2015	10/1/2025	3.00%	$ 765,000.00	$ 765,000.00	$ 0.12	$ 90,007.54	$ 90,007.54
Series 2016C Water & Sewer Revenue Bonds	11/29/2016	10/1/2031	3.00-4.00%	$ 2,550,000.00	$ 330,000.00	$ 0.69	$ 1,752,162.64	$ 226,750.46
Clean Water State Revolving Loan Fund	9/24/2018	9/1/2038	1.50%	$ 4,760,000.00	$ 300,000.00	$ 1.00	$ 4,760,000.00	$ 300,000.00
Clean Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	$ 6,643,716.00	$ 525,000.00	$ -	$ -	$ -
Drinking Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	$ 789,947.00	$ 75,000.00	$ -	$ -	$ -
Series 2015C General Obligation Bonds	11/24/2015	10/1/2025	3.00%	$ 45,000.00	$ 45,000.00	$ 1.00	$ 45,000.00	$ 45,000.00
Series 2016B General Obligation Bonds	11/29/2016	10/1/2031	3.00-4.00%	$ 5,395,000.00	$ 695,000.00	$ 1.00	$ 5,395,000.00	$ 695,000.00
Series 2022A Taxable General Obligation Bonds (Tax Increment)	12/8/2022	10/1/2042	4.54-5.40%	$ 2,170,000.00	$ 100,000.00	$ -	$ -	$ -
Series 2014A Refunding Improvement Bonds	11/25/2014	10/1/2034	3.00-3.375%	$ 940,000.00	$ 80,000.00	$ 0.39	$ 369,259.81	$ 31,426.37
Series 2015B Refunding Improvement Bonds	11/24/2015	10/1/2035	2.00-3.25%	$ 1,130,000.00	$ 90,000.00	$ 0.50	$ 559,788.02	$ 44,584.89
Series 2016A Refunding Improvement Bonds	11/29/2016	10/1/2036	3.00-3.25%	$ 520,000.00	$ 35,000.00	$ -	$ -	$ -
Series 2020A Refunding Improvement Bonds	9/9/2020	10/1/2030	2.00%	$ 840,000.00	$ 135,000.00	$ -	$ -	$ -
Series 2021A Refunidng Improvement Bonds	9/29/2021	10/1/2031	4.00-5.00%	$ 2,650,000.00	$ 325,000.00	$ -	$ -	$ -
Series 2022B Refunding Improvement Bonds	12/29/2022	10/1/2033	5.00%	$ 3,495,000.00	$ 320,000.00	$ 1.00	$ 3,495,000.00	$ 320,000.00
Series 2024 Refunding Improvement Bonds	10/15/2024	10/1/2025	4.00%	$ 865,000.00	$ 75,000.00	$ -	$ -	$ -
Series 2015A Capital Financing Program Bonds	2/11/2015	6/1/2029	3.00-4.00%	$ 785,000.00	$ 145,000.00	$ -	$ -	$ -
Series 2020B Sales Tax Revenue Bonds	9/9/2020	10/1/2050	1.00-3.00%	$ 7,345,000.00	$ 220,000.00	$ -	$ -	$ -
Series 2021B Sales Tax Revenue Bonds	9/29/2021	10/1/2051	2.00-5.00%	$ 40,070,000.00	$ 915,000.00	$ -	$ -	$ -
				$ 104,813,663.00	**$ 7,515,000.00**		**$ 37,227,785.12**	**$ 3,575,983.85**

CITY OF WILLISTON

Long-Term Debt Outstanding as of 11/1/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
2014 Refunding	4/1/2014	5/1/2033	3.597%	$ 2,045,000.00	$ 308,150.00	67%	$ 1,370,150	$ 206,461
2014B Refunding	12/15/2014	5/1/2035	2.995%	$ 7,425,000.00	$ 1,021,205.00	97%	7,202,250	990,569
2015 Refunding	11/18/2015	5/1/2035	3.2184%	$ 6,095,000.00	$ 622,381.26	87%		541,472
2016 Refunding	3/8/2016	5/1/2036		$ 13,365,000.00	$ 1,390,875.00	87%	11,627,550	1,210,061

2017 Refunding	12/27/2017	5/1/2037		$ 1,455,000.00	$ 138,630.00	51%	742,050	70,701
2019 Refunding	3/1/2019	5/1/2038	3.5253%	$ 880,000.00	$ 81,011.25	0%	-	-
2021A Refunding (* 2006,2007,2009,2010,2010B, & 2012)	2/16/2021	5/1/2040	2.2612%	$ 4,025,000.00	$ 750,525.00	0%	-	-
2023 Refunding	10/2/2023	5/1/2043	3.75%-4.70%	$ 1,225,000.00	$ 76,848.00	0%	-	-
2017A TIF Revenue Bond	3/16/2017	6/1/2035	5.5873%	$ 10,280,000.00	$ 570,137.50	0%	-	-
2017B TIF Revenue Bond	3/16/2017	6/1/2028	4.9951%	$ 3,305,000.00	$ 986,610.00	0%	-	-
2019 GPT Revenue Bond - USDA XWA Airport Rescue Fire Fighting (ARFF) $2.9M, Pledged by GPT	10/16/2019	10/16/2049	3.000%	$ 1,580,569.91	$ 152,180.00	100%	1,580,570	152,180
2020A USDA XWA $95M, Pledged by GPT	11/19/2020	11/19/2055		$ 87,330,828.15	$ 3,876,000.00	100%	87,330,828	3,876,000
2020B USDA XWA $19M, Pledged by GPT	11/19/2020	11/19/2050	3.715%	$ 17,479,812.20	$ 1,051,380.48	100%	17,479,812	1,051,380
2022 PSST Revenue Refunding Bond	5/3/2022	7/15/2025		$ 4,475,000.00	$ 4,474,216.00	100%	4,475,000	4,474,216
2022 Airport Revenue Refunding Note	11/14/2022	11/1/2030		$ 14,265,000.00	$ 2,698,125.00	100%	14,265,000	2,698,125
2022 Certificates of Participation - Public Works Complex	12/7/2022	11/1/2042		$ 28,315,000.00	$ 2,625,876.26	100%	28,315,000	2,625,876
2022 Engine Lease 98999940-1	10/21/2022	10/21/2032		$ 814,735.50	$ 125,955.46	0%	-	-
2023 Engine Lease 98999940-2	10/21/2022	10/20/2033		$ 1,081,093.59	$ 162,351.49	0%	-	-
2005 Water Treatment Plant (2006)	10/24/2005	9/1/2026	2.500%	$ 2,185,000.00	$ 1,130,875.00	100%	2,185,000	1,130,875
2014 SRF Mechanical WWTP (Pledged to GPT Per Loan Document, Pg.7 - Sec.17)****	11/17/2014	9/1/2037		$ 72,755,000.00	$ 6,238,900.00	100%	72,755,000	6,238,900
				280,382,039.35	**28,482,232.70**		**$ 249,328,210.26**	**$ 25,266,816.34**

CITY OF DICKINSON

Long-Term Debt Outstanding as of 11/1/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
2013 Clean Water SRF to Construct Waste Water Treatment Plant	8/19/2013	9/1/2032	2.500%	$ 32,179,961.00	$ 2,600,875.00	95%	$ 30,570,963	$ 2,470,831
2014 Starion Bond Revenue Bond to Costruct West River Community Center Addition	10/1/2021	10/1/2025	4.0%-5.0%	$ 9,791,255.00	$ 2,070,300.00 0	35%	3,426,939	724,605
2015 Clean Water SRF for Waste Water System Improvements	11/3/2014	9/1/2034	2.5000%	$ 30,850,000.00	$ 2,060,625.00	90%		1,854,563
2015 Clean Water SRF for Waste Water System Improvements - Sales Tax	8/19/2013	9/1/2035	2.5000%	$ 3,944,730.00	$ 2,288,125.00	80%		
2019 Clean Water SRF to Rehab Lift Station #1	12/23/2019	9/1/2049	2.0000%	$ 2,085,166.00	$ 97,300.00	65%	1,355,358	63,245
2020 Clean Water SRF for Reclaimed Water Main	12/14/2020	9/1/2050	2.0000%	$ 1,256,469.00	$ 58,100.00	0%	-	-
2023 Drinking Water SRF for Water Main & Lead Line Replacements	12/1/2022	9/1/2043	2.0000%	$ 2,800,000.00	$ 146,000.00	0%	-	-
2023 Clean Water SRF Revenue for Landfill Expansion	3/1/2025	9/1/2044	2.0000%	$ 2,496,000.00	$ 145,960.00	100%	2,496,000	145,960
2024 Drinking Water SRF for 2024 Water Main Replacements	11/1/2024	9/1/2044	2.0000%	$ 1,591,000.00	$ 88,576.00	0%	-	-
2024 Drinking Water SRF for Lead Service Line Replacements	3/1/2025	9/1/2049	0.5000%	$ 500,000.00	$ 500.00	0%	-	-
2024 Clean Water SRF for Sims Street Improvements Phase II	12/1/2024	9/1/2044	2.0000%	$ 2,000,000.00	$ 106,666.00	90%	1,800,000	95,999
				89,494,581.00	**9,663,027.00**		**$ 39,649,260.10**	**$ 5,355,203.15**

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2323
2/10/2025
AM

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; and to provide an effective date.

10:38 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:
- Funding Source
- 'Hub Cities' debt payments.

10:39 a.m. Chairman Sorvaag updated the committee on status of the bill.

10:41 a.m. Chairman Sorvaag moved a Do Pass.

10:41 a.m. Senator Thomas Seconded.

Roll Call Vote.

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Cole Conley	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Paul J. Thomas	Y

Motion Passed: 5-0-0

Chairman Sorvaag will carry the bill.

10:45 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2323
2/10/2025
PM

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; and to provide an effective date.

3:07 p.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:
- Effective Date Changed

3:07 p.m. Senator Schaible moved to reconsider.

3:07 p.m. Senator Meyer seconded the motion.

Voice Vote- Motion Passed.

3:08 p.m. Senator Schaible moved to adopt amendment LC #25.0911.02002.

3:08 p.m. Senator Meyer seconded the motion.

Roll Call Vote:

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Cole Conley	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Paul J. Thomas	Y

Motion Passed 5-0-0.

Chairman Sorvaag will carry the bill.

Additional written testimony:

Levi Kinnischtzke, Fiscal Analyst, Legislative Council, submitted testimony in neutral #36830.

3:09 p.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

25.0911.02002
Title.

Prepared by the Legislative Council staff for Senate Appropriations - Education and Environment Division Committee
February 10, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2323

Introduced by

Senators Bekkedahl, Sorvaag, Hogue

Representatives Lefor, Brandenburg, Richter

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption;~~ and~~ to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

57-51-15. Gross production tax allocation. (Effective through 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 one hundred million dollars.~~

~~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.~~

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

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

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

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

~~3.~~ ~~After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall~~

~~transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.~~

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

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

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

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

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

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

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

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

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

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

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

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

~~[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job~~

~~service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;~~

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

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

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

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

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

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

~~(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which~~

~~includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.~~

~~(b)~~ ~~For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.~~

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

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

~~(b)~~ ~~To each county that received more than ten million dollars but not exceeding fifteen million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the~~

~~start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million two hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.~~

~~(c)~~ ~~To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.~~

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

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

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

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

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

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

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

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

~~(6) Two percent must be distributed among hub city school districts. The state 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)**~~ 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 one hundred million dollars through June 30, 2027, or to more than fifty million dollars after June 30, 2027.
   c. Up to twenty million dollars per fiscal year to the energy impact grant fund under section 2 of this Act.
   d. Any remaining revenues pursuant to subsection 3.
   ~~d.~~e. 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.

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

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

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

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

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

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

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

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

c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions

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

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

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

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

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

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

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

relative to the combined total of all the hub cities' impact percentage scores.

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

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

[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;

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

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

[5] The percentage change in population from five years prior for the hub city, based on the most recent actual or estimated census

data published by the United States census bureau, multiplied by one-tenth; and

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

(4) The state treasurer shall distribute, to the supplemental school district funding pool, the monthly amount needed from each county to provide for thirty percent of the total allocations under this paragraph. To each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in the most recently completed

even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount from the supplemental school district funding pool which will be added to the distributions to school districts under paragraph 2 of subdivision b, as follows:

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

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

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

(d) To each county that received more than twenty million dollars but not exceeding twenty-five million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate

a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.

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

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

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

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

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

(4) Four percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds

available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

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

(6) Two percent must be distributed among hub city school districts. The state 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.

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

Energy impact grant fund - State treasurer - Continuing appropriation.

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

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

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

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

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

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

SECTION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

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

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

1. The first ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
2. The next two hundred fifty million dollars into the social service fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;
7. The next ~~four hundred million~~three hundred twenty million dollars into the strategic investment and improvements fund;
8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;
9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount necessary to provide for twice the amount of the distributions under subsection 2 of section 57-51.1-07.7, into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty

percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;

10. The next one hundred seventy million two hundred fifty thousand dollars or the amount necessary to provide a total of two hundred thirty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;

11. The next twenty million dollars into the airport infrastructure fund; and

12. Any additional revenues into the strategic investment and improvements fund.

SECTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.

1. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning September 1, 2025, and ending August 31, 2027, the state treasurer shall allocate eight percent of the oil and gas gross production tax revenue available under subsection 1 of section 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding $7,500,000 per fiscal year.

2. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the oil and gas research fund, for the period beginning August 1, 2025, and ending July 31, 2027, the state treasurer shall allocate two percent of the oil and gas gross production tax and oil extraction tax revenues, up to $17,500,000, into the oil and gas research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective for oil and gas gross production tax allocations by the state treasurer occurring after August 31, 2025.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2323
2/13/2025

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; and to provide an effective date.

10:39 a.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Schaible, Sickler, Sorvaag, Thomas, Wanzek.
Members Absent: Senator Meyer.

Discussion Topics:
- Debt Help for Hub Cities
- Oil Impact Bonded Debt
- Energy Impact Fund History
- Oil Impact on Rural Counties

10:40 a.m. Senator Sorvaag introduced the bill, the amendment LC 25.0911.02002, and submitted testimony #37618.

10:40 a.m. Adam Mathiak, Legislative Council Senior Fiscal Analyst, explained technical corrections needed on the amendment LC 25.0911.02002.

10:50 a.m. Senator Sorvaag moved to amend amendment LC 25.0911.02002 by clarifying date changes.

10:50 a.m. Senator Schaible seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y

Senator Tim Mathern	Y
Senator Scott Meyer	A
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 15-0-1.

10:59 a.m. Senator Sorvaag moved a Do Pass as Amended.

10:59 a.m. Senator Schaible seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	A
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 15-0-1.

Senator Rummel will carry the bill.

11:02 a.m. Chairman Bekkedahl closed the hearing.

Elizabeth Reiten, Committee Clerk

25.0911.02003
Title.04000

Prepared by the Legislative Council staff for Senate Appropriations Committee
February 13, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

HD
2/14/25
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PROPOSED AMENDMENTS TO

SENATE BILL NO. 2323

Introduced by

Senators Bekkedahl, Sorvaag, Hogue

Representatives Lefor, Brandenburg, Richter

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption;~~ and~~ to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

57-51-15. Gross production tax allocation. (Effective through 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

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that would bring the balance in the fund to more than one hundred million dollars through June 30, 2027, or to more than fifty million dollars after June 30, 2027.

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

d. Any remaining revenues pursuant to subsection 3.

~~d.~~e. 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.

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

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

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

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

3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available

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for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.

4. For a county that received less than five million dollars of allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, revenues allocated to that county must be distributed by the state treasurer as follows:
   a. Forty-five percent must be distributed to the county treasurer and credited to the county general fund.
   b. Thirty-five percent must be distributed proportionally to school districts within the county on the average daily attendance distribution basis for kindergarten through grade twelve students residing within the county, as certified to the state treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.
   c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be proportional based upon the population of each incorporated city according to the last official decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.
   d. For purposes of this subsection, "fiscal year" means the period beginning September first and ending August thirty-first of the following calendar year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

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

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

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

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

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

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

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

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

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

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

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

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

(6) Two percent must be distributed among hub city school districts. The state 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 ~~one hundred million dollars through June 30, 2027, or to more than~~ fifty million dollars ~~after June 30, 2027~~.
   c. ~~Up to twenty million dollars per fiscal year to the energy impact grant fund under section 2 of this Act.~~
   ~~d.~~ Any remaining revenues pursuant to subsection 3.
   d.~~e.~~ 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.

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

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

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

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

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

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

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

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

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treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.

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

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

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city funding pool to provide a combined total of twenty-two million dollars per fiscal year to all the hub cities, which includes the fifteen million four hundred thousand dollars under paragraph 1 of subdivision b of

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

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

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

[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;

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

[4] The percentage of oil production in the human service region in which the hub city is located relative to the total oil production in all the human service regions with hub cities, based on the most recently available calendar year data compiled by the industrial

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commission in a report on the historical barrels of oil produced by county, multiplied by one-tenth;

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

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

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

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

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

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

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

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

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

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

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

(3) Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions among cities under this subsection must be proportional based upon the population of each incorporated city according to the last official

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decennial federal census. In determining the population of any city in which total employment increases by more than two hundred percent seasonally due to tourism, the population of that city for purposes of this subdivision must be increased by eight hundred percent.

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

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

(6) Two percent must be distributed among hub city school districts. The state 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.

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

Energy impact grant fund - State treasurer - Continuing appropriation.

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

2. Within forty days after the fund receives its statutory limit of oil and gas tax allocations for a fiscal year under section 57-51-15 or by August thirty-first of each year,

whichever is earlier, the state treasurer shall distribute moneys in the fund for grants to hub cities as follows:

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

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

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

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

SECTION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

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

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

1. The first ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
2. The next two hundred fifty million dollars into the social service fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;
7. The next ~~four hundred million~~three hundred twenty million dollars into the strategic investment and improvements fund;

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8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;
9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount necessary to provide for twice the amount of the distributions under subsection 2 of section 57-51.1-07.7, into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
10. The next one hundred seventy million two hundred fifty thousand dollars or the amount necessary to provide a total of two hundred thirty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
11. The next twenty million dollars into the airport infrastructure fund; and
12. Any additional revenues into the strategic investment and improvements fund.

SECTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.

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

SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective for oil and gas gross production tax allocations by the state treasurer occurring after August 31, 2025.

REPORT OF STANDING COMMITTEE
SB 2323

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS (25.0911.02003)** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). SB 2323 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

25.0911.02002
Title.

Prepared by the Legislative Council staff for Senate Appropriations - Education and Environment Division Committee
February 10, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2323

Introduced by

Senators Bekkedahl, Sorvaag, Hogue

Representatives Lefor, Brandenburg, Richter

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption;~~ and~~ to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

57-51-15. Gross production tax allocation. (Effective through 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 one hundred million dollars.~~

~~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.~~

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

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

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

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

~~3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall~~

~~transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.~~

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

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

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

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

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

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

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

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

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

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

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

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

~~[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job~~

~~service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;~~

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

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

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

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

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

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

~~(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which~~

~~includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.~~

~~(b)~~ ~~For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.~~

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

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

~~(b)~~ ~~To each county that received more than ten million dollars but not exceeding fifteen million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the~~

~~start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million two hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.~~

~~(c)~~ ~~To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.~~

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

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

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

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

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

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

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

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

~~(6) Two percent must be distributed among hub city school districts. The state 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)**~~ 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 <u>one hundred million dollars through June 30, 2027, or to more than</u> fifty million dollars <u>after June 30, 2027</u>.
   c. <u>Up to twenty million dollars per fiscal year to the energy impact grant fund under section 2 of this Act.</u>
   <u>d.</u> Any remaining revenues pursuant to subsection 3.
   ~~d.~~<u>e.</u> 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.

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

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

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

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

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

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

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

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

c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions

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

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

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

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

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

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

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

relative to the combined total of all the hub cities' impact percentage scores.

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

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

[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;

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

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

[5] The percentage change in population from five years prior for the hub city, based on the most recent actual or estimated census

data published by the United States census bureau, multiplied by one-tenth; and

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

(4) The state treasurer shall distribute, to the supplemental school district funding pool, the monthly amount needed from each county to provide for thirty percent of the total allocations under this paragraph. To each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in the most recently completed

even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount from the supplemental school district funding pool which will be added to the distributions to school districts under paragraph 2 of subdivision b, as follows:

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

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

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

(d) To each county that received more than twenty million dollars but not exceeding twenty-five million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate

a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.

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

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

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

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

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

(4) Four percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds

available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

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

(6) Two percent must be distributed among hub city school districts. The state 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.

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

<u>**Energy impact grant fund - State treasurer - Continuing appropriation.**</u>

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

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

<u>a.</u> <u>Seventy-three and eighty-eight hundredths percent of the amount under this subsection to Williston;</u>

<u>b.</u> <u>Fifteen and sixty-six hundredths percent of the amount under this subsection to Dickinson; and</u>

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

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

SECTION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

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

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

1. The first ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
2. The next two hundred fifty million dollars into the social service fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;
7. The next ~~four hundred million~~three hundred twenty million dollars into the strategic investment and improvements fund;
8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;
9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount necessary to provide for twice the amount of the distributions under subsection 2 of section 57-51.1-07.7, into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty

percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;

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

SECTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.

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

SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective for oil and gas gross production tax allocations by the state treasurer occurring after August 31, 2025.

2025 HOUSE FINANCE AND TAXATION

SB 2323

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2323
3/17/2025

Relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; to provide an effective date; and to provide an expiration date.

9:58 a.m. Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives D. Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, J. Olson, Porter, Steiner, Toman

Discussion Topics:
- Population growth
- Prairie Dog Fund
- Debt relief
- State sales tax

9:58 a.m. Senator Brad Bekkedahl, District 1, introduced the bill and submitted testimony #42042, #42309.

10:16 a.m. Geoff Simon, Executive Director, Western Dakota Energy Association, testified in favor.

10:18 a.m. Howard Klug, President for the Board of City Commissioners for the City of Williston, testified in favor and submitted testimony #41625.

10:40 a.m. Shawn Wenko, City Administrator of Williston, testified in favor and submitted testimony #41573 and #41629.

10:44 a.m. Hercules Cummings, Director of Finance, City of Williston, stood for questions.

10:45 a.m. Scott Decker, Mayor, City of Dickinson, testified in favor and submitted testimony #41614.

11:02 a.m. Tom Ross, Mayor, City of Minot, testified in favor and submitted testimony #41863.

11:04 a.m. Ron Ness, President, ND Petroleum Council, testified in favor.

11:12 a.m. Mayor Scott Decker stood for questions.

11:12 a.m. Stephanie Engebretson, ND League of Cities, testified in favor.

Additional written testimony:

David Juma, City Engineer, City of Williston, submitted testimony in favor #41639.

11:15 a.m. Chairman Headland closed the hearing.

Janae Pinks, Committee Clerk

#41573

CITY OF WILLISTON

CITY OF WILLISTON SB2323 TESTIMONY

January 22, 2025

GROSS PRODUCTION TAX REVENUES INSUFFICIENT

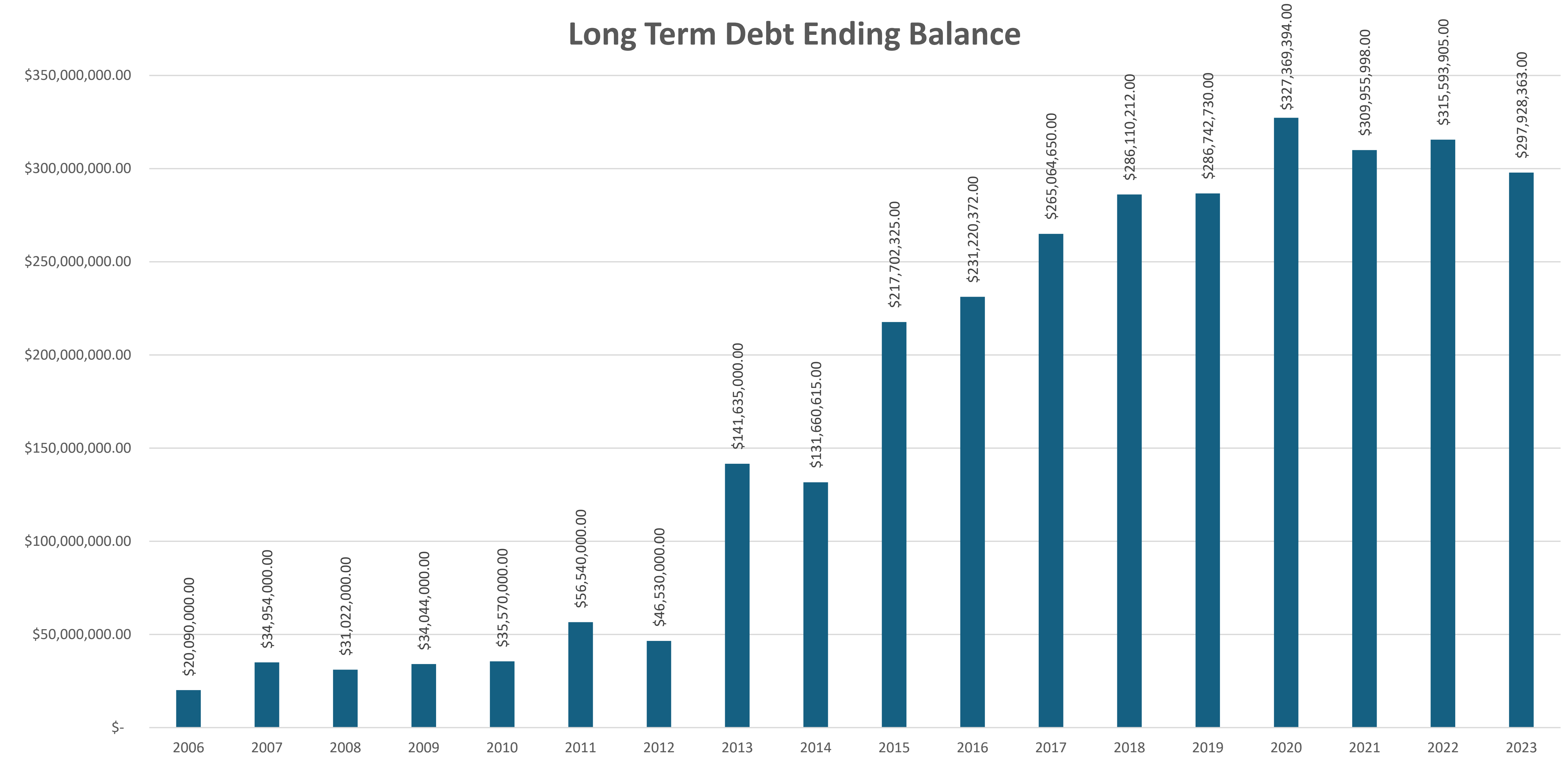
Despite the continued efforts to maintain the oil and gas economic growth demands, the City has fully maximized all its resources and options while the Gross Production tax is close to its debt service coverage capacity. Any additional debt leveraged against GPT must have approval from the USDA per bond covenant.

The 2025 City's Gross Production Tax fund is projected to have a deficit cash balance of **$19,182,310** to meet all debt obligations and sustain public works and public safety growth that supports the Oil Industry

The City of Williston focuses on fiscal responsibility by emphasizing efforts to enhance revenue while managing debt and maintaining credit ratings responsibly.

Gross Production Tax	2019	2020	2021	2022	2023	2024	2025 Budgeted
Revenues	**$ 29,298,219.89**	**$ 22,935,747.65**	**$ 29,979,341.37**	**$ 35,984,364.98**	**$ 31,866,956.78**	**$ 31,962,800.05**	**$ 30,020,000.00**
Expenses, Obligations, Transfers Out	**$ 8,473,502.86**	**$ 7,681,791.59**	**$ 12,591,644.43**	**$ 13,597,756.76**	**$ 15,958,785.39**	**$ 15,600,334.92**	**$ 15,795,368.48**
2014 State Revolving Fund SRF (Sewer P&I)	$ 7,162,050.27	$ 6,620,575.05	$ 6,626,000.00	$ 6,627,125.00	$ 6,625,500.00	$ 6,626,125.00	$ 6,623,875.00
2014 State Revolving Fund SRF (Minimum Reserve)	$ 800,700.00	$ -	$ -	$ -	$ 1,000,000.00	$ 1,238,840.25	$ 1,000,000.00
2019 GPT Revenue Bond (USDA XWA ARFF LOAN $2.9M) - Fund 342	$ 460,308.59	$ 152,180.00	$ 152,180.00	$ 1,152,180.00	$ 152,180.00	$ 152,180.00	$ 152,180.00
2020A USDA Direct Loan $95M 2022 Annual P&I - Fund 343	$ 50,444.00	$ 7,200.00	$ 3,876,625.96	$ 3,876,500.00	$ 3,876,500.00	$ 3,876,000.00	$ 3,451,500.00
Reserve - Debt Service (Yearly until $4,028,000; 2029)	$ -	$ 402,800.00	$ 402,499.62	$ 402,800.00	$ 402,800.00	$ 402,800.00	$ 402,800.00
Reserve - Increase Short-Lived Asset (Yearly until $3,000,000; 2029)	$ -	$ 300,000.00	$ 299,776.28	$ 300,000.00	$ 300,000.00	$ 300,000.00	$ 300,000.00
2020B USDA Guaranteed Loan $19M 2022 P&I - Fund 345	$ -	$ 93,898.54	$ 1,129,002.95	$ 1,133,513.76	$ 1,131,804.84	$ 1,130,039.64	$ 1,051,380.48
Reserve - Debt Service (Yearly until $1,051,380; 2029)	$ -	$ 105,138.00	$ 105,059.62	$ 105,138.00	$ 105,138.00	$ 105,138.00	$ 105,138.00
USDA Annual Renewal Fee (Collier's Escrow - 0.5% of 90% Loan Balance)	$ -	$ -	$ 500.00	$ 500.00	$ 500.00	$ -	$ 80,000.00
2022 COP PW Complex - Fund 349	$ -	$ -	$ -	$ -	$ 2,364,362.55	$ 1,769,212.03	$ 2,628,495.00
Gross Surplus (Deficit)	**$ 20,824,717.03**	**$ 15,253,956.06**	**$ 17,387,696.94**	**$ 22,386,608.22**	**$ 15,908,171.39**	**$ 16,362,465.13**	**$ 14,224,631.52**
Transfers Out to Supplement General Fund 100 Shortfall and Maintain 15% Reserve	$ -	$ 3,000,000.00	$ 21,100,000.00	$ 15,600,000.00	$ 16,500,000.00	$ 11,000,000.00	$ 32,406,942.10
Transfers Out to Fund 100 ARPA	$ -	$ -	$ 2,295,186.36	$ 2,295,186.33	$ -	$ -	$ -
Transfers Out to Close Capital Improvement Project Funds	$ -	$ 18,734,163.56	$ 1,496,781.63	$ 17,311,777.68	$ 220,000.00	$ -	$ -
Transfers Out to Fund 221 for Shortfalls and Minimum Guarantee	$ -	$ -	$ 1,041,505.32	$ 1,921,825.90	$ -	$ -	$ -
Transfers Out to Supplement Cemetery Fund 208 Deficit	$ -	$ -	$ 100,000.00		$ -	$ -	$ -
Transfers Out to Supplement Ambulance Fund 209 Deficit	$ -	$ -	$ -	$ 1,000,000.00	$ -	$ -	$ -
Transfers Out to Supplement Water Fund 501 Deficit	$ -	$ -	$ -		$ -	$ -	$ 1,000,000.00
Transfers Out to Supplement Water Fund 502 Deficit	$ -	$ -	$ -	$ 2,000,000.00	$ -	$ -	$ -
Net Surplus (Deficit)	**$ 20,824,717.03**	**$ (6,480,207.50)**	**$ (8,645,776.37)**	**$ (17,742,181.69)**	**$ (811,828.61)**	**$ 5,362,465.13**	**$ (19,182,310.58)**

CITY OF WILLISTON



**Ending Balance (excludes compensated absences, capital/ finance leases, net pension & OPEB liabilities, cost-shared debt with WAWSA, landfill closure)*

CITY OF WILLISTON

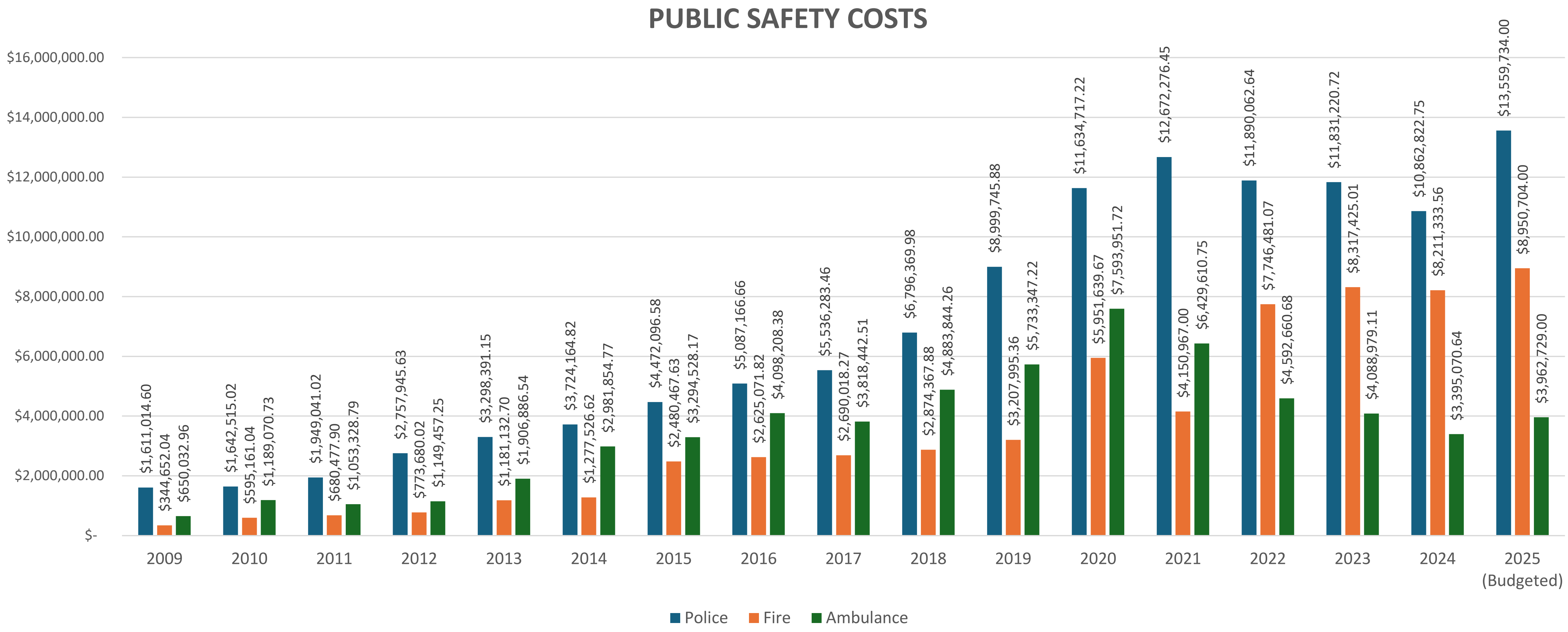
LONG-TERM DEBT TO FINANCE NEEDS SPURRED BY OIL INDUSTRY GROWTH

The City has taken on significant long-term debt to fund infrastructure projects and equipment upgrades necessitated by the rapid growth in the oil industry.

- To support the utility infrastructure needs and to prevent daily fines from the EPA in the amount of $25,000, the City secured a $125,600,000 State Revolving Fund (SRF) loan to construct a new wastewater facility that is pledged to Gross Production Tax.
- An additional 10-Million towards remediation of our old wastewater treatment facility.
- To support the oil industry, the City built the new XWA airport in which its local share was $110,568,388.94 (*Figure 2*) and its total long-term debt was the following:
    - Series USDA Airport Fire Rescue, $2,982,741
    - Series 2020A USDA XWA, $95,000,000
    - Series 2020B USDA XWA, $19,000,000
    - Series 2018A Airport City Sales Tax Revenue Bond, $1,500,000
    - Series 2018A Public Safety Sales Tax, $11,100,000
    - Series 2018A-T Public Safety Sales Tax, $910,000

- To align with the continued growth, the City of Williston issued an appropriation bond in the amount of $30,000,000 for a new public works and engineering facility, pledged to the Gross Production Tax

CITY OF WILLISTON



Total Debt Service Payments for Public Safety Sales Tax Bond to finance Capital and Operations

- Series 2015A Public Safety Sales Tax Bond: **$30,486,561.54**
- Series 2018A Public Safety Sales Tax Bond: **$12,522,513.50**

CITY OF WILLISTON

THE INFRASTRUCTURE STRAIN

Although the oil field's influx of jobs and investment can lead to a period of rapid growth, this boom can also have unintended consequences, straining infrastructure, hindering long-term development, and creating an unsustainable economic model.

•**Overburdened Services:** A sudden population influx puts a tremendous strain and immense pressure on existing infrastructure. Roads become congested, schools become overcrowded, and the demand for water, sewage, and electricity skyrockets. Roads, bridges, and public utilities can become overburdened as the population swells with oil workers and their families. The increased traffic from heavy machinery and transport vehicles accelerates wear and tear on roads, leading to more frequent repairs and maintenance. Cities such as Williston have funding limitations in which its finances are sometimes outpaced by industry growth.

•**Capital Improvements Plan:** The city's capital improvements plan currently has more than $90M in projects that need to be completed within the city of Williston. Many of these projects have been deferred due to debt payment obligations to support the rapid growth of the oil boom. Examples include reclamation of the original wastewater treatment plant, reconstruction of older areas in town including lead service line replacements, sanitary sewer lift stations to service areas currently without sanitary sewer mains with failing septic systems, and projects to replace failing road surfacing. Not only have these projects been deferred to support the growth of the boom, costs have significantly risen to perform the work; some projects more than 50% of preboom pricing.

•**Housing Crisis:** A lack of affordable housing often emerges as a critical issue. Additionally, the demand for housing can outpace supply, resulting in inflated property prices and a strain on public services like water, sewage, and emergency response. Rents skyrocket, making it difficult for long-time residents to remain in the community, while transient workers struggle to find suitable and affordable accommodations.

Despite the continued growth demands and strains, the City of Williston focuses on fiscal responsibility by emphasizing efforts to enhance revenue while managing debt and maintaining credit ratings responsibly.

CITY OF WILLISTON

REVENUE ENHANCEMENT EFFORTS

The City continues to analyze rates annually for revenue optimization, streamline administrative processes, improve revenue collection, actively monitor the interest environment for investment opportunities, and identify and capture new revenue sources.

- From 2020 to 2024, the City of Williston invested in CDs, Treasuries, Money Market Accounts, and high-yield savings accounts to generate $5,363,738.28
- The City increased all its water and sewer rates by approximately 20% for commercial and residential in 2021 with a 3% annual increase in water and sewer rates every year to reduce the reliability of Gross Production Taxes subsidies and allow more self-sustaining enterprise funds to transfer into the General Fund
- In 2021, the City increased its landfill rates in the enterprise funds to allow more self-sustaining enterprise funds to transfer into the General Fund. This included increases to roll-off bins, shut-offs, and implementation of new charges.
- The City has increased its property tax levies by 5% every year to keep pace with Public Works, administrative, and public safety as a result of the oil industry growth
- The City refinanced all revenue bonds for airport, and public safety in addition to all refunding improvement bonds saving over $3,487,465 *(Figure 1)*
- In 2021, the City drafted and implemented new write-off and A/R collection policies to significantly improve the cash conversion cycle.
- In 2021, the City introduced new payment corridors such as utility pay-by-text and recurring credit card payments to enhance ways for payment acceptance.

CITY OF WILLISTON

CREDIT RATING OVER THE YEARS

Year	Dated Date	Rating	Issue	Par Amount	Population	Market Value	Direct General Obligation Debt	Direct Special Assessment Debt	Overlapping General Obligation Debt	Overlapping Special Assessment Debt	Total Direct General Obligation Debt, Special Assessment Debt, and Overlapping General Obligation Debt:	Debt Per capita
2006												
	12/1/2006	A3 (Moody's)	Refunding Improvement Bonds of 2006	$440,000	12,512	$ 353,395,016	185,000	2,385,000	9,561,390	-	$ 12,131,390	$ 970
	12/1/2006	A3 (Moody's)	Refunding Improvement Bonds of 2006, Series B	$855,000	12,512	$ 353,395,016	185,000	3,240,000	9,350,090	-	$ 12,775,090	$ 1,021
2007												
	12/1/2007	A3 (Moody's)	Refunding Improvement Bonds of 2007	$1,020,000	13,000	$ 390,342,042	170,000	3,999,000	7,680,479	-	$ 11,849,479	$ 911
2009												
	10/1/2009	A3 (Moody's)	Refunding Improvement Bonds of 2009	$2,580,000	15,500	$ 605,374,284	140,000	5,879,000	3,785,871	232,200	$ 10,037,071	$ 648
	10/1/2009	A3 (Moody's)	Sales Tax revenue Bonds of 2009	$2,820,000	15,500	$ 605,374,284	140,000	5,879,000	3,785,871	232,200	$ 10,037,071	$ 648
2010												
	10/1/2010	A (S&P)	Sales Tax Revenue Bonds of 2010	$1,500,000	15,500	$ 605,374,284	120,000	5,355,000	1,100,113	395,000	$ 6,970,113	$ 450
	12/15/2010	A- (S&P)	Refunding Improvement Bonds of 2010	$1,900,000	15,500	$ 605,374,284	120,000	7,255,000	1,100,113	395,000	$ 8,870,113	$ 572
	12/15/2010	A- (S&P)	Refunding Improvement Bonds of 2010B	$740,000	15,500	$ 605,374,284	120,000	7,995,000	1,100,113	395,000	$ 9,610,113	$ 620
2011												
	7/14/2011	A (S&P)	Sales Tax Revenue Bonds of 2011A	$2,000,000	15,500	$ 605,374,284	100,000	7,449,000	1,076,887	360,000	8,985,887	580
	7/14/2011	A (S&P)	Sales Tax Revenue Bonds of 2011B	$10,000,000	15,500	$ 605,374,284	100,000	7,449,000	1,076,887	360,000	8,985,887	580
	9/7/2011	N/A	Taxable Certificates of Indebtedness Series 2011	$12,000,000	15,500	$ 605,374,284	100,000	7,449,000	1,076,887	360,000	8,985,887	580
2012												
	12/15/2012	BBB+ (S&P)	Refunding Improvement Bonds of 2012	$5,795,000	15,000	$ 750,725,312	75,000	12,557,000	-	325,000	12,957,000	$ 864
2013												
	9/11/2013	A (S&P)	Sales Tax Revenue Bonds of 2013A	$42,440,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
	9/11/2013	A (S&P)	Sales Tax Revenue Bonds of 2013B	$6,000,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
	10/15/2013	N/A	Certificates of Indebtedness Series 2013A	$43,155,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
	10/15/2013	N/A	Certificates of Indebtedness Series 2013B	$8,345,000	18,532	$ 1,111,699,386	50,000	11,593,000	-	392,226	12,035,226	$ 649
2014												
	4/1/2014	BBB+ (S&P)	Refunding Improvement Bonds of 2014	$4,490,000	20,850	$ 1,858,195,614	25,000	16,083,000	-	344,143	16,452,143	$ 789
	12/15/2014	A (S&P)	Refunding Improvement Bonds of 2014B	$15,075,000	20,850	$ 1,858,195,614	937,000	30,050,000	-	397,476	31,384,476	$ 1,505
2015												
	7/22/2015	A+ (S&P)	County Wide Public Safety Sales Tax Revenue Bonds Series 2015A	$24,530,000	30,000	$ 2,810,321,035	-	28,520,000	-	392,226	28,912,226	$ 964
	7/22/2015	A+ (S&P)	County Wide Public Safety Sales Tax Revenue Bonds Series 2015B	$20,000,000	30,000	$ 2,810,321,035	-	28,520,000	-	392,226	28,912,226	$ 964
	11/18/2015	A (S&P)	Refunding Improvement Bonds of 2015	$9,645,000	30,000	$ 2,810,321,035	645,000	38,055,000	11,620,000	-	50,320,000	$ 1,677
2016												
	3/8/2016	A (S&P)	Refunding Improvement Bonds of 2016	$20,185,000	26,568	$ 3,149,077,696	645,000	58,240,000	31,510,950	-	90,395,950	3,402
2017												
	3/16/2017	N/A	Pooled Tax Increment Financing Revenue Bonds Series 2017A	$10,280,000	25,932	$ 3,510,860,977	495,000	55,890,000	36,520,000	-	92,905,000	3,583
	3/16/2017	N/A	Pooled Tax Increment Financing Revenue Bonds Series 2017B Taxable	$8,750,000	25,932	$ 3,510,860,977	495,000	55,890,000	36,520,000	-	92,905,000	3,583
	12/27/2017	A (S&P)	Refunding Improvement Bonds of 2017	$2,280,000	25,932	$ 3,510,860,977	340,000	55,005,000	35,690,000	-	91,035,000	3,511
2018												
	12/21/2018	A+ (S&P)	Airport Revenue Bonds Series 2018	$27,485,000	27,455	$ 2,864,199,944	175,000	52,990,000	36,900,080	-	90,065,080	3,280
	12/21/2018	BBB+ (S&P)	County Wide Public Sales Tax Revenue Bonds Series 2018A	$11,100,000	27,455	$ 2,864,199,944	175,000	52,990,000	36,900,080	-	90,065,080	3,280
	12/21/2018	BBB+ (S&P)	County Wide Public Sales Tax Revenue Bonds Series 2018A - T	$910,000	27,455	$ 2,864,199,944	175,000	52,990,000	36,900,080	-	90,065,080	3,280
2019												
	3/1/2019	A+ (S&P)	Refunding Improvement Bonds of 2019	$1,145,000	29,033	$ 2,864,199,944	175,000	52,990,000	36,900,080	-	90,065,080	3,102
2021												
	2/16/2021	A+ (S&P)	Refunding Improvement Bonds of 2021A	$6,880,000	29,033	$ 2,864,199,944	-	48,165,000	30,979,306	-	79,144,306	2,726
2022												
	12/7/2022	A (S&P)	Taxable Certificated of Participation Series 2022	$30,000,000	29,160	$ 2,864,199,944	-	41,520,000	25,740,713	-	67,260,713	2,307
2023												
	10/2/2023	A+ (S&P)	Refunding Improvement Bonds of 2023	$1,270,000	27,029	$ 2,864,199,944	-	39,680,000	23,075,383	-	62,755,383	2,322

FIGURE 1: REFUNDING OF DEBT FOR CASH SAVINGS

	NPV Savings
Resolution 21-004: Refunding Improvement Bond Series 2021A	$ 229,276.54
Resolution 22-028 Airport Revenue Refunding Series 2022	$ 1,373,540.00
Resolution 20-011 Refunding 2018A Public Safety Sales Tax	$ 804,649.00
Resolution 22-10 Refunding Improvement Bond 2022A, 2022B	$ 1,080,000.00
Total Refunding Savings	**$ 3,487,465.54**

FIGURE 2: CITY OF WILLISTON LOCAL COST SHARE FOR THE AIRPORT

City of Williston					
XWA Airport					
Year	Expenditures	Federal Revenue		State Revenue	Local Share
2014	$ 580,000.48	$ -		$ 187,447.12	$ 392,553.36
2015	$ 2,174,357.80	$ 76,075.25		$ 664,950.79	$ 1,433,331.76
2016	$ 23,845,230.40	$ 9,495,031.69		$ 3,084,325.83	$ 11,265,872.88
2017	$ 28,268,347.88	$ 8,867,101.06		$ 10,270,361.88	$ 9,130,884.94
2018	$ 63,980,233.13	$ 24,972,876.43		$ 20,891,088.80	$ 18,116,267.90
2019	$ 141,794,363.84	$ 55,965,904.18		$ 15,308,584.59	$ 70,519,875.07
2020	$ 25,985,699.17	$ 19,389,307.28		$ 2,895,951.33	$ 3,700,440.56
2021	$ 686,777.65	$ 2,761,598.07		$ 18,293.13	$ (2,093,113.55)
2022	$ 51,302.76	$ 1,544,836.42	$ -	$ -	$ (1,493,533.66)
2023	$ (12,739.43)	$ 391,450.89		$ -	$ (404,190.32)
2024	$ -	$ -		$ -	$ -
Total	$287,353,573.68	$123,464,181.27		$53,321,003.47	$110,568,388.94

CITY OF Dickinson North Dakota

WRITTEN TESTIMONY FOR SB 2323

HOUSE FINANCE & TAXATION COMMITTEE HEARING

March 17, 2025

Chairman Representative Headland and members of the House Finance & Taxation Committee.

My name is Scott Decker, Mayor of Dickinson. The City of Dickinson stands in support of SB 2323.

Even though oil impacts have lessened in the last decade, it does not mean they are behind us. We accepted the risk based on the need for hub cities to house the workers who came to North Dakota to make the Williston Basin oil and gas development a reality. SB 2323 is an equitable piece of legislation relating to an energy grant fund that pays back dollars to those who bore the brunt of the oil impact, and it also provides continuing appropriations for debt relief.

As you are aware, the City of Dickinson has experienced oil impacts for several years. With an explosive population gain due to rapid growth. CHI Hospital is still reporting record births. During the period of rapid growth, the city built much of the core infrastructure required to deal with the tremendous population gain. During that time, maintenance was deferred to focus on core infrastructure. Now, our capital infrastructure improvement plan, including the forecasted grants and loans in the appendices, is much lower than previous years but still requires a substantial annual spend to maintain our streets and infrastructure. According to the AE2S 6-city study, the City of Dickinson is forecasted to spend over $20 million annually in the next 7 years to support the forecasted 3.7% population gain anticipated. The city currently receives approximately $15.5 million per year in GPT and to support our growth with facilities, CIP projects, and infrastructure the city is projecting over $20 million in projects.

The City's long term total initial principal balance is approximately $89.4 million (not including the WRCC Bond) which will be required to be serviced over the next 20 to 30 years. This debt requires an annual payment of $6.5 million (not including interest or administrative fees). Also, we had to add staff in several departments to accommodate the new infrastructure. These staff additions, plus the requirement of paying for short-term capital leases and maintaining the new infrastructure, has required an infusion of cash into our general fund from Oil Impact of $4 million annually. The AE2S study indicated that the City of Dickinson has a very well-balanced fiscal approach to meeting local needs. The study conclusively showed the City of Dickinson has operated lean from a staffing point of view for many years. It is time to increase staff in our Police Dept., Fire Dept., and Public Works along with our new city department, Dickinson Emergency Medical Services. By being fiscally responsible the city has raised fees where necessary, and have implemented water and sewer impact fees to offset the additional operation expenses.

I, as Mayor of Dickinson, am in support of SB 2323 and the share of oil and gas allocations presented in the bill. I stand before you to answer any questions that you may have.

Attachments: Appendix A,B & C

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www.dickinsongov.com | Fax: 701.456.7723 | www.facebook.com/cityofdickinsonnd

APPENDIX – A FORECASTED GRANTS

Project Name	Grant Source
FAIRWAY/STATE AVE STORMWATER DRAINAGE	FEMA - Hazard Mitigation Funding
NORTHWEST REGIONAL POND	North Dakota Department of Water Resources - Flood Control
QUEEN CITY DAM EMERGENCY ACTION PLAN & MITIGATION STUDY	North Dakota Department of Water Resources - General Water Management
DICKINSON DRAINAGEWAY	North Dakota Department of Water Resources - Flood Control
DOWNTOWN DRAINAGE IMPROVEMENTS	FEMA - Hazard Mitigation Funding
PATTERSON LAKE IMPROVEMENTS	Bureau of Reclamation - Water Smart Program
8th Ave SE Crossings & Heart River Tributary 47	FEMA - Hazard Mitigation Funding
MANNS DAM EMERGENCY ACTION PLAN	North Dakota Department of Water Resources - General Water Management
2026 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
WATER TREATMENT PLANT DEMOLITION	North Dakota Department of Water Resources - Municipal Water Supply
2027 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
2028 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
2029 WATERMAIN AND LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
10TH AVE E - MUSEUM DR TO 21ST ST (24211 & 24212) - URBAN RECON	North Dakota Department of Water Resources - Municipal Water Supply
5TH ST SE – 3RD AVE W to 6TH AVE E (PCN 24213) - MILL AND OVERLAY_NEW CONSTRUCTION	North Dakota Department of Water Resources - Municipal Water Supply
SIMS ST - 2ND ST E TO 9TH ST E	North Dakota Department of Water Resources - Municipal Water Supply
BALER/RECYCLE BUILDING EXPANSION	Environmental Protection Agency - Environmental Justice and Community Change & EPA SWIFR
EAST BROADWAY DAM	North Dakota Department of Water Resources - General Water Management
2025 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	North Dakota Department of Water Resources - Municipal Water Supply
PUBLIC SAFETY TRAINING CENTER	North Dakota Department of Water Resources - Municipal Water Supply & Department of Defense - Infrastructure
10TH AVE E - MUSEUM DR TO 21ST ST (24211 & 24212)	North Dakota Department of Transportation - FLEX FUND
9TH ST W & 5TH AVE W INTERSECTION SAFETY	Federal Highway Administration - Highway Safety Improvement
DOWNTOWN LIGHTING	North Dakota Department of Transportation - Urban Grant
FORECASTED GRANTS	**$48,000,000.00**

CITY OF Dickinson North Dakota

APPENDIX – B FORECASTED LOANS

Project Name	
EAST DICKINSON GRAVITY SEWER REPLACEMENT	
2026 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	
2027 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	
2028 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	
2029 WATERMAIN AND LEAD SERVICE LINE REPLACEMENT	
SIMS ST - 2ND ST E TO 9TH ST E	
2025 WATERMAIN & LEAD SERVICE LINE REPLACEMENT	
DICKINSON AIRPORT TERMINAL	
WATER RECLAMATION FACILITY UPGRADES	
BALER BUILDING EXPANSION	
FIRE STATION	
FORECASTED LOAN TOTAL	**$65,000,000.00**

Appendix C

City of Dickinson
Bond Detail
3/14/2025

Bonds	Purpose	Rate	2025	2026	Liability Current Term	Liability Future Term	Liability Total	Initial Principal	Debt Service Reserve Fund
WRCC Bond Starion Financial	West River Community Center Addition	4.5%	$ 2,060,000		$ 2,060,000	$ -	$ 2,060,000	$ 6,535,000	$ -
Subtotal			$ 2,060,000	$ -	$ 2,060,000	$ -	$ 2,060,000	$ 6,535,000	
SRF 27 (Series 2013) NDPFA - Clean Water - Loan # CW238	Construct Waste Water Treatment Plant	2.5%	$ 2,135,000	$ 2,185,000	$ 2,135,000	$ 16,500,000	$ 18,635,000	$ 38,924,961	$ 2,585,700
SRF 42 (Series 2015 Sewer Revenue Bond NDPFA - Clean Water - Loan # CW252	Waste Water System Improvements	2.5%	$ 1,610,000	$ 1,650,000	$ 1,610,000	$ 16,410,000	$ 18,020,000	$ 32,108,000	$ 2,045,100
SRF 42.1 (Series 2015 Sales Tax Revenue Bonds) NDPFA - Clean Water - Loan # CW252.1	Waste Water System Improvements	2.5%	$ 220,000	$ 225,000	$ 220,000	$ 2,505,000	$ 2,725,000	$ 5,144,730	$ 281,500
SRF Series 2019 NDPFA - Clean Water - Loan # CW307	Rehab Lift Station #1	2%	$ 60,000	$ 60,000	$ 60,000	$ 1,805,000	$ 1,865,000	$ 2,145,166	$ 96,425
SRF Series 2020 NDPFA - Clean Water Loan # CW318	Reclaimed Water Main	2%	$ 35,000	$ 35,000	$ 35,000	$ 1,120,000	$ 1,155,000	$ 1,291,469	$ 58,300
SRF Series 2023 NDPFA - Drinking Water - Loan # DW319 191	Water Main & Lead Line Replacement	2%	$ 104,501	$ 105,000	$ 104,501	$ 2,200,000	$ 2,304,501	$ 2,400,000	$ 146,300
SRF Series 2023; Prelim Debt Schedule NDPFA - Clean Water - Loan #DW158	Landfill Expansion	2%	$ 106,000	$ 105,000	$ 106,000	$ 2,395,000	$ 2,501,000	$ 3,328,000	$ 151,525
SRF - Approved; Prelim Debt Schedule NDPFA - Drinking Water - Loan #DW	2024 Water Main Replacement	2%	$ 66,000	$ 65,000	$ 66,000	$ 1,525,000	$ 1,591,000	$ 1,591,000	$ 97,850
SRF - Approved; Prelim Debt Schedule NDPFA - Drinking Water - Loan #DW	Lead Service Line Replacement	0.5%	$ -	$ -	$ -	$ 500,000	$ 500,000	$ 500,000	$ 25,000
SRF - Approved; Prelim Debt Schedule NDPFA - Clean Water - Loan #CW	Sims Street Improvements - Phase II	2%	$ 80,000	$ 85,000	$ 80,000	$ 1,920,000	$ 2,000,000	$ 2,000,000	$ 123,600
	Subtotal		$ 4,416,501	$ 4,515,000	$ 4,416,501	$ 46,880,000	$ 51,296,501	$ 89,433,326	$ 5,611,300
	Total		$ 6,476,501	$ 4,515,000	$ 6,476,501	$ 46,880,000	$ 53,356,501	$ 95,968,326	$ 5,611,300

CITY OF WILLISTON CITY COMMISSION

Chairman Headland
House Finance and Taxation Members

I am submitting this testimony in support of SB 2323

Thank you, Chairman Weber. I am Howard Klug, President of the Board of City Commissioners for the City of Williston. In my three terms as mayor and a member of the city commission before that, the challenges of funding a city to support world-class oil play have been a burden on our citizens and Williston's planned modest growth and development plans.

These plans laid out a clear and well-financed growth plan that was sustainable and affordable with normal impacts to those who chose to live in Williston. Expectations were reasonable, including police and fire department protection, good schools, modest government, jobs, and education opportunities, as well as the promise of funding for upgrades to streets, sewer collection, and water distribution in their neighborhoods. The plan was working, expectations met and promises kept, and without warning the Bakken Shale Play started.

As we continued to follow our growth plan, it was impossible for Williston to keep its promises to long-time residents because our city did not have the capacity to support an industry that came to western North Dakota, set up camp and said, "We're here, so deal with us."

The oil industry's plan was to get leases, secure those leases, and use whatever was available to implement their plan. It fell on Williston to support the industry and the thousands of workers that came to western North Dakota. At the beginning, our country was in a recession and the Bakken was the best area for good jobs and money-making opportunities.

Williston's options at the time were to support the industry and recoup our expenses from money collected by the state or do nothing and be overrun by those that flooded the area. Doing nothing meant our landfills would be full, our sewage systems, water systems, roads, police and fire protection would fail; and maybe the state would control this rapid expansion from Bismarck. We chose the option to support the industry and bring services that would allow this oil play to develop.

We did our best. We spent $125 million to handle wastewater under the threat of a $25,000 per day fine by the EPA. We worked with the Western Area Water Supply Authority (WAWSA) to provide treated water to western North Dakota and provide the industry with water to frac their wells. Even though plant expenses are reimbursed, Williston provides the employees and gives up $1 million of industrial water sales per year to support WAWSA.

Our landfill was subject to radioactive materials that we had to intercept and reject to prevent a toxic supersite from being created in North Dakota. With this came increased equipment and demands and labor requirements to address the issue. The Sloulin Field Airport was designed to emplane 10,000 passengers per year, but the new facility at XWA has increased that number to around 100,000 per year. We doubled our police force, created a new fire department, and equipped them to handle everything from speeding tickets and drug gangs to housefires and oilfield accidents.

In addition, we increased our ambulance staff, equipment, and training. Our ambulance service was forced to provide long-distance transfers due to the inadequate medical facilities in western North Dakota. While we tried to work with our local hospital, requests for funding were not provided, facilities were not upgraded, and healthcare has to be provided by other hospitals.

Growth that typically would happen over a 20-to-30-year period had to be addressed in five years or less. These growth issues would be at a manageable point if not for the tremendous cost Williston had to incur over the first years of the Bakken play. We took on loans to support the oil play during a time when the Bakken premium was a burden that escalated the cost of goods and services.

We have increased Enterprise Fund charges in all departments, raised property taxes at a five percent per year rate, and established sales tax to cover operational expenses of Williston Parks and Recreation. We have also established a Public Safety Sales Tax, which is now used by other North Dakota political subdivisions, to help meet the needs for police and fire protection. These funds cover the maintenance and upkeep of current services, but there is nothing left to continue the improvement of older areas of our city.

The needs are ongoing in older areas of Williston. The majority of the 150 frost boil issues in roads, water main breaks, and sewer issues are in the older areas that we had to put on hold.

Providing healthcare options is ongoing. On Jan. 23, the City agreed to backstop a fixed-wing ambulance service to our area at the cost of $800,000 with no help from our local hospital.

My ask is to support this bill so we can retire some debt that is directly related to the oil industry. Prevent Williston from going backwards and help us continue to support the oil industry.

H Klug

Howard Klug
President, Board of City Commissioners

CITY OF WILLISTON ADMINISTRATION

Chairman Headland, members of the House Finance and Taxation Committee, thank you for the opportunity to testify in support of Senate Bill 2323. My name is Shawn Wenko, and I am the City Administrator for the City of Williston.

I was born and raised in Williston and, like many others at the time, left in the mid-1990s due to limited opportunities in our community. However, I was fortunate to return in 2008, drawn back by the opportunities created by the oil and gas industry—opportunities that have transformed Williston and the region in ways we could scarcely imagine back then. Since returning, I have had the privilege of serving the City of Williston for 17 years, most of that time as the Director of Economic Development before assuming the role of City Administrator in 2022.

My tenure has given me a front-row seat to the challenges and opportunities that rapid growth has brought to Williston. From the initial frenzy of activity during the early days of the oil boom to the more measured, sustainable growth we are seeing today, the city has faced an ongoing challenge: how to keep up with growth and ensure long-term stability for our community. Growth, both past and present, has consistently outpaced our revenue growth due to the immense needs in public safety, infrastructure, capital improvements, and overall public demand.

When I became City Administrator, I inherited many of the same budgeting challenges as my predecessor. Balancing the budget has always been about balancing the current needs against available revenue. Little if anything is left for proactive improvement. As the chart I have provided demonstrates, we rely heavily on gross production tax (GPT) revenue, which we estimate at approximately $30 million annually. However, this revenue is not enough to meet the demands placed on the city. Debt obligations and the need to transfer funds to shore up our general fund—especially for public safety—have placed significant strain on our GPT fund. In fact, for 2025, we are projecting a $19 million deficit in our GPT fund balance.

This deficit reflects the realities of addressing the impacts of past and future growth. Let me outline some of our major long-term debt obligations:

- **$125 million** pledged for a new wastewater treatment facility to meet the demands of a growing population and regulatory requirements.
- **$128 million** invested in the construction of the XWA Airport, a critical piece of infrastructure for the region.
- **$30 million** for a new and expanded public works and engineering facility.
- Ongoing annual transfers of up to **$9 million** to offset the rising costs of public safety services needed to serve our growing community.

While growth has brought tremendous opportunities, it has also brought tremendous costs, and unintended consequences of strained infrastructure hindering long-term development, and creating an unsustainable economic model.

The city's capital improvements plan currently has more than $90 million in projects that need to be completed within the city of Williston. Many of these projects have been deferred due to debt payment obligations to support the rapid growth of the oil boom.

These obligations underscore how growth has driven significant infrastructure and public safety needs that far exceed our current revenue streams.

In response to these challenges, we have taken significant steps to address our revenue shortfalls and improve fiscal stability:

- We worked with our finance department to identify investment opportunities in high-yield accounts, generating an additional $5.3 million in revenue.
- We increased water and sewer rates by 20% in 2021, with an automatic 3% annual increase.
- We increased landfill rates and implemented a 5% annual property tax levy increase.
- We refinanced revenue bonds for the airport and public safety, achieving $3.5 million in savings.
- We implemented hiring freezes for non-essential personnel and deferred capital improvement projects, which allowed us to turn a projected $11 million deficit in 2023 into a surplus and bring in a balanced budget for 2024.

While these efforts have helped stabilize our finances, they have come at a cost. Deferring capital improvement and infrastructure projects is not sustainable in the long term. In 2025, despite cutting nearly $20 million from preliminary budget estimates, we still face a $6 million shortfall due to infrastructure costs that simply could not be deferred another year.

Through all of this, we have strived to be responsible stewards of the community's resources. This is reflected in the recent improvement of our community's credit rating, which increased from A+ Negative to A+ Stable. However, the demands of keeping pace with the industry and growth in Western North Dakota remain immense. Our ability to fund necessary infrastructure and maintain our current debt obligations continues to outstrip our revenue capacity.

I urge you to support Senate Bill 2323. This bill represents an opportunity to provide communities like Williston with the tools and resources needed to address the unique challenges of growth and ensure a sustainable future for the oil and gas industry.

Thank you for your time and consideration. I am happy to stand for any questions.

Shawn Wenko
City Administrator

CITY OF WILLISTON ENGINEERING

DATE: March 14, 2025
TO: House Finance and Taxation Committee
FROM: David Juma, PE, City Engineer, Williston
RE: Testimony in support of Senate Bill 2323

Chairman Headland and distinguished members of the House Finance and Taxation Committee,

Thank you for the opportunity to testify in favor of Senate Bill 2323 (SB2323). My name is David Juma, and I have been the City Engineer for the City of Williston for four and half years. I was born and will continue to live in North Dakota. Over the course of my career, I have lived or worked in more than 30 states. Without hesitation, North Dakota is the best place to live and work, and I am happy to be home. North Dakotans are hardworking, forward-thinking, and willing to lend a helping hand when needed. That's what makes our communities so livable and unique to the rest of the country.

As the City Engineer, I am responsible for the sustainability of the existing infrastructure within the City of Williston, meeting future infrastructure needs, and supporting the continued economic growth of the region. The City of Williston provides necessary services to the Western North Dakota region, not just the city. We are the water supply, we handle the waste streams, we have the shops, eateries, grocers, housing, and hotels necessary to support the people of the region. Williston also serves the region as a hub for emergency services.

I have witnessed firsthand the results of the rapid growth of the last oil boom, which benefited the entire state of North Dakota, the greatest in the union. This rapid growth was necessary to support the oil and gas extraction industry. Our water supply and waste streams were overwhelmed, our streets and local infrastructure were damaged, and our local emergency services were overtaxed to name a few of the impacts. Western Area Water Supply Authority (WAWSA) was created to regionalize our water supply and transmission systems, and our water treatment plant was expanded to nearly quadruple in size to accommodate increased demand. The water treatment plant is still owned and operated by the City of Williston, and we are reimbursed by WAWSA for our operational costs.

While the debt for plant expansion and transmission system is carried by WAWSA, it is the five member entities that cover the debt obligation payments through our water rates. Williston is the largest user in the system. We recently confirmed a breach in the raw water intake for the water plant which will require a replacement of the intake lines in the riverbed. Portions of the supervisory control and data acquisition (SCADA) system are also at the end of life in the plant. The current cost estimate for these projects is $30 million. While these costs are eligible for grant funding through the State Water Commission, the remaining local cost share will be paid by the member entities. These projects are just two of nearly $80M of projects necessary for the water treatment plant to continue to serve the growth of Western North Dakota.

During the boom, the population and activity growth was impossible to explain to those who didn't experience it. With the economic downturn of 2008 widespread to other areas of the nation, people flocked to Western North Dakota to participate in the prosperity it promised. This rapid population growth overwhelmed our wastewater treatment facility necessitating the construction of a new facility under the threat of $25,000 per day fines from the EPA. The City of Williston was forced to build this new facility and assume $125M in debt to support the rapid growth of the region. Our landfill has also experienced an increase in use and accelerated decrease in lifespan.

An additional $128M in debt was taken on to build a new airport to support travel to the region due to growth, and $30M to house the Public Works and Engineering Departments due to an increase in staffing required to maintain the additional infrastructure caused by the population spike. Additionally, two fire halls were constructed to support the region's expansion, and current law enforcement facilities are inadequate. The Williston Police Department is currently sharing space with the Williams County Sherrif and State Highway Patrol Departments. It is routine to see police officers completing their reports in their vehicles in random spots around Williston due to the lack of space.

The rate of growth described typically happens over decades or longer for most communities. Williston experienced it in less than 8 years. The 2020 census indicated that Williston had 29,160 people, just 272 away from doubling in size from 2010 population of 14,716. Many workers in the region are transient, they work shifts of weeks on with weeks off in between. As such, many return home for their days off and do not claim Williston as their home. Effluent discharges at the wastewater treatment plant supports Williston is sustaining approximately 32,500 people.

Like many other cities in North Dakota, Williston has neighborhoods over 100 years old. These older areas of town experience more watermain breaks than normal, excessive frost boils every spring and require higher levels of maintenance by city staff. These areas also contain the majority of lead water service lines which need to be replaced to meet the requirements of the latest EPA mandate for lead and copper service lines. This mandate requires a water distribution system's known lead, galvanized downstream of lead, and certain types of copper lines to be replaced at a minimum of ten percent per year based on a three-year rolling average starting no later than 2027. The City of Williston currently knows of 264 service lines that will be required to be replaced under this EPA mandate at an estimated cost of $4.6M with another nearly 1,750 lines remaining to be verified. All unverified lines must also be scheduled for

CITY OF
WILLISTON
ENGINEERING

replacement under the rule. Relief to our debt obligations will free up funds to help address these requirements within our system.

Despite these challenges, growth in the region continues at a rapid pace. We are excited at the prospect of the Cerilon GTL, data center, power generation facilities, and other major development within the region. These facilities will add more economic prosperity to the region, provide value-added benefits to the oil and gas extraction, and provide economic diversity untethering us to a degree from the swings in oil and gas extraction. While the complete scope of these facilities is not fully clear to me at this time, I do understand that they will need access, workers, water, and waste stream management. The majority, if not all, of the waste stream management will be provided by the City of Williston; we continue to be the largest capable source in the region. The same can be said for the necessary services the influx of construction workers and permanent personnel will need.

The State recognized the explosive growth of the last oil and gas boom and the need to accommodate it by funding the NDDOT to rebuild and upgrade roads to meet higher safety standards. This massive undertaking is still ongoing within the region along the Highway 85 corridor. These roads are a necessary component to bring goods and people in and out of the region for the betterment of all North Dakotans. The State previously saw the benefit of investing in this necessary infrastructure, and we are hopeful that you do the same in supporting the regional hubs that are economic engines for all of North Dakota. SB2323 provides relief not only for the cities of Dickinson, Minot, and Williston, but also for the regions that we serve. I urge you to support SB2323, it represents an opportunity to provide us with the resources we need to address the challenges that we are still facing due to the rapid expansion of our region.

Thank you for your consideration and time,

David Juma, PE
City Engineer
City of Williston

#41863

Mayor Tom Ross

City of Minot

tom.ross@minotnd.gov

701-857-4280

Senate Bill 2323 Testimony

House Finance and Taxation Committee

Hon. Representative Craig Headland, Chairman

Chairman Headland and committee members, thank you for the opportunity to be here today to discuss SB 2323. My name is Tom Ross, and I am the Mayor of the City of Minot. I am here today to offer testimony in support of SB 2323.

As you are all aware, the State of ND—particularly the western region-- has been significantly impacted by the oil industry in the past two decades. Each community has faced unique challenges, and various approaches to address these issues.

In Minot, we were simultaneously dealing with the aftermath of the 2011 flood and the infrastructure challenges brought on by oil industry growth. This combination led Minot to adopt a more conservative approach to incurring new debt. Instead, we leveraged alternative funding sources such as sales tax revenues, surge funds, and property taxes to manage demands of new growth. Minot saw its mill rate climb from 76.67 mills in 2011 to a high of 129.23 mills in 2019. That rate has since receded to 97.11. This debt averse strategy also resulted in the deferral of several critical maintenance projects due to funding constraints.

The funding provided by this bill would allow Minot to service the debt related to the oil-driven growth while freeing up revenues that would have otherwise been allocated to debt service. This would allow the city to address long-overdue maintenance projects that have been deferred. For your reference I am including a list of Minot's debt service obligations and how much is oil-related on the following page. This information is taken from the Minot Annual Comprehensive Financial Report, so it reflects principal only. On the third page, I am including a list of the oil-related debt inclusive of interest.

Thank you for your consideration of SB 2323 and all the support that you offer to ND Cities. I will stand for any questions that you may have.

Long-Term Debt Outstanding as of 10/17/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
Series 2015E Airport Revenue Bonds	11/24/2015	10/1/2035	2.25-3.625%	$ 7,250,000	$ 560,000	100.00%	$ 7,250,000	$ 560,000
Series 2020C Airport Revenue Refunding Bonds	9/9/2020	10/1/2035	1.00-1.70%	12,570,000	1,085,000	100.00%	12,570,000	1,085,000
Series 2013C Water & Sewer Revenue Bonds	11/26/2013	10/1/2028	3.00-4.00%	1,650,000	395,000	0.00%	-	-
Series 2014C Water & Sewer Revenue Bonds	11/25/2014	10/1/2029	2.25-3.10%	1,585,000	300,000	59.40%	941,567	178,215
Series 2015D Water & Sewer Revenue Bonds	11/24/2015	10/1/2025	3.00%	765,000	765,000	11.77%	90,008	90,008
Series 2016C Water & Sewer Revenue Bonds	11/29/2016	10/1/2031	3.00-4.00%	2,550,000	330,000	68.71%	1,752,163	226,750
Clean Water State Revolving Loan Fund	9/24/2018	9/1/2038	1.50%	4,760,000	300,000	100.00%	4,760,000	300,000
Clean Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	6,643,716	525,000	0.00%	-	-
Drinking Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	789,947	75,000	0.00%	-	-
Series 2015C General Obligation Bonds	11/24/2015	10/1/2025	3.00%	45,000	45,000	100.00%	45,000	45,000
Series 2016B General Obligation Bonds	11/29/2016	10/1/2031	3.00-4.00%	5,395,000	695,000	100.00%	5,395,000	695,000
Series 2022A Taxable General Obligation Bonds (Tax Increment	12/8/2022	10/1/2042	4.54-5.40%	2,170,000	100,000	0.00%	-	-
Series 2014A Refunding Improvement Bonds	11/25/2014	10/1/2034	3.00-3.375%	940,000	80,000	39.28%	369,260	31,426
Series 2015B Refunding Improvement Bonds	11/24/2015	10/1/2035	2.00-3.25%	1,130,000	90,000	49.54%	559,788	44,585
Series 2016A Refunding Improvement Bonds	11/29/2016	10/1/2036	3.00-3.25%	520,000	35,000	0.00%	-	-
Series 2020A Refunding Improvement Bonds	9/9/2020	10/1/2030	2.00%	840,000	135,000	0.00%	-	-
Series 2021A Refunidng Improvement Bonds	9/29/2021	10/1/2031	4.00-5.00%	2,650,000	325,000	0.00%	-	-
Series 2022B Refunding Improvement Bonds	12/29/2022	10/1/2033	5.00%	3,495,000	320,000	100.00%	3,495,000	320,000
Series 2024 Refunding Improvement Bonds	10/15/2024	10/1/2025	4.00%	865,000	75,000	0.00%	-	-
Series 2015A Capital Financing Program Bonds	2/11/2015	6/1/2029	3.00-4.00%	785,000	145,000	0.00%	-	-
Series 2020B Sales Tax Revenue Bonds	9/9/2020	10/1/2050	1.00-3.00%	7,345,000	220,000	0.00%	-	-
Series 2021B Sales Tax Revenue Bonds	9/29/2021	10/1/2051	2.00-5.00%	40,070,000	915,000	0.00%	-	-
				$ 104,813,663	$ 7,515,000		$ 37,227,785	$ 3,575,984

Long-Term Debt Outstanding as of 12/31/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance w/ Interest	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
Series 2015E Airport Revenue Bonds	11/24/2015	10/1/2035	2.25-3.625%	$ 8,836,194	$ 801,631	100.00%	$ 8,836,194	$ 801,631
Series 2020C Airport Revenue Refunding Bonds	9/9/2020	10/1/2035	1.00-1.70%	15,399,863	1,404,514	100.00%	15,399,863	1,404,514
Series 2014C Water & Sewer Revenue Bonds	11/25/2014	10/1/2029	2.25-3.10%	1,731,875	347,885	59.40%	1,028,818	206,661
Series 2015D Water & Sewer Revenue Bonds	11/24/2015	10/1/2025	3.00%	787,950	787,950	11.77%	92,708	92,708
Series 2016C Water & Sewer Revenue Bonds	11/29/2016	10/1/2031	3.00-4.00%	2,875,700	413,200	68.71%	1,975,958	283,919
Clean Water State Revolving Loan Fund	9/24/2018	9/1/2038	1.50%	5,318,450	371,400	100.00%	5,318,450	371,400
Series 2015C General Obligation Bonds	11/24/2015	10/1/2025	3.00%	46,350	46,350	100.00%	46,350	46,350
Series 2016B General Obligation Bonds	11/29/2016	10/1/2031	3.00-4.00%	6,084,600	871,000	100.00%	6,084,600	871,000
Series 2014A Refunding Improvement Bonds	11/25/2014	10/1/2034	3.00-3.375%	1,112,735	109,303	39.28%	437,115	42,937
Series 2015B Refunding Improvement Bonds	11/24/2015	10/1/2035	2.00-3.25%	1,351,138	124,088	49.54%	669,337	61,471
Series 2022B Refunding Improvement Bonds	12/29/2022	10/1/2033	5.00%	4,626,456	515,475	100.00%	4,626,456	515,475
							$ 44,515,849	$ 4,698,066

#42042

North Dakota Senate

Legislative Assembly

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Senator Brad Bekkedahl
District 1
P.O. Box 2443
Williston, ND 58802-2443
bbekkedahl@ndlegis.gov

COMMITTEES:
Appropriations (Chair)

March 17, 2025

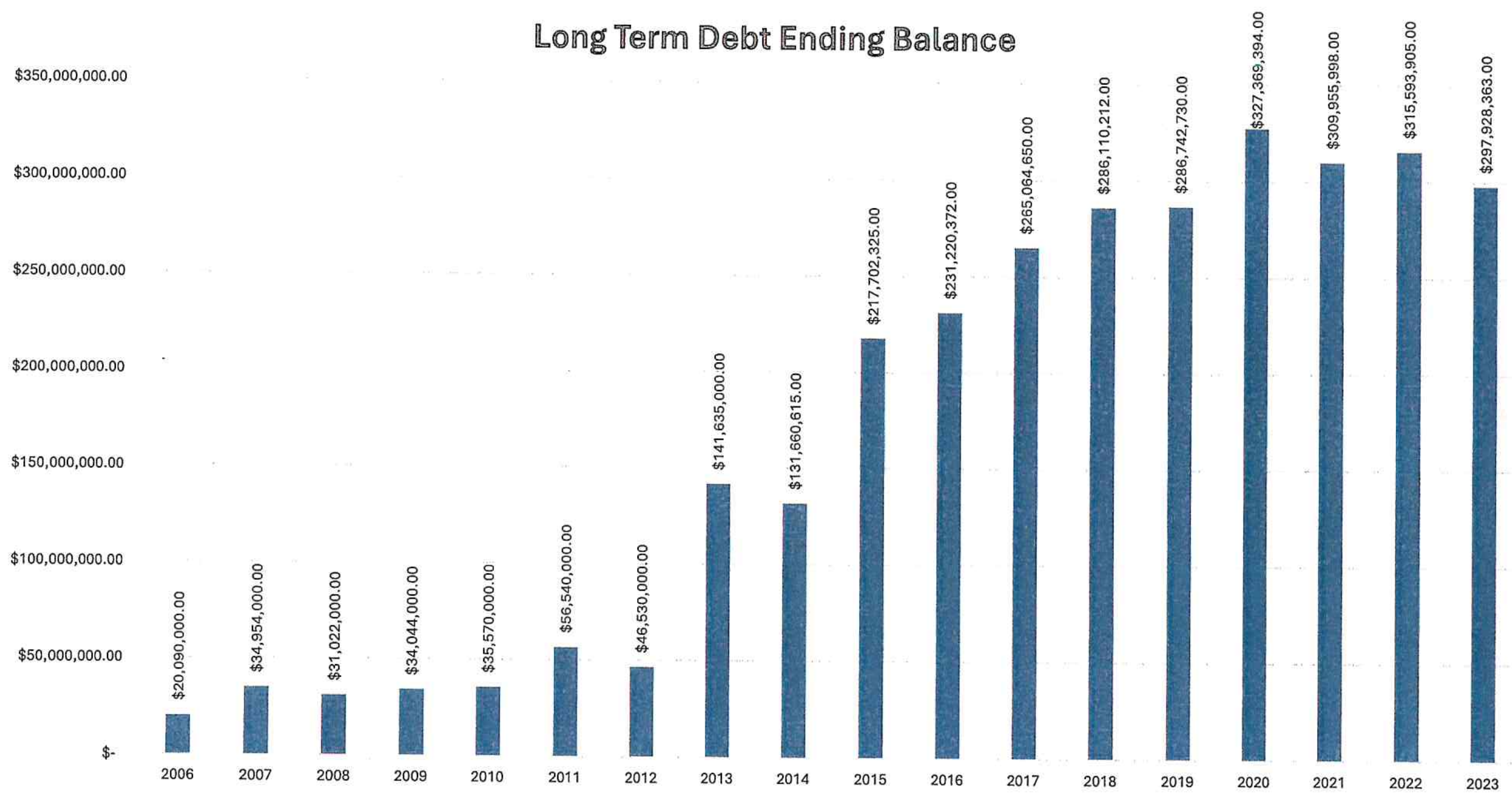
Senate Bill 2323 Testimony
House Finance and Taxation Committee
Hon. Representative Craig Headland, Chairman

Chairman Headland and Committee Members,

Thank you, Mr. Chairman. For the record, I am Senator Brad Bekkedahl, from District 1 in Williston. For complete transparency, I have also been the elected Finance Commissioner for Williston since 1996, which has given me a great deal of information related to the topic of hub cities and hub cities debt situations. This bill seeks to provide a $20 million annual appropriation to the Energy Impact Fund for distribution to hub cities specifically to reduce the debt burdens that remain from infrastructure improvements necessary to accommodate the oil industry growth that we as a state have benefitted from so greatly in the last 15 years. I have with me today representation from all three hub cities, Dickinson, Minot, and Williston. They will be presenting their financial information relative to this bill request. As a bit of history, when the Bakken boom first started in the Williston area in 2007, we tried to start planning for the population growth the experts said we would see. No one predicted then what we would ultimately see. At that time, until the 2013 Legislative session, Williston was capped in Gross Production Tax (GPT) distributions from the state at $1.5 million/year. With the passage of hub city legislation in 2013, the GPT for Williams County cities was redistributed from Williston to all the smaller towns in the county and Williston, Dickinson, and Minot were granted a separate pool of revenue based on oil related employment and a pool of dollars from the GPT distributed to oil counties. The major shift in funding that also occurred in this hub city bill was changing the percentage of GPT given to oil counties from 45% of formula distribution to 60%, based on the assumption that they would have the highest dollar amount of impacts due to road needs for the industry to move and expand. Cities would get 20% and schools would get the rest. This is an oversimplification of the formula as it has had minor adjustments since 2013, but suffice to say, counties were and are the largest recipients of GPT funding to local political subdivisions. What none of us fully realized at the time was that the three largest cities in the oil region, which have a combined population of over 100,000 today, would have to take on the most impacts of increased population and required infrastructure and operating costs to house the industry businesses and workforce. We should have listened to the debate in 1953 when the oil tax formula was first created. The discussion centered around whether counties and townships needed most of the tax distribution. To quote the last sentence in the report, "Hence a greater share of the tax should go to the local subdivisions during the early years of production." We didn't do this in 2013, and this is the reason we are here today. In the case of Williston, we had to build a new airport to accommodate the industry workforce flying in and out at a cost of $300 million, of which the city now carries a debt load of $114 million. We also were facing fines of $25,000/day from the EPA, forcing us to build a new mechanical wastewater treatment plant at a cost of $120 million. As you will see in testimony from all three cities, the Finance Directors all researched their current debt load and calculated the projects and even a percentage of the projects related to oil impacts. The premise for the evaluation of projects was that they could not put a project on the list that would not have occurred without the oil boom. It is not all the debt each city carries, only applicable debt necessary to accommodate the industry growth we have seen. And as you will see from further testimony, the GPT distributions are inadequate to fully pay off the debt, our increased operations and maintenance costs, and allow us to move forward with current or future infrastructure maintenance. The impact to the State with this funding is a reduction in revenue to the bottom bucket of the oil stream flow chart, which is the state Strategic Improvement Investment Fund (SIIF) of $40 million/biennium. To accommodate any impacts to the existing Operation Prairie Dog funding buckets in the stream, you will see in this bill a reduction in the SIIF bucket allocation of $80 million, from existing $400 million to $320 million. This reduction in SIIF accommodates Governor Armstrong's OMB request to take the state share of oil tax from $460 million/biennium to $500 million/biennium as well as the $40 million allocation to the Energy Impact Fund for hub cities debt. Putting it in terms of state revenue another way, with the industry tax bringing in $8 million a day in revenue to the state, we are asking for 5 days of revenue out of 730 days in the biennium. And with the sunset to June 30, 2037, to help us pay 58% of the total oil related debt, we are asking for 30 days of oil tax receipts our of 4,272 days of collections to the state. Long story short Mr. Chairman, we are seeking relief to these lingering debt impacts which with the amount of money distributed statewide from oil revenues to areas with no direct impacts, should be justified. Thank you for your time and consideration today. I respectfully request a Do Pass recommendation on SB 2323 and will stand for questions before others step up to offer further testimony. Please help us thrive, not just survive.

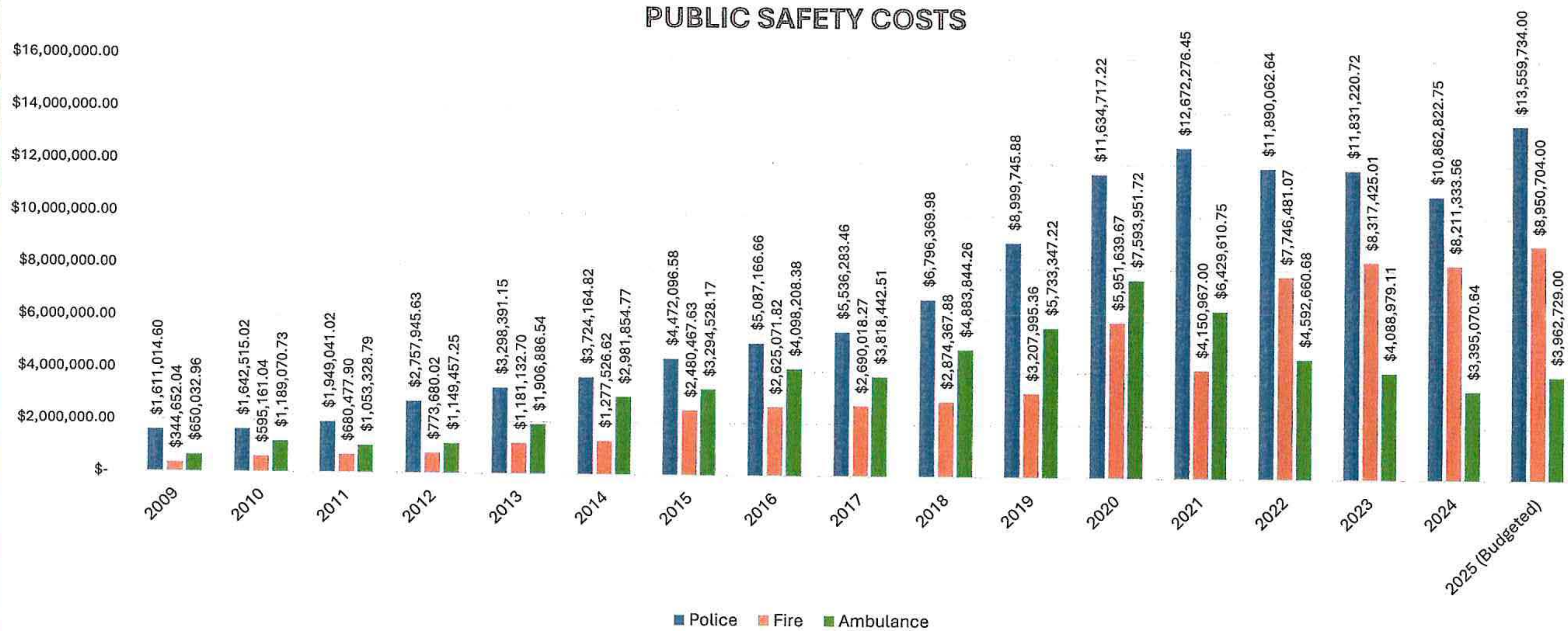
bcc Kdahl
2323

#42309



*Ending Balance (excludes compensated absences, capital/ finance leases, net pension & OPEB liabilities, cost-shared debt with WAWSA, landfill closure)

CITY OF WILLISTON



Total Debt Service Payments for Public Safety Sales Tax Bond to finance Capital and Operations

- Series 2015A Public Safety Sales Tax Bond: **$30,486,561.54**
- Series 2018A Public Safety Sales Tax Bond: **$12,522,513.50**

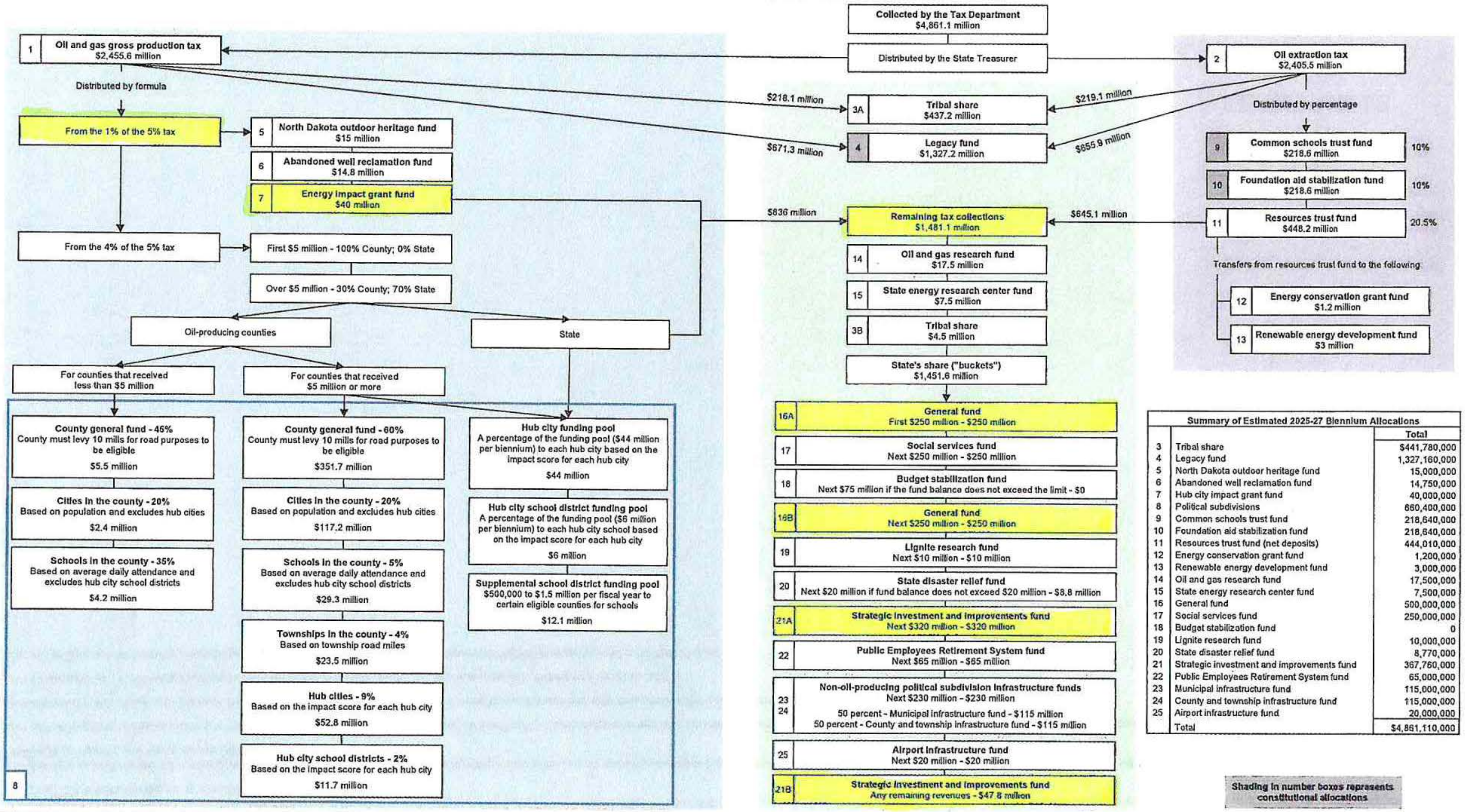
CITY OF WILLISTON

Prepared for Senator Bekkedahl

OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART - NEW HUB CITY ALLOCATION SCENARIO

This memorandum provides information on the estimated allocation of oil and gas tax collections for a new hub city allocation based on a 2025-27 biennium scenario, which reflects oil prices decreasing from $62 per barrel (1st year) to $60 per barrel (2nd year) during the biennium and oil production decreasing from 1.15 to 1.1 million barrels per day during the biennium, the same as the Armstrong executive budget. The assumptions for the scenario are included on the second page.

ESTIMATED 2025-27 BIENNIUM ALLOCATIONS - ALTERNATE SCENARIO



Summary of Estimated 2025-27 Biennium Allocations

		Total
3	Tribal share	$441,780,000
4	Legacy fund	1,327,160,000
5	North Dakota outdoor heritage fund	15,000,000
6	Abandoned well reclamation fund	14,750,000
7	Hub city impact grant fund	40,000,000
8	Political subdivisions	660,400,000
9	Common schools trust fund	218,640,000
10	Foundation aid stabilization fund	218,640,000
11	Resources trust fund (net deposits)	444,010,000
12	Energy conservation grant fund	1,200,000
13	Renewable energy development fund	3,000,000
14	Oil and gas research fund	17,500,000
15	State energy research center fund	7,500,000
16	General fund	500,000,000
17	Social services fund	250,000,000
18	Budget stabilization fund	0
19	Lignite research fund	10,000,000
20	State disaster relief fund	8,770,000
21	Strategic investment and improvements fund	367,760,000
22	Public Employees Retirement System fund	65,000,000
23	Municipal infrastructure fund	115,000,000
24	County and township infrastructure fund	115,000,000
25	Airport infrastructure fund	20,000,000
	Total	$4,861,110,000

NOTE: The amounts reflected in these schedules are estimates for August 2025 through July 2027 for illustration purposes only. The actual amounts allocated for the 2025-27 biennium may differ significantly from these amounts based on actual oil price and oil production.

The allocations reflect the following:

- An allocation limit for the North Dakota outdoor heritage fund of $7.5 million per fiscal year compared to a limit of $20 million per as provided in current law. The Armstrong executive budget recommends a limit of $7.5 million per fiscal year for the 2025-27 biennium, the same as the 2023-25 biennium.
- An allocation limit for the oil and gas research fund of $17.5 million per biennium compared to a limit of $10 million per biennium as provided in current law. The Armstong executive budget recommends a limit of $17.5 million per biennium for the 2025-27 biennium, the same as the 2023-25 biennium.
- An allocation limit of $500 million per biennium for the general fund compared to $460 million under current law. The Armstrong executive budget recommends increasing the limit to $500 million per biennium.
- An allocation limit of $320 million per biennium for the first allocation to the strategic investment and improvements fund compared to an allocation limit of $400 million under current law.
- An estimated $8.77 million allocation to the state disaster relief fund, the same as the Armstrong executive budget.
- An allocation to a new energy impact grant fund from which the State Treasurer distributes energy impact grants to hub cities.

CITY OF MINOT

Long-Term Debt Outstanding as of 10/17/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Del Related to Growt
Series 2015E Airport Revenue Bonds	11/24/2015	10/1/2035	2.25-3.625%	$ 7,250,000.00	$ 560,000.00	$
Series 2020C Airport Revenue Refunding Bonds	9/9/2020	10/1/2035	1.00-1.70%	$ 12,570,000.00	$ 1,085,000.00	$
Series 2013C Water & Sewer Revenue Bonds	11/26/2013	10/1/2028	3.00-4.00%	$ 1,650,000.00	$ 395,000.00	$
Series 2014C Water & Sewer Revenue Bonds	11/25/2014	10/1/2029	2.25-3.10%	$ 1,585,000.00	$ 300,000.00	$
Series 2015D Water & Sewer Revenue Bonds	11/24/2015	10/1/2025	3.00%	$ 765,000.00	$ 765,000.00	$
Series 2016C Water & Sewer Revenue Bonds	11/29/2016	10/1/2031	3.00-4.00%	$ 2,550,000.00	$ 330,000.00	$
Clean Water State Revolving Loan Fund	9/24/2018	9/1/2038	1.50%	$ 4,760,000.00	$ 300,000.00	$
Clean Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	$ 6,643,716.00	$ 525,000.00	$
Drinking Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	$ 789,947.00	$ 75,000.00	$
Series 2015C General Obligation Bonds	11/24/2015	10/1/2025	3.00%	$ 45,000.00	$ 45,000.00	$
Series 2016B General Obligation Bonds	11/29/2016	10/1/2031	3.00-4.00%	$ 5,395,000.00	$ 695,000.00	$
Series 2022A Taxable General Obligation Bonds (Tax Increment)	12/8/2022	10/1/2042	4.54-5.40%	$ 2,170,000.00	$ 100,000.00	$
Series 2014A Refunding Improvement Bonds	11/25/2014	10/1/2034	3.00-3.375%	$ 940,000.00	$ 80,000.00	$
Series 2015B Refunding Improvement Bonds	11/24/2015	10/1/2035	2.00-3.25%	$ 1,130,000.00	$ 90,000.00	$
Series 2016A Refunding Improvement Bonds	11/29/2016	10/1/2036	3.00-3.25%	$ 520,000.00	$ 35,000.00	$
Series 2020A Refunding Improvement Bonds	9/9/2020	10/1/2030	2.00%	$ 840,000.00	$ 135,000.00	$
Series 2021A Refunidng Improvement Bonds	9/29/2021	10/1/2031	4.00-5.00%	$ 2,650,000.00	$ 325,000.00	$
Series 2022B Refunding Improvement Bonds	12/29/2022	10/1/2033	5.00%	$ 3,495,000.00	$ 320,000.00	$
Series 2024 Refunding Improvement Bonds	10/15/2024	10/1/2025	4.00%	$ 865,000.00	$ 75,000.00	$
Series 2015A Capital Financing Program Bonds	2/11/2015	6/1/2029	3.00-4.00%	$ 785,000.00	$ 145,000.00	$
Series 2020B Sales Tax Revenue Bonds	9/9/2020	10/1/2050	1.00-3.00%	$ 7,345,000.00	$ 220,000.00	$
Series 2021B Sales Tax Revenue Bonds	9/29/2021	10/1/2051	2.00-5.00%	$ 40,070,000.00	$ 915,000.00	$
				$ 104,813,663.00	**$ 7,515,000.00**	

CITY OF WILLISTON

Long-Term Debt Outstanding as of 11/1/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Det Related to Growth
2014 Refunding	4/1/2014	5/1/2033	3.597%	$ 2,045,000.00	$ 308,150.00	67%
2014B Refunding	12/15/2014	5/1/2035	2.995%	$ 7,425,000.00	$ 1,021,205.00	97%
2015 Refunding	11/18/2015	5/1/2035	3.2184%	$ 6,095,000.00	$ 622,381.26	87%
2016 Refunding	3/8/2016	5/1/2036		$ 13,365,000.00	$ 1,390,875.00	87%

:e	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
	11/24/2015	10/1/2035	2.25-3.625%	$ 7,250,000.00	$ 560,000.00	$ 1.00	$ 7,250,000.00	$ 560,000.00
	9/9/2020	10/1/2035	1.00-1.70%	$ 12,570,000.00	$ 1,085,000.00	$ 1.00	$ 12,570,000.00	$ 1,085,000.00
	11/26/2013	10/1/2028	3.00-4.00%	$ 1,650,000.00	$ 395,000.00	$ -	$ -	$ -
	11/25/2014	10/1/2029	2.25-3.10%	$ 1,585,000.00	$ 300,000.00	$ 0.59	$ 941,567.11	$ 178,214.59
	11/24/2015	10/1/2025	3.00%	$ 765,000.00	$ 765,000.00	$ 0.12	$ 90,007.54	$ 90,007.54
	11/29/2016	10/1/2031	3.00-4.00%	$ 2,550,000.00	$ 330,000.00	$ 0.69	$ 1,752,162.64	$ 226,750.46
	9/24/2018	9/1/2038	1.50%	$ 4,760,000.00	$ 300,000.00	$ 1.00	$ 4,760,000.00	$ 300,000.00
	6/1/2018	9/1/2040	1.50%	$ 6,643,716.00	$ 525,000.00	$ -	$ -	$ -
	6/1/2018	9/1/2040	1.50%	$ 789,947.00	$ 75,000.00	$ -	$ -	$ -
	11/24/2015	10/1/2025	3.00%	$ 45,000.00	$ 45,000.00	$ 1.00	$ 45,000.00	$ 45,000.00
	11/29/2016	10/1/2031	3.00-4.00%	$ 5,395,000.00	$ 695,000.00	$ 1.00	$ 5,395,000.00	$ 695,000.00
ıcrement)	12/8/2022	10/1/2042	4.54-5.40%	$ 2,170,000.00	$ 100,000.00	$ -	$ -	$ -
	11/25/2014	10/1/2034	3.00-3.375%	$ 940,000.00	$ 80,000.00	$ 0.39	$ 369,259.81	$ 31,426.37
	11/24/2015	10/1/2035	2.00-3.25%	$ 1,130,000.00	$ 90,000.00	$ 0.50	$ 559,788.02	$ 44,584.89
	11/29/2016	10/1/2036	3.00-3.25%	$ 520,000.00	$ 35,000.00	$ -	$ -	$ -
	9/9/2020	10/1/2030	2.00%	$ 840,000.00	$ 135,000.00	$ -	$ -	$ -
	9/29/2021	10/1/2031	4.00-5.00%	$ 2,650,000.00	$ 325,000.00	$ -	$ -	$ -
	12/29/2022	10/1/2033	5.00%	$ 3,495,000.00	$ 320,000.00	$ 1.00	$ 3,495,000.00	$ 320,000.00
	10/15/2024	10/1/2025	4.00%	$ 865,000.00	$ 75,000.00	$ -	$ -	$ -
	2/11/2015	6/1/2029	3.00-4.00%	$ 785,000.00	$ 145,000.00	$ -	$ -	$ -
	9/9/2020	10/1/2050	1.00-3.00%	$ 7,345,000.00	$ 220,000.00	$ -	$ -	$ -
	9/29/2021	10/1/2051	2.00-5.00%	$ 40,070,000.00	$ 915,000.00	$ -	$ -	$ -
				$ 104,813,663.00	**$ 7,515,000.00**		**$ 37,227,785.12**	**$ 3,575,983.85**

:e	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
	4/1/2014	5/1/2033	3.597%	$ 2,045,000.00	$ 308,150.00	67%	$ 1,370,150	$ 206,461
	12/15/2014	5/1/2035	2.995%	$ 7,425,000.00	$ 1,021,205.00	97%	7,202,250	990,569
	11/18/2015	5/1/2035	3.2184%	$ 6,095,000.00	$ 622,381.26	87%		541,472
	3/8/2016	5/1/2036		$ 13,365,000.00	$ 1,390,875.00	87%	11,627,550	1,210,061

2017 Refunding	12/27/2017	5/1/2037		$ 1,455,000.00	$ 138,630.00	51
2019 Refunding	3/1/2019	5/1/2038	3.5253%	$ 880,000.00	$ 81,011.25	0%
2021A Refunding (* 2006,2007,2009,2010,2010B, & 2012)	2/16/2021	5/1/2040	2.2612%	$ 4,025,000.00	$ 750,525.00	0%
2023 Refunding	10/2/2023	5/1/2043	3.75%-4.70%	$ 1,225,000.00	$ 76,848.00	0%
2017A TIF Revenue Bond	3/16/2017	6/1/2035	5.5873%	$ 10,280,000.00	$ 570,137.50	0%
2017B TIF Revenue Bond	3/16/2017	6/1/2028	4.9951%	$ 3,305,000.00	$ 986,610.00	0%
2019 GPT Revenue Bond - USDA XWA Airport Rescue Fire Fighting (ARFF) $2.9M, Pledged by GPT	10/16/2019	10/16/2049	3.000%	$ 1,580,569.91	$ 152,180.00	100
2020A USDA XWA $95M, Pledged by GPT	11/19/2020	11/19/2055		$ 87,330,828.15	$ 3,876,000.00	100
2020B USDA XWA $19M, Pledged by GPT	11/19/2020	11/19/2050	3.715%	$ 17,479,812.20	$ 1,051,380.48	100
2022 PSST Revenue Refunding Bond	5/3/2022	7/15/2025		$ 4,475,000.00	$ 4,474,216.00	100
2022 Airport Revenue Refunding Note	11/14/2022	11/1/2030		$ 14,265,000.00	$ 2,698,125.00	100
2022 Certificates of Participation - Public Works Complex	12/7/2022	11/1/2042		$ 28,315,000.00	$ 2,625,876.26	100
2022 Engine Lease 98999940-1	10/21/2022	10/21/2032		$ 814,735.50	$ 125,955.46	0%
2023 Engine Lease 98999940-2	10/21/2022	10/20/2033		$ 1,081,093.59	$ 162,351.49	0%
2005 Water Treatment Plant (2006)	10/24/2005	9/1/2026	2.500%	$ 2,185,000.00	$ 1,130,875.00	100
2014 SRF Mechanical WWTP (Pledged to GPT Per Loan Document, Pg.7 - Sec.17)****	11/17/2014	9/1/2037		$ 72,755,000.00	$ 6,238,900.00	100
				280,382,039.35	28,482,232.70	

CITY OF DICKINSON

Long-Term Debt Outstanding as of 11/1/2024

Issuance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of I Related Grov
2013 Clean Water SRF to Construct Waste Water Treatment Plant	8/19/2013	9/1/2032	2.500%	$ 32,179,961.00	$ 2,600,875.00	95
2014 Starion Bond Revenue Bond to Costruct West River Community Center Addition	10/1/2021	10/1/2025	4.0%-5.0%	$ 9,791,255.00	$ 2,070,300.00 0	35
2015 Clean Water SRF for Waste Water System Improvements	11/3/2014	9/1/2034	2.5000%	$ 30,850,000.00	$ 2,060,625.00	90
2015 Clean Water SRF for Waste Water System Improvements - Sales Tax	8/19/2013	9/1/2035	2.5000%	$ 3,944,730.00	$ 2,288,125.00	80
2019 Clean Water SRF to Rehab Lift Station #1	12/23/2019	9/1/2049	2.0000%	$ 2,085,166.00	$ 97,300.00	65
2020 Clean Water SRF for Reclaimed Water Main	12/14/2020	9/1/2050	2.0000%	$ 1,256,469.00	$ 58,100.00	0%
2023 Drinking Water SRF for Water Main & Lead Line Replacements	12/1/2022	9/1/2043	2.0000%	$ 2,800,000.00	$ 146,000.00	0%
2023 Clean Water SRF Revenue for Landfill Expansion	3/1/2025	9/1/2044	2.0000%	$ 2,496,000.00	$ 145,960.00	100
2024 Drinking Water SRF for 2024 Water Main Replacements	11/1/2024	9/1/2044	2.0000%	$ 1,591,000.00	$ 88,576.00	0%
2024 Drinking Water SRF for Lead Service Line Replacements	3/1/2025	9/1/2049	0.5000%	$ 500,000.00	$ 500.00	0%
2024 Clean Water SRF for Sims Street Improvements Phase II	12/1/2024	9/1/2044	2.0000%	$ 2,000,000.00	$ 106,666.00	90
				89,494,581.00	9,663,027.00	

	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
	12/27/2017	5/1/2037		$ 1,455,000.00	$ 138,630.00	51%	742,050	70,701
	3/1/2019	5/1/2038	3.5253%	$ 880,000.00	$ 81,011.25	0%	-	-
& 2012)	2/16/2021	5/1/2040	2.2612%	$ 4,025,000.00	$ 750,525.00	0%	-	-
	10/2/2023	5/1/2043	3.75%-4.70%	$ 1,225,000.00	$ 76,848.00	0%	-	-
	3/16/2017	6/1/2035	5.5873%	$ 10,280,000.00	$ 570,137.50	0%	-	-
	3/16/2017	6/1/2028	4.9951%	$ 3,305,000.00	$ 986,610.00	0%	-	-
ue Fire Fighting (ARFF) $2.9M, Pledged by GPT	10/16/2019	10/16/2049	3.000%	$ 1,580,569.91	$ 152,180.00	100%	1,580,570	152,180
	11/19/2020	11/19/2055		$ 87,330,828.15	$ 3,876,000.00	100%	87,330,828	3,876,000
	11/19/2020	11/19/2050	3.715%	$ 17,479,812.20	$ 1,051,380.48	100%	17,479,812	1,051,380
	5/3/2022	7/15/2025		$ 4,475,000.00	$ 4,474,216.00	100%	4,475,000	4,474,216
	11/14/2022	11/1/2030		$ 14,265,000.00	$ 2,698,125.00	100%	14,265,000	2,698,125
omplex	12/7/2022	11/1/2042		$ 28,315,000.00	$ 2,625,876.26	100%	28,315,000	2,625,876
	10/21/2022	10/21/2032		$ 814,735.50	$ 125,955.46	0%	-	-
	10/21/2022	10/20/2033		$ 1,081,093.59	$ 162,351.49	0%	-	-
	10/24/2005	9/1/2026	2.500%	$ 2,185,000.00	$ 1,130,875.00	100%	2,185,000	1,130,875
oan Document, Pg.7 - Sec.17)****	11/17/2014	9/1/2037		$ 72,755,000.00	$ 6,238,900.00	100%	72,755,000	6,238,900
				280,382,039.35	28,482,232.70		$ 249,328,210.26	$ 25,266,816.34

ance	Issuance Date	Date of Final Payment	Interest Rates	Ending Balance	Due Within One Year	% of Debt Related to Oil Growth	Estimated Oil-Related Debt Outstanding	Annual Oil-Related Debt Service
reatment Plant	8/19/2013	9/1/2032	2.500%	$ 32,179,961.00	$ 2,600,875.00	95%	$ 30,570,963	$ 2,470,831
t River Community Center Addition	10/1/2021	10/1/2025	4.0%-5.0%	$ 9,791,255.00	$ 2,070,300.00 0	35%	3,426,939	724,605
provements	11/3/2014	9/1/2034	2.5000%	$ 30,850,000.00	$ 2,060,625.00	90%		1,854,563
provements - Sales Tax	8/19/2013	9/1/2035	2.5000%	$ 3,944,730.00	$ 2,288,125.00	80%		
	12/23/2019	9/1/2049	2.0000%	$ 2,085,166.00	$ 97,300.00	65%	1,355,358	63,245
	12/14/2020	9/1/2050	2.0000%	$ 1,256,469.00	$ 58,100.00	0%	-	-
ie Replacements	12/1/2022	9/1/2043	2.0000%	$ 2,800,000.00	$ 146,000.00	0%	-	-
sion	3/1/2025	9/1/2044	2.0000%	$ 2,496,000.00	$ 145,960.00	100%	2,496,000	145,960
lacements	11/1/2024	9/1/2044	2.0000%	$ 1,591,000.00	$ 88,576.00	0%	-	-
placements	3/1/2025	9/1/2049	0.5000%	$ 500,000.00	$ 500.00	0%	-	-
nts Phase II	12/1/2024	9/1/2044	2.0000%	$ 2,000,000.00	$ 106,666.00	90%	1,800,000	95,999
				89,494,581.00	9,663,027.00		$ 39,649,260.10	$ 5,355,203.15

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2323
4/9/2025

Relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; to provide an effective date; and to provide an expiration date.

10:04 a.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

Members Absent: Representative Anderson

Discussion Topics:
- Oil Counties in North Dakota
- Property Tax
- Bakken Development in North Dakota
- Prairie Dog Funding

10:07 a.m. Representative Headland proposed amendment LC# 25.0911.04003, #44845.

10:32 a.m. Representative Grueneich moved to adopt amendment LC# 25.0911.04003, #44845.

10:32 a.m. Representative Steiner seconded the motion.

10:34 a.m. Brent Bogar, Senior Consultant, AES2, answered questions.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Jason Dockter	N
Representative Ty Dressler	Y
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	N
Representative Vicky Steiner	Y

Representative Nathan Toman	N
Representative Austin Foss	Y
Representative Zachary Ista	Y

Motion carried 10-3-1.

10:37 a.m. Representative Olson moved a Do Pass as Amended and rerefer to Appropriations.

10:38 a.m. Representative Steiner seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Jason Dockter	N
Representative Ty Dressler	Y
Representative Jim Grueneich	N
Representative Mike Motschenbacher	N
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	N
Representative Vicky Steiner	Y
Representative Nathan Toman	N
Representative Austin Foss	Y
Representative Zachary Ista	N

Motion carried 7-6-1.

Representative Steiner will carry the bill.

10:42 a.m. Chairman Headland adjourned the meeting.

Madaline Cooper, Committee Clerk for Janae Pinks, Committee Clerk

Bill was reconsider in the afternoon.

25.0911.04003
Title.05000

Prepared by the Legislative Council
staff for Representative Headland
April 8, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

VC 4/9/25
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PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2323

Introduced by

Senators Bekkedahl, Sorvaag, Hogue

Representatives Lefor, Brandenburg, Richter

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide for a report; to provide a continuing appropriation; to provide an exemption; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

57-51-15. Gross production tax allocation. (Effective through June 30, ~~2027~~~~2037~~2029)

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 one hundred million dollars through June 30, 2027, or to more than fifty million dollars after June 30, 2027.

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

d. Any remaining revenues pursuant to subsection 3.

~~d.~~e. 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.

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

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

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

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

3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available

for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

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

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

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

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

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

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

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

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

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

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

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

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

(6) Two percent must be distributed among hub city school districts. The state 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~~2029) 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.
   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.

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

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

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

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

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

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

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

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

c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions

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

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

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

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

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

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

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

relative to the combined total of all the hub cities' impact percentage scores.

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

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

[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;

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

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

[5] The percentage change in population from five years prior for the hub city, based on the most recent actual or estimated census

data published by the United States census bureau, multiplied by one-tenth; and

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

(4) The state treasurer shall distribute, to the supplemental school district funding pool, the monthly amount needed from each county to provide for thirty percent of the total allocations under this paragraph. To each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in the most recently completed

even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount from the supplemental school district funding pool which will be added to the distributions to school districts under paragraph 2 of subdivision b, as follows:

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

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

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

(d) To each county that received more than twenty million dollars but not exceeding twenty-five million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate

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a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.

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

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

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

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

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

(4) Four percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds

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available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

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

(6) Two percent must be distributed among hub city school districts. The state 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.

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

Energy impact grant fund - State treasurer - Continuing appropriation - Report.

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

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

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

b. ~~Fifteen and sixty-six hundredths~~Nineteen and ninety-four hundredths percent of the amount under this subsection to Dickinson; and

c. ~~Ten and forty-six hundredths~~Nine and ninety-three hundredths percent of the amount under this subsection to Minot.

3. A hub city shall use the grant funding provided under this section for debt repayments related to debt incurred between July 1, 2012, and December 31, 2024, to address impacts from oil and gas development~~ or for other expenses incurred to address impacts from oil and gas development~~.

4. At least once per interim, each hub city shall provide a report to the budget section regarding the use of the funding received under this section and information on the hub city's outstanding debt, including maturity dates, interest rates, and annual repayment amounts.

SECTION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

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

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

1. The first ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
2. The next two hundred fifty million dollars into the social service fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;
7. The next ~~four hundred million~~~~three hundred twenty million~~three hundred ten million dollars into the strategic investment and improvements fund;

8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;
9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount necessary to provide for twice the amount of the distributions under subsection 2 of section 57-51.1-07.7, into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
10. The next one hundred seventy million two hundred fifty thousand dollars or the amount necessary to provide a total of two hundred thirty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
11. The next twenty million dollars into the airport infrastructure fund; and
12. Any additional revenues into the strategic investment and improvements fund.

SECTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.

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

SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective for oil and gas gross production tax allocations by the state treasurer occurring after August 31, 2025.

SECTION 6. EXPIRATION DATE. Section 2 of this Act is effective through June 30, 2029, and after that date is ineffective.

25.0911.04003
Title.

Prepared by the Legislative Council staff for Representative Headland
April 8, 2025

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

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide for a report; to provide a continuing appropriation; to provide an exemption; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

57-51-15. Gross production tax allocation. (Effective through June 30, ~~2027~~~~2037~~2029)

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 one hundred million dollars through June 30, 2027, or to more than fifty million dollars after June 30, 2027.

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

d. Any remaining revenues pursuant to subsection 3.

~~d.~~e. 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.

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

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

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

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

3. After the allocations under subsections 1 and 2, the amount remaining is allocated first to provide for deposit of thirty percent of all revenue collected under this chapter in the legacy fund as provided in section 26 of article X of the Constitution of North Dakota and the remainder must be allocated to the state general fund. If the amount available

for a monthly allocation under this subsection is insufficient to deposit thirty percent of all revenue collected under this chapter in the legacy fund, the state treasurer shall transfer the amount of the shortfall from the state general fund share of oil extraction tax collections and deposit that amount in the legacy fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

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

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

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

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

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

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

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

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

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

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

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

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

(6) Two percent must be distributed among hub city school districts. The state 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~~2029) 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.
   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.

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

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

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

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

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

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

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

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

c. Twenty percent must be distributed to the incorporated cities of the county. A hub city must be omitted from distributions under this subdivision. Distributions

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

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

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

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

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

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

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

relative to the combined total of all the hub cities' impact percentage scores.

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

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

[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;

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

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

[5] The percentage change in population from five years prior for the hub city, based on the most recent actual or estimated census

data published by the United States census bureau, multiplied by one-tenth; and

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

(4) The state treasurer shall distribute, to the supplemental school district funding pool, the monthly amount needed from each county to provide for thirty percent of the total allocations under this paragraph. To each county that received more than five million dollars but less than thirty million dollars of total allocations under subsection 2 in the most recently completed

even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount from the supplemental school district funding pool which will be added to the distributions to school districts under paragraph 2 of subdivision b, as follows:

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

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

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

(d) To each county that received more than twenty million dollars but not exceeding twenty-five million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate

a monthly amount that will provide a total allocation of seven hundred fifty thousand dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.

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

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

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

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

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

(4) Four percent must be allocated among the organized and unorganized townships of the county. The state treasurer shall allocate the funds

available under this subdivision among townships in proportion to each township's road miles relative to the total township road miles in the county. The amount allocated to unorganized townships under this subdivision must be distributed to the county treasurer and credited to a special fund for unorganized township roads, which the board of county commissioners shall use for the maintenance and improvement of roads in unorganized townships.

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

(6) Two percent must be distributed among hub city school districts. The state 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.

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

Energy impact grant fund - State treasurer - Continuing appropriation - Report.

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

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

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

   b. ~~Fifteen and sixty-six hundredths~~Nineteen and ninety-four hundredths percent of the amount under this subsection to Dickinson; and

c. ~~Ten and forty-six hundredths~~Nine and ninety-three hundredths percent of the amount under this subsection to Minot.

3. A hub city shall use the grant funding provided under this section for debt repayments related to debt incurred between July 1, 2012, and December 31, 2024, to address impacts from oil and gas development~~ or for other expenses incurred to address impacts from oil and gas development~~.

4. At least once per interim, each hub city shall provide a report to the budget section regarding the use of the funding received under this section and information on the hub city's outstanding debt, including maturity dates, interest rates, and annual repayment amounts.

SECTION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

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

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

1. The first ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
2. The next two hundred fifty million dollars into the social service fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next ~~two hundred thirty million~~two hundred fifty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;
7. The next ~~four hundred million~~~~three hundred twenty million~~three hundred ten million dollars into the strategic investment and improvements fund;

8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;
9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount necessary to provide for twice the amount of the distributions under subsection 2 of section 57-51.1-07.7, into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
10. The next one hundred seventy million two hundred fifty thousand dollars or the amount necessary to provide a total of two hundred thirty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
11. The next twenty million dollars into the airport infrastructure fund; and
12. Any additional revenues into the strategic investment and improvements fund.

SECTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.

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

SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective for oil and gas gross production tax allocations by the state treasurer occurring after August 31, 2025.

SECTION 6. EXPIRATION DATE. Section 2 of this Act is effective through June 30, 2029, and after that date is ineffective.

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 2323
4/9/2025

Relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide a continuing appropriation; to provide an exemption; to provide an effective date; and to provide an expiration date.

4:04 p.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman
Members Absent: Representative Ista

Discussion Topics:
- Public Employees Retirement (PERS)
- Energy Impact Grant Fund
- Subsections seven, eight

4:04 p.m. Representative D. Anderson moved to reconsider the bill.

4:04 p.m. Representative Porter seconded the motion.

4:04 p.m. Voice Vote - Motion Failed

4:04 p.m. Roll Call Vote - Reconsideration

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	N
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	N
Representative Jeremy Olson	N
Representative Todd Porter	Y
Representative Vicky Steiner	N
Representative Nathan Toman	Y
Representative Austin Foss	Y

Representative Zachary Ista	AB

4:05 p.m. Motion passed 9-4-1

4:07 p.m. Representative Dockter moved to amend by moving the Prairie Dog Fund Bucket under the PERS Bucket, would like to see the bill go to Conference Committee.

4:10 p.m. Representative Dockter withdrew motion to amend.

4:11 p.m. Representative J. Olson moved a Do Pass as Amended and re-refer to Appropriations.

4:12 p.m. Representative Dressler seconded the motion.

Representatives	**Vote**
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	N
Representative Jason Dockter	N
Representative Ty Dressler	Y
Representative Jim Grueneich	N
Representative Mike Motschenbacher	N
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	N
Representative Vicky Steiner	Y
Representative Nathan Toman	N
Representative Austin Foss	Y
Representative Zachary Ista	AB

4:13 p.m. Motion passed 7-6-1

4:14 p.m. Representative Steiner will carry the bill.

4:14 p.m. Chairman Headland adjourned the meeting.

Janae Pinks, Committee Clerk

REPORT OF STANDING COMMITTEE
ENGROSSED SB 2323

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS (25.0911.04003)** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (7 YEAS, 6 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). Engrossed SB 2323 was placed on the Sixth order on the calendar.

2025 HOUSE APPROPRIATIONS

SB 2323

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2323
4/14/2025

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide for a report; to provide a continuing appropriation; to provide an exemption; to provide an effective date; and to provide an expiration date.

9:35 a.m. Chairman Vigesaa opened the meeting.

Members present: Chairman Vigesaa, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Member absent: Vice Chairman Kempenich

Discussion Topics:
- Energy Impact Fund
- ND State Collective Revenue

9:35 a.m. Representative Headland introduced the bill.

Additional written testimony:

Senator Brad Bekkedahl submitted In Favor testimony #44965.

9:41 a.m. Chairman Vigesaa closed the meeting.

Krystal Eberle, Committee Clerk

#44965

Legislative Assembly

North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Senator Brad Bekkedahl
District 1
P.O. Box 2443
Williston, ND 58802-2443
bbekkedahl@ndlegis.gov

COMMITTEES:
Appropriations (Chair)

March 17, 2025

Senate Bill 2323 Testimony
House Finance and Taxation Committee
Hon. Representative Craig Headland, Chairman

Chairman Headland and Committee Members,

Thank you, Mr. Chairman. For the record, I am Senator Brad Bekkedahl, from District 1 in Williston. For complete transparency, I have also been the elected Finance Commissioner for Williston since 1996, which has given me a great deal of information related to the topic of hub cities and hub cities debt situations. This bill seeks to provide a $20 million annual appropriation to the Energy Impact Fund for distribution to hub cities specifically to reduce the debt burdens that remain from infrastructure improvements necessary to accommodate the oil industry growth that we as a state have benefitted from so greatly in the last 15 years. I have with me today representation from all three hub cities, Dickinson, Minot, and Williston. They will be presenting the financial information relative to this bill request. As a bit of history, when the Bakken boom first started in the Williston area in 2007, we tried to start planning for the population growth the experts said we would see. No one predicted then what we would ultimately see. At that time, until the 2013 Legislative session, Williston was capped in Gross Production Tax (GPT) distributions from the state at $1.5 million/year. With the passage of hub city legislation in 2013, the GPT for Williams County cities was redistributed from Williston to all the smaller towns in the county and Williston, Dickinson, and Minot were granted a separate pool of revenue based on a static amount of dollars distributed by a formula based on the percentage of oil employment and other statistics to reflect impacts. There was also a 9% pool of dollars from the GPT distributed to the oil producing counties split appropriately. The major shift in funding that also occurred in this hub city bill was changing the percentage of GPT to counties from 45% of formula distribution to 60%, based on the assumption that they would have the highest dollar amount of impacts due to road needs for the

industry to move and expand. Cities would get 20% and schools would get the rest. This is an oversimplification of the formula as it has had minor adjustments since 2013, but suffice to say, Counties were and are the largest recipients of GPT funding to local political subdivisions. What none of us fully realized at the time was that the three largest cities in the oil region would have to take on the most impacts of increased population and required infrastructure and operating costs to house the industry businesses and workforce. We should have listened to the debate in 1953 when the oil tax formula was first created. The discussion centered around whether counties and townships needed the majority of the tax distribution. To quote the last sentence in the report, "Hence a greater share of the tax should go to the local subdivisions during the early years of production." We didn't do this in 2013 and this is the reason we are here today. In the case of Williston, we had to build a new airport to accommodate the industry workforce flying in and out at a cost of $300 million, of which the city now carries a debt load of $110 million. We also were facing fines of $25,000/day from the EPA, forcing us to build a new mechanical wastewater treatment plant at a cost of $100 million. As you will see in testimony from all three cities, the Finance Directors all researched their current debt load and calculated the projects and even a percentage of the projects related to oil impacts. The premise for the evaluation of projects was that they could not put a project on the list that would not have occurred without the oil boom. It is not all the debt each city carries, only applicable debt necessary to accommodate the industry growth we have seen. And as you will see from further testimony, the GPT distributions are inadequate to fully pay off the debt, our increased operations and maintenance costs, and allow us to move forward with future infrastructure maintenance. The reason you see this request from the State to the Energy Impact Fund is the reluctance of the other political subdivisions to agree to a GPT formula re-distribution because of their continuing funding needs. The impact to the State with this funding is a reduction in revenue to the bottom bucket of the oil stream flow chart, which is the state Strategic Improvement Investment Fund (SIIF) of $40 million/biennium. To accommodate any impacts to the existing Operation Prairie Dog funding buckets in the stream, you will see in this bill a reduction in the SIIF bucket allocation of $80 million, from existing $400 million to $320 million. Long story short Mr. Chairman, we are seeking relief to these lingering debt impacts which with the amount of money distributed statewide from oil revenues to areas with no direct impacts, should be justified. Thank you for your time and consideration today. I respectfully request a Do Pass recommendation on SB 2323 and will stand for questions before others step up to offer further testimony. Please help us thrive, not just survive.

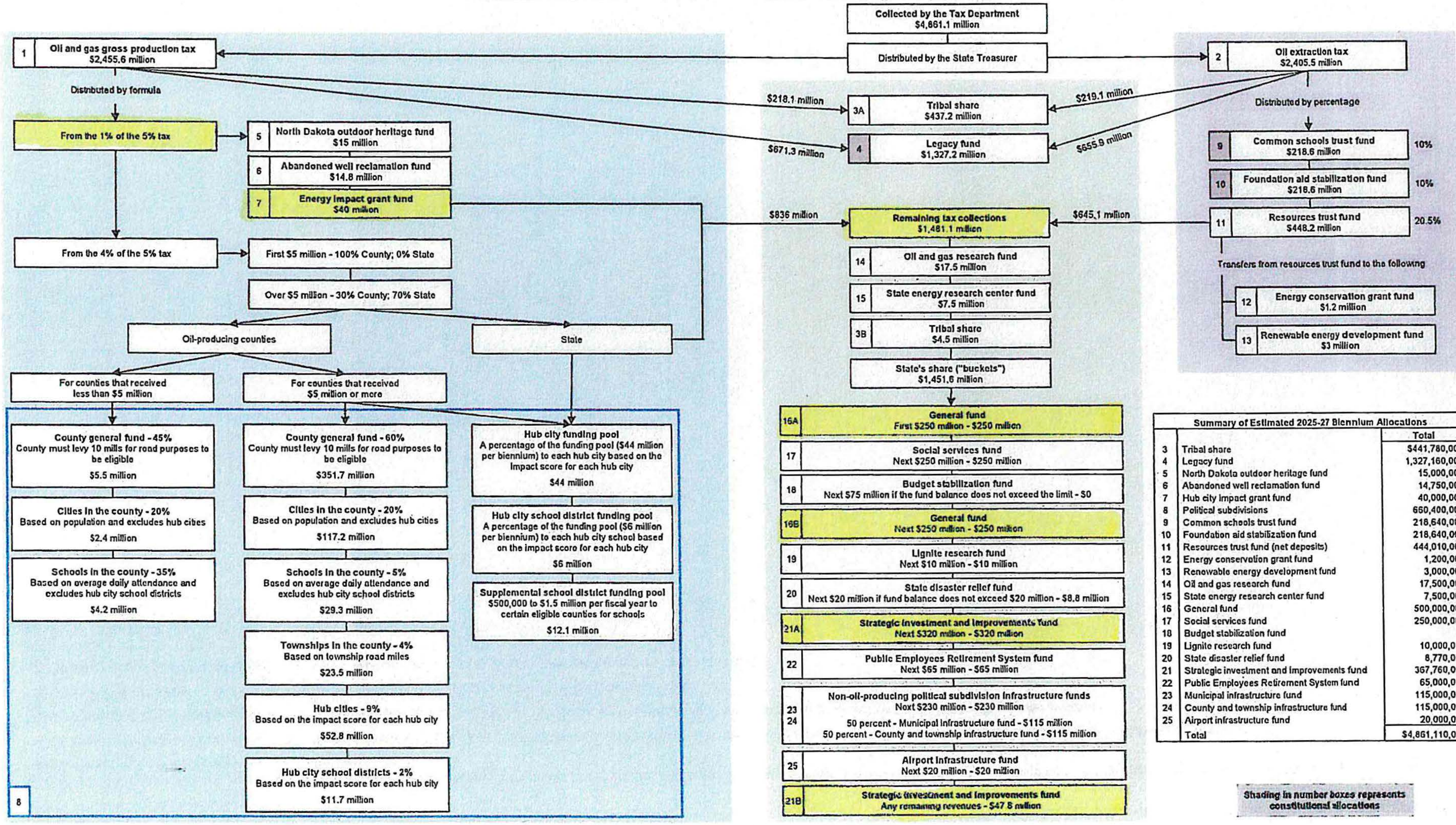
25.9417.02000

Prepared for Senator Bekkedahl

OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART - NEW HUB CITY ALLOCATION SCENARIO

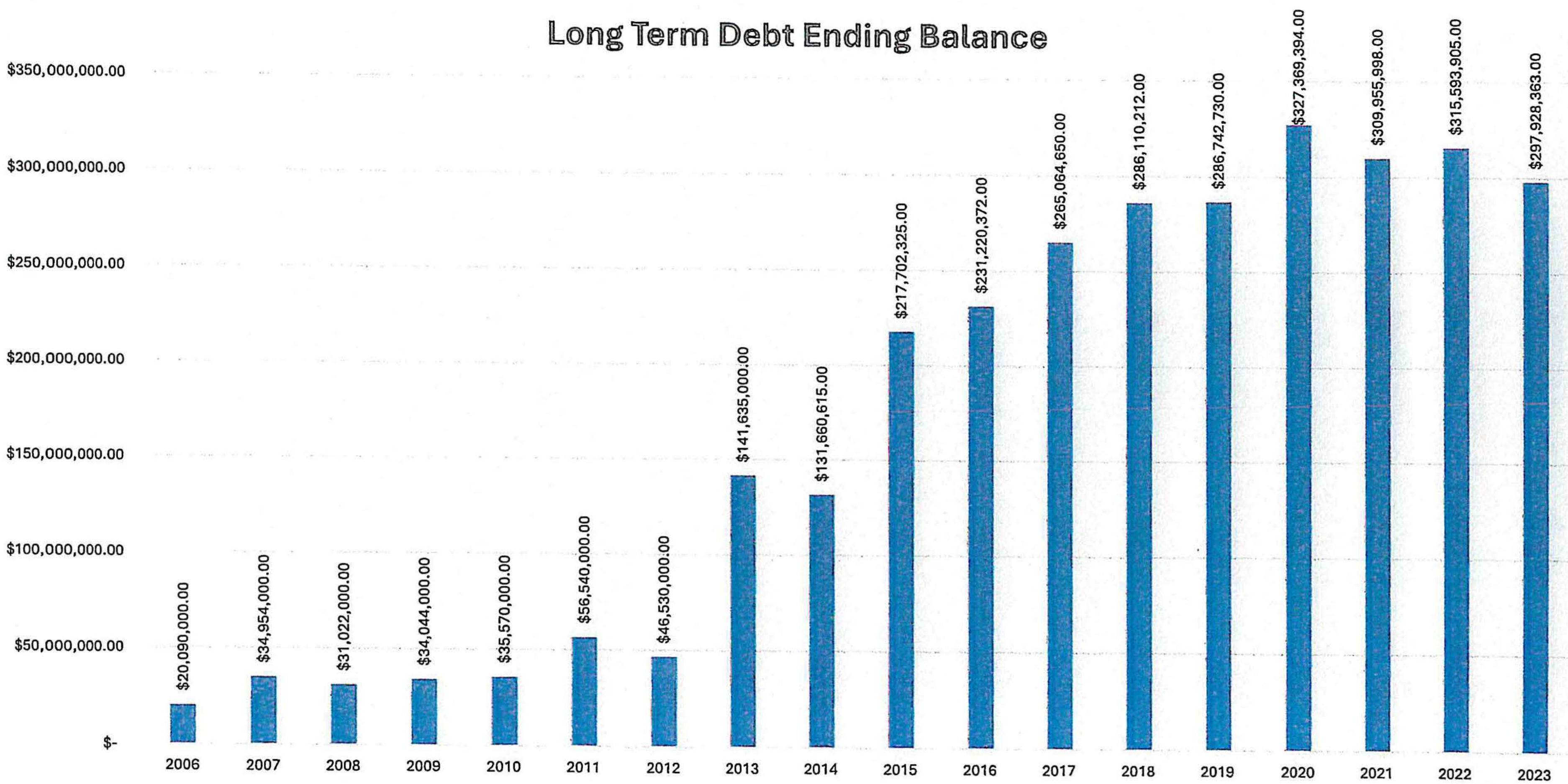
This memorandum provides information on the estimated allocation of oil and gas tax collections for a new hub city allocation based on a 2025-27 biennium scenario, which reflects oil prices decreasing from $62 per barrel (1st year) to $60 per barrel (2nd year) during the biennium and oil production decreasing from 1.15 to 1.1 million barrels per day during the biennium, the same as the Armstrong executive budget. The assumptions for the scenario are included on the second page.

ESTIMATED 2025-27 BIENNIUM ALLOCATIONS - ALTERNATE SCENARIO



Summary of Estimated 2025-27 Biennium Allocations		
		Total
3	Tribal share	$441,780,000
4	Legacy fund	1,327,160,000
5	North Dakota outdoor heritage fund	15,000,000
6	Abandoned well reclamation fund	14,750,000
7	Hub city impact grant fund	40,000,000
8	Political subdivisions	660,400,000
9	Common schools trust fund	218,640,000
10	Foundation aid stabilization fund	218,640,000
11	Resources trust fund (net deposits)	444,010,000
12	Energy conservation grant fund	1,200,000
13	Renewable energy development fund	3,000,000
14	Oil and gas research fund	17,500,000
15	State energy research center fund	7,500,000
16	General fund	500,000,000
17	Social services fund	250,000,000
18	Budget stabilization fund	0
19	Lignite research fund	10,000,000
20	State disaster relief fund	8,770,000
21	Strategic investment and improvements fund	367,760,000
22	Public Employees Retirement System fund	65,000,000
23	Municipal infrastructure fund	115,000,000
24	County and township infrastructure fund	115,000,000
25	Airport infrastructure fund	20,000,000
	Total	$4,861,110,000

NOTE: The amounts reflected in these schedules are estimates for August 2025 through July 2027 for illustration purposes only. The actual amounts allocated for the 2025-27 biennium may differ significantly from these amounts based on actual oil price and oil production.



**Ending Balance (excludes compensated absences, capital/ finance leases, net pension & OPEB liabilities, cost-shared debt with WAWSA, landfill closure)*

CITY OF WILLISTON

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2323
4/23/2025

A BILL for an Act to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund; to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations; to provide for a report; to provide a continuing appropriation; to provide an exemption; to provide an effective date; and to provide an expiration date.

8:22 a.m. Chairman Vigesaa called the meeting to order.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Wagner

Member absent: Representative Swiontek

Discussion Topics:

- Committee Action

8:24 a.m. Representative Richter introduced amendment LC #25.0911.04007, #45141, #45142.

8:31 a.m. Representative Richter moved to adopt amendment LC #25.0911.04007.

8:31 a.m. Representative Kempenich seconded the motion.

8:34 a.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y

Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	AB
Representative Scott Wagner	Y

8:34 a.m. Motion passed 22-0-1.

8:35 a.m. Representative Richter moved Do Pass as Amended.

8:35 a.m. Representative Kempenich seconded the motion.

8:36 a.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	AB
Representative Scott Wagner	Y

8:36 a.m. Motion passed 22-0-1.

8:36 a.m. Representative Richter will carry the bill.

8:36 a.m. Chairman Vigesaa closed the meeting.

Krystal Eberle, Committee Clerk

25.0911.04007
Title.06000

Prepared by the Legislative Council staff for Representative Richter
April 21, 2025

CO
4/23/25
1 of 19

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:

A BILL for an Act ~~to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund;~~ to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations~~; to provide a continuing appropriation~~; to provide for a legislative management report; to provide an exemption; and to provide an effective date~~; and to provide an expiration date~~.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

57-51-15. Gross production tax allocation - Report. ~~**(Effective through June 30, 20272037)**~~

~~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~~

2 of 19

~~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 one hundred million dollars through June 30, 2027, or to more than fifty million dollars after June 30, 2027.~~

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

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

~~d.e. 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.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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~~(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.~~

~~(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.~~

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

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

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

~~(c) To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.~~

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

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

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

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

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

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

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

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

~~(6) Two percent must be distributed among hub city school districts. The state 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~~one hundred 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.

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

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

(4) Monthly amounts to the hub city debt relief funding pool to provide seven million three hundred fifty thousand dollars per fiscal year for the allocations under paragraph 2 of subdivision a of subsection 5.

(5) Any remaining revenue collections to the state for the state's allocations pursuant to subsection 3.

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

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

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

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

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

treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.

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

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

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city funding pool to provide a combined total of twenty-two million dollars per fiscal year to all the hub cities, which includes the fifteen million four hundred thousand dollars under paragraph 1 of subdivision b of

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

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

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

[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;

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

[4] The percentage of oil production in the human service region in which the hub city is located relative to the total oil production in all the human service regions with hub cities, based on the most recently available calendar year data compiled by the industrial

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commission in a report on the historical barrels of oil produced by county, multiplied by one-tenth;

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

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

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

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

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

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

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

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

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

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

[1] Seventy and thirteen hundredths percent to Williston;

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

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

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

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

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

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

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

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

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

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

(6) Two percent must be distributed among hub city school districts. The state 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT OF STANDING COMMITTEE
ENGROSSED AND AMENDED SB 2323

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS (25.0911.04007)** and when so amended, recommends **DO PASS** (22 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). Engrossed SB 2323, as amended, was placed on the Sixth order on the calendar.

25.0911.04007
Title.

Sixty-ninth
Legislative Assembly
of North Dakota

Prepared by the Legislative Council
staff for Representative Richter
April 21, 2025

**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:

A BILL for an Act ~~to create and enact a new section to chapter 57-51 of the North Dakota Century Code, relating to an energy impact grant fund;~~ to amend and reenact sections 57-51-15 and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas gross production tax allocations and the state share of oil and gas tax allocations~~; to provide a continuing appropriation~~; to provide for a legislative management report; to provide an exemption; and to provide an effective date~~; and to provide an expiration date~~.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

57-51-15. Gross production tax allocation - Report. ~~**(Effective through June 30, 20272037)**~~

~~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 one hundred million dollars through June 30, 2027, or to more than fifty million dollars after June 30, 2027.~~

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

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

~~d.e. 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.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.~~

~~(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.~~

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

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

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

~~(c) To each county that received more than fifteen million dollars but not exceeding twenty million dollars of total allocations under subsection 2 in the most recently completed even-numbered fiscal year before the start of the biennium, the state treasurer shall allocate a monthly amount that will provide a total allocation of one million dollars per fiscal year. The allocation must be distributed to school districts within the county pursuant to paragraph 2 of subdivision b.~~

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

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

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

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

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

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

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

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

~~(6) Two percent must be distributed among hub city school districts. The state 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, 20272037)**~~ 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.

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

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

(4) Monthly amounts to the hub city debt relief funding pool to provide seven million three hundred fifty thousand dollars per fiscal year for the allocations under paragraph 2 of subdivision a of subsection 5.

(5) Any remaining revenue collections to the state for the state's allocations pursuant to subsection 3.

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

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

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

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

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

treasurer by the county superintendent of schools. However, a hub city school district must be omitted from distributions under this subdivision.

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

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

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city funding pool to provide a combined total of twenty-two million dollars per fiscal year to all the hub cities, which includes the fifteen million four hundred thousand dollars under paragraph 1 of subdivision b of

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

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

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

[2] The average of the percentage of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in each county for all the counties in the human service region in which the hub city is located, based on the most recent annual data for all ownership types compiled by job service North Dakota in the quarterly census of employment and wages, multiplied by fifteen hundredths;

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

[4] The percentage of oil production in the human service region in which the hub city is located relative to the total oil production in all the human service regions with hub cities, based on the most recently available calendar year data compiled by the industrial

commission in a report on the historical barrels of oil produced by county, multiplied by one-tenth;

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

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

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

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

(a) The state treasurer shall allocate monthly amounts from the hub city school district funding pool to provide a combined total of three million dollars per fiscal year to all the hub city school districts, which includes the two million one hundred thousand dollars under paragraph 2 of subdivision b of subsection 2 and the nine hundred thousand dollars under this paragraph. The monthly allocation to each hub city school districts must be proportional to each hub city school district's impact percentage score, including fractional percentage points rounded to the nearest tenth of a percent, relative to the combined total of all the hub cities' impact percentage scores.

(b) For the purpose of determining the impact percentage score for each hub city school district, the state treasurer shall use the same impact percentage score as the corresponding score calculated for each hub city in paragraph 2.

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

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

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

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

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

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

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

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

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

[1] Seventy and thirteen hundredths percent to Williston;

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

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

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

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

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

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

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

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

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

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

(6) Two percent must be distributed among hub city school districts. The state 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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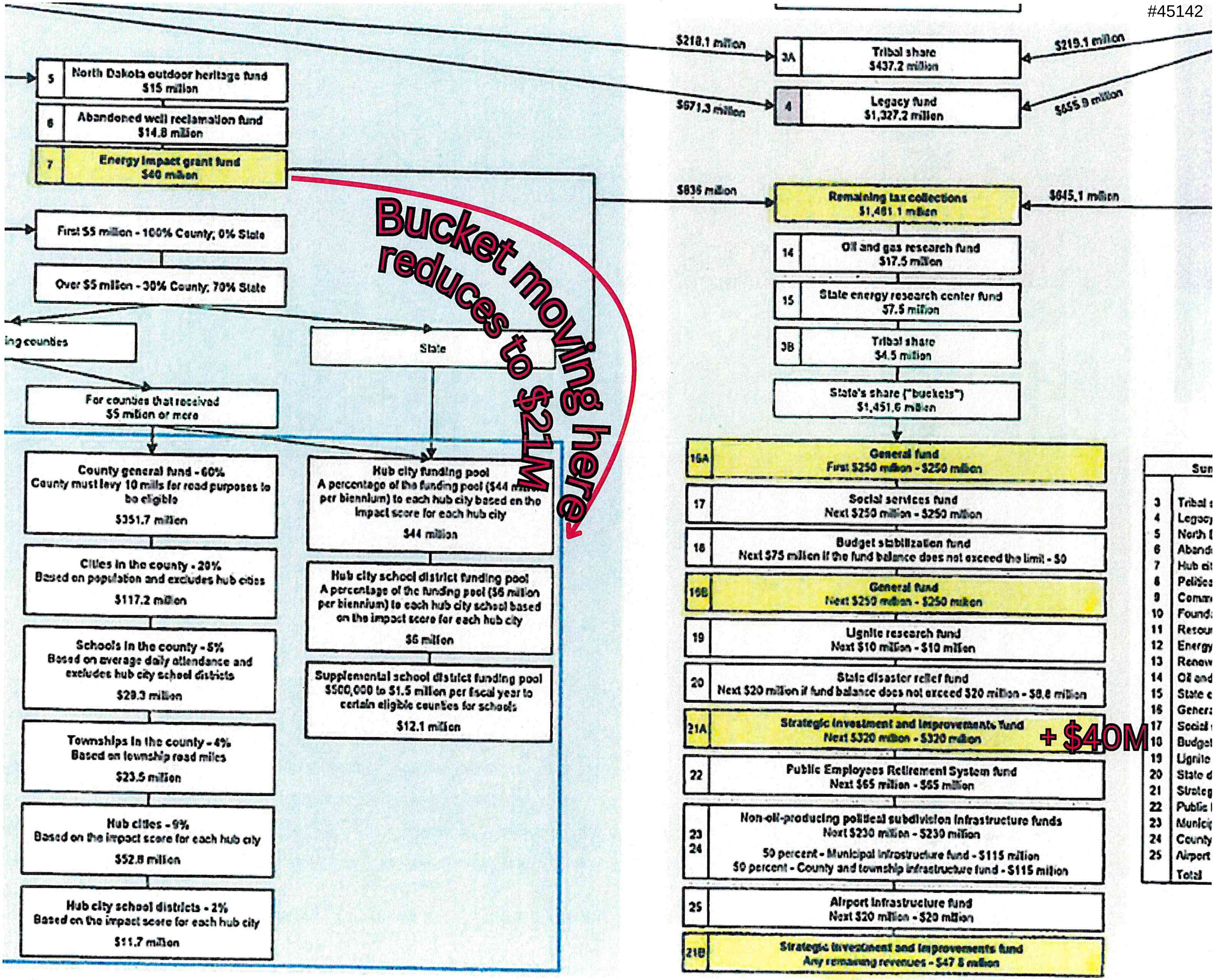
$218.1 million
3A Tribal share $437.2 million
$219.1 million
5 North Dakota outdoor heritage fund $15 million
6 Abandoned well reclamation fund $14.8 million
7 Energy impact grant fund $40 million
$671.3 million
4 Legacy fund $1,327.2 million
$655.9 million
$836 million
Remaining tax collections $1,481.1 million
$645.1 million
First $5 million - 100% County; 0% State
Over $5 million - 30% County; 70% State
ing counties
State
14 Oil and gas research fund $17.5 million
15 State energy research center fund $7.5 million
3B Tribal share $4.5 million
State's share ("buckets") $1,451.6 million
For counties that received $5 million or more
County general fund - 60% County must levy 10 mills for road purposes to be eligible $351.7 million
Hub city funding pool A percentage of the funding pool ($44 million per biennium) to each hub city based on the impact score for each hub city $44 million
Bucket moving here reduces to $21M
16A General fund First $250 million - $250 million
17 Social services fund Next $250 million - $250 million
18 Budget stabilization fund Next $75 million if the fund balance does not exceed the limit - $0
Cities in the county - 20% Based on population and excludes hub cities $117.2 million
Hub city school district funding pool A percentage of the funding pool ($6 million per biennium) to each hub city school based on the impact score for each hub city $6 million
16B General fund Next $250 million - $250 million
19 Lignite research fund Next $10 million - $10 million
Schools in the county - 5% Based on average daily attendance and excludes hub city school districts $29.3 million
Supplemental school district funding pool $500,000 to $1.5 million per fiscal year to certain eligible counties for schools $12.1 million
20 State disaster relief fund Next $20 million if fund balance does not exceed $20 million - $8.8 million
21A Strategic investment and improvements fund Next $320 million - $320 million
+ $40M
Townships in the county - 4% Based on township road miles $23.5 million
22 Public Employees Retirement System fund Next $65 million - $65 million
Hub cities - 9% Based on the impact score for each hub city $52.8 million
23 24 Non-oil-producing political subdivision infrastructure funds Next $230 million - $230 million
50 percent - Municipal infrastructure fund - $115 million
50 percent - County and township infrastructure fund - $115 million
Hub city school districts - 2% Based on the impact score for each hub city $11.7 million
25 Airport infrastructure fund Next $20 million - $20 million
21B Strategic investment and improvements fund Any remaining revenues - $47.8 million
Sum
3 Tribal
4 Legacy
5 North
6 Aband
7 Hub ci
8 Politic
9 Comm
10 Found
11 Resou
12 Energy
13 Renew
14 Oil and
15 State
16 Gener
17 Social
18 Budget
19 Lignite
20 State d
21 Strateg
22 Public
23 Munici
24 County
25 Airport
Total