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.

Senate Finance and Taxation Committee SB 2323 January 28, 2025 Page 2

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



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

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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

		Date of				% of Debt	Estimated Oil-	Annual Oil-
	Issuance	Final	Interest		Due Within	Related to	Related Debt	Related Debt
Issuance	Date	Payment	Rates	Ending Balance	One Year	Oil Growth	Outstanding	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



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 &	North Dakota Department of Water Resources - General
MITIGATION STUDY	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	North Dakota Department of Water Resources - Municipal
REPLACEMENT	Water Supply
10TH AVE E - MUSEUM DR TO 21ST ST (24211 & 24212)	North Dakota Department of Water Resources - Municipal
- URBAN RECON	Water Supply
5TH ST SE – 3RD AVE W to 6TH AVE E (PCN 24213) -	North Dakota Department of Water Resources - Municipal
MILL AND OVERLAY_NEW CONSTRUCTION	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



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**.



WESTERN DAKOTA ENERGY ASSOCIATION

January 27, 2025

EXECUTIVE COMMITTEE

Supt. Leslie Bieber President Alexander PSD

Lyn James Vice President City of Bowman

Vawnita Best City of Watford City

Steve Holen McKenzie Co. PSD

Supt. Tim Holte Stanley PSD

Shannon Holter Burke County

Nick Klemisch Garrison PSD Coal Conversion Counties

Howard Klug City of Williston

Craig Pelton
Dunn County

John Phillips Coal Conversion Counties

Trudy Ruland Mountrail County 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 1661 Capitol Way, Bismarck ND 58501 www.ndenergy.org • 701-527-1832



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 fixedwing 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.

Howard Klug

President, Board of City Commissioners



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 highyield 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 SB2323 TESTIMONY

GROSS PRODUCTION TAX REVENUES INSUFFICIENT

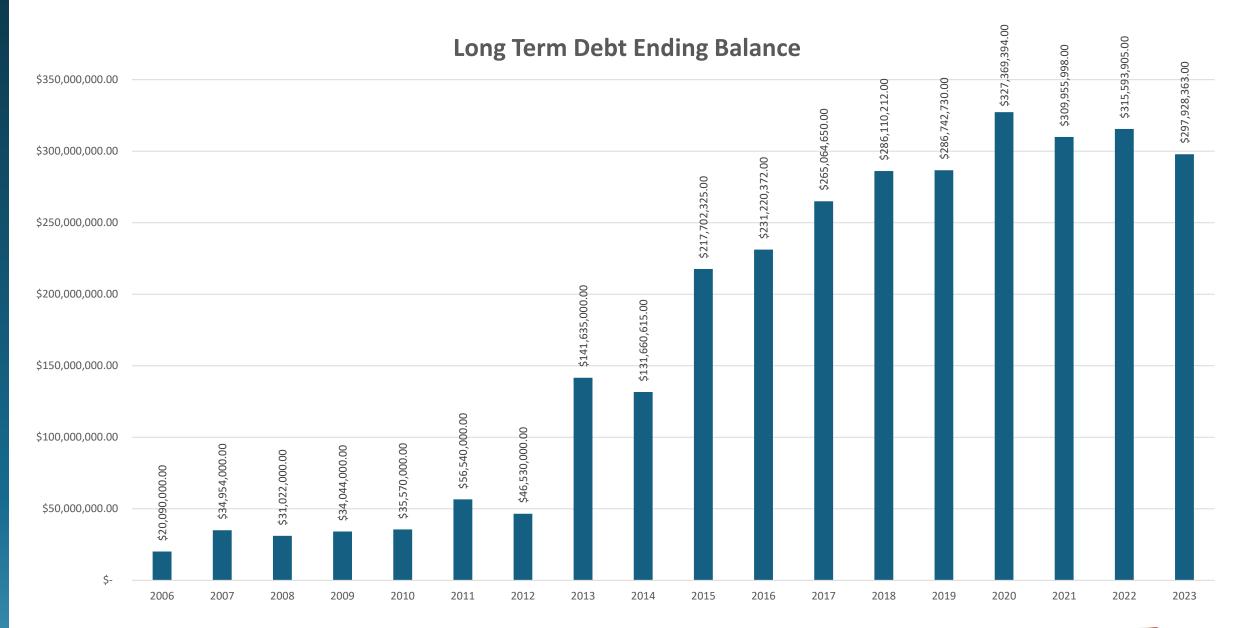
Despite the continued efforts to maintain the oil and gas economic growth demands, the City has fully maximized all its resources and options while the Gross Production tax is close to its debt service coverage capacity. Any additional debt leveraged against GPT must have approval from the USDA per bond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





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

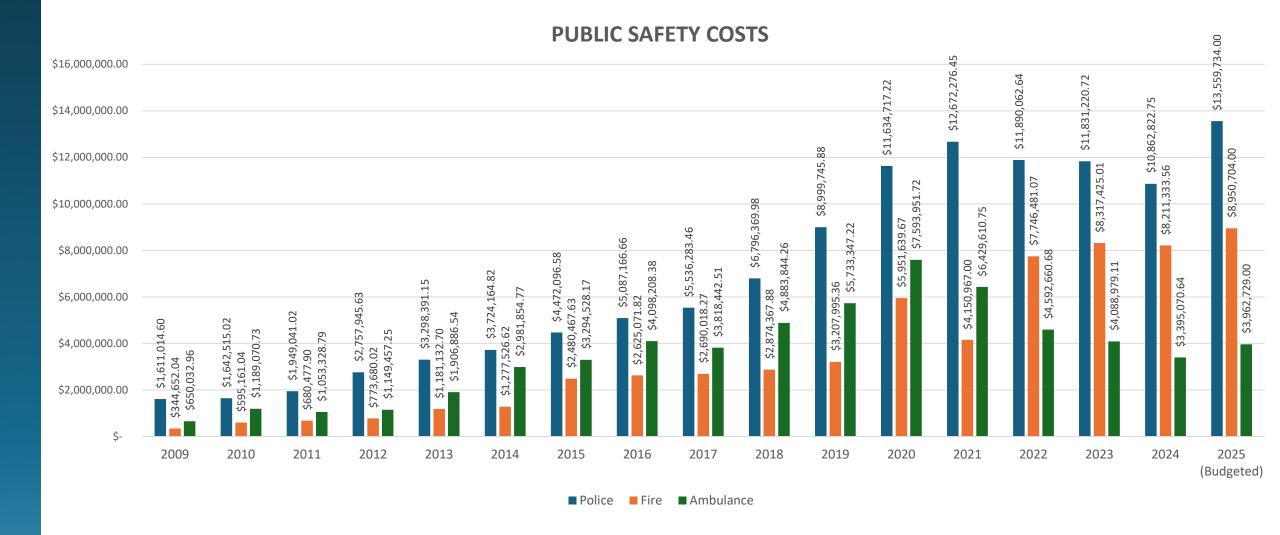


LONG-TERM DEBT TO FINANCE NEEDS SPURRED BY OIL INDUSTRY GROWTH

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
 - o Series 2020A USDA XWA, \$95,000,000
 - Series 2020B USDA XWA, \$19,000,000
 - o Series 2018A Airport City Sales Tax Revenue Bond, \$1,500,000
 - o 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





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



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.



CREDIT RATING OVER THE YEARS

Total Direct General Obligation Debt,

								Direct Concret	Discret Consolel	Overdonning Consess	Overdonning Special		neral Obligation Debt,		
	D-1 4 D-1							Direct General	Direct Special	Overlapping General	Overlapping Special		essment Debt, and		-
Year	Dated Date	Rating	Issue	Par Amount	Population		Market Value	Obligation Debt	Assessment Debt	Obligation Debt	Assessment Debt	Overtapping Ge	neral Obligation Debt:	Debt	Per capita
2006				A											
	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	-	Ş	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	Ś	649
	9/11/2013	A (S&P)	Sales Tax Revenue Bonds of 2013B	\$6,000,000	18,532	ŝ	1,111,699,386	50,000	11,593,000	_	392,226		12,035,226	Ś	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	Ś	649
	10/15/2013	N/A	Certificates of Indebtedness Series 2013B	\$8,345,000	18,532	š	1,111,699,386	50,000	11,593,000	_	392,226		12,035,226	š	649
2014	10/10/2010	No.	Oct till cates of ill debtedness delies 20156	φα,0-ισ,σσσ	10,002	Ψ.	1,111,035,000	50,000	11,030,000		332,220		12,000,220	*	043
2014	4/1/2014	BBB+ (S&P)	Refunding Improvement Bonds of 2014	\$4,490,000	20,850	ŝ	1,858,195,614	25,000	16,083,000		344,143		16,452,143	Ś	789
	12/15/2014	A (S&P)	Refunding Improvement Bonds of 2014B	\$15,075,000	20,850	š	1,858,195,614	937,000	30,050,000	_	397,476		31,384,476	ŝ	1,505
2045	12/13/2014	A (Sar)	neturiding improvement bolids of 20146	\$13,073,000	20,000	٠	1,000,130,014	537,000	30,030,000		357,470		31,304,470	*	1,000
2015			County Wide Public Safety Sales Tax Revenue Bonds												
	7/00/0045	4.4000		*n 4 con non	00.000		0.040.004.005		00 500 000		200 005		20.042.205	Ś	054
	7/22/2015	A+ (S&P)	Series 2015A	\$24,530,000	30,000	\$	2,810,321,035	-	28,520,000	_	392,226		28,912,226	ş	964
	7 inn innar	4 - (000)	County Wide Public Safety Sales Tax Revenue Bonds	* 00 000 000	00.000	\$	0.040.004.005		00 500 000		200 005		20 042 205	Ś	054
	7/22/2015	A+ (S&P)	Series 2015B	\$20,000,000	30,000	-	2,810,321,035	-	28,520,000	44 500 000	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															
			Pooled Tax Increment Financing Revenue Bonds Series												
	3/16/2017	N/A	2017A	\$10,280,000	25,932	\$	3,510,860,977	495,000	55,890,000	36,520,000	-		92,905,000		3,583
			Pooled Tax Increment Financing Revenue Bonds Series												
	3/16/2017	N/A	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
			County Wide Public Sales Tax Revenue Bonds Series												
	12/21/2018	BBB+ (S&P)	2018A	\$11,100,000	27,455	\$	2,864,199,944	175,000	52,990,000	36,900,080	-		90,065,080		3,280
			County Wide Public Sales Tax Revenue Bonds Series												
	12/21/2018	BBB+ (S&P)	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		(3)		,,,		*	,,		,,						
	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
		in form !	and the second s	+=1= / 0,000	27,023	*			33,000,000	anjur ujum			Day respect		-,

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



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

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	Υ
Senator Dean Rummel	Υ
Senator Richard Marcellais	Υ
Senator Dale Patten	Υ
Senator Michelle Powers	Υ
Senator Chuck Walen	Υ

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)

Module ID: s_stcomrep_15_004

Carrier: Rummel

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



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.



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



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

		Date of				% of Debt	Estimated Oil-	Annual Oil-
	Issuance	Final	Interest		Due Within	Related to	Related Debt	Related Debt
Issuance	Date	Payment	Rates	Ending Balance	One Year	Oil Growth	Outstanding	Service
Series 2015E Airport Revenue Bonds			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
								

Bekkedahl, Brad

n: Mathiak, Adam

.**it:** 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			SAP 11 10 SAP 11									
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 Allocations	\$4,861,110,000	\$4,861,110,000	\$0									
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									
LEnergy impact grant fund	0	40,000,000	40,000,000									
litical subdivisions	660,400,000	660,400,000	0									
mmon 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 State share ("buckets")¹	7,500,000 1,491,530,000	7,500,000 1,451,530,000	(40,000,000)
Total oil tax allocations ¹The state share ("buckets") allocations include the following:	\$4,861,110,000	\$4,861,110,000	\$0
	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	ol
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	ol
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.

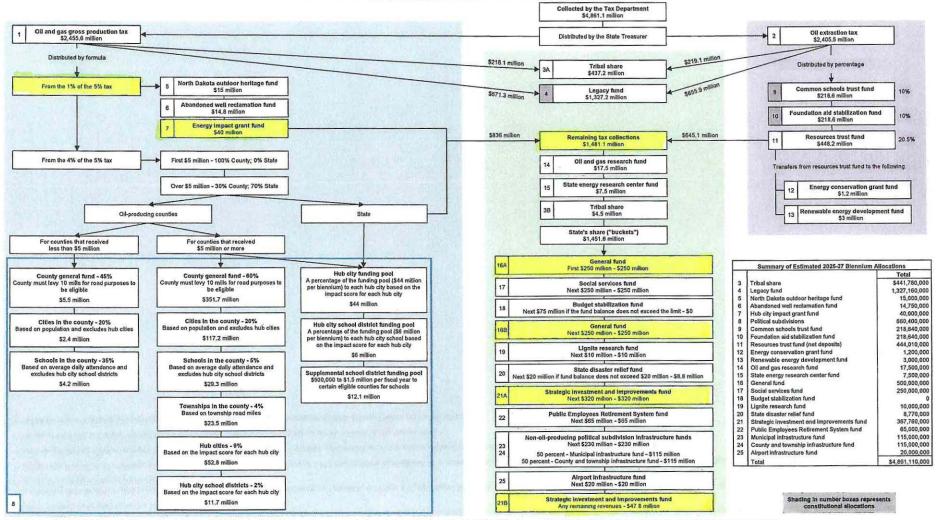
Legislative Council

Adam Mathiak Senior Fiscal Analyst www.ndlegis.gov 701-328-2936 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 (2nd 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



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.

25.9417.02000

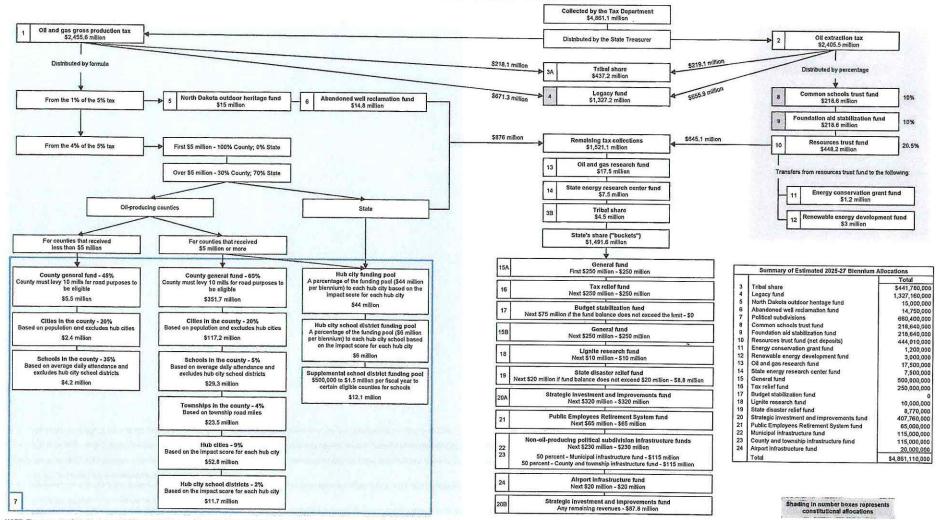
The allocations reflect the following:

- 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.

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



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,

25.9417.01000

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: Subject: Bekkedahl, Brad 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,



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

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Bekkedahl, Brad

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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
kinson³	\$55,145,961	24,916	\$2,213.28	12.47%
Minot⁴	\$134,188,566	47,689	\$2,813.83	15.85%
Williston⁵	\$342,706,724	26,931	\$12,725.36	71.68%

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

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), \$28,672,000 for Williston (71.68 percent).

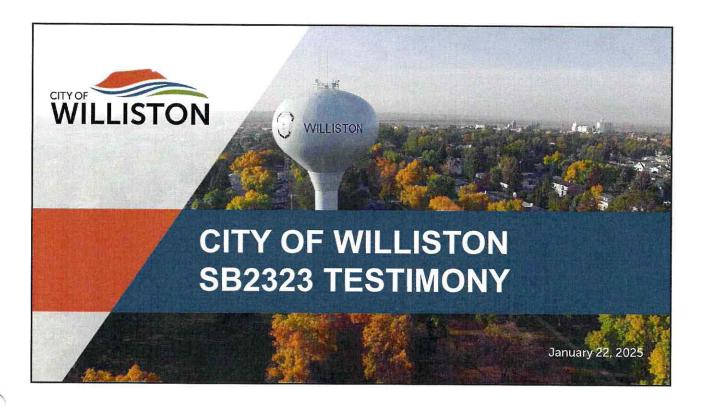
Please let us know if you have any questions. Thanks.

²The 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.

³Based on the <u>December 31, 2022, audited financial statements</u> for <u>Dickinson</u>, 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.

⁴Based on the <u>December 31, 2022, audited financial statements</u> 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 <u>December 31, 2023, audited financial statements</u> for Minot are posted online, but were not used to keep the comparisons consistent.

⁵Based 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.



GROSS PRODUCTION TAX REVENUES INSUFFICIENT

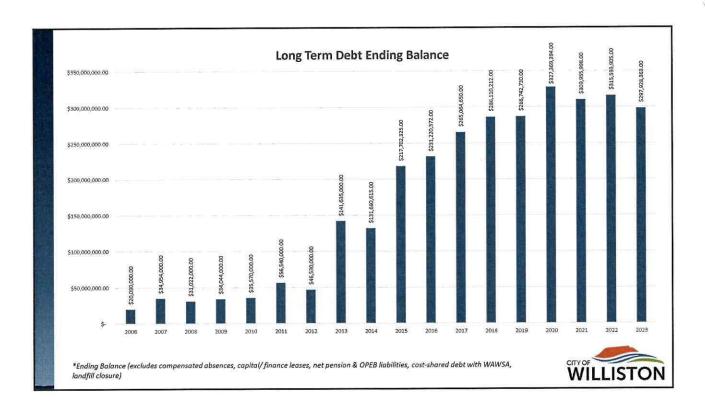
Despite the continued efforts to maintain the oil and gas economic growth demands, the City has fully maximized all its resources and options while the Gross Production tax is close to its debt service coverage capacity. Any additional debt leveraged against GPT must have approval from the USDA per bond 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	8 (8)	2019	劎	2020	100	2021	1012	022	N)	2023	200	2024	2	25 Budgated
Revenues	\$2	9,298,219.89	\$	22,935,747.65	\$	29,979,341.37	\$ 35,9	84,364.98	\$31	866,956.78	\$3	1,962,800.05		30,020,000.00
Expenses, Obligations, Transfers Out	\$	8,473,502.86	\$	7,681,791.59	\$	12,591,644.43	\$ 13,5	97,756.76	\$15	958,785,39	\$1	5,600,334.92		15,795,368,48
2014 State Revolving Fund SRF (Sewer P&I)	5	7,162,050.27	5	6,620,575.05	5	6,626,000.00	\$ 6,6	27,125.00	\$ 6	625,500.00		5,626,125.00	S	6,623,875.00
2014 State Revolving Fund SRF (Minimum Reserve)	\$	800,700.00	\$	17 199	s		5		5 1	000,000.00	\$	1,238,840.25	S	1,000,000.00
2019 GPT Revenue Bond (USDA XWA ARFF LOAN \$2.9M) - Fund 342	\$	460,308.59	Ś	152,180.00	\$	152,180.00	\$ 1,1	52,180.00	5	152,180.00	5	152,180.00	S	152,180.00
2020A USDA Direct Loan \$95M 2022 Annual P&I - Fund 343	S	50,444.00	Ś	7,200.00	5	3,876,625.96	\$ 3,8	76,500.00	5 3.	876,500.00	S	8,876,000,00	Ś	3,451,500.00
Reserve - Debt Service (Yearly until \$4,028,000; 2029)	\$	Section Sections	Ś	402,800.00	S	402,499.62	5 4	02,800.00	5	402.800.00	\$	402,800,00	S	402,800.00
Reserve - Increase Short-Lived Asset (Yearly until \$3,000,000; 2029)	\$	3.63	\$	300,000.00	S	299,776.28	5 3	00,000,00	5	300,000.00	S	300.000.00	s	300,000,00
20208 USDA Guaranteed Loan \$19M 2022 P&I - Fund 345	\$	0.60	\$	93,898.54	\$	1,179,002.95	5 1.1	33,513.76	S 1	131.804.84	S	.130.039.64	Ś	1.051.380.48
Reserve - Debt Service (Yearly until \$1,051,380; 2029)	\$	1045	\$	105,138.00	\$	105,059.62	S 1	05.138.00	\$	105,138.00	\$	105.138.00	5	105,138.00
USDA Annual Renewal Fee (Collier's Escrow - 0.5% of 90% Loan Balance)	s		S		5	500.00	5	500.00	5	500.00	S		Ś	80.000.00
2022 COP PW Complex - Fund 349	5		s		s		s		5 2	364.362.55	5	,769,212.03	5	2,628,495.00
Gross Surplus (Deficit)	\$ 2	0,824,717.03	s	15,253,956.06	51	7,387,696.94	\$ 22,3	96,608.22		908,171.39		362,465.13	5	14,224,631,5
Transfers Out to Supplement General Fund 100 Shortfall and Maintain 15% Reserve	S		s	3,000,000.00	5	1,100,000.00		00,000,00		500,000.00	10000	.0000.000.00		32,406,942.10
Transfers Out to Fund 100 ARPA	S	200	5		5	2,295,186.36	\$ 2.2	95, 186.33			S		5	SEATON AND AND AND AND AND AND AND AND AND AN
Transfers Out to Close Capital Improvement Project Funds	s		Ś	18,734,163.56	\$	1,496,781.63		11,777.68		220.000.00	Ś		9	2
Transfers Out to Fund 221 for Shortfalls and Minimum Guarantee	5	(8)	5	200	5	1.041.505.32	5 1.9	21.825.90	5	100	5	53	è	-
Transfers Out to Supplement Cemetery Fund 208 Deficit	s		5		5	100,000.00			5		S	= = ;	Š	- m 3
Transfers Out to Supplement Ambulance Fund 209 Deficit	5	1.7	5		5	2-47	5 1.0	00,000,00	S		5		Š	
Transfers Out to Supplement Water Fund 501 Deficit	\$		Ś	- 2	5	200	- ac-	US FEDERAL STREET	Ś		5		S	1,000,000.00
Transfers Out to Supplement Water Fund 502 Deficit	S	(4)	\$		\$		\$ 20	00,000,00	5		Š	2 1	¢	
Net Surplus (Deficit)	\$2	0.824,717.03	Ś	(6,480,207,50)	S	8.645,776.37)	\$117.7	42,181,691	5 1	811.828.611	5	,362,465.13	51	19,182,310.58



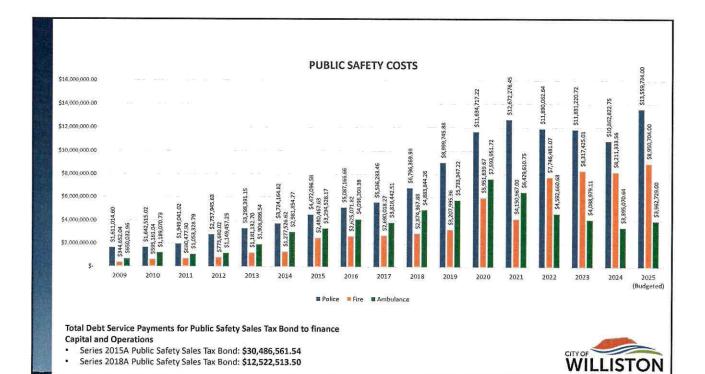


LONG-TERM DEBT TO FINANCE NEEDS SPURRED BY OIL INDUSTRY GROWTH

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:
 - o Series USDA Airport Fire Rescue, \$2,982,741
 - o Series 2020A USDA XWA, \$95,000,000
 - o Series 2020B USDA XWA, \$19,000,000
 - o Series 2018A Airport City Sales Tax Revenue Bond, \$1,500,000
 - o Series 2018A Public Safety Sales Tax, \$11,100,000
 - o 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





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.



N-ar	Dated Date	Rating	lipine	Par Amount	Population		Market Value	Pirect 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 cupit
2006	WHITE COLD	(100)	145.00									31		
	\$275/2006 \$275/2006	All (Moody II) All (Moody II)	Refunding improvement Bunda of 2006 Saturding improvement Bunda of 2008, Series B	\$440,000	17,912 17,912		353,393,056 353,393,056	\$80,000 \$80,000	2,3/th,000 3,340,000	9,350,090	€	\$ 17,175,390 \$ 17,775,390	\$	1,02
2007	12/1/7007	Ad (Moody s)	Pullanding insprovement Stands of 2007	61,000,000	13,000	\$	200,343,042	170,000	3,990,000	7,8800,479		\$ 21,649,470	•	91
2009	20/1/2003	A3 (Moody's)	Helunding suprosvment transfe of 2009	\$2,589,000	15,500	\$	505,374,364 505,374,364	\$40,000 \$40,000	5,679,000 5,679,000	5,785,871 3,765,871	3172100 237,200	10,037,071	5	64
2010	10/1/2009	A3 (Moodys)	Sales Tax revenue from the of 2009	\$2,500,000	15,500		106,374,294	129.000	6.366.000	1.100.113	396,000	6,070,115	•	45
	10/1/2010	A (SAP)	Sales Fax Revenue Bonda of 2010 Refunding Insprovement Bonda of 2019	\$1,000,000	15,500	ï	500,374,964	120,000	7,255,000	1,500,113	2695,000	\$ 8,679,112	4	9.7
2011	12/19/2010	N-(56H)	Refunding Improvement florids of 20108	\$740,500	10,500	*	800,774,754	120,000	7,996,000	1,100,113	399,,000	\$ 5,610,113	*	60
1700	7/14/2011	AUSAP)	Syles Tax Revenue Bonds of 2011A. Sales Tax Reserve Bonds of 2011B	\$2,000,000 \$50,000,000	15,500	8	505,374,384	100,000	7,449,000	1,076,987	360,000 360,000	8,551,307 8,565,707		55
****	B/7/7011	N/A	Tourisie Gert Vinates of IndetSediress Series 2015	\$12,000,000	15,500	:	505,374,284	100,000	7,449,000	1,076,007	360,000	8,565,887		50
2012	12/15/2017	100-(0AF)	Refunding Improvement florids of 2012	\$5,795,000	15,000	3	700,775,717	75,000	12,557,000		325,000	12,967,506	\$	80
2013	9/11/2013	A(SAP)	Sales Tax Revenue Bonds of 2013A	\$41,440,000	18,632	1	1,111,509,356	50,000	11,593,000	gr.	302,226 365,226	12,035,726 12,035,726		6
	B/11/3013 10/15/2013	A COAPS	Sales Figs Revenue Bonds of 70158 Certificates of indicate these Series 2013A	\$41,100,000	18,632	:	1,151,690,056 1,111,698,006	50,000	11,590,000	200	307,226	12,030,276	4	64
2014	18/19/2015	N/A	Certificative of Indetriedness Series 70316	\$1,345,500	18,532		1,111,699,386	50,050	11,193,000		297,276	12,000,796	*	54
	4/1/7014 12/15/7014	ALSAPY	Retunding improvement thanks of 7054 Retunding Improvement Bands of 70148	\$4,490,000	20,850	:	1,858,195,614 1,858,195,614	25,000 937,000	26,083,060 20,080,060	560	344,143 397,476	36,467,545 33,364,476	\$	1,50
2018		3 	County Wide Public Safety Balesi Yas Revenue Ronds										15	
	7020R()	A+ (200)	Series 7010A County Wide Public Sofety Sales Tax Hovenue Burets	\$74,500,000	30,000	*	7,518,371,658	•0	28.329,006		397,236	28,917,226	3	- 5
	722/2015 11/16/2015	A+(SAI)	Series 20188 Seriesping improvement Bonds of 2015	\$28,000,000	30,000 20,000		2,810,371,035	540,000	28,530,000	11,569,000	392,236	38,912,336 56,336,560	8	1,63
2018	2/0/2016	Armen	Refunding improvement bonds of 7016	\$20,100,000	20,366		3.149,077,006	641,000	56,740,000	31,010,750		160,755,766	-	5,40
2017	TAINLUID.	Line 1	Pooled Tax Increment I mancing Navarus Bends Series	armanini d	*********	7.								
	3/26/2017	NVA.	2017A Pooled Tax Increment Financing Neverue Bonds Series	\$50,200,000	25,502	\$	3,510,850,977	495,000	55,890,500	36,529,000		92,905,090		7,50
	3/30/2017	N/A	29170 Texable	\$0,750,000	75,952	*	3,510,060,077	495,000	35,890,000	000,000,00		92,905,560 91,075,000		0,50
2018	12/27/2017	A(CAP)	Refunding Improvement flowing of 2017	\$7,369,000	79,932	*	3,510,860,977	340,000	55,005,000	35,596,000				528
	12/21/2018	V. (pm)	Airport flevenue Bonds Series 2013. County Wide Public Seles Tax Flevense Bench Series	\$27,405,660	27,456	\$	2,964,299,944	175,000	5/7,590,000	36,500,010		90,065,000 90,065,000		3,31
	12/07/0010	HIR-1876	2038A. County Wide Public Sales Tax Remense Bonds Serles	\$11,500,000	27,455		2,864,159,944	175,000	52,990,000	56,300,000		90,000,000		320
2019	12070008	888 - (\$AP)	20104-1	\$937,000	27,455		7,064,590,944	175,000	\$2,000,000	36,500,000		90,000,000		3.11
2021	2/1/2019	A- (5M*)	Refunding tage (wement blands of 7019)	\$1,345,000	29,933	\$	2,854,596,944	175,000	52,990,000	36,566,050				1000
2022	2/16/2071	A+ (SAP)	Refunding Improvement Bonds of 2021A	\$6,880,000	29,000	\$	2,554,190,944		48,165,000	30,979,306		79,144,366		2.7
2000	13/7/2022	ALSAN	Faxable Certificated of Participation Series 2002	\$30,000,000	29,150		7,054,199,944		41,500,000	25,746,715		67,365,713		2,30
2023	1872/2025	ATTEMPS	Earlying Improvement Bonds of 2023	\$1,279,860	27,019		2204.190.944		59.650.500	22,075,383		10,714,353		2,3

FIGURE 1: REFUNDING OF DEBT FOR CASH SAVINGS

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

Year		xpenditures	-	deral Revenue		-		- 6	
1501		xpenditures	15	derai Kevenus		Ste	ite Revenue	- 3	Local Share
2014	. \$	580,000.48	\$	192		\$	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	S	11,265,872.88
2017	S	28,268,347.88	\$	8,867,101.06		\$1	0,270,361.88	\$	9,130,884.94
2018	\$	63,980,233.13	\$	24,972,876.43		\$2	0,891,088.80	5	18,116,267.90
2019	\$1	41,794,363.84	\$	55,965,904.18		\$1	5,308,584.59	5	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		S	18,293.13	\$	(2,093,113.55)
2022	S	51,302.76	\$	1,544,836.42	S-	S	*	\$	(1,493,533.66)
2023	\$	(12,739.43)	\$	391,450.89		\$	9	\$	(404,190.32)
2024	\$		S			\$	*	S	X 4 3
	\$	(12,739.43)	s	391,450.89 - 123.464.181.27		\$	53,321,003,47		-20

CITY OF MINOT

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

		Date of Final					% of Debt	F	Estimated Oil- Related Debt		Annual Oil- Related Debt
Issuance	Issuance Date	Payment	Interest Rates	Ending Balance	D	ue Within One Year	Growth		Outstanding		Service Service
Series 2015E Airport Revenue Bonds	11/24/2015	10/1/2035		\$ 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		\$ 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		\$ 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%	\$ CONTRACTOR STANDARD STANDARD	\$	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	\$ 1 .	\$		\$	
Series 2021A Refunidng Improvement Bonds	9/29/2021	10/1/2031	4.00-5.00%	\$ 2,650,000.00	\$	325,000.00	\$	\$	AT 55 W- 1819	\$	
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
								737		8	

CITY OF WILLISTON

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

							% of Debt	ES	timated Oil-	A	nnual Oil-
	D	ate of Final					Related to Oil	Re	lated Debt	Re	lated Debt
Issuance	Issuance Date	Payment	Interest Rates	Ending Balance	D	ue Within One Year	Growth	0	utstanding		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%		Contract of the Contract of th
2021A Refunding (* 2006,2007,2009,2010,2010B, & 2012)	2/16/2021	5/1/2040	2.2612%	\$ 4,025,000.00	\$ 750,525.00	0%	The state of the s	The state of the state of
2023 Refunding	10/2/2023	5/1/2043	3.75%-4.70%	\$ 1,225,000.00	\$ 76,848.00	0%		D. B. C. C. C.
2017A TIF Revenue Bond	3/16/2017	6/1/2035	5.5873%	\$ 10,280,000.00	\$ 570,137.50	0%	The state of the s	1
2017B TIF Revenue Bond	3/16/2017	6/1/2028	4.9951%	\$ 3,305,000.00	\$ 986,610.00	0%	THE REAL PROPERTY.	
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

		Date of Final				Related to Oil	Related Debt	Rela	ated Debt
Issuance	Issuance Date	Payment	Interest Rates	Ending Balance	Due Within One Year	Growth	Outstanding	S	ervice
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%		and the same	
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%			- 14 m
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

% of Debt

Estimated Oil- Annual Oil-

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	Υ
Senator Cole Conley	Υ
Senator Scott Meyer	Υ
Senator Donald Schaible	Υ
Senator Paul J. Thomas	Υ

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	Υ
Senator Cole Conley	Υ
Senator Scott Meyer	Υ
Senator Donald Schaible	Υ
Senator Paul J. Thomas	Υ

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

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

7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- 8 SECTION 1. AMENDMENT. Section 57-51-15 of the North Dakota Century Code is
- 9 amended and reenacted as follows:
- 10 57-51-15. Gross production tax allocation. (Effective through June 30, 20272037)
- 11 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

 13 at the well of the oil and one fifth of the tax on gas must be deposited with the state

 14 transurer. The state transurer shall allege to the first in the firs
- 14 treasurer. The state treasurer shall allocate the funding in the following order:
- 15 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
- 17 fiscal year.
- 48 b. Four percent of the amount available under this subsection to the abandoned oil
 49 and gas well plugging and site reclamation fund, but not in an amount exceeding

1		seven million five hundred thousand dollars per fiscal year and not in an amount					
2			that would bring the balance in the fund to more than one hundred million dollars.				
3		C.	Any remaining revenues pursuant to subsection 3.				
4		d.	For p	ourposes of this subsection, "fiscal year" means the period beginning			
5			Sept	tember first and ending August thirty first of the following calendar year.			
6	2.	The	tax re	evenue collected under this chapter equal to four percent of the gross value			
7		at th	ie wel	Il of the oil and four-fifths of the tax on gas must be deposited with the state			
8		trea	surer.	The state treasurer shall allocate the funding in the following order:			
9		a.	The	first five million dollars of collections received from a county each fiscal year-			
10			is all	located to the county.			
11		b.	The-	remaining revenue collections received from a county each fiscal year are			
12			alloc	cated thirty percent to the county and seventy percent as follows:			
13			(1)	Monthly amounts to the hub city funding pool to provide fifteen million four-			
14				hundred thousand dollars per fiscal year for the allocations under-			
15				paragraph 2 of subdivision a of subsection 5.			
16			(2)	Monthly amounts to the hub city school district funding pool to provide two			
17				million one hundred thousand dollars per fiscal year for the allocations-			
18				under paragraph 3 of subdivision a of subsection 5.			
19			(3)	Monthly amounts to the supplemental school district funding pool to provide			
20				seventy percent of the total amount needed for the allocations under-			
21				paragraph 4 of subdivision a of subsection 5.			
22			(4)	Any remaining revenue collections to the state for the state's allocations			
23				pursuant to subsection 3.			
24		C.	For	purposes of this subsection, "fiscal year" means the period beginning-			
25			Sep	tember first and ending August thirty-first of the following calendar year.			
26	3.	Afte	er the	allocations under subsections 1 and 2, the amount remaining is allocated first-			
27		to provide for deposit of thirty percent of all revenue collected under this chapter in the					
28		lega	acy fu	and as provided in section 26 of article X of the Constitution of North Dakota			
29		ane	l the r	remainder must be allocated to the state general fund. If the amount available			
30		for	a mor	nthly allocation under this subsection is insufficient to deposit thirty percent of			
31		all ı	eveni	ue collected under this chapter in the legacy fund, the state treasurer shall			

1			transfer the amount of the shortfall from the state general fund share of oil extraction			
2			tax collections and deposit that amount in the legacy fund.			
3	4.		For	For a county that received less than five million dollars of allocations under		
4			sub	section 2 in the most recently completed even numbered fiscal year before the		
5		*	star	t of the biennium, revenues allocated to that county must be distributed by the		
6			stat	e treasurer as follows:		
7			a.	Forty-five percent must be distributed to the county treasurer and credited to the		
8				county general fund.		
9			b.	Thirty-five percent must be distributed proportionally to school districts within the		
10				county on the average daily attendance distribution basis for kindergarten		
11				through grade twelve students residing within the county, as certified to the state-		
12				treasurer by the county superintendent of schools. However, a hub city school		
13				district must be omitted from distributions under this subdivision.		
14			C.	Twenty percent must be distributed to the incorporated cities of the county. A hub-		
15				city must be omitted from distributions under this subdivision. Distributions		
16				among cities under this subsection must be proportional based upon the		
17				population of each incorporated city according to the last official decennial federal		
18				census. In determining the population of any city in which total employment		
19				increases by more than two hundred percent seasonally due to tourism, the		
20				population of that city for purposes of this subdivision must be increased by eight-		
21				hundred percent.		
22		•	d.	For purposes of this subsection, "fiscal year" means the period beginning-		
23				September first and ending August thirty-first of the following calendar year.		
24	5.	ł	or :	a county that received five million dollars or more of allocations under subsection 2		
25		i	n th	e most recently completed even numbered fiscal year before the start of the		
26		ł	oien	nium, revenues allocated to that county must be distributed by the state treasurer		
27		ŧ	as fo	ollows:		
28		ŧ	3.	A portion of the revenues from each county must be distributed to a hub city		
29				funding pool, a hub city school district funding pool, and a supplemental school		
30				district funding pool as follows:		

1	(1)	The	amou	nt distributed from each county to the funding pools under this
2		subd	ivisio	n must be proportional to each county's monthly oil and gas gross
3		prod	uction	tax revenue collections relative to the combined total monthly oil
4		and	gas g i	oss production tax revenue collections from all the counties that
5		rece	ive all	ocations under this subsection.
6	(2)	The	state	treasurer shall distribute, to the hub city funding pool, the monthly
7		amo	unt ne	eded from each county to provide six million six hundred
8		thou	sand-	dollars per fiscal year for the allocations under this paragraph.
9		(a)	The	state treasurer shall allocate monthly amounts from the hub city
10			fund	ing pool to provide a combined total of twenty-two million dollars
11			per	fiscal year to all the hub cities, which includes the fifteen million
12			four	hundred thousand dollars under paragraph 1 of subdivision b of
13			subs	section 2 and the six million six hundred thousand dollars under
14			this	paragraph. The monthly allocation to each hub city must be
15			prop	portional to each hub city's impact percentage score, including
16			frac	tional percentage points rounded to the nearest tenth of a percent,
17			rela	tive to the combined total of all the hub cities' impact percentage
18			scor	es.
19		(b)	The	state treasurer shall calculate the impact percentage score for
20			eac	hub city by summing the following:
21			[1]	The percentage of mining, quarrying, and oil and gas extraction
22				employment relative to the total employment of all industries in
23				the county in which the hub city is located, based on the most-
24				recent annual data for all ownership types compiled by job-
25				service North Dakota in the quarterly census of employment and
26				wages, multiplied by forty five hundredths;
27			[2]	The average of the percentage of mining, quarrying, and oil and
28				gas extraction employment relative to the total employment of all
29				industries in each county for all the counties in the human
30				service region in which the hub city is located, based on the mos
31				recent annual data for all ownership types compiled by job-

1				service North Dakota in the quarterly census of employment and
2				wages, multiplied by fifteen hundredths;
3			[3]	The percentage of establishments engaged in mining, quarrying,
4				and oil and gas extraction relative to the total establishments of
5				all industries in the county in which the hub city is located, based-
6				on the most recent annual data for all ownership types complied
7				by job service North Dakota in the quarterly census of
8				employment and wages, multiplied by one-tenth;
9			[4]	The percentage of oil production in the human service region in-
10				which the hub city is located relative to the total oil production in
11				all the human service regions with hub cities, based on the most-
12				recently available calendar year data compiled by the industrial
13				commission in a report on the historical barrels of oil produced by
14				county, multiplied by one-tenth;
15			[5]	The percentage change in population from five years prior for the
16				hub city, based on the most recent actual or estimated census-
17				data published by the United States census bureau, multiplied by
18				one-tenth; and
19			[6]	The percentage change in population from five years prior for the
20				county in which the hub city is located, based on the most recent-
21				actual or estimated census data published by the United States
22				census bureau, multiplied by one-tenth.
23		(c)	For	purposes of this paragraph, "human service region" means the
24			area	as designated by the governor's executive order 1978-12 dated
25			Octo	ober 5, 1978.
26	(3)	The	state	treasurer shall distribute, to the hub city school district funding
27		poo	, the r	monthly amount needed from each county to provide nine hundred
28		thou	sand	dollars per fiscal year for the allocations under this paragraph.
29		(a)	The	state treasurer shall allocate monthly amounts from the hub city
30			scho	pol district funding pool to provide a combined total of three million
31			dolla	ars per fiscal year to all the hub city school districts, which

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

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

1	(1)	Sixty percent must be distributed to the county treasurer and credited to the
2		county general fund.
3	(2)	Five percent must be distributed proportionally to school districts within the
4		county on the average daily attendance distribution basis for kindergarten-
5		through grade twelve students residing within the county, as certified to the
6		state treasurer by the county superintendent of schools. However, a hub city
7		school district must be omitted from distributions under this subdivision.
8	(3)	Twenty percent must be distributed to the incorporated cities of the county. A
9		hub city must be omitted from distributions under this subdivision.
10		Distributions among cities under this subsection must be proportional based
11		upon the population of each incorporated city according to the last official
12		decennial federal census. In determining the population of any city in which
13		total employment increases by more than two hundred percent seasonally
14		due to tourism, the population of that city for purposes of this subdivision-
15		must be increased by eight hundred percent.
16	(4)	Four percent must be allocated among the organized and unorganized
17		townships of the county. The state treasurer shall allocate the funds-
18		available under this subdivision among townships in proportion to each
19		township's road miles relative to the total township road miles in the county.
20		The amount allocated to unorganized townships under this subdivision must
21		be distributed to the county treasurer and credited to a special fund for-
22		unorganized township roads, which the board of county commissioners shall-
23		use for the maintenance and improvement of roads in unorganized
24		townships.
25	(5)	Nine percent must be distributed among hub cities. The state treasurer shall
26		distribute the funds available under this subdivision in proportion to the
27		amounts the hub cities receive under paragraph 2 of subdivision a.
28	(6)	Two percent must be distributed among hub city school districts. The state-
29		treasurer shall distribute the funds available under this subdivision in
30		proportion to the amounts the hub city school districts receive under-
31		paragraph 3 of subdivision a.

1			(7)	For purposes of this subsection, "fiscal year" means the period beginning
2				September first and ending August thirty-first of the following calendar year.
3	Gro	ss pi	roduc	ction tax allocation. (Effective after June 30, 2027) The gross production
4	tax must	t be a	alloca	ted monthly as follows:
5	1.	The	tax r	revenue collected under this chapter equal to one percent of the gross value
6		at th	ne we	ell of the oil and one-fifth of the tax on gas must be deposited with the state
7		trea	surer	r. The state treasurer shall allocate the funding in the following order:
8		a.	Eigl	nt percent of the amount available under this subsection to the North Dakota
9			out	door heritage fund, but not in an amount exceeding twenty million dollars per
10			fisc	al year.
11		b.	Fou	r percent of the amount available under this subsection to the abandoned oil
12			and	gas well plugging and site reclamation fund, but not in an amount exceeding
13			sev	en million five hundred thousand dollars per fiscal year and not in an amount
14			that	would bring the balance in the fund to more than one hundred million dollars
15			thro	ough June 30, 2027, or to more than fifty million dollars after June 30, 2027.
16		C.	<u>Up</u>	to twenty million dollars per fiscal year to the energy impact grant fund under
17			sec	tion 2 of this Act.
18		<u>d.</u>	Any	remaining revenues pursuant to subsection 3.
19	•	d.<u>e.</u>	For	purposes of this subsection, "fiscal year" means the period beginning
20			Sep	tember first and ending August thirty-first of the following calendar year.
21	2.	The	tax ı	revenue collected under this chapter equal to four percent of the gross value
22		at t	ne we	ell of the oil and four-fifths of the tax on gas must be deposited with the state
23		trea	sure	r. The state treasurer shall allocate the funding in the following order:
24		a.	The	e first five million dollars of collections received from a county each fiscal year
25			is a	llocated to the county.
26		b.	The	e remaining revenue collections received from a county each fiscal year are
27			allo	cated thirty percent to the county and seventy percent as follows:
28			(1)	Monthly amounts to the hub city funding pool to provide fifteen million four
29				hundred thousand dollars per fiscal year for the allocations under
30				paragraph 2 of subdivision a of subsection 5.

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2 million one hundred thousand dollars per fiscal year for the allocations 3 under paragraph 3 of subdivision a of subsection 5. 4 Monthly amounts to the supplemental school district funding pool to provide 5 seventy percent of the total amount needed for the allocations under 6 paragraph 4 of subdivision a of subsection 5. 7 (4) Any remaining revenue collections to the state for the state's allocations 8 pursuant to subsection 3. 9 For purposes of this subsection, "fiscal year" means the period beginning 10 September first and ending August thirty-first of the following calendar year. 11 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first 12 to provide for deposit of thirty percent of all revenue collected under this chapter in the 13 legacy fund as provided in section 26 of article X of the Constitution of North Dakota 14 and the remainder must be allocated to the state general fund. If the amount available 15 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 16 all revenue collected under this chapter in the legacy fund, the state treasurer shall 17 transfer the amount of the shortfall from the state general fund share of oil extraction 18 tax collections and deposit that amount in the legacy fund. 19 4. For a county that received less than five million dollars of allocations under 20 subsection 2 in the most recently completed even-numbered fiscal year before the 21 start of the biennium, revenues allocated to that county must be distributed by the 22 state treasurer as follows: 23 Forty-five percent must be distributed to the county treasurer and credited to the 24 county general fund. 25 b. Thirty-five percent must be distributed proportionally to school districts within the 26 county on the average daily attendance distribution basis for kindergarten 27 through grade twelve students residing within the county, as certified to the state 28 treasurer by the county superintendent of schools. However, a hub city school 29 district must be omitted from distributions under this subdivision. 30 Twenty percent must be distributed to the incorporated cities of the county. A hub 31 city must be omitted from distributions under this subdivision. Distributions

Monthly amounts to the hub city school district funding pool to provide two

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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,

1		relat	tive to the combined total of all the hub cities' impact percentage
2		scor	res.
3	(b)	The	state treasurer shall calculate the impact percentage score for
4		each	h hub city by summing the following:
5		[1]	The percentage of mining, quarrying, and oil and gas extraction
6			employment relative to the total employment of all industries in
7			the county in which the hub city is located, based on the most
8			recent annual data for all ownership types compiled by job
9			service North Dakota in the quarterly census of employment and
10			wages, multiplied by forty-five hundredths;
11		[2]	The average of the percentage of mining, quarrying, and oil and
12			gas extraction employment relative to the total employment of all
13			industries in each county for all the counties in the human
14			service region in which the hub city is located, based on the most
15			recent annual data for all ownership types compiled by job
16			service North Dakota in the quarterly census of employment and
17			wages, multiplied by fifteen hundredths;
18		[3]	The percentage of establishments engaged in mining, quarrying,
19			and oil and gas extraction relative to the total establishments of
20			all industries in the county in which the hub city is located, based
21			on the most recent annual data for all ownership types complied
22			by job service North Dakota in the quarterly census of
23			employment and wages, multiplied by one-tenth;
24		[4]	The percentage of oil production in the human service region in
25			which the hub city is located relative to the total oil production in
26			all the human service regions with hub cities, based on the most
27			recently available calendar year data compiled by the industrial
28			commission in a report on the historical barrels of oil produced by
29			county, multiplied by one-tenth;
30		[5]	The percentage change in population from five years prior for the
31			hub city, based on the most recent actual or estimated census

1				data published by the United States census bureau, multiplied by
2				one-tenth; and
3			[6]	The percentage change in population from five years prior for the
4				county in which the hub city is located, based on the most recent
5				actual or estimated census data published by the United States
6				census bureau, multiplied by one-tenth.
7		(c)	For	purposes of this paragraph, "human service region" means the
8			area	as designated by the governor's executive order 1978-12 dated
9			Oct	ober 5, 1978.
10	(3)	The	state	treasurer shall distribute, to the hub city school district funding
11		pool	, the	monthly amount needed from each county to provide nine hundred
12		thou	sand	dollars per fiscal year for the allocations under this paragraph.
13		(a)	The	state treasurer shall allocate monthly amounts from the hub city
14			sch	ool district funding pool to provide a combined total of three million
15			doll	ars per fiscal year to all the hub city school districts, which
16			incl	udes the two million one hundred thousand dollars under
17			para	agraph 2 of subdivision b of subsection 2 and the nine hundred
18			thou	usand dollars under this paragraph. The monthly allocation to each
19			hub	city school districts must be proportional to each hub city school
20			dist	rict's impact percentage score, including fractional percentage
21			poir	nts rounded to the nearest tenth of a percent, relative to the
22			con	nbined total of all the hub cities' impact percentage scores.
23		(b)	For	the purpose of determining the impact percentage score for each
24			hub	city school district, the state treasurer shall use the same impact
25			per	centage score as the corresponding score calculated for each hub
26			city	in paragraph 2.
27	(4)	The	state	treasurer shall distribute, to the supplemental school district
28		fund	ling p	ool, the monthly amount needed from each county to provide for
29		thirty	y perc	cent of the total allocations under this paragraph. To each county
30		that	recei	ved more than five million dollars but less than thirty million dollars
31		of to	tal all	ocations under subsection 2 in the most recently completed

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2 3 4 districts under paragraph 2 of subdivision b, as follows: 5 6 7 8 9 10 11 12 subdivision b. 13 (b) To each county that received more than ten million dollars but not 14 15 16 17 18 19 20 subdivision b. 21 (c) 22 23 24 25 26 27 28 (d) 29 30 31

- 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
- 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
- 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.
- 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

1				a monthly amount that will provide a total allocation of seven hundred
2				fifty thousand dollars per fiscal year. The allocation must be distributed
3				to school districts within the county pursuant to paragraph 2 of
4				subdivision b.
5			(e)	To each county that received more than twenty-five million dollars but
6				not exceeding thirty million dollars of total allocations under
7				subsection 2 in the most recently completed even-numbered fiscal
8				year before the start of the biennium, the state treasurer shall allocate
9				a monthly amount that will provide a total allocation of five hundred
10				thousand dollars per fiscal year. The allocation must be distributed to
11				school districts within the county pursuant to paragraph 2 of
12				subdivision b.
13	b.	Afte	r the c	distributions in subdivision a, each county's remaining revenues must be
14		distr	ributed	d as follows:
15		(1)	Sixty	percent must be distributed to the county treasurer and credited to the
16			coun	ity general fund.
17		(2)	Five	percent must be distributed proportionally to school districts within the
18			coun	ity on the average daily attendance distribution basis for kindergarten
19			throu	ugh grade twelve students residing within the county, as certified to the
20			state	treasurer by the county superintendent of schools. However, a hub city
21			scho	ol district must be omitted from distributions under this subdivision.
22		(3)	Twe	nty percent must be distributed to the incorporated cities of the county. A
23			hub	city must be omitted from distributions under this subdivision.
24			Distr	ibutions among cities under this subsection must be proportional based
25			upor	the population of each incorporated city according to the last official
26			dece	ennial federal census. In determining the population of any city in which
27			total	employment increases by more than two hundred percent seasonally
28			due	to tourism, the population of that city for purposes of this subdivision
29			must	t be increased by eight hundred percent.
30		(4)	Four	percent must be allocated among the organized and unorganized
31			town	ships of the county. The state treasurer shall allocate the funds

1				available under this subdivision among townships in proportion to each		
2				township's road miles relative to the total township road miles in the county.		
3				The amount allocated to unorganized townships under this subdivision must		
4				be distributed to the county treasurer and credited to a special fund for		
5				unorganized township roads, which the board of county commissioners shall		
6				use for the maintenance and improvement of roads in unorganized		
7				townships.		
8		(5)	Nine percent must be distributed among hub cities. The state treasurer shall		
9				distribute the funds available under this subdivision in proportion to the		
10				amounts the hub cities receive under paragraph 2 of subdivision a.		
11		(6)	Two percent must be distributed among hub city school districts. The state		
12				treasurer shall distribute the funds available under this subdivision in		
13				proportion to the amounts the hub city school districts receive under		
14				paragraph 3 of subdivision a.		
15		(7)	For purposes of this subsection, "fiscal year" means the period beginning		
16				September first and ending August thirty-first of the following calendar year.		
17	SEC	CTION	2 . A	new section to chapter 57-51 of the North Dakota Century Code is created		
18	and ena	cted as	s foll	ows:		
19	Ene	rgy im	pac	t grant fund - State treasurer - Continuing appropriation.		
20	<u>1.</u>	There	e is c	created in the state treasury the energy impact grant fund. The fund consists		
21		of all	mon	eys allocated to the fund under section 57-51-15. All moneys in the fund are		
22		appro	pria	ted to the state treasurer on a continuing basis for energy impact grants to		
23		hub c	ities	_		
24	<u>2.</u>	Withir	n for	ty days after the fund receives its statutory limit of oil and gas tax allocations		
25		for a	fisca	l year under section 57-51-15 or by August thirty-first of each year.		
26		which	eve	r is earlier, the state treasurer shall distribute moneys in the fund for grants to		
27		hub c	ities	as follows:		
28		<u>a.</u> §	Seve	enty-three and eighty-eight hundredths percent of the amount under this		
29		2	subsection to Williston;			
30		<u>b.</u> <u>l</u>	Fifteen and sixty-six hundredths percent of the amount under this subsection to			
31		j	Dickinson; and			

1		c. Ten and forty-six hundredths percent of the amount under this subsection to
2		Minot.
3	<u>3.</u>	A hub city shall use the grant funding provided under this section for debt repayment
4		related to debt incurred to address impacts from oil and gas development or for other
5		expenses incurred to address impacts from oil and gas development.
6	SEC	TION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is
7	amende	d and reenacted as follows:
8	57-5	1.1-07.5. State share of oil and gas taxes - Deposits.
9	Fron	n the revenues designated for deposit in the state general fund under chapters 57-51
0	and 57-5	1.1, the state treasurer shall deposit the revenues received each biennium in the
11	following	order:
2	1.	The first two hundred thirty million two hundred fifty million dollars into the state general
3		fund;
4	2.	The next two hundred fifty million dollars into the social service fund;
5	3.	The next seventy-five million dollars into the budget stabilization fund, but not in an
16		amount that would bring the balance in the fund to more than the limit in section
7		54-27.2-01;
8	4.	The next two hundred thirty million two hundred fifty million dollars into the state
9		general fund;
20	5.	The next ten million dollars into the lignite research fund;
21	6.	The next twenty million dollars into the state disaster relief fund, but not in an amoun
22		that would bring the unobligated balance in the fund to more than twenty million
23		dollars;
24	7.	The next four hundred millionthree hundred twenty million dollars into the strategic
25		investment and improvements fund;
26	8.	The next sixty-five million dollars to the public employees retirement fund for the main
27		system plan;
28	9.	The next fifty-nine million seven hundred fifty thousand dollars, or the amount
29		necessary to provide for twice the amount of the distributions under subsection 2 of
30		section 57-51.1-07.7, into the funds designated for infrastructure development in
31		non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty

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1 percent deposited into the municipal infrastructure fund and fifty percent deposited into 2 the county and township infrastructure fund; 3 10. The next one hundred seventy million two hundred fifty thousand dollars or the amount 4 necessary to provide a total of two hundred thirty million dollars into the funds 5 designated for infrastructure development in non-oil-producing counties under sections 6 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal 7 infrastructure fund and fifty percent deposited into the county and township 8 infrastructure fund; 9 11. The next twenty million dollars into the airport infrastructure fund; and 10 12. Any additional revenues into the strategic investment and improvements fund. 11 SECTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH 12 DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND. 13 1. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the 14 North Dakota outdoor heritage fund, for the period beginning September 1, 2025, and 15 ending August 31, 2027, the state treasurer shall allocate eight percent of the oil and 16 gas gross production tax revenue available under subsection 1 of section 57-51-15 to 17 the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000 18 per fiscal year. 19 2. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the 20 oil and gas research fund, for the period beginning August 1, 2025, and ending

Page No. 18

57-51.1-07.9, and 57-51.1-07.10.

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,

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	Υ
Senator Robert Erbele	Υ
Senator Randy A. Burckhard	Υ
Senator Sean Cleary	Υ
Senator Cole Conley	Υ
Senator Kyle Davison	Υ
Senator Dick Dever	Υ
Senator Michael Dwyer	Υ
Senator Jeffery J. Magrum	Υ

Senate Appropriations Committee SB 2323 02/13/2025 Page 2

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

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

Motion Passed 15-0-1.

Senator Rummel will carry the bill.

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

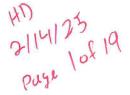
Elizabeth Reiten, Committee Clerk

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

PROPOSED AMENDMENTS TO



SENATE BILL NO. 2323

Introduced by

Senators Bekkedahl, Sorvaag, Hogue

Representatives Lefor, Brandenburg, Richter

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

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7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- 8 **SECTION 1. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is amended and reenacted as follows:
 - 57-51-15. Gross production tax allocation. (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.
 - 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:
 - 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.
 - 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:
 - 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.
 - 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.

- 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

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- 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 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.
 - <u>d.</u> 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 (1) 2 hundred thousand dollars per fiscal year for the allocations under 3 paragraph 2 of subdivision a of subsection 5. 4 (2)Monthly amounts to the hub city school district funding pool to provide two 5 million one hundred thousand dollars per fiscal year for the allocations 6 under paragraph 3 of subdivision a of subsection 5. 7 Monthly amounts to the supplemental school district funding pool to provide (3)8 seventy percent of the total amount needed for the allocations under 9 paragraph 4 of subdivision a of subsection 5. 10 (4) Any remaining revenue collections to the state for the state's allocations 11 pursuant to subsection 3. 12 For purposes of this subsection, "fiscal year" means the period beginning C. 13 September first and ending August thirty-first of the following calendar year. 14 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first 15 to provide for deposit of thirty percent of all revenue collected under this chapter in the 16 legacy fund as provided in section 26 of article X of the Constitution of North Dakota 17 and the remainder must be allocated to the state general fund. If the amount available 18 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 19 all revenue collected under this chapter in the legacy fund, the state treasurer shall 20 transfer the amount of the shortfall from the state general fund share of oil extraction 21 tax collections and deposit that amount in the legacy fund. 22 4. For a county that received less than five million dollars of allocations under 23 subsection 2 in the most recently completed even-numbered fiscal year before the 24 start of the biennium, revenues allocated to that county must be distributed by the 25 state treasurer as follows: 26 a. Forty-five percent must be distributed to the county treasurer and credited to the 27 county general fund. 28 b. Thirty-five percent must be distributed proportionally to school districts within the 29 county on the average daily attendance distribution basis for kindergarten

through grade twelve students residing within the county, as certified to the state

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- 1 treasurer by the county superintendent of schools. However, a hub city school 2 district must be omitted from distributions under this subdivision. 3 Twenty percent must be distributed to the incorporated cities of the county. A hub C. 4 city must be omitted from distributions under this subdivision. Distributions 5 among cities under this subsection must be proportional based upon the 6 population of each incorporated city according to the last official decennial federal 7 census. In determining the population of any city in which total employment 8 increases by more than two hundred percent seasonally due to tourism, the 9 population of that city for purposes of this subdivision must be increased by eight 10 hundred percent. 11 d. For purposes of this subsection, "fiscal year" means the period beginning 12 September first and ending August thirty-first of the following calendar year. 13 5. For a county that received five million dollars or more of allocations under subsection 2 14 in the most recently completed even-numbered fiscal year before the start of the 15 biennium, revenues allocated to that county must be distributed by the state treasurer 16 as follows: 17 a. A portion of the revenues from each county must be distributed to a hub city 18 funding pool, a hub city school district funding pool, and a supplemental school 19 district funding pool as follows: 20 The amount distributed from each county to the funding pools under this 21 subdivision must be proportional to each county's monthly oil and gas gross 22 production tax revenue collections relative to the combined total monthly oil 23 and gas gross production tax revenue collections from all the counties that 24 receive allocations under this subsection.
 - (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

1		subs	section 2 and the six million six hundred thousand dollars under
2		this	paragraph. The monthly allocation to each hub city must be
3		prop	portional to each hub city's impact percentage score, including
4		fract	tional percentage points rounded to the nearest tenth of a percent,
5		relat	tive to the combined total of all the hub cities' impact percentage
6		scor	res.
7	(b)	The	state treasurer shall calculate the impact percentage score for
8		each	n hub city by summing the following:
9		[1]	The percentage of mining, quarrying, and oil and gas extraction
10			employment relative to the total employment of all industries in
11			the county in which the hub city is located, based on the most
12			recent annual data for all ownership types compiled by job
13			service North Dakota in the quarterly census of employment and
14			wages, multiplied by forty-five hundredths;
15		[2]	The average of the percentage of mining, quarrying, and oil and
16			gas extraction employment relative to the total employment of all
17			industries in each county for all the counties in the human
18			service region in which the hub city is located, based on the most
19			recent annual data for all ownership types compiled by job
20			service North Dakota in the quarterly census of employment and
21			wages, multiplied by fifteen hundredths;
22		[3]	The percentage of establishments engaged in mining, quarrying,
23			and oil and gas extraction relative to the total establishments of
24			all industries in the county in which the hub city is located, based
25			on the most recent annual data for all ownership types complied
26			by job service North Dakota in the quarterly census of
27			employment and wages, multiplied by one-tenth;
28		[4]	The percentage of oil production in the human service region in
29			which the hub city is located relative to the total oil production in
30			all the human service regions with hub cities, based on the most
31			recently available calendar year data compiled by the industrial

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

1			fiscal year. The allocation must be distributed to school districts within
2			the county pursuant to paragraph 2 of subdivision b.
3		(d	To each county that received more than twenty million dollars but not
4			exceeding twenty-five million dollars of total allocations under
5			subsection 2 in the most recently completed even-numbered fiscal
6			year before the start of the biennium, the state treasurer shall allocate
7			a monthly amount that will provide a total allocation of seven hundred
8			fifty thousand dollars per fiscal year. The allocation must be distributed
9			to school districts within the county pursuant to paragraph 2 of
10			subdivision b.
11		(e)	To each county that received more than twenty-five million dollars but
12			not exceeding thirty million dollars of total allocations under
13			subsection 2 in the most recently completed even-numbered fiscal
14			year before the start of the biennium, the state treasurer shall allocate
15			a monthly amount that will provide a total allocation of five hundred
16			thousand dollars per fiscal year. The allocation must be distributed to
17			school districts within the county pursuant to paragraph 2 of
18			subdivision b.
19	b.	After the	e distributions in subdivision a, each county's remaining revenues must be
20		distribut	ed as follows:
21	((1) Six	kty percent must be distributed to the county treasurer and credited to the
22		со	unty general fund.
23	((2) Fiv	ve percent must be distributed proportionally to school districts within the
24		со	unty on the average daily attendance distribution basis for kindergarten
25		thr	ough grade twelve students residing within the county, as certified to the
26		sta	ate treasurer by the county superintendent of schools. However, a hub city
27		sc	hool district must be omitted from distributions under this subdivision.
28	(3) Tw	renty percent must be distributed to the incorporated cities of the county. A
29		hu	b city must be omitted from distributions under this subdivision.
30		Dis	stributions among cities under this subsection must be proportional based
31		up	on the population of each incorporated city according to the last official

1			decennial federal census. In determining the population of any city in which
2			total employment increases by more than two hundred percent seasonally
3			due to tourism, the population of that city for purposes of this subdivision
4			must be increased by eight hundred percent.
5		(4)	Four percent must be allocated among the organized and unorganized
6			townships of the county. The state treasurer shall allocate the funds
7			available under this subdivision among townships in proportion to each
8			township's road miles relative to the total township road miles in the county.
9			The amount allocated to unorganized townships under this subdivision must
10			be distributed to the county treasurer and credited to a special fund for
11			unorganized township roads, which the board of county commissioners shall
12			use for the maintenance and improvement of roads in unorganized
13			townships.
14		(5)	Nine percent must be distributed among hub cities. The state treasurer shall
15			distribute the funds available under this subdivision in proportion to the
16			amounts the hub cities receive under paragraph 2 of subdivision a.
17		(6)	Two percent must be distributed among hub city school districts. The state
18			treasurer shall distribute the funds available under this subdivision in
19			proportion to the amounts the hub city school districts receive under
20			paragraph 3 of subdivision a.
21		(7)	For purposes of this subsection, "fiscal year" means the period beginning
22			September first and ending August thirty-first of the following calendar year.
23	SEC	CTION 2. A	new section to chapter 57-51 of the North Dakota Century Code is created
24	and ena	cted as fol	lows:
25	Ene	rgy impac	et grant fund - State treasurer - Continuing appropriation.
26	<u>1.</u>	There is	created in the state treasury the energy impact grant fund. The fund consists
27		of all mor	neys allocated to the fund under section 57-51-15. All moneys in the fund are
28		appropria	ated to the state treasurer on a continuing basis for energy impact grants to
29		hub cities	<u>S.</u>
30	<u>2.</u>	Within for	rty days after the fund receives its statutory limit of oil and gas tax allocations
31		for a fisca	al year under section 57-51-15 or by August thirty-first of each year,

1	whichever is earlier, the state treasurer shall distribute moneys in the fund for grants to							
2		hub cities as follows:						
3		<u>a.</u>	Seventy-three and eighty-eight hundredths percent of the amount under this					
4			subsection to Williston;					
5		<u>b.</u>	Fifteen and sixty-six hundredths percent of the amount under this subsection to					
6			Dickinson; and					
7		<u>C.</u>	Ten and forty-six hundredths percent of the amount under this subsection to					
8			Minot.					
9	<u>3.</u>	<u>A hu</u>	ub city shall use the grant funding provided under this section for debt repayments					
10		<u>rela</u>	ted to debt incurred to address impacts from oil and gas development or for other					
11		exp	enses incurred to address impacts from oil and gas development.					
12	SEC	OITS	3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is					
13	amende	d and	reenacted as follows:					
14	57-5	51.1-0	7.5. State share of oil and gas taxes - Deposits.					
15	Fror	n the	revenues designated for deposit in the state general fund under chapters 57-51					
16	and 57-	51.1,	the state treasurer shall deposit the revenues received each biennium in the					
17	following	g orde	er:					
18	1.	The	$\label{eq:continuous} \textit{first } \textcolor{red}{\textbf{two hundred thirty million}} \textcolor{blue}{\textbf{thirty million}} b$					
19		func	i;					
20	2.	The	next two hundred fifty million dollars into the social service fund;					
21	3.	The	The next seventy-five million dollars into the budget stabilization fund, but not in an					
22		amo	ount that would bring the balance in the fund to more than the limit in section					
23		54-2	27.2-01;					
24	4.	The	next two hundred thirty million two hundred fifty million dollars into the state					
25		gene	eral fund;					
26	5.	The	next ten million dollars into the lignite research fund;					
27	6.	The	next twenty million dollars into the state disaster relief fund, but not in an amount					
28		that	would bring the unobligated balance in the fund to more than twenty million					
29		dolla	ars;					
30	7.	The	next four hundred millionthree hundred twenty million dollars into the strategic					

investment and improvements fund;

- 1 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;
- 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.

- 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.



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

Module ID: s_stcomrep_26_045 Carrier: Rummel Insert LC: 25.0911.02003 Title: 04000

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

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

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7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- 8 **SECTION 1. AMENDMENT.** Section 57-51-15 of the North Dakota Century Code is
- 9 amended and reenacted as follows:
- 10 57-51-15. Gross production tax allocation. (Effective through June 30, 20272037)
- 11 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

 13 at the well of the oil and one-fifth of the tax on gas must be deposited with the state

 14 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 perfiscal year.
- 18 b. Four percent of the amount available under this subsection to the abandoned oil

 19 and gas well plugging and site reclamation fund, but not in an amount exceeding

1			seve	en million five hundred thousand dollars per fiscal year and not in an amount
2			that	would bring the balance in the fund to more than one hundred million dollars.
3		C.	Any	remaining revenues pursuant to subsection 3.
4		d.	For	purposes of this subsection, "fiscal year" means the period beginning-
5			Sept	tember first and ending August thirty-first of the following calendar year.
6	2.	The	tax re	evenue collected under this chapter equal to four percent of the gross value
7		at th	ne we	Il of the oil and four-fifths of the tax on gas must be deposited with the state-
8		trea	surer.	. The state treasurer shall allocate the funding in the following order:
9		a.	The	first five million dollars of collections received from a county each fiscal year-
10			is al	located to the county.
11		b.	The	remaining revenue collections received from a county each fiscal year are
12			alloc	eated thirty percent to the county and seventy percent as follows:
13			(1)	Monthly amounts to the hub city funding pool to provide fifteen million four-
14				hundred thousand dollars per fiscal year for the allocations under
15				paragraph 2 of subdivision a of subsection 5.
16			(2)	Monthly amounts to the hub city school district funding pool to provide two
17				million one hundred thousand dollars per fiscal year for the allocations-
18				under paragraph 3 of subdivision a of subsection 5.
19			(3)	Monthly amounts to the supplemental school district funding pool to provide
20				seventy percent of the total amount needed for the allocations under
21				paragraph 4 of subdivision a of subsection 5.
22			(4)	Any remaining revenue collections to the state for the state's allocations
23				pursuant to subsection 3.
24		C.	For	purposes of this subsection, "fiscal year" means the period beginning-
25			Sep	tember first and ending August thirty-first of the following calendar year.
26	3.	Afte	er the	allocations under subsections 1 and 2, the amount remaining is allocated first
27		to p	rovide	e for deposit of thirty percent of all revenue collected under this chapter in the
28		lega	acy fu	nd as provided in section 26 of article X of the Constitution of North Dakota
29		and	the r	emainder must be allocated to the state general fund. If the amount available
30		for a	a mor	nthly allocation under this subsection is insufficient to deposit thirty percent of
31		all r	even	ue collected under this chapter in the legacy fund, the state treasurer shall

1 transfer the amount of the shortfall from the state general fund share of oil extraction-2 tax collections and deposit that amount in the legacy fund. 3 For a county that received less than five million dollars of allocations under-4 subsection 2 in the most recently completed even-numbered fiscal year before the 5 start of the biennium, revenues allocated to that county must be distributed by the 6 state treasurer as follows: 7 Forty-five percent must be distributed to the county treasurer and credited to the 8 county general fund. 9 b. Thirty-five percent must be distributed proportionally to school districts within the 10 county on the average daily attendance distribution basis for kindergarten-11 through grade twelve students residing within the county, as certified to the state 12 treasurer by the county superintendent of schools. However, a hub city school-13 district must be omitted from distributions under this subdivision. 14 Twenty percent must be distributed to the incorporated cities of the county. A hub-15 city must be omitted from distributions under this subdivision. Distributions 16 among cities under this subsection must be proportional based upon the 17 population of each incorporated city according to the last official decennial federal-18 census. In determining the population of any city in which total employment 19 increases by more than two hundred percent seasonally due to tourism, the 20 population of that city for purposes of this subdivision must be increased by eight 21 hundred percent. 22 For purposes of this subsection, "fiscal year" means the period beginning 23 September first and ending August thirty-first of the following calendar year. 24 For a county that received five million dollars or more of allocations under subsection 2 25 in the most recently completed even-numbered fiscal year before the start of the 26 biennium, revenues allocated to that county must be distributed by the state treasurer-27 as follows: 28 A portion of the revenues from each county must be distributed to a hub city-29 funding pool, a hub city school district funding pool, and a supplemental school-30 district funding pool as follows:

1	(1)	The	amou	nt distributed from each county to the funding pools under this
2		sube	livisio	n must be proportional to each county's monthly oil and gas gross
3		prod	uction	tax revenue collections relative to the combined total monthly oil-
4		and	gas g	ross production tax revenue collections from all the counties that
5		rece	ive al	locations under this subsection.
6	(2)	The	state	treasurer shall distribute, to the hub city funding pool, the monthly
7		ame	unt no	eeded from each county to provide six million six hundred
8		thou	sand	dollars per fiscal year for the allocations under this paragraph.
9		(a)	The	state treasurer shall allocate monthly amounts from the hub city
10			func	ling pool to provide a combined total of twenty-two million dollars
11			per	fiscal year to all the hub cities, which includes the fifteen million
12			four	hundred thousand dollars under paragraph 1 of subdivision b of
13			sub	section 2 and the six million six hundred thousand dollars under
14			this	paragraph. The monthly allocation to each hub city must be
15			prop	portional to each hub city's impact percentage score, including
16			frac	tional percentage points rounded to the nearest tenth of a percent,
17			rela	tive to the combined total of all the hub cities' impact percentage
18			SCO	res.
19		(b)	The	state treasurer shall calculate the impact percentage score for
20			eac	h hub city by summing the following:
21			[1]	The percentage of mining, quarrying, and oil and gas extraction
22				employment relative to the total employment of all industries in-
23				the county in which the hub city is located, based on the most-
24				recent annual data for all ownership types compiled by job
25				service North Dakota in the quarterly census of employment and
26				wages, multiplied by forty-five hundredths;
27			[2]	The average of the percentage of mining, quarrying, and oil and
28				gas extraction employment relative to the total employment of all
29				industries in each county for all the counties in the human
30				service region in which the hub city is located, based on the most
31				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
		area	as designated by the governor's executive order 1978-12 dated
		Octo	ober 5, 1978.
(3)	The	state	treasurer shall distribute, to the hub city school district funding-
	pool	, the n	nonthly amount needed from each county to provide nine hundred
	thou	sand (dollars per fiscal year for the allocations under this paragraph.
	(a)	The	state treasurer shall allocate monthly amounts from the hub city
		scho	ool district funding pool to provide a combined total of three million-
		dolla	ars per fiscal year to all the hub city school districts, which
	(3)	(3) The pool	(c) For area Octo (3) The state pool, the rethousand (a) The schools

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

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

1	(1)	Sixty percent must be distributed to the county treasurer and credited to the
2		county general fund.
3	(2)	Five percent must be distributed proportionally to school districts within the
4		county on the average daily attendance distribution basis for kindergarten-
5		through grade twelve students residing within the county, as certified to the
6		state treasurer by the county superintendent of schools. However, a hub city-
7		school district must be omitted from distributions under this subdivision.
8	(3)	Twenty percent must be distributed to the incorporated cities of the county. A
9		hub city must be omitted from distributions under this subdivision.
0		Distributions among cities under this subsection must be proportional based-
11		upon the population of each incorporated city according to the last official
12		decennial federal census. In determining the population of any city in which
13		total employment increases by more than two hundred percent seasonally
14		due to tourism, the population of that city for purposes of this subdivision-
15		must be increased by eight hundred percent.
16	(4)	Four percent must be allocated among the organized and unorganized
17		townships of the county. The state treasurer shall allocate the funds
18		available under this subdivision among townships in proportion to each
19		township's road miles relative to the total township road miles in the county.
20		The amount allocated to unorganized townships under this subdivision must
21		be distributed to the county treasurer and credited to a special fund for
22		unorganized township roads, which the board of county commissioners shall
23		use for the maintenance and improvement of roads in unorganized
24		townships.
25	(5)	Nine percent must be distributed among hub cities. The state treasurer shall-
26		distribute the funds available under this subdivision in proportion to the
27		amounts the hub cities receive under paragraph 2 of subdivision a.
28	(6)	Two percent must be distributed among hub city school districts. The state-
29		treasurer shall distribute the funds available under this subdivision in-
30		proportion to the amounts the hub city school districts receive under-
31		paragraph 3 of subdivision a.

1			(7)	For purposes of this subsection, "fiscal year" means the period beginning			
2				September first and ending August thirty-first of the following calendar year.			
3	Gross production tax allocation. (Effective after June 30, 2027) The gross production						
4	tax must be allocated monthly as follows:						
5	1.	The	e tax r	revenue collected under this chapter equal to one percent of the gross value			
6		at t	he we	ell of the oil and one-fifth of the tax on gas must be deposited with the state			
7		trea	asurer	r. The state treasurer shall allocate the funding in the following order:			
8		a.	Eigl	nt percent of the amount available under this subsection to the North Dakota			
9			outo	door heritage fund, but not in an amount exceeding twenty million dollars per			
10			fisca	al year.			
11		b.	Fou	r percent of the amount available under this subsection to the abandoned oil			
12			and	gas well plugging and site reclamation fund, but not in an amount exceeding			
13			seve	en million five hundred thousand dollars per fiscal year and not in an amount			
14			that	would bring the balance in the fund to more than one hundred million dollars			
15			thro	ugh June 30, 2027, or to more than fifty million dollars after June 30, 2027.			
16		C.	Up t	to twenty million dollars per fiscal year to the energy impact grant fund under			
17			sect	tion 2 of this Act.			
18		<u>d.</u>	Any	remaining revenues pursuant to subsection 3.			
19	d. <u>e.</u> Fo		For	For purposes of this subsection, "fiscal year" means the period beginning			
20			Sep	tember first and ending August thirty-first of the following calendar year.			
21	2.	The	tax r	evenue collected under this chapter equal to four percent of the gross value			
22	at the well of the oil and four-fifths of the tax on gas must be deposited with the state						
23	treasurer. The state treasurer shall allocate the funding in the following order:						
24		a.	The	first five million dollars of collections received from a county each fiscal year			
25			is all	located to the county.			
26		b.	The	remaining revenue collections received from a county each fiscal year are			
27			alloc	cated thirty percent to the county and seventy percent as follows:			
28			(1)	Monthly amounts to the hub city funding pool to provide fifteen million four			
29				hundred thousand dollars per fiscal year for the allocations under			
30				paragraph 2 of subdivision a of subsection 5			

1 (2)Monthly amounts to the hub city school district funding pool to provide two 2 million one hundred thousand dollars per fiscal year for the allocations 3 under paragraph 3 of subdivision a of subsection 5. 4 Monthly amounts to the supplemental school district funding pool to provide (3)5 seventy percent of the total amount needed for the allocations under 6 paragraph 4 of subdivision a of subsection 5. 7 (4) Any remaining revenue collections to the state for the state's allocations 8 pursuant to subsection 3. 9 For purposes of this subsection, "fiscal year" means the period beginning 10 September first and ending August thirty-first of the following calendar year. 11 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first 12 to provide for deposit of thirty percent of all revenue collected under this chapter in the 13 legacy fund as provided in section 26 of article X of the Constitution of North Dakota 14 and the remainder must be allocated to the state general fund. If the amount available 15 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 16 all revenue collected under this chapter in the legacy fund, the state treasurer shall 17 transfer the amount of the shortfall from the state general fund share of oil extraction 18 tax collections and deposit that amount in the legacy fund. 19 4. For a county that received less than five million dollars of allocations under 20 subsection 2 in the most recently completed even-numbered fiscal year before the 21 start of the biennium, revenues allocated to that county must be distributed by the 22 state treasurer as follows: 23 Forty-five percent must be distributed to the county treasurer and credited to the 24 county general fund. 25 Thirty-five percent must be distributed proportionally to school districts within the b. 26 county on the average daily attendance distribution basis for kindergarten 27 through grade twelve students residing within the county, as certified to the state 28 treasurer by the county superintendent of schools. However, a hub city school 29 district must be omitted from distributions under this subdivision. 30 Twenty percent must be distributed to the incorporated cities of the county. A hub C.

city must be omitted from distributions under this subdivision. Distributions

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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.

- 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,

1		rela	tive to the combined total of all the hub cities' impact percentage			
2		SCO	res.			
3	(b) The	The state treasurer shall calculate the impact percentage score for			
4		eac	h hub city by summing the following:			
5		[1]	The percentage of mining, quarrying, and oil and gas extraction			
6			employment relative to the total employment of all industries in			
7			the county in which the hub city is located, based on the most			
8			recent annual data for all ownership types compiled by job			
9			service North Dakota in the quarterly census of employment and			
10			wages, multiplied by forty-five hundredths;			
11		[2]	The average of the percentage of mining, quarrying, and oil and			
12			gas extraction employment relative to the total employment of all			
13			industries in each county for all the counties in the human			
14			service region in which the hub city is located, based on the most			
15			recent annual data for all ownership types compiled by job			
16			service North Dakota in the quarterly census of employment and			
17			wages, multiplied by fifteen hundredths;			
18		[3]	The percentage of establishments engaged in mining, quarrying,			
19			and oil and gas extraction relative to the total establishments of			
20			all industries in the county in which the hub city is located, based			
21			on the most recent annual data for all ownership types complied			
22			by job service North Dakota in the quarterly census of			
23			employment and wages, multiplied by one-tenth;			
24		[4]	The percentage of oil production in the human service region in			
25			which the hub city is located relative to the total oil production in			
26			all the human service regions with hub cities, based on the most			
27			recently available calendar year data compiled by the industrial			
28			commission in a report on the historical barrels of oil produced by			
29			county, multiplied by one-tenth;			
30		[5]	The percentage change in population from five years prior for the			
31			hub city, based on the most recent actual or estimated census			

1			data published by the United States census bureau, multiplied by
2			one-tenth; and
3		[6]	The percentage change in population from five years prior for the
4			county in which the hub city is located, based on the most recent
5			actual or estimated census data published by the United States
6			census bureau, multiplied by one-tenth.
7	(c) For	ourposes of this paragraph, "human service region" means the
8		area	s designated by the governor's executive order 1978-12 dated
9		Octo	ber 5, 1978.
10	(3) T	he state t	treasurer shall distribute, to the hub city school district funding
11	р	ool, the m	nonthly amount needed from each county to provide nine hundred
12	th	nousand o	dollars per fiscal year for the allocations under this paragraph.
13	(8	a) The	state treasurer shall allocate monthly amounts from the hub city
14		scho	ol district funding pool to provide a combined total of three million
15		dolla	rs per fiscal year to all the hub city school districts, which
16		inclu	des the two million one hundred thousand dollars under
17		para	graph 2 of subdivision b of subsection 2 and the nine hundred
18		thous	sand dollars under this paragraph. The monthly allocation to each
19		hub	city school districts must be proportional to each hub city school
20		distri	ct's impact percentage score, including fractional percentage
21		point	s rounded to the nearest tenth of a percent, relative to the
22		comb	pined total of all the hub cities' impact percentage scores.
23	(b) For the	he purpose of determining the impact percentage score for each
24		hub d	city school district, the state treasurer shall use the same impact
25		perce	entage score as the corresponding score calculated for each hub
26		city ir	n paragraph 2.
27	(4) TI	ne state tr	reasurer shall distribute, to the supplemental school district
28	fu	nding poo	ol, the monthly amount needed from each county to provide for
29	th	irty perce	nt of the total allocations under this paragraph. To each county
30	th	at receive	ed more than five million dollars but less than thirty million dollars
31	of	total allo	cations under subsection 2 in the most recently completed

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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.
- To each county that received more than ten million dollars but not (b) 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.
- To each county that received more than fifteen million dollars but not (c) 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
		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
		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
		(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
		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
		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
		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
		a monthly amount that will provide a total allocation of five hundred thousand dollars per fiscal year. The allocation must be distributed to
		thousand dollars per fiscal year. The allocation must be distributed to
		school districts within the county pursuant to paragraph 2 of
		subdivision b.
b.	Afte	er the distributions in subdivision a, each county's remaining revenues must be
	dist	ributed 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

1			available under this subdivision among townships in proportion to each
2			township's road miles relative to the total township road miles in the county.
3			The amount allocated to unorganized townships under this subdivision must
4			be distributed to the county treasurer and credited to a special fund for
5			unorganized township roads, which the board of county commissioners shall
6			use for the maintenance and improvement of roads in unorganized
7			townships.
8		(5)	Nine percent must be distributed among hub cities. The state treasurer shall
9			distribute the funds available under this subdivision in proportion to the
10			amounts the hub cities receive under paragraph 2 of subdivision a.
11		(6)	Two percent must be distributed among hub city school districts. The state
12			treasurer shall distribute the funds available under this subdivision in
13			proportion to the amounts the hub city school districts receive under
14			paragraph 3 of subdivision a.
15		(7)	For purposes of this subsection, "fiscal year" means the period beginning
16			September first and ending August thirty-first of the following calendar year.
17	SEC	TION 2. A	new section to chapter 57-51 of the North Dakota Century Code is created
18	and ena	cted as fol	llows:
19	Ene	rgy impac	ct grant fund - State treasurer - Continuing appropriation.
20	<u>1.</u>	There is	created in the state treasury the energy impact grant fund. The fund consists
21		of all mor	neys allocated to the fund under section 57-51-15. All moneys in the fund are
22		appropria	ated to the state treasurer on a continuing basis for energy impact grants to
23		hub cities	<u>3.</u>
24	<u>2.</u>	Within fo	rty days after the fund receives its statutory limit of oil and gas tax allocations
25		for a fisca	al year under section 57-51-15 or by August thirty-first of each year.
26		whicheve	er is earlier, the state treasurer shall distribute moneys in the fund for grants to
27		hub cities	s as follows:
28		a. Sev	enty-three and eighty-eight hundredths percent of the amount under this
29		sub	section to Williston;
30		b. Fifte	een and sixty-six hundredths percent of the amount under this subsection to
31		Dic	kinson; and

1		c. Ten and forty-six hundredths percent of the amount under this subsection to
2		Minot.
3	<u>3.</u>	A hub city shall use the grant funding provided under this section for debt repayments
4		related to debt incurred to address impacts from oil and gas development or for other
5		expenses incurred to address impacts from oil and gas development.
6	SEC	CTION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is
7	amende	ed and reenacted as follows:
8	57-	51.1-07.5. State share of oil and gas taxes - Deposits.
9	Fro	m the revenues designated for deposit in the state general fund under chapters 57-51
10	and 57-	51.1, the state treasurer shall deposit the revenues received each biennium in the
11	following	g order:
12	1.	The first two hundred thirty million two hundred fifty million dollars into the state genera
13		fund;
14	2.	The next two hundred fifty million dollars into the social service fund;
15	3.	The next seventy-five million dollars into the budget stabilization fund, but not in an
16		amount that would bring the balance in the fund to more than the limit in section
17		54-27.2-01;
18	4.	The next two hundred thirty million two hundred fifty million dollars into the state
19		general fund;
20	5.	The next ten million dollars into the lignite research fund;
21	6.	The next twenty million dollars into the state disaster relief fund, but not in an amount
22		that would bring the unobligated balance in the fund to more than twenty million
23		dollars;
24	7.	The next four hundred millionthree hundred twenty million dollars into the strategic
25		investment and improvements fund;
26	8.	The next sixty-five million dollars to the public employees retirement fund for the main
27		system plan;
28	9.	The next fifty-nine million seven hundred fifty thousand dollars, or the amount
29		necessary to provide for twice the amount of the distributions under subsection 2 of
30		section 57-51.1-07.7, into the funds designated for infrastructure development in
31		non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty

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1		percent deposited into the municipal intrastructure fund and fiπy percent deposited into
2		the county and township infrastructure fund;
3	10.	The next one hundred seventy million two hundred fifty thousand dollars or the amount
4		necessary to provide a total of two hundred thirty million dollars into the funds
5		designated for infrastructure development in non-oil-producing counties under sections
6		57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal
7		infrastructure fund and fifty percent deposited into the county and township
8		infrastructure fund;
9	11.	The next twenty million dollars into the airport infrastructure fund; and
10	12.	Any additional revenues into the strategic investment and improvements fund.
11	SEC	CTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH
12	DAKOT	A OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.
13	1.	Notwithstanding the provisions of section 57-51-15 relating to the allocations to the
14		North Dakota outdoor heritage fund, for the period beginning September 1, 2025, and
15		ending August 31, 2027, the state treasurer shall allocate eight percent of the oil and
16		gas gross production tax revenue available under subsection 1 of section 57-51-15 to
17		the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000
18		per fiscal year.
19	2.	Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the
20		oil and gas research fund, for the period beginning August 1, 2025, and ending
21		July 31, 2027, the state treasurer shall allocate two percent of the oil and gas gross
22		production tax and oil extraction tax revenues, up to \$17,500,000, into the oil and gas
23		research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5,
24		57-51.1-07.9, and 57-51.1-07.10.
25	SEC	CTION 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.

House Finance and Taxation Committee SB 2323 3/17/2025 Page 2

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



CITY OF WILLISTON SB2323 TESTIMONY

GROSS PRODUCTION TAX REVENUES INSUFFICIENT

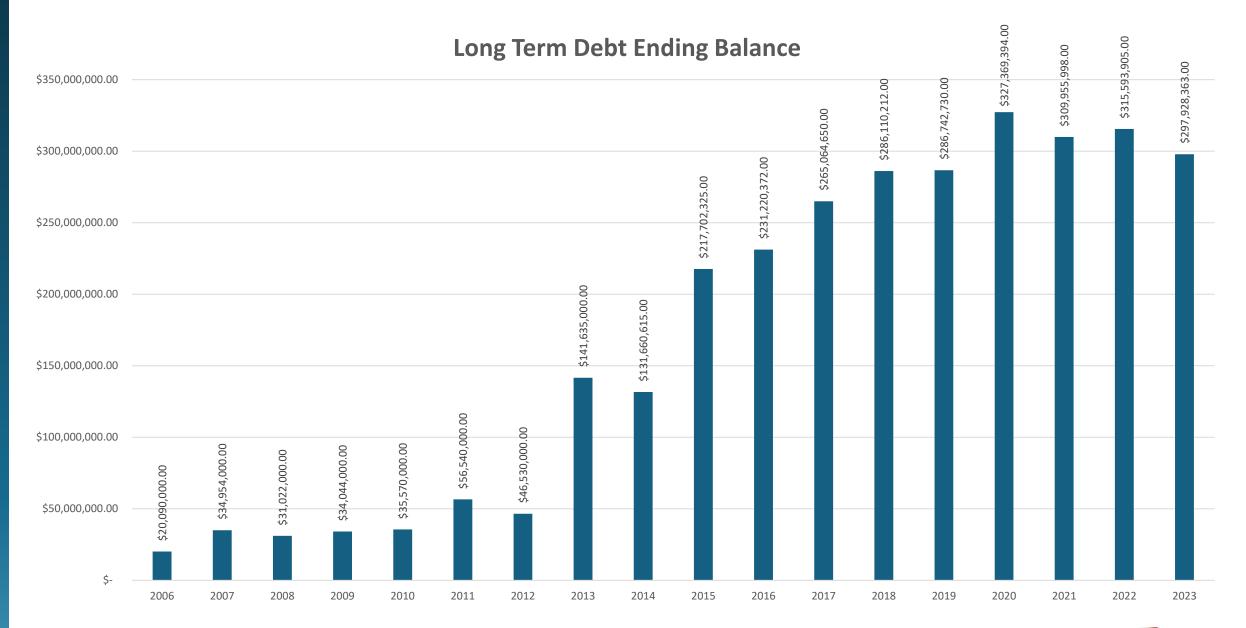
Despite the continued efforts to maintain the oil and gas economic growth demands, the City has fully maximized all its resources and options while the Gross Production tax is close to its debt service coverage capacity. Any additional debt leveraged against GPT must have approval from the USDA per bond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

						1	
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)





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

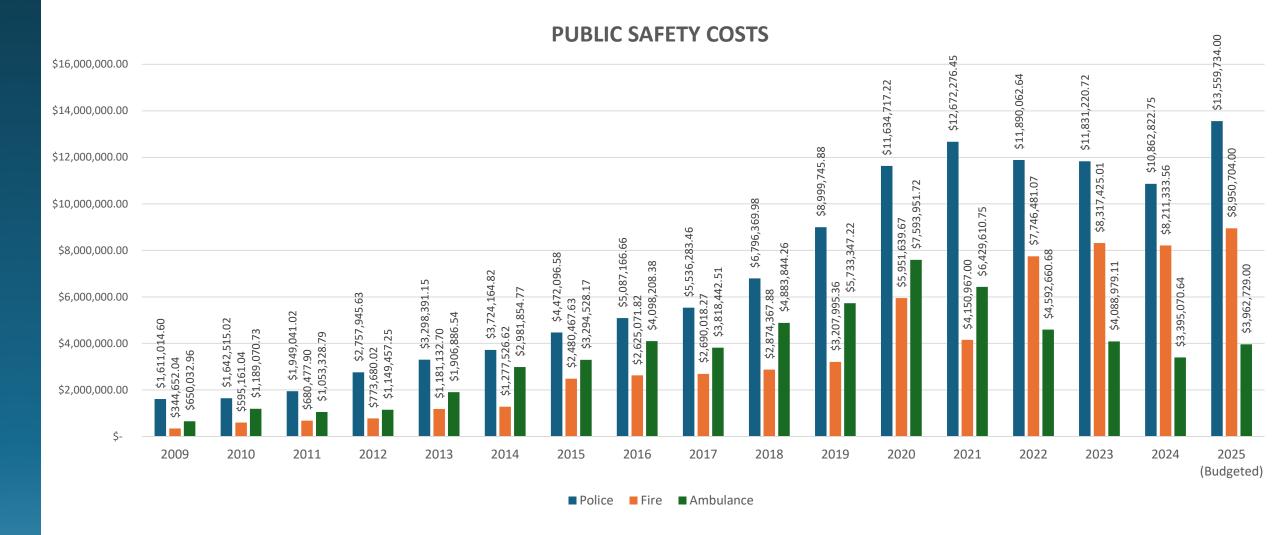


LONG-TERM DEBT TO FINANCE NEEDS SPURRED BY OIL INDUSTRY GROWTH

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
 - o Series 2020A USDA XWA, \$95,000,000
 - Series 2020B USDA XWA, \$19,000,000
 - o Series 2018A Airport City Sales Tax Revenue Bond, \$1,500,000
 - o 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





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



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.



CREDIT RATING OVER THE YEARS

Total Direct General Obligation Debt,

								Direct Concret	Discret Consolel	Overdonning Consess	Overdonning Special		eral Obligation Debt,		
								Direct General	Direct Special	Overlapping General	Overlapping Special		ssment Debt, and		-
Year	Dated Date	Rating	Issue	Par Amount	Population		Market Value	Obligation Debt	Assessment Debt	Obligation Debt	Assessment Debt	Overtapping Ger	eral Obligation Debt:	Debt	Per capita
2006				A											
	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	-	Ş	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	Ś	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	Ś	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	ŝ	1,111,699,386	50,000	11,593,000	_	392,226		12,035,226	Ś	649
2014				4-11	,		-,,,		,,						
	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	Ś	789
	12/15/2014	A (S&P)	Refunding Improvement Bonds of 2014B	\$15,075,000	20,850	š	1,858,195,614	937,000	30,050,000	_	397,476		31,384,476	š	1,505
2015		(0)		4	,	*	-,,,	,	,,					*	-,
2013			County Wide Public Safety Sales Tax Revenue Bonds												
	7/22/2015	A+ (S&P)	Series 2015A	\$24,530,000	30,000	\$	2,810,321,035		28,520,000		392,226		28,912,226	\$	964
	112212013	Ar (Sar)	County Wide Public Safety Sales Tax Revenue Bonds	\$24,000,000	30,000	٠	2,010,021,000		20,320,000		352,220		20,512,220	٠	304
	7/22/2015	A+ (S&P)	Series 2015B	\$20,000,000	30,000	\$	2,810,321,035	_	28,520,000		392,226		28,912,226	Ś	964
	11/18/2015	A (S&P)	Refunding Improvement Bonds of 2015	\$9,645,000	30,000	Š	2,810,321,035	645,000	38,055,000	11,620,000	352,220		50,320,000	\$	1,677
2016	11/10/2013	A (Sar)	Neturaling improvement bolius of 2013	φ3,040,000	30,000	٠	2,010,021,000	043,000	30,033,000	11,020,000			30,320,000	٠	1,077
2016	3/8/2016	A (CRID)	D. Avadla allowards and Dondo of 2045	\$20,185,000	26,568	Ś	3,149,077,696	645,000	58,240,000	24 540 050			90,395,950		3,402
2047	3/0/2016	A (S&P)	Refunding Improvement Bonds of 2016	\$20,165,000	20,000	÷	3,149,077,090	645,000	56,240,000	31,510,950	_		90,393,950		3,402
2017			Dool of Toy In a compatition of Paragraph Bondo Carles												
	0/45/0047		Pooled Tax Increment Financing Revenue Bonds Series 2017A	*** ***	05.000		0.540.050.033	407.000	FF 800 800	05 500 000			00.005.000		3,583
	3/16/2017	N/A	Pooled Tax Increment Financing Revenue Bonds Series	\$10,280,000	25,932	\$	3,510,860,977	495,000	55,890,000	36,520,000	_		92,905,000		3,583
	0/45/0047	N// 0	-	An 750 000	05.000		0.540.050.033	405.000	FF 800 000	05 500 000			00.005.000		0.500
	3/16/2017	N/A	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
			County Wide Public Sales Tax Revenue Bonds Series												
	12/21/2018	BBB+ (S&P)	2018A	\$11,100,000	27,455	\$	2,864,199,944	175,000	52,990,000	36,900,080	-		90,065,080		3,280
			County Wide Public Sales Tax Revenue Bonds Series												
	12/21/2018	BBB+ (S&P)	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



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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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 &	North Dakota Department of Water Resources - General
MITIGATION STUDY	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	North Dakota Department of Water Resources - Municipal
REPLACEMENT	Water Supply
10TH AVE E - MUSEUM DR TO 21ST ST (24211 & 24212)	North Dakota Department of Water Resources - Municipal
- URBAN RECON	Water Supply
5TH ST SE – 3RD AVE W to 6TH AVE E (PCN 24213) -	North Dakota Department of Water Resources - Municipal
MILL AND OVERLAY_NEW CONSTRUCTION	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

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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

City of Dickinson Bond Detail 3/14/2025

D 1	D							Liability		1	Initial Principal	Deb	t Service Reserve
Bonds	Purpose	Rate	2025	2026		Current Term		Future Term		Total	imitiai Principai		Fund
WRCC Bond	West River Community		\$2,060,000		\$	2,060,000	\$	-	\$	2,060,000	\$ 6,535,000	\$	- 7
Starion Financial	Center Addition	4.5%											
Subtotal			\$ 2,060,000	\$ -	\$	2,060,000	\$	-	\$	2,060,000	\$ 6,535,000		
ODE 05 (0 : 0010)		0.50/	# 2 125 000	0.2.105.000	_	2 125 000	Φ.	16 500 000	Φ.	10 (27 000	Ф 20.004.0CI	Ф	2 505 700
SRF 27 (Series 2013)	Construct Waste Water	2.5%	\$ 2,135,000	\$ 2,185,000	\$	2,135,000	3	16,500,000	2	18,635,000	\$ 38,924,961	3	2,585,700
NDPFA - Clean Water - Loan # CW238	Treatment Plant												
SRF 42 (Series 2015 Sewer Revenue Bond	Waste Water System	2.5%	\$ 1 610 000	\$ 1,650,000	\$	1,610,000	\$	16,410,000	\$	18,020,000	\$ 32,108,000	\$	2,045,100
NDPFA - Clean Water - Loan # CW252	Improvements	2.570	¥ 1,010,000	ψ 1,050,000	"	1,010,000	Ψ	10,110,000	Ψ	10,020,000	32,100,000	Ψ	2,015,100
TIDITITI Oldar Water Educin CVI202	mpro ventento												
SRF 42.1 (Series 2015 Sales Tax Revenue Bonds)	Waste Water System	2.5%	\$ 220,000	\$ 225,000	\$	220,000	\$	2,505,000	\$	2,725,000	\$ 5,144,730	\$	281,500
NDPFA - Clean Water - Loan # CW252.1	Improvements												
SRF Series 2019		2%	\$ 60,000	\$ 60,000	\$	60,000	\$	1,805,000	\$	1,865,000	\$ 2,145,166	\$	96,425
NDPFA - Clean Water - Loan # CW307	Rehab Lift Station #1												
		20/					•					•	
SRF Series 2020	D 1 1 1777 1 1 1 1	2%	\$ 35,000	\$ 35,000	\$	35,000	\$	1,120,000	\$	1,155,000	\$ 1,291,469	\$	58,300
NDPFA - Clean Water Loan # CW318	Reclaimed Water Main												
SRF Series 2023	Water Main & Lead Line	2%	\$ 104,501	\$ 105,000	\$	104,501	¢	2,200,000	e	2,304,501	\$ 2,400,000	æ	146,300
NDPFA - Drinking Water - Loan # DW319 191	Replacement	270	J 104,501	\$ 105,000	1	104,501	Φ	2,200,000	Ф	2,304,301	2,400,000	Ф	140,300
NOTIA - Difficing water - Loan # D wo 19 191	Кергасстоп												
SRF Series 2023; Prelim Debt Schedule		2%	\$ 106,000	\$ 105,000	1	106,000	\$	2,395,000	\$	2,501,000	\$ 3,328,000	\$	151,525
NDPFA - Clean Water - Loan #DW158	Landfill Expansion		,	,		,	-	,,	-	_, ,,,-	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-	,
	•												
SRF - Approved; Prelim Debt Schedule	2024 Water Main	2%	\$ 66,000	\$ 65,000	\$	66,000	\$	1,525,000	\$	1,591,000	\$ 1,591,000	\$	97,850
NDPFA - Drinking Water - Loan #DW	Replacement												
SRF - Approved; Prelim Debt Schedule	Lead Service Line	0.5%	\$ -	\$ -	\$	-	\$	500,000	\$	500,000	\$ 500,000	\$	25,000
NDPFA - Drinking Water - Loan #DW	Replacement												
SRF - Approved; Prelim Debt Schedule	Sims Street Improvements -	- 2%	\$ 80,000	\$ 85,000	\ s	80,000	Φ	1,920,000	e	2,000,000	\$ 2,000,000	•	123,600
NDPFA - Clean Water - Loan #CW	Phase II	- 2/0	\$ 60,000	\$ 65,000	٦	80,000	Ф	1,920,000	J	2,000,000	\$ 2,000,000	Þ	123,000
TOTTE COME WARE - LOWER TO W	1 11450 11				+								
	Subtota	ıl	\$ 4,416,501	\$4,515,000	\$	4,416,501	\$	46,880,000	\$	51,296,501	\$ 89,433,326	\$	5,611,300
					T								
	Tota	ıl	\$ 6,476,501	\$4,515,000	\$	6,476,501	\$	46,880,000	\$	53,356,501	\$ 95,968,326	\$	5,611,300



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 fixedwing 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.

Howard Klug

President, Board of City Commissioners



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 highyield 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



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



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

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	Date of Final	Interest		Due Within	% of Debt Related to	Estimated Oil- Related Debt	Annual Oil- Related Debt
Issuance	Date	Payment	Rates	Ending Balance	One Year	Oil Growth	Outstanding	Service
Series 2015E Airport Revenue Bonds			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

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



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

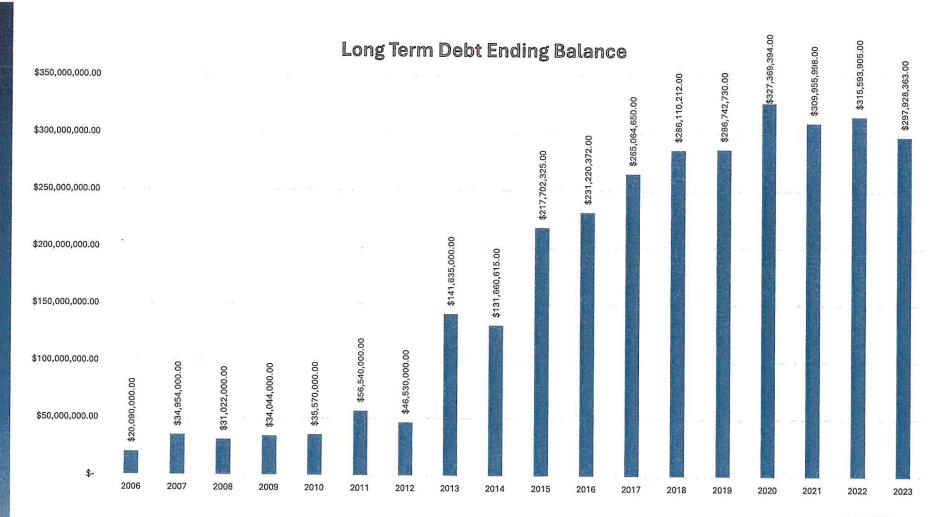
House Finance and Taxation Committee

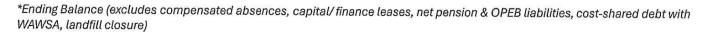
Hon. Representative Craig Headland, Chairman

Chairman Headland and Committee Members,

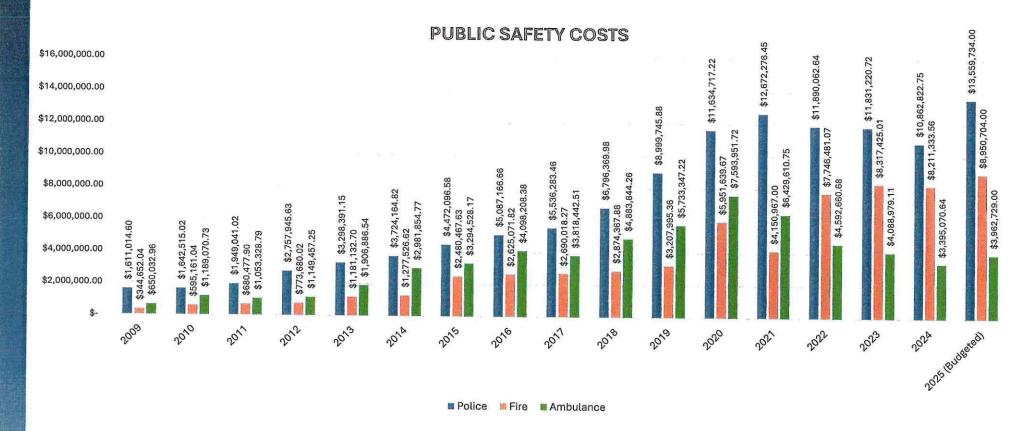
Thank you, Mr. Chairman. For the record, I am Senator Brad Bekkedahl, from District 1 in Williston. For complete transparency, I have also been the elected Finance Commissioner for Williston since 1996, which has given me a great deal of information related to the topic of hub cities and hub cities debt 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 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.









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

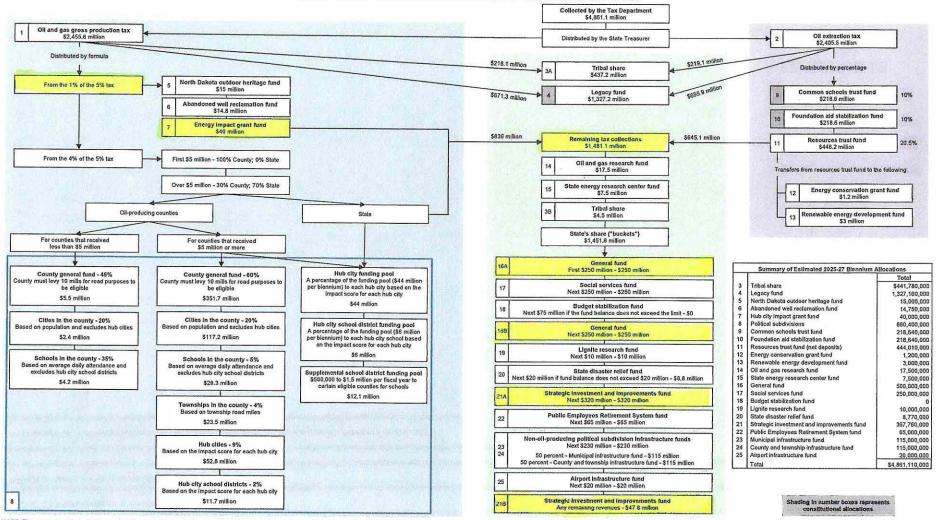
- Series 2015A Public Safety Sales Tax Bond: \$30,486,561.54
- Series 2018A Public Safety Sales Tax Bond: \$12,522,513.50



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 (2nd 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



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 those amounts based on actual oil price and oil production.

25.9417.02000

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

		Date of Final						R	% of Del
Issuance	Issuance Date	Payment	Interest Rates		Ending Balance	Due V	Vithin One Year		Growth
Series 2015E Airport Revenue Bonds	11/24/2015	10/1/2035	2.25-3.625%	\$	7,250,000.00	\$	560,000.00	\$	1
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	\$	ř
Series 2014C Water & Sewer Revenue Bonds	11/25/2014	10/1/2029	2.25-3.10%	\$	1,585,000.00	\$	300,000.00	\$	8
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	\$, f
Clean Water State Revolving Loan Fund	9/24/2018	9/1/2038	1.50%	\$	4,760,000.00	1801	300,000.00	\$	4
Clean Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	\$	6,643,716.00	200	525,000.00	\$	6
Drinking Water State Revolving Loan Fund	6/1/2018	9/1/2040	1.50%	\$	789,947.00	1	75,000.00	\$	7
Series 2015C General Obligation Bonds	11/24/2015	10/1/2025	3.00%	\$	45,000.00		45,000.00	\$	į,
Series 2016B General Obligation Bonds	11/29/2016	10/1/2031	3.00-4.00%	\$	5,395,000.00		695,000.00	\$	1
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%	\$	Value and Control of the Control of	\$	80,000.00	\$	þ
Series 2015B Refunding Improvement Bonds	11/24/2015	10/1/2035	2.00-3.25%	\$	1,130,000.00		90,000.00	4	à i
Series 2016A Refunding Improvement Bonds	11/29/2016	10/1/2036	3.00-3.25%	\$	520,000.00	20	35,000.00	Φ.	į
Series 2020A Refunding Improvement Bonds	9/9/2020	10/1/2030	2.00%	\$	840,000.00	555	135,000.00	4	1
Series 2021A Refunidng Improvement Bonds	9/29/2021	10/1/2031	4.00-5.00%	\$		\$	325,000.00	¢	5
Series 2022B Refunding Improvement Bonds	12/29/2022	10/1/2033	5.00%	\$	3,495,000.00	***	320,000.00	\$	7
Series 2024 Refunding Improvement Bonds	10/15/2024	10/1/2025	4.00%	\$	865,000.00		75,000.00	φ	16
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%	\$		\$	A	7	1
	0/20/2021	10/1/2001	2.00-3.0070	φ		\$	915,000.00 7,515,000.00	\$	1
				Ψ	104,010,000.00	Ψ	7,515,000.00		j.

CITY OF WILLISTON

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

			Date of Final	*				% of Dek Related to
	Issuance	Issuance Date	Payment	Interest Rates	Ending Balance	ī	Due Within One Year	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%

	â	Date of Final						% of Debt	Estimated Oil- Related Debt	Annual Oil- Related Debt
:e	Issuance Date	Payment	Interest Rates	Ending Balance	Ī	Due Within One Year		Growth	Outstanding	Service
X	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	\$	7 .	\$	\$
	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	\$	9	\$	\$
	6/1/2018	9/1/2040	1.50%	\$ 789,947.00	\$	75,000.00	\$	4 -	\$	\$
	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
ncrement)	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	\$	1	\$	\$
	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	2) 2)	j.	\$ 37,227,785.12	\$ 3,575,983.85
								i.		

	í	Date of Final					% of Debt Related to Oil		timated Oil- elated Debt	Annual Oil- elated Debt
;e	Issuance Date	Payment	Interest Rates	Ending Balance	D	Due Within One Year	Growth	0	utstanding	Service
V	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	09
2021A Refunding (* 2006,2007,2009,2010,2010B, & 2012)	2/16/2021	5/1/2040	2.2612%	Φ	4,025,000.00	-	750,525.00	04
2023 Refunding	10/2/2023	5/1/2043	3.75%-4.70%	φ	1,225,000.00	12		
2017A TIF Revenue Bond	3/16/2017			φ			76,848.00	09
		6/1/2035	5.5873%	Ф	10,280,000.00	Ф	570,137.50	Od
2017B TIF Revenue Bond	3/16/2017	6/1/2028	4.9951%	\$	3,305,000.00	\$	986,610.00	09
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	09
2023 Engine Lease 98999940-2	10/21/2022	10/20/2033		\$	1,081,093.59	\$	162,351.49	09
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

Y							% of I
		Date of Final					Related
Issuance	Issuance Date	Payment	Interest Rates	Ending Balance	Du	e Within One Year	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	350
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	900
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	800
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 ^t
2020 Clean Water SRF for Reclaimed Water Main	12/14/2020	9/1/2050	2.0000%	\$ 1,256,469.00	\$	58,100.00	09
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	09
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	09
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	909
				89,494,581.00		9,663,027,00	

1	12/27/2017	5/1/2037		\$ 1,455,000.00	\$ 138,630.00	51%	742,050	70,701
1	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%		
1	3/16/2017	6/1/2028	4.9951%	\$ 3,305,000.00	\$ 986,610.00	0%		
ie 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
1	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
10				280,382,039.35	28,482,232.70		\$ 249,328,210.26	\$ 25,266,816.34

	1	Date of Final					% of Debt Related to Oil		Estimated Oil- Related Debt	Annual Oil- elated Debt
ance	Issuance Date	Payment	Interest Rates	Ending Balance	I	Due Within One Year	Growth		Outstanding	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%			
1	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%			
ne Replacements	12/1/2022	9/1/2043	2.0000%	\$ 2,800,000.00	\$	146,000.00	0%			
ion	3/1/2025	9/1/2044	2.0000%	\$ 2,496,000.00	\$	145,960.00	100%		2,496,000	145,960
acements	11/1/2024	9/1/2044	2.0000%	\$ 1,591,000.00	\$	88,576.00	0%			
lacements	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%	S.	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	Υ
Representative Jared Hagert	Υ
Representative Dick Anderson	AB
Representative Jason Dockter	N
Representative Ty Dressler	Υ
Representative Jim Grueneich	Υ
Representative Mike Motschenbacher	Υ
Representative Dennis Nehring	Υ
Representative Jeremy Olson	Υ
Representative Todd Porter	N
Representative Vicky Steiner	Υ

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

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	Υ
Representative Jared Hagert	Υ
Representative Dick Anderson	AB
Representative Jason Dockter	N
Representative Ty Dressler	Υ
Representative Jim Grueneich	N
Representative Mike Motschenbacher	N
Representative Dennis Nehring	Υ
Representative Jeremy Olson	Υ
Representative Todd Porter	N
Representative Vicky Steiner	Υ
Representative Nathan Toman	N
Representative Austin Foss	Υ
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

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
- 6 an expiration date.

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7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- 8 SECTION 1. AMENDMENT. Section 57-51-15 of the North Dakota Century Code is 9 amended and reenacted as follows: 57-51-15. Gross production tax allocation. (Effective through June 30, 202720372029) 10 11 The gross production tax must be allocated monthly as follows: 12 1. The tax revenue collected under this chapter equal to one percent of the gross value 13 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: 14 Eight percent of the amount available under this subsection to the North Dakota 15 16 outdoor heritage fund, but not in an amount exceeding twenty million dollars per 17 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

1			that	t would bring the balance in the fund to more than one hundred million dollars
2	Ť		thro	ough June 30, 2027, or to more than fifty million dollars after June 30, 2027.
3		C.	<u>U</u> p	to twenty million twenty-five million dollars per fiscal year to the energy impact
4			grai	nt fund under section 2 of this Act.
5		<u>d.</u>	Any	remaining revenues pursuant to subsection 3.
6	•	d.<u>e.</u>	For	purposes of this subsection, "fiscal year" means the period beginning
7			Sep	tember first and ending August thirty-first of the following calendar year.
8	2.	The	tax r	revenue collected under this chapter equal to four percent of the gross value
9		at th	ie we	ell of the oil and four-fifths of the tax on gas must be deposited with the state
10		trea	surer	r. The state treasurer shall allocate the funding in the following order:
11		a.	The	first five million dollars of collections received from a county each fiscal year
12			is a	llocated to the county.
13		b.	The	remaining revenue collections received from a county each fiscal year are
14			allo	cated thirty percent to the county and seventy percent as follows:
15			(1)	Monthly amounts to the hub city funding pool to provide fifteen million four
16				hundred thousand dollars per fiscal year for the allocations under
17				paragraph 2 of subdivision a of subsection 5.
18			(2)	Monthly amounts to the hub city school district funding pool to provide two
19				million one hundred thousand dollars per fiscal year for the allocations
20				under paragraph 3 of subdivision a of subsection 5.
21			(3)	Monthly amounts to the supplemental school district funding pool to provide
22				seventy percent of the total amount needed for the allocations under
23				paragraph 4 of subdivision a of subsection 5.
24			(4)	Any remaining revenue collections to the state for the state's allocations
25				pursuant to subsection 3.
26		c.	For	purposes of this subsection, "fiscal year" means the period beginning
27			Sep	tember first and ending August thirty-first of the following calendar year.
28	3.	Afte	r the	allocations under subsections 1 and 2, the amount remaining is allocated first
29		to pr	ovide	e for deposit of thirty percent of all revenue collected under this chapter in the
30		lega	cy fu	nd as provided in section 26 of article X of the Constitution of North Dakota
31		and	the r	emainder 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:
 - 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.
 - 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:
 - 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

1				industries in each county for all the counties in the human
2				service region in which the hub city is located, based on the most
3				recent annual data for all ownership types compiled by job
4				service North Dakota in the quarterly census of employment and
5				wages, multiplied by fifteen hundredths;
6			[3]	The percentage of establishments engaged in mining, quarrying,
7				and oil and gas extraction relative to the total establishments of
8				all industries in the county in which the hub city is located, based
9				on the most recent annual data for all ownership types complied
10				by job service North Dakota in the quarterly census of
11				employment and wages, multiplied by one-tenth;
12			[4]	The percentage of oil production in the human service region in
13				which the hub city is located relative to the total oil production in
14				all the human service regions with hub cities, based on the most
15				recently available calendar year data compiled by the industrial
16				commission in a report on the historical barrels of oil produced by
17				county, multiplied by one-tenth;
18			[5]	The percentage change in population from five years prior for the
19				hub city, based on the most recent actual or estimated census
20				data published by the United States census bureau, multiplied by
21				one-tenth; and
22			[6]	The percentage change in population from five years prior for the
23				county in which the hub city is located, based on the most recent
24				actual or estimated census data published by the United States
25				census bureau, multiplied by one-tenth.
26		(c)	For	purposes of this paragraph, "human service region" means the
27			area	s designated by the governor's executive order 1978-12 dated
28			Octo	ber 5, 1978.
29	(3)	The	state t	treasurer shall distribute, to the hub city school district funding
30		pool	the n	nonthly amount needed from each county to provide nine hundred
31		thou	sand o	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.

- 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
- (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.

1 After the distributions in subdivision a, each county's remaining revenues must be 2 distributed as follows: 3 (1) Sixty percent must be distributed to the county treasurer and credited to the 4 county general fund. 5 (2)Five percent must be distributed proportionally to school districts within the 6 county on the average daily attendance distribution basis for kindergarten 7 through grade twelve students residing within the county, as certified to the 8 state treasurer by the county superintendent of schools. However, a hub city 9 school district must be omitted from distributions under this subdivision. 10 Twenty percent must be distributed to the incorporated cities of the county. A (3)11 hub city must be omitted from distributions under this subdivision. 12 Distributions among cities under this subsection must be proportional based 13 upon the population of each incorporated city according to the last official 14 decennial federal census. In determining the population of any city in which 15 total employment increases by more than two hundred percent seasonally 16 due to tourism, the population of that city for purposes of this subdivision 17 must be increased by eight hundred percent. 18 Four percent must be allocated among the organized and unorganized (4)19 townships of the county. The state treasurer shall allocate the funds 20 available under this subdivision among townships in proportion to each 21 township's road miles relative to the total township road miles in the county. 22 The amount allocated to unorganized townships under this subdivision must 23 be distributed to the county treasurer and credited to a special fund for 24 unorganized township roads, which the board of county commissioners shall 25 use for the maintenance and improvement of roads in unorganized 26 townships. 27 (5)Nine percent must be distributed among hub cities. The state treasurer shall 28 distribute the funds available under this subdivision in proportion to the 29 amounts the hub cities receive under paragraph 2 of subdivision a. 30 (6)Two percent must be distributed among hub city school districts. The state 31 treasurer shall distribute the funds available under this subdivision in

1				proportion to the amounts the hub city school districts receive under
2				paragraph 3 of subdivision a.
3			(7)	For purposes of this subsection, "fiscal year" means the period beginning
4	Ĩ			September first and ending August thirty-first of the following calendar year.
5	Gro	ss p	roduc	ction tax allocation. (Effective after June 30, 202720372029) The gross
6	producti	ion ta	ax mus	st be allocated monthly as follows:
7	1.	The	e tax r	evenue collected under this chapter equal to one percent of the gross value
8		at t	he we	Il of the oil and one-fifth of the tax on gas must be deposited with the state
9		trea	asurer	. The state treasurer shall allocate the funding in the following order:
10		a.	Eigh	nt percent of the amount available under this subsection to the North Dakota
11			outo	door heritage fund, but not in an amount exceeding twenty million dollars per
12			fisca	al year.
13		b.	Fou	r percent of the amount available under this subsection to the abandoned oil
14			and	gas well plugging and site reclamation fund, but not in an amount exceeding
15			seve	en million five hundred thousand dollars per fiscal year and not in an amount
16			that	would bring the balance in the fund to more than fifty million dollars.
17		C.	Any	remaining revenues pursuant to subsection 3.
18		d.	For	purposes of this subsection, "fiscal year" means the period beginning
19			Sep	tember first and ending August thirty-first of the following calendar year.
20	2.	The	tax re	evenue collected under this chapter equal to four percent of the gross value
21		at t	he we	Il of the oil and four-fifths of the tax on gas must be deposited with the state
22		trea	surer.	The state treasurer shall allocate the funding in the following order:
23		a.	The	first five million dollars of collections received from a county each fiscal year
24			is all	located to the county.
25		b.	The	remaining revenue collections received from a county each fiscal year are
26			alloc	cated thirty percent to the county and seventy percent as follows:
27			(1)	Monthly amounts to the hub city funding pool to provide fifteen million four
28				hundred thousand dollars per fiscal year for the allocations under
29				paragraph 2 of subdivision a of subsection 5.

1 (2)Monthly amounts to the hub city school district funding pool to provide two 2 million one hundred thousand dollars per fiscal year for the allocations 3 under paragraph 3 of subdivision a of subsection 5. 4 Monthly amounts to the supplemental school district funding pool to provide (3)5 seventy percent of the total amount needed for the allocations under 6 paragraph 4 of subdivision a of subsection 5. 7 (4)Any remaining revenue collections to the state for the state's allocations 8 pursuant to subsection 3. 9 For purposes of this subsection, "fiscal year" means the period beginning 10 September first and ending August thirty-first of the following calendar year. 11 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first 12 to provide for deposit of thirty percent of all revenue collected under this chapter in the 13 legacy fund as provided in section 26 of article X of the Constitution of North Dakota 14 and the remainder must be allocated to the state general fund. If the amount available 15 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 16 all revenue collected under this chapter in the legacy fund, the state treasurer shall 17 transfer the amount of the shortfall from the state general fund share of oil extraction 18 tax collections and deposit that amount in the legacy fund. 19 For a county that received less than five million dollars of allocations under 20 subsection 2 in the most recently completed even-numbered fiscal year before the 21 start of the biennium, revenues allocated to that county must be distributed by the 22 state treasurer as follows: 23 Forty-five percent must be distributed to the county treasurer and credited to the 24 county general fund. 25 Thirty-five percent must be distributed proportionally to school districts within the 26 county on the average daily attendance distribution basis for kindergarten 27 through grade twelve students residing within the county, as certified to the state 28 treasurer by the county superintendent of schools. However, a hub city school 29 district must be omitted from distributions under this subdivision. 30 Twenty percent must be distributed to the incorporated cities of the county. A hub C. 31

city must be omitted from distributions under this subdivision. Distributions

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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.

- 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,

1		rela	tive to the combined total of all the hub cities' impact percentage
2		sco	res.
3	(b)	The	state treasurer shall calculate the impact percentage score for
4		eac	h hub city by summing the following:
5		[1]	The percentage of mining, quarrying, and oil and gas extraction
6			employment relative to the total employment of all industries in
7			the county in which the hub city is located, based on the most
8			recent annual data for all ownership types compiled by job
9			service North Dakota in the quarterly census of employment and
10			wages, multiplied by forty-five hundredths;
11		[2]	The average of the percentage of mining, quarrying, and oil and
12			gas extraction employment relative to the total employment of all
13			industries in each county for all the counties in the human
14			service region in which the hub city is located, based on the mos
15			recent annual data for all ownership types compiled by job
16			service North Dakota in the quarterly census of employment and
17			wages, multiplied by fifteen hundredths;
18		[3]	The percentage of establishments engaged in mining, quarrying,
19			and oil and gas extraction relative to the total establishments of
20			all industries in the county in which the hub city is located, based
21			on the most recent annual data for all ownership types complied
22			by job service North Dakota in the quarterly census of
23			employment and wages, multiplied by one-tenth;
24		[4]	The percentage of oil production in the human service region in
25			which the hub city is located relative to the total oil production in
26			all the human service regions with hub cities, based on the most
27			recently available calendar year data compiled by the industrial
28			commission in a report on the historical barrels of oil produced by
29			county, multiplied by one-tenth;
30		[5]	The percentage change in population from five years prior for the
31			hub city, based on the most recent actual or estimated census

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

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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

1				a monthly amount that will provide a total allocation of seven hundred
2				fifty thousand dollars per fiscal year. The allocation must be distributed
3				to school districts within the county pursuant to paragraph 2 of
4				subdivision b.
5			(e)	To each county that received more than twenty-five million dollars but
6				not exceeding thirty million dollars of total allocations under
7				subsection 2 in the most recently completed even-numbered fiscal
8				year before the start of the biennium, the state treasurer shall allocate
9				a monthly amount that will provide a total allocation of five hundred
10				thousand dollars per fiscal year. The allocation must be distributed to
11				school districts within the county pursuant to paragraph 2 of
12				subdivision b.
13	b.	Afte	er the d	istributions in subdivision a, each county's remaining revenues must be
14		dist	ributed	as follows:
15		(1)	Sixty	percent must be distributed to the county treasurer and credited to the
16			coun	ty general fund.
17		(2)	Five	percent must be distributed proportionally to school districts within the
18			coun	ty on the average daily attendance distribution basis for kindergarten
19			throu	gh grade twelve students residing within the county, as certified to the
20			state	treasurer by the county superintendent of schools. However, a hub city
21			scho	ol district must be omitted from distributions under this subdivision.
22		(3)	Twen	ty percent must be distributed to the incorporated cities of the county. A
23			hub c	city must be omitted from distributions under this subdivision.
24			Distri	butions among cities under this subsection must be proportional based
25			upon	the population of each incorporated city according to the last official
26			dece	nnial federal census. In determining the population of any city in which
27			total	employment increases by more than two hundred percent seasonally
28			due t	o tourism, the population of that city for purposes of this subdivision
29			must	be increased by eight hundred percent.
30		(4)	Four	percent must be allocated among the organized and unorganized
31			towns	ships of the county. The state treasurer shall allocate the funds

1				available under this subdivision among townships in proportion to each					
2				township's road miles relative to the total township road miles in the county.					
3				The amount allocated to unorganized townships under this subdivision must					
4	be distributed to the county treasurer and credited to a special fund for								
5				unorganized township roads, which the board of county commissioners shall					
6				use for the maintenance and improvement of roads in unorganized					
7				townships.					
8			(5)	Nine percent must be distributed among hub cities. The state treasurer shall					
9				distribute the funds available under this subdivision in proportion to the					
10				amounts the hub cities receive under paragraph 2 of subdivision a.					
11			(6)	Two percent must be distributed among hub city school districts. The state					
12				treasurer shall distribute the funds available under this subdivision in					
13				proportion to the amounts the hub city school districts receive under					
14				paragraph 3 of subdivision a.					
15			(7)	For purposes of this subsection, "fiscal year" means the period beginning					
16				September first and ending August thirty-first of the following calendar year.					
17	SECTION 2. A new section to chapter 57-51 of the North Dakota Century Code is created								
18	and ena	cted	as foll	lows:					
19	<u>Ene</u>	rgy i	mpac	t grant fund - State treasurer - Continuing appropriation - Report.					
20	<u>1.</u>	The	There is created in the state treasury the energy impact grant fund. The fund consists						
21		of a	ll mor	neys allocated to the fund under section 57-51-15. All moneys in the fund are					
22		<u>app</u>	ropria	ted to the state treasurer on a continuing basis for energy impact grants to					
23		<u>hub</u>	cities	_					
24	<u>2.</u>	With	nin for	ty days after the fund receives its statutory limit of oil and gas tax allocations					
25		for a fiscal year under section 57-51-15 or by August thirty-first of each year.							
26		whic	hichever is earlier, the state treasurer shall distribute moneys in the fund for grants to						
27	ř.	hub	cities	as follows:					
28		<u>a.</u>	Seve	enty-three and eighty-eight hundredthsSeventy and thirteen hundredths					
29	ř		perc	ent of the amount under this subsection to Williston;					
30	t)	<u>b.</u>	Fifte	en and sixty-six hundredths Nineteen and ninety-four hundredths percent of					
31			the a	amount under this subsection to Dickinson; and					

1		c. Ten and forty-six hundredths Nine and ninety-three hundredths percent of the									
2		amount under this subsection to Minot.									
3	<u>3.</u>	A hub city shall use the grant funding provided under this section for debt repayments									
4		related to debt incurred between July 1, 2012, and December 31, 2024, to address									
5		mpacts from oil and gas development or for other expenses incurred to address									
6		impacts from oil and gas development.									
7	4	At least once per interim, each hub city shall provide a report to the budget section									
8		regarding the use of the funding received under this section and information on the									
9		hub city's outstanding debt, including maturity dates, interest rates, and annual									
10		repayment amounts.									
11	SEC	TION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is									
12	amende	d and reenacted as follows:									
13	57-5	1.1-07.5. State share of oil and gas taxes - Deposits.									
14	Fror	n the revenues designated for deposit in the state general fund under chapters 57-51									
15	and 57-5	11.1, the state treasurer shall deposit the revenues received each biennium in the									
16	following	order:									
17	1.	The first two hundred thirty million two hundred fifty million dollars into the state general									
18		fund;									
19	2.	The next two hundred fifty million dollars into the social service fund;									
20	3.	The next seventy-five million dollars into the budget stabilization fund, but not in an									
21		amount that would bring the balance in the fund to more than the limit in section									
22		54-27.2-01;									
23	4.	The next two hundred thirty million two hundred fifty million dollars into the state									
24		general fund;									
25	5.	The next ten million dollars into the lignite research fund;									
26	6.	The next twenty million dollars into the state disaster relief fund, but not in an amount									
27		that would bring the unobligated balance in the fund to more than twenty million									
28	1	dollars;									
29	7.	The next four hundred millionthree hundred twenty millionthree hundred ten million									
30		dollars into the strategic investment and improvements fund:									

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- 1 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
- 16 12. Any additional revenues into the strategic investment and improvements fund.

17 SECTION 4. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH 18 DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.

- 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.

1	SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective for oil and gas gross
2	production tax allocations by the state treasurer occurring after August 31, 2025.
3	SECTION 6. EXPIRATION DATE. Section 2 of this Act is effective through June 30, 2029,
4	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

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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.

7 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, 202720372029)
- 11 The gross production tax must be allocated monthly as follows:
 - 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

1			that	would bring the balance in the fund to more than one hundred million dollars								
2			thro	ugh June 30, 2027, or to more than fifty million dollars after June 30, 2027.								
3		C.	<u>Up 1</u>	to twenty milliontwenty-five million dollars per fiscal year to the energy impact								
4			grant fund under section 2 of this Act.									
5		<u>d.</u>	Any	remaining revenues pursuant to subsection 3.								
6	d	<u>.e.</u>	For	purposes of this subsection, "fiscal year" means the period beginning								
7			Sep	tember first and ending August thirty-first of the following calendar year.								
8	2.	The	tax r	evenue collected under this chapter equal to four percent of the gross value								
9		at th	ie we	Il of the oil and four-fifths of the tax on gas must be deposited with the state								
10		trea	surer	. The state treasurer shall allocate the funding in the following order:								
11		a.	The	first five million dollars of collections received from a county each fiscal year								
12			is al	located to the county.								
13		b.	The	remaining revenue collections received from a county each fiscal year are								
14			allo	cated thirty percent to the county and seventy percent as follows:								
15			(1)	Monthly amounts to the hub city funding pool to provide fifteen million four								
16				hundred thousand dollars per fiscal year for the allocations under								
17				paragraph 2 of subdivision a of subsection 5.								
18			(2)	Monthly amounts to the hub city school district funding pool to provide two								
19				million one hundred thousand dollars per fiscal year for the allocations								
20				under paragraph 3 of subdivision a of subsection 5.								
21			(3)	Monthly amounts to the supplemental school district funding pool to provide								
22				seventy percent of the total amount needed for the allocations under								
23				paragraph 4 of subdivision a of subsection 5.								
24			(4)	Any remaining revenue collections to the state for the state's allocations								
25				pursuant to subsection 3.								
26		C.	For	purposes of this subsection, "fiscal year" means the period beginning								
27			Sep	tember first and ending August thirty-first of the following calendar year.								
28	3.	Afte	r the	allocations under subsections 1 and 2, the amount remaining is allocated first								
29		to p	rovid	e for deposit of thirty percent of all revenue collected under this chapter in the								
30		lega	cy fu	nd as provided in section 26 of article X of the Constitution of North Dakota								
31		and	the r	emainder 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 2 all revenue collected under this chapter in the legacy fund, the state treasurer shall 3 transfer the amount of the shortfall from the state general fund share of oil extraction 4 tax collections and deposit that amount in the legacy fund.
 - 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:
 - Forty-five percent must be distributed to the county treasurer and credited to the county general fund.
 - Thirty-five percent must be distributed proportionally to school districts within the b. 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.
 - Twenty percent must be distributed to the incorporated cities of the county. A hub C. 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:
 - 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

Sixty-ninth Legislative Assembly

1				industries in each county for all the counties in the human
2				service region in which the hub city is located, based on the most
3				recent annual data for all ownership types compiled by job
4				service North Dakota in the quarterly census of employment and
5				wages, multiplied by fifteen hundredths;
6			[3]	The percentage of establishments engaged in mining, quarrying,
7				and oil and gas extraction relative to the total establishments of
8				all industries in the county in which the hub city is located, based
9				on the most recent annual data for all ownership types complied
10				by job service North Dakota in the quarterly census of
11				employment and wages, multiplied by one-tenth;
12			[4]	The percentage of oil production in the human service region in
13				which the hub city is located relative to the total oil production in
14				all the human service regions with hub cities, based on the most
15				recently available calendar year data compiled by the industrial
16				commission in a report on the historical barrels of oil produced by
17				county, multiplied by one-tenth;
18			[5]	The percentage change in population from five years prior for the
19				hub city, based on the most recent actual or estimated census
20				data published by the United States census bureau, multiplied by
21				one-tenth; and
22			[6]	The percentage change in population from five years prior for the
23				county in which the hub city is located, based on the most recent
24				actual or estimated census data published by the United States
25				census bureau, multiplied by one-tenth.
26		(c)	For	purposes of this paragraph, "human service region" means the
27			area	as designated by the governor's executive order 1978-12 dated
28			Oct	ober 5, 1978.
29	(3)	The	state	treasurer shall distribute, to the hub city school district funding
30		pool	, the r	monthly amount needed from each county to provide nine hundred
31		thou	sand	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.

- 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
- (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.

1 After the distributions in subdivision a, each county's remaining revenues must be 2 distributed as follows: 3 Sixty percent must be distributed to the county treasurer and credited to the 4 county general fund. 5 (2) Five percent must be distributed proportionally to school districts within the 6 county on the average daily attendance distribution basis for kindergarten 7 through grade twelve students residing within the county, as certified to the 8 state treasurer by the county superintendent of schools. However, a hub city 9 school district must be omitted from distributions under this subdivision. 10 (3) Twenty percent must be distributed to the incorporated cities of the county. A 11 hub city must be omitted from distributions under this subdivision. 12 Distributions among cities under this subsection must be proportional based 13 upon the population of each incorporated city according to the last official 14 decennial federal census. In determining the population of any city in which 15 total employment increases by more than two hundred percent seasonally 16 due to tourism, the population of that city for purposes of this subdivision 17 must be increased by eight hundred percent. 18 (4) Four percent must be allocated among the organized and unorganized 19 townships of the county. The state treasurer shall allocate the funds 20 available under this subdivision among townships in proportion to each 21 township's road miles relative to the total township road miles in the county. 22 The amount allocated to unorganized townships under this subdivision must 23 be distributed to the county treasurer and credited to a special fund for 24 unorganized township roads, which the board of county commissioners shall 25 use for the maintenance and improvement of roads in unorganized 26 townships. 27 (5) Nine percent must be distributed among hub cities. The state treasurer shall 28 distribute the funds available under this subdivision in proportion to the 29 amounts the hub cities receive under paragraph 2 of subdivision a. 30 (6) Two percent must be distributed among hub city school districts. The state 31 treasurer shall distribute the funds available under this subdivision in

1				proportion to the amounts the hub city school districts receive under	
2				paragraph 3 of subdivision a.	
3			(7)	For purposes of this subsection, "fiscal year" means the period beginning	
4				September first and ending August thirty-first of the following calendar year.	
5	Gross production tax allocation. (Effective after June 30, 202720372029) The gross				
6	producti	on ta	on tax must be allocated monthly as follows:		
7	1.	The	e tax revenue collected under this chapter equal to one percent of the gross value		
8		at t	he we	ell of the oil and one-fifth of the tax on gas must be deposited with the state	
9		treasurer. The state treasurer shall allocate the funding in the following order:			
10		a.	Eigl	nt percent of the amount available under this subsection to the North Dakota	
11			outo	door heritage fund, but not in an amount exceeding twenty million dollars per	
12			fisca	al year.	
13		b.	Fou	r percent of the amount available under this subsection to the abandoned oil	
14			and	gas well plugging and site reclamation fund, but not in an amount exceeding	
15			sev	en million five hundred thousand dollars per fiscal year and not in an amount	
16			that	would bring the balance in the fund to more than fifty million dollars.	
17		c.	Any	remaining revenues pursuant to subsection 3.	
18		d.	For	purposes of this subsection, "fiscal year" means the period beginning	
19			Sep	tember first and ending August thirty-first of the following calendar year.	
20	2.	The	e tax revenue collected under this chapter equal to four percent of the gross value		
21		at t	at the well of the oil and four-fifths of the tax on gas must be deposited with the state		
22		treasurer. The state treasurer shall allocate the funding in the following order:			
23		a.	The	first five million dollars of collections received from a county each fiscal year	
24			is a	llocated to the county.	
25		b.	The	remaining revenue collections received from a county each fiscal year are	
26			allo	cated thirty percent to the county and seventy percent as follows:	
27			(1)	Monthly amounts to the hub city funding pool to provide fifteen million four	
28				hundred thousand dollars per fiscal year for the allocations under	
29				paragraph 2 of subdivision a of subsection 5.	

1 Monthly amounts to the hub city school district funding pool to provide two (2) 2 million one hundred thousand dollars per fiscal year for the allocations 3 under paragraph 3 of subdivision a of subsection 5. 4 (3) Monthly amounts to the supplemental school district funding pool to provide 5 seventy percent of the total amount needed for the allocations under 6 paragraph 4 of subdivision a of subsection 5. 7 (4) Any remaining revenue collections to the state for the state's allocations 8 pursuant to subsection 3. 9 For purposes of this subsection, "fiscal year" means the period beginning C. 10 September first and ending August thirty-first of the following calendar year. 11 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first 12 to provide for deposit of thirty percent of all revenue collected under this chapter in the 13 legacy fund as provided in section 26 of article X of the Constitution of North Dakota 14 and the remainder must be allocated to the state general fund. If the amount available 15 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 16 all revenue collected under this chapter in the legacy fund, the state treasurer shall 17 transfer the amount of the shortfall from the state general fund share of oil extraction 18 tax collections and deposit that amount in the legacy fund. 19 For a county that received less than five million dollars of allocations under 20 subsection 2 in the most recently completed even-numbered fiscal year before the 21 start of the biennium, revenues allocated to that county must be distributed by the 22 state treasurer as follows: 23 Forty-five percent must be distributed to the county treasurer and credited to the a. 24 county general fund. 25 b. Thirty-five percent must be distributed proportionally to school districts within the 26 county on the average daily attendance distribution basis for kindergarten 27 through grade twelve students residing within the county, as certified to the state 28 treasurer by the county superintendent of schools. However, a hub city school 29 district must be omitted from distributions under this subdivision. 30 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.
- 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,

1		rela	tive to the combined total of all the hub cities' impact percentage
2		sco	res.
3	(b)	The	state treasurer shall calculate the impact percentage score for
4		eac	h hub city by summing the following:
5		[1]	The percentage of mining, quarrying, and oil and gas extraction
6			employment relative to the total employment of all industries in
7			the county in which the hub city is located, based on the most
8			recent annual data for all ownership types compiled by job
9			service North Dakota in the quarterly census of employment and
10			wages, multiplied by forty-five hundredths;
11		[2]	The average of the percentage of mining, quarrying, and oil and
12			gas extraction employment relative to the total employment of all
13			industries in each county for all the counties in the human
14			service region in which the hub city is located, based on the mos
15			recent annual data for all ownership types compiled by job
16			service North Dakota in the quarterly census of employment and
17			wages, multiplied by fifteen hundredths;
18		[3]	The percentage of establishments engaged in mining, quarrying,
19			and oil and gas extraction relative to the total establishments of
20			all industries in the county in which the hub city is located, based
21			on the most recent annual data for all ownership types complied
22			by job service North Dakota in the quarterly census of
23			employment and wages, multiplied by one-tenth;
24		[4]	The percentage of oil production in the human service region in
25			which the hub city is located relative to the total oil production in
26			all the human service regions with hub cities, based on the most
27			recently available calendar year data compiled by the industrial
28			commission in a report on the historical barrels of oil produced by
29			county, multiplied by one-tenth;
30		[5]	The percentage change in population from five years prior for the
31			hub city, based on the most recent actual or estimated census

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

1				a monthly amount that will provide a total allocation of seven hundred
2				fifty thousand dollars per fiscal year. The allocation must be distributed
3				to school districts within the county pursuant to paragraph 2 of
4				subdivision b.
5			(e)	To each county that received more than twenty-five million dollars but
6				not exceeding thirty million dollars of total allocations under
7				subsection 2 in the most recently completed even-numbered fiscal
8				year before the start of the biennium, the state treasurer shall allocate
9				a monthly amount that will provide a total allocation of five hundred
0				thousand dollars per fiscal year. The allocation must be distributed to
11				school districts within the county pursuant to paragraph 2 of
2				subdivision b.
3	b.	Afte	r the o	distributions in subdivision a, each county's remaining revenues must be
4		dist	ributed	d as follows:
5		(1)	Sixty	percent must be distributed to the county treasurer and credited to the
6			cour	ity general fund.
7		(2)	Five	percent must be distributed proportionally to school districts within the
8			cour	nty on the average daily attendance distribution basis for kindergarten
9			throu	ugh grade twelve students residing within the county, as certified to the
20			state	e treasurer by the county superintendent of schools. However, a hub city
21			scho	ool district must be omitted from distributions under this subdivision.
22		(3)	Twei	nty percent must be distributed to the incorporated cities of the county. A
23			hub	city must be omitted from distributions under this subdivision.
24			Distr	ibutions among cities under this subsection must be proportional based
25			upor	the population of each incorporated city according to the last official
26			dece	ennial federal census. In determining the population of any city in which
27			total	employment increases by more than two hundred percent seasonally
28			due	to tourism, the population of that city for purposes of this subdivision
29			mus	t be increased by eight hundred percent.
30		(4)	Four	percent must be allocated among the organized and unorganized
31			town	ships of the county. The state treasurer shall allocate the funds

1			available under this subdivision among townships in proportion to each
2			township's road miles relative to the total township road miles in the county.
3			The amount allocated to unorganized townships under this subdivision must
4			be distributed to the county treasurer and credited to a special fund for
5			unorganized township roads, which the board of county commissioners shal
6			use for the maintenance and improvement of roads in unorganized
7			townships.
8		(5)	Nine percent must be distributed among hub cities. The state treasurer shall
9			distribute the funds available under this subdivision in proportion to the
10			amounts the hub cities receive under paragraph 2 of subdivision a.
11		(6)	Two percent must be distributed among hub city school districts. The state
12			treasurer shall distribute the funds available under this subdivision in
13			proportion to the amounts the hub city school districts receive under
14			paragraph 3 of subdivision a.
15		(7)	For purposes of this subsection, "fiscal year" means the period beginning
16			September first and ending August thirty-first of the following calendar year.
17	SEC	CTION 2.	A new section to chapter 57-51 of the North Dakota Century Code is created
18	and ena	cted as fo	ollows:
19	Ene	ergy impa	ct grant fund - State treasurer - Continuing appropriation - Report.
20	<u>1.</u>	There is	created in the state treasury the energy impact grant fund. The fund consists
21		of all mo	oneys allocated to the fund under section 57-51-15. All moneys in the fund are
22		appropr	iated to the state treasurer on a continuing basis for energy impact grants to
23		hub citie	<u>es.</u>
24	<u>2.</u>	Within fo	orty days after the fund receives its statutory limit of oil and gas tax allocations
25		for a fisc	cal year under section 57-51-15 or by August thirty-first of each year,
26		whichev	er is earlier, the state treasurer shall distribute moneys in the fund for grants to
27		hub citie	es as follows:
28		a. Se	venty-three and eighty-eight hundredthsSeventy and thirteen hundredths
29		реі	cent of the amount under this subsection to Williston;
30		b. Fiff	een and sixty-six hundredthsNineteen and ninety-four hundredths percent of
31		the	amount under this subsection to Dickinson; and

1		c. Ten and forty-six hundredths Nine and ninety-three hundredths percent of the
2		amount under this subsection to Minot.
3	<u>3.</u>	A hub city shall use the grant funding provided under this section for debt repayments
4		related to debt incurred between July 1, 2012, and December 31, 2024, to address
5		impacts from oil and gas development or for other expenses incurred to address
6		impacts from oil and gas development.
7	4.	At least once per interim, each hub city shall provide a report to the budget section
8		regarding the use of the funding received under this section and information on the
9		hub city's outstanding debt, including maturity dates, interest rates, and annual
10		repayment amounts.
11	SEC	TION 3. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is
12	amende	d and reenacted as follows:
13	57-5	1.1-07.5. State share of oil and gas taxes - Deposits.
14	Fror	n the revenues designated for deposit in the state general fund under chapters 57-51
15	and 57-5	51.1, the state treasurer shall deposit the revenues received each biennium in the
16	following	g order:
17	1.	The first two hundred thirty million two hundred fifty million dollars into the state general
18		fund;
19	2.	The next two hundred fifty million dollars into the social service fund;
20	3.	The next seventy-five million dollars into the budget stabilization fund, but not in an
21		amount that would bring the balance in the fund to more than the limit in section
22		54-27.2-01;
23	4.	The next two hundred thirty million two hundred fifty million dollars into the state
24		general fund;
25	5.	The next ten million dollars into the lignite research fund;
26	6.	The next twenty million dollars into the state disaster relief fund, but not in an amount
27		that would bring the unobligated balance in the fund to more than twenty million
28	1	dollars;
29	7.	The next four hundred millionthree hundred twenty millionthree hundred ten million
30		dollars into the strategic investment and improvements fund;

- 1 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
- 16 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.

- 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.
- 3 SECTION 6. EXPIRATION DATE. Section 2 of this Act is effective through June 30, 2029,
- 4 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	Υ
Representative Jared Hagert	Υ
Representative Dick Anderson	Υ
Representative Jason Dockter	Υ
Representative Ty Dressler	N
Representative Jim Grueneich	Υ
Representative Mike Motschenbacher	Υ
Representative Dennis Nehring	N
Representative Jeremy Olson	N
Representative Todd Porter	Υ
Representative Vicky Steiner	N
Representative Nathan Toman	Υ
Representative Austin Foss	Υ

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

Module ID: h_stcomrep_58_009 Carrier: Steiner Insert LC: 25.0911.04003 Title: 05000

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



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,

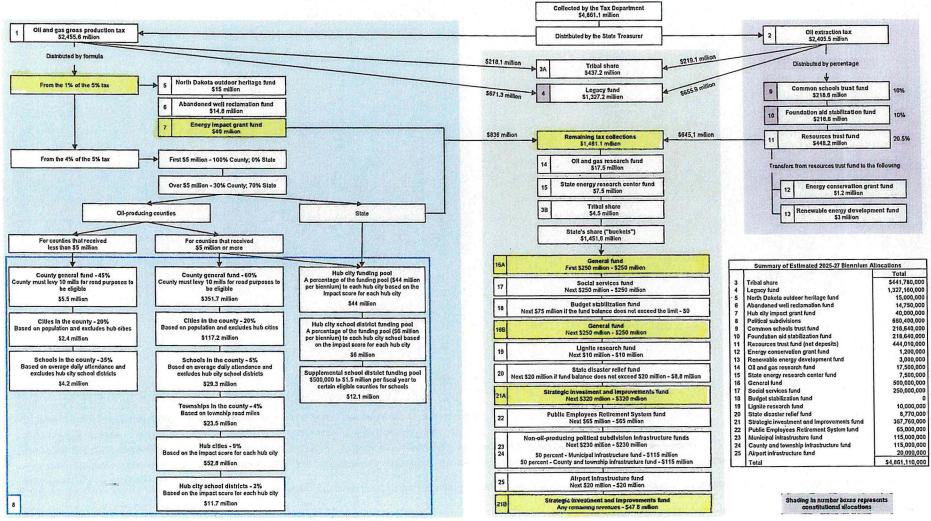
Thank you, Mr. Chairman. For the record, I am Senator Brad Bekkedahl, from District 1 in Williston. For complete transparency, I have also been the elected Finance Commissioner for Williston since 1996, which has given me a great deal of information related to the topic of hub cities and hub cities debt 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.

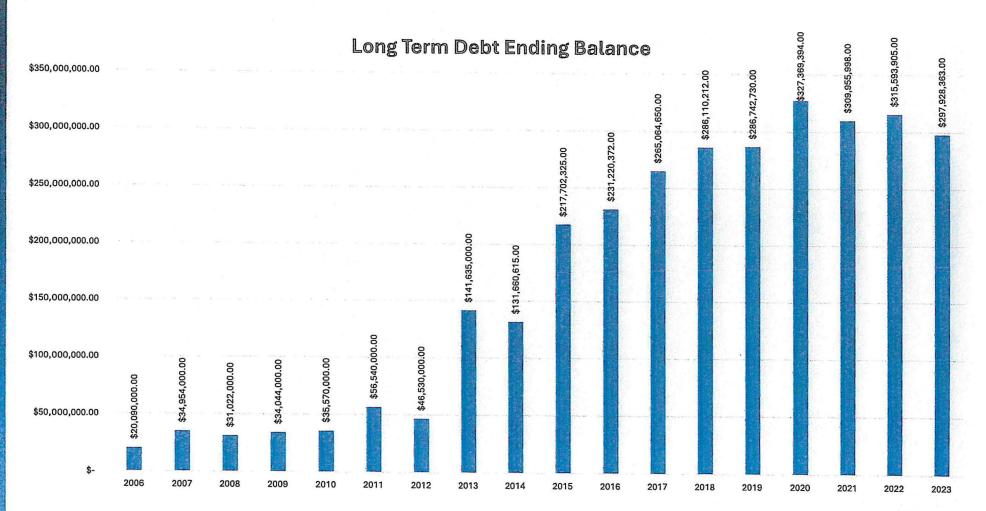
OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART - NEW HUB CITY ALLOCATION SCENARIO

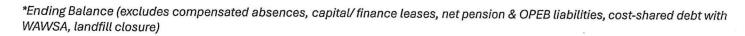
This memorandum provides information on the estimated allocation of oil and gas tax collections for a new hub city allocation based on a 2025-27 biennium scenario, which reflects oil prices decreasing from \$62 per barrel (2nd year) to \$60 per barrel (2nd year) during the biennium and oil production 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



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 those amounts based on actual oil price and oil production.







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	Υ
Representative Keith Kempenich	Υ
Representative Bert Anderson	Υ
Representative Mike Berg	Υ
Representative Glenn Bosch	Υ
Representative Mike Brandenburg	Υ
Representative Jay Fisher	Υ
Representative Karla Rose Hanson	Υ
Representative Scott Louser	Υ
Representative Bob Martinson	Υ
Representative Lisa Meier	Υ
Representative Alisa Mitskog	Υ
Representative David Monson	Υ
Representative Eric J. Murphy	Υ
Representative Mike Nathe	Υ

Representative Jon O. Nelson	Υ
Representative Emily O'Brien	Υ
Representative Brandy L. Pyle	Υ
Representative David Richter	Υ
Representative Mark Sanford	Υ
Representative Gregory Stemen	Υ
Representative Steve Swiontek	AB
Representative Scott Wagner	Υ

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	Υ
Representative Keith Kempenich	Υ
Representative Bert Anderson	Υ
Representative Mike Berg	Υ
Representative Glenn Bosch	Υ
Representative Mike Brandenburg	Υ
Representative Jay Fisher	Υ
Representative Karla Rose Hanson	Υ
Representative Scott Louser	Υ
Representative Bob Martinson	Υ
Representative Lisa Meier	Υ
Representative Alisa Mitskog	Υ
Representative David Monson	Υ
Representative Eric J. Murphy	Υ
Representative Mike Nathe	Υ
Representative Jon O. Nelson	Υ
Representative Emily O'Brien	Υ
Representative Brandy L. Pyle	Υ
Representative David Richter	Υ
Representative Mark Sanford	Υ
Representative Gregory Stemen	Υ
Representative Steve Swiontek	AB
Representative Scott Wagner	Υ

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

Sixty-ninth Legislative Assembly of North Dakota Prepared by the Legislative Council staff for Representative Richter April 21, 2025

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

1/23/25 10f19

ENGROSSED SENATE BILL NO. 2323

Introduced by

6

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
- 7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

provide an effective date; and to provide an expiration date.

8 SECTION 1. AMENDMENT. Section 57-51-15 of the North Dakota Century Code is 9 amended and reenacted as follows: 10 57-51-15. Gross production tax allocation - Report. (Effective through June 30, 11 20272037) 12 The gross production tax must be allocated monthly as follows: 13 The tax revenue collected under this chapter equal to one percent of the gross value 14 at the well of the oil and one-fifth of the tax on gas must be deposited with the state 15 treasurer. The state treasurer shall allocate the funding in the following order: 16 Eight percent of the amount available under this subsection to the North Dakota 17 outdoor heritage fund, but not in an amount exceeding twenty million dollars per 18 fiscal year. 19 b. Four percent of the amount available under this subsection to the abandoned oil 20 and gas well plugging and site reclamation fund, but not in an amount exceeding

1	seven million five hundred thousand dollars per fiscal year and not in an amount
2	that would bring the balance in the fund to more than one hundred million dollars
3	through June 30, 2027, or to more than fifty million dollars after June 30, 2027.
4	c. Up to twenty million dollars per fiscal year to the energy impact grant fund under
5	section 2 of this Act.
6	d. Any remaining revenues pursuant to subsection 3.
7	d.e. For purposes of this subsection, "fiscal year" means the period beginning
8	September first and ending August thirty-first of the following calendar year.
9	2. The tax revenue collected under this chapter equal to four percent of the gross value
10	at the well of the oil and four-fifths of the tax on gas must be deposited with the state
11	treasurer. The state treasurer shall allocate the funding in the following order:
12	a. The first five million dollars of collections received from a county each fiscal year
13	is allocated to the county.
14	b. The remaining revenue collections received from a county each fiscal year are
15	allocated thirty percent to the county and seventy percent as follows:
16	(1) Monthly amounts to the hub city funding pool to provide fifteen million four
17	hundred thousand dollars per fiscal year for the allocations under
18	paragraph 2 of subdivision a of subsection 5.
19	(2) Monthly amounts to the hub city school district funding pool to provide two
20	million one hundred thousand dollars per fiscal year for the allocations
21	under paragraph 3 of subdivision a of subsection 5.
22	(3) Monthly amounts to the supplemental school district funding pool to provide
23	seventy percent of the total amount needed for the allocations under
24	paragraph 4 of subdivision a of subsection 5.
25	(4) Any remaining revenue collections to the state for the state's allocations
26	pursuant to subsection 3.
27	c. For purposes of this subsection, "fiscal year" means the period beginning
28	September first and ending August thirty-first of the following calendar year.
29	- 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first
30	to provide for deposit of thirty percent of all revenue collected under this chapter in the
31	legacy fund as provided in section 26 of article X of the Constitution of North Dakota

1 and the remainder must be allocated to the state general fund. If the amount available 2 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 3 all revenue collected under this chapter in the legacy fund, the state treasurer shall 4 transfer the amount of the shortfall from the state general fund share of oil extraction 5 tax collections and deposit that amount in the legacy fund. 6 For a county that received less than five million dollars of allocations under 7 subsection 2 in the most recently completed even numbered fiscal year before the 8 start of the biennium, revenues allocated to that county must be distributed by the 9 state treasurer as follows: 10 Forty-five percent must be distributed to the county treasurer and credited to the 11 county general fund. 12 Thirty-five percent must be distributed proportionally to school districts within the 13 county on the average daily attendance distribution basis for kindergarten 14 through grade twelve students residing within the county, as certified to the state 15 treasurer by the county superintendent of schools. However, a hub city school 16 district must be omitted from distributions under this subdivision. 17 Twenty percent must be distributed to the incorporated cities of the county. A hub 18 city must be omitted from distributions under this subdivision. Distributions 19 among cities under this subsection must be proportional based upon the 20 population of each incorporated city according to the last official decennial federal 21 census. In determining the population of any city in which total employment 22 increases by more than two hundred percent seasonally due to tourism, the 23 population of that city for purposes of this subdivision must be increased by eight 24 hundred percent. 25 For purposes of this subsection, "fiscal year" means the period beginning 26 September first and ending August thirty-first of the following calendar year. 27 For a county that received five million dollars or more of allocations under subsection 2 28 in the most recently completed even-numbered fiscal year before the start of the 29 biennium, revenues allocated to that county must be distributed by the state treasurer 30 as follows:

1	a. A portion of the revenues from each county must be distributed to a hub city
2	funding pool, a hub city school district funding pool, and a supplemental school
3	district funding pool as follows:
4	(1) The amount distributed from each county to the funding pools under this
5	subdivision must be proportional to each county's monthly oil and gas gross
6	production tax revenue collections relative to the combined total monthly oil
7	and gas gross production tax revenue collections from all the counties that
8	receive allocations under this subsection.
9	(2) The state treasurer shall distribute, to the hub city funding pool, the monthly
10	amount needed from each county to provide six million six hundred
11	thousand dollars per fiscal year for the allocations under this paragraph.
12	(a) The state treasurer shall allocate monthly amounts from the hub city
13	funding pool to provide a combined total of twenty-two million dollars
14	per fiscal year to all the hub cities, which includes the fifteen million
15	four hundred thousand dollars under paragraph 1 of subdivision b of
16	subsection 2 and the six million six hundred thousand dollars under
17	this paragraph. The monthly allocation to each hub city must be
18	proportional to each hub city's impact percentage score, including
19	fractional percentage points rounded to the nearest tenth of a percent,
20	relative to the combined total of all the hub cities' impact percentage
21	scores.
22	(b) The state treasurer shall calculate the impact percentage score for
23	each hub city by summing the following:
24	[1] The percentage of mining, quarrying, and oil and gas extraction
25	employment relative to the total employment of all industries in
26	the county in which the hub city is located, based on the most
27	recent annual data for all ownership types compiled by job
28	service North Dakota in the quarterly census of employment and
29	wages, multiplied by forty-five hundredths;
30	[2] The average of the percentage of mining, quarrying, and oil and
31	gas extraction employment relative to the total employment of all



1	industries in each county for all the counties in the human
2	service region in which the hub city is located, based on the most
3	recent annual data for all ownership types compiled by job
4	service North Dakota in the quarterly census of employment and
5	wages, multiplied by fifteen hundredths;
6	[3] The percentage of establishments engaged in mining, quarrying,
7	and oil and gas extraction relative to the total establishments of
8	all industries in the county in which the hub city is located, based
9	on the most recent annual data for all ownership types complied
10	by job service North Dakota in the quarterly census of
11	employment and wages, multiplied by one-tenth;
12	[4] The percentage of oil production in the human service region in
13	which the hub city is located relative to the total oil production in
14	all the human service regions with hub cities, based on the most
15	recently available calendar year data compiled by the industrial
16	commission in a report on the historical barrels of oil produced by
17	county, multiplied by one-tenth;
18	[5] The percentage change in population from five years prior for the
19	hub city, based on the most recent actual or estimated census
20	data published by the United States census bureau, multiplied by
21	one-tenth; and
22	[6] The percentage change in population from five years prior for the
23	county in which the hub city is located, based on the most recent
24	actual or estimated census data published by the United States
25	census bureau, multiplied by one-tenth.
26	(c) For purposes of this paragraph, "human service region" means the
27	areas designated by the governor's executive order 1978-12 dated
28	October 5, 1978.
29	(3) The state treasurer shall distribute, to the hub city school district funding
30	pool, the monthly amount needed from each county to provide nine hundred
31	thousand dollars per fiscal year for the allocations under this paragraph.

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

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(b)	To each county that received more than ten million dollars but not
	exceeding fifteen million dellars 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.
	(c)

	1		~-,				
1	b. After the distributions in subdivision a, each county's remaining revenues must be						
2		distributed as follows:					
3	s 	(1)	Sixty percent must be distributed to the county treasurer and credited to the				
4			county-general fund.				
5	? 	(2)	Five percent must be distributed proportionally to school districts within the				
6			county on the average daily attendance distribution basis for kindergarten				
7			through grade twelve students residing within the county, as certified to the				
8			state treasurer by the county superintendent of schools. However, a hub city				
9	*		school district must be omitted from distributions under this subdivision.				
10		(3)	Twenty percent must be distributed to the incorporated cities of the county. A				
11			hub city must be omitted from distributions under this subdivision.				
12			Distributions among cities under this subsection must be proportional based				
13			upon the population of each incorporated city according to the last official				
14			decennial federal census. In determining the population of any city in which				
15			total employment increases by more than two hundred percent seasonally				
16			due to tourism, the population of that city for purposes of this subdivision				
17			must be increased by eight hundred percent.				
18		(4)	Four percent must be allocated among the organized and unorganized				
19			townships of the county. The state treasurer shall allocate the funds				
20	*		available under this subdivision among townships in proportion to each				
21			township's road miles relative to the total township road miles in the county.				
22			The amount allocated to unorganized townships under this subdivision must				
23			be distributed to the county treasurer and credited to a special fund for				
24			unorganized township roads, which the board of county commissioners shall				
25			use for the maintenance and improvement of roads in unorganized				
26			townships.				
27	***************************************	(5)	Nine percent must be distributed among hub cities. The state treasurer shall				
28			distribute the funds available under this subdivision in proportion to the				
29			amounts the hub cities receive under paragraph 2 of subdivision a.				
30	(-	(6)	Two percent must be distributed among hub city school districts. The state				
31			treasurer shall distribute the funds available under this subdivision in				

	Legislativ	ve As	sembly
1			proportion to the amounts the hub city-school districts receive under
2			paragraph 3 of subdivision a.
3			(7) For purposes of this subsection, "fiscal year" means the period beginning
4			September first and ending August thirty-first of the following calendar year.
5	Gros	ss pr	oduction tax allocation. (Effective after June 30, 20272037) The gross
6	production	on tax	x must be allocated monthly as follows:
7	1.	The	tax revenue collected under this chapter equal to one percent of the gross value
8		at th	ne well of the oil and one-fifth of the tax on gas must be deposited with the state
9		trea	surer. The state treasurer shall allocate the funding in the following order:
10		a.	Eight percent of the amount available under this subsection to the North Dakota
11			outdoor heritage fund, but not in an amount exceeding twenty million dollars per
12			fiscal year.
13		b.	Four percent of the amount available under this subsection to the abandoned oil
14			and gas well plugging and site reclamation fund, but not in an amount exceeding
15			seven million five hundred thousand dollars per fiscal year and not in an amount
16			that would bring the balance in the fund to more than fifty million one hundred
17			million dollars through June 30, 2027, or to more than fifty million dollars after
18			<u>June 30, 2027</u> .
19		C.	Any remaining revenues pursuant to subsection 3.
20		d.	For purposes of this subsection, "fiscal year" means the period beginning
21			September first and ending August thirty-first of the following calendar year.
22	2.	The	tax revenue collected under this chapter equal to four percent of the gross value
23		at th	ne well of the oil and four-fifths of the tax on gas must be deposited with the state
24		trea	surer. The state treasurer shall allocate the funding in the following order:
25		a.	The first five million dollars of collections received from a county each fiscal year
26			is allocated to the county.
27		b.	The remaining revenue collections received from a county each fiscal year are
28			allocated thirty percent to the county and seventy percent as follows:
29			(1) Monthly amounts to the hub city funding pool to provide fifteen million four
30			hundred thousand dollars per fiscal year for the allocations under
31			paragraph 2 of subdivision a of subsection 5.

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1 (2)Monthly amounts to the hub city school district funding pool to provide two 2 million one hundred thousand dollars per fiscal year for the allocations 3 under paragraph 3 of subdivision a of subsection 5. 4 (3)Monthly amounts to the supplemental school district funding pool to provide 5 seventy percent of the total amount needed for the allocations under 6 paragraph 4 of subdivision a of subsection 5. 7 (4)Monthly amounts to the hub city debt relief funding pool to provide seven 8 million three hundred fifty thousand dollars per fiscal year for the allocations 9 under paragraph 2 of subdivision a of subsection 5. 10 Any remaining revenue collections to the state for the state's allocations 11 pursuant to subsection 3. 12 For purposes of this subsection, "fiscal year" means the period beginning 13 September first and ending August thirty-first of the following calendar year. 14 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first 15 to provide for deposit of thirty percent of all revenue collected under this chapter in the 16 legacy fund as provided in section 26 of article X of the Constitution of North Dakota 17 and the remainder must be allocated to the state general fund. If the amount available 18 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 19 all revenue collected under this chapter in the legacy fund, the state treasurer shall 20 transfer the amount of the shortfall from the state general fund share of oil extraction 21 tax collections and deposit that amount in the legacy fund. 22 4. For a county that received less than five million dollars of allocations under 23 subsection 2 in the most recently completed even-numbered fiscal year before the 24 start of the biennium, revenues allocated to that county must be distributed by the 25 state treasurer as follows: 26 Forty-five percent must be distributed to the county treasurer and credited to the a. 27 county general fund. 28 b. Thirty-five percent must be distributed proportionally to school districts within the 29 county on the average daily attendance distribution basis for kindergarten

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 1 district must be omitted from distributions under this subdivision. 2 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 4 among cities under this subsection must be proportional based upon the 5 population of each incorporated city according to the last official decennial federal 6 7 census. In determining the population of any city in which total employment 8 increases by more than two hundred percent seasonally due to tourism, the 9 population of that city for purposes of this subdivision must be increased by eight 10 hundred percent. 11 d. For purposes of this subsection, "fiscal year" means the period beginning 12 September first and ending August thirty-first of the following calendar year. 13 For a county that received five million dollars or more of allocations under subsection 2 5. 14 in the most recently completed even-numbered fiscal year before the start of the 15 biennium, revenues allocated to that county must be distributed by the state treasurer 16 as follows: 17 A portion of the revenues from each county must be distributed to a hub city 18 funding pool, a hub city school district funding pool, and a supplemental school 19 district funding pool, and a hub city debt relief funding pool as follows: 20 The amount distributed from each county to the funding pools under this 21 subdivision must be proportional to each county's monthly oil and gas gross 22 production tax revenue collections relative to the combined total monthly oil 23 and gas gross production tax revenue collections from all the counties that 24 receive allocations under this subsection. 25 (2)The state treasurer shall distribute, to the hub city funding pool, the monthly 26 amount needed from each county to provide six million six hundred 27 thousand dollars per fiscal year for the allocations under this paragraph. 28 The state treasurer shall allocate monthly amounts from the hub city 29 funding pool to provide a combined total of twenty-two million dollars 30 per fiscal year to all the hub cities, which includes the fifteen million 31

four hundred thousand dollars under paragraph 1 of subdivision b of

subsection 2 and the six million six hundred thousand dollars under 1 2 this paragraph. The monthly allocation to each hub city must be proportional to each hub city's impact percentage score, including 3 fractional percentage points rounded to the nearest tenth of a percent. 4 relative to the combined total of all the hub cities' impact percentage 5 6 scores. 7 The state treasurer shall calculate the impact percentage score for (b) 8 each hub city by summing the following: 9 The percentage of mining, quarrying, and oil and gas extraction [1] employment relative to the total employment of all industries in 10 11 the county in which the hub city is located, based on the most 12 recent annual data for all ownership types compiled by job 13 service North Dakota in the quarterly census of employment and 14 wages, multiplied by forty-five hundredths; 15 The average of the percentage of mining, quarrying, and oil and [2] 16 gas extraction employment relative to the total employment of all 17 industries in each county for all the counties in the human 18 service region in which the hub city is located, based on the most 19 recent annual data for all ownership types compiled by job 20 service North Dakota in the quarterly census of employment and 21 wages, multiplied by fifteen hundredths; 22 [3] The percentage of establishments engaged in mining, quarrying, 23 and oil and gas extraction relative to the total establishments of 24 all industries in the county in which the hub city is located, based 25 on the most recent annual data for all ownership types complied 26 by job service North Dakota in the quarterly census of 27 employment and wages, multiplied by one-tenth; 28 [4] The percentage of oil production in the human service region in 29 which the hub city is located relative to the total oil production in 30 all the human service regions with hub cities, based on the most 31 recently available calendar year data compiled by the industrial

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

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	1			fiscal year. The allocation must be distributed to school districts within
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	2			the county pursuant to paragraph 2 of subdivision b.
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	3		(d)	To each county that received more than twenty million dollars but not
gear 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	4			exceeding twenty-five million dollars of total allocations under
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11 (e) To each county that received more than twenty-five million dollars but 12 not exceeding thirty million dollars of total allocations under 13 subsection 2 in the most recently completed even-numbered fiscal 14 year before the start of the biennium, the state treasurer shall allocate 15 a monthly amount that will provide a total allocation of five hundred 16 thousand dollars per fiscal year. The allocation must be distributed to 17 school districts within the county pursuant to paragraph 2 of 18 subdivision b. 19 (5) The state treasurer shall distribute, to the hub city debt relief funding pool, 20 the monthly amount needed from each county to provide three million one 21 hundred fifty thousand dollars per fiscal year for the allocations under this 22 paragraph. At least once per interim, each hub city shall provide a report to 23 the budget section regarding the use of the funding received under this 24 section and information on the hub city's outstanding debt, including 25 maturity dates, interest rates, and annual repayment amounts. 26 (a) The state treasurer shall allocate monthly amounts from the hub city 27 debt relief funding pool to provide a combined total of ten million five 28 hundred thousand dollars per fiscal year to all the hub cities, which 29 includes the seven million three hundred fifty thousand dollars under	9			to school districts within the county pursuant to paragraph 2 of
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26 (a) The state treasurer shall allocate monthly amounts from the hub city 27 debt relief funding pool to provide a combined total of ten million five 28 hundred thousand dollars per fiscal year to all the hub cities, which 29 includes the seven million three hundred fifty thousand dollars under	24		sect	ion and information on the hub city's outstanding debt, including
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hundred thousand dollars per fiscal year to all the hub cities, which includes the seven million three hundred fifty thousand dollars under	26		(a)	The state treasurer shall allocate monthly amounts from the hub city
includes the seven million three hundred fifty thousand dollars under	27			debt relief funding pool to provide a combined total of ten million five
	28			hundred thousand dollars per fiscal year to all the hub cities, which
paragraph 4 of subdivision b of subsection 2 and the three million one				includes the seven million three hundred fifty thousand dollars under
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1		hundred fifty thousand dollars under this paragraph. The monthly
2		allocation to hub cities under this paragraph is:
3		[1] Seventy and thirteen hundredths percent to Williston;
4		[2] Nineteen and ninety-four hundredths to Dickinson; and
5		[3] Nine and ninety-three hundredths to Minot.
6		(b) A hub city shall use the funding allocated under this paragraph for
7		debt repayments related to debt incurred between July 1, 2012, and
8		December 31, 2025, to address impacts from oil and gas
9		development.
10	b. Af	ter the distributions in subdivision a, each county's remaining revenues must be
11	dis	stributed as follows:
12	(1)	Sixty percent must be distributed to the county treasurer and credited to the
13		county general fund.
14	(2)	Five percent must be distributed proportionally to school districts within the
15		county on the average daily attendance distribution basis for kindergarten
16		through grade twelve students residing within the county, as certified to the
17		state treasurer by the county superintendent of schools. However, a hub city
18		school district must be omitted from distributions under this subdivision.
19	(3)	Twenty percent must be distributed to the incorporated cities of the county. A
20		hub city must be omitted from distributions under this subdivision.
21		Distributions among cities under this subsection must be proportional based
22		upon the population of each incorporated city according to the last official
23		decennial federal census. In determining the population of any city in which
24		total employment increases by more than two hundred percent seasonally
25	e	due to tourism, the population of that city for purposes of this subdivision
26		must be increased by eight hundred percent.
27	(4)	Four percent must be allocated among the organized and unorganized
28		townships of the county. The state treasurer shall allocate the funds
29		available under this subdivision among townships in proportion to each
30		township's road miles relative to the total township road miles in the county.
31		The amount allocated to unorganized townships under this subdivision must

1		be distributed to the county treasurer and credited to a special fund for				
2		unorganized township roads, which the board of county commissioners shall				
3		use for the maintenance and improvement of roads in unorganized				
4		townships.				
5	(5)	Nine percent must be distributed among hub cities. The state treasurer shall				
6		distribute the funds available under this subdivision in proportion to the				
7		amounts the hub cities receive under paragraph 2 of subdivision a.				
8	(6)	Two percent must be distributed among hub city school districts. The state				
9		treasurer shall distribute the funds available under this subdivision in				
10		proportion to the amounts the hub city school districts receive under				
11		paragraph 3 of subdivision a.				
12	(7)	For purposes of this subsection, "fiscal year" means the period beginning				
13	1	September first and ending August thirty-first of the following calendar year.				
14	SECTION 2. A	new section to chapter 57-51 of the North Dakota Century Code is created				
15	and enacted as fol	lows:				
16	Energy impact grant fund - State treasurer - Continuing appropriation.					
17	1. There is created in the state treasury the energy impact grant fund. The fund consists					
18	of all moneys allocated to the fund under section 57-51-15. All moneys in the fund are					
19	appropriated to the state treasurer on a continuing basis for energy impact grants to					
20	hub cities.					
21	2. Within forty days after the fund receives its statutory limit of oil and gas tax allocations					
22	for a fiscal year under section 57-51-15 or by August thirty-first of each year,					
23	whichever is earlier, the state treasurer shall distribute moneys in the fund for grants to					
24	hub cities as follows:					
25	a. Seve	enty-three and eighty-eight hundredths percent of the amount under this				
26	subs	section to Williston;				
27	<u>b.</u> Fifte	en and sixty-six hundredths percent of the amount under this subsection to				
28	<u>Dick</u>	inson; and				
29	<u>c. Ten</u>	and forty-six hundredths percent of the amount under this subsection to				
30	Mine) t.				

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1	<u> 3.</u>	A hub city shall use the grant funding provided under this section for debt repayments								
2		related to debt incurred to address impacts from oil and gas development or for other								
3	expenses incurred to address impacts from oil and gas development.									
4	SECTION 2. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is									
5	amended	d and reenacted as follows:								
6	57-5	1.1-07.5. State share of oil and gas taxes - Deposits.								
7	From	the revenues designated for deposit in the state general fund under chapters 57-51								
8	and 57-5	1.1, the state treasurer shall deposit the revenues received each biennium in the								
9	following	order:								
10	1.	The first two hundred thirty million two hundred fifty million dollars into the state general								
11		fund;								
12	2.	The next two hundred fifty million dollars into the social service fund;								
13	3.	The next seventy-five million dollars into the budget stabilization fund, but not in an								
14		amount that would bring the balance in the fund to more than the limit in section								
15		54-27.2-01;								
16	4.	The next two hundred thirty million two hundred fifty million dollars into the state								
17		general fund;								
18	5.	The next ten million dollars into the lignite research fund;								
19	6.	The next twenty million dollars into the state disaster relief fund, but not in an amount								
20		that would bring the unobligated balance in the fund to more than twenty million								
21	1	dollars;								
22	7.	The next four hundred millionthree hundred twenty millionthree hundred sixty million								
23		dollars into the strategic investment and improvements fund;								
24	8.	The next sixty-five million dollars to the public employees retirement fund for the main								
25		system plan;								
26	9.	The next fifty-nine million seven hundred fifty thousand dollars, or the amount								
27		necessary to provide for twice the amount of the distributions under subsection 2 of								
28		section 57-51.1-07.7, into the funds designated for infrastructure development in								
29		non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty								
30		percent deposited into the municipal infrastructure fund and fifty percent deposited into								
31		the county and township infrastructure fund;								

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- 1 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.

- 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.
- 23 **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.

Module ID: h_stcomrep_68_001 Carrier: Richter Insert LC: 25.0911.04007 Title: 06000

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. Prepared by the Legislative Council staff for Representative Richter
April 21, 2025

Sixty-ninth Legislative Assembly of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2323

Introduced by

20

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
- 6 provide an effective date; and to provide an expiration date.

7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

8 SECTION 1. AMENDMENT. Section 57-51-15 of the North Dakota Century Code is 9 amended and reenacted as follows: 10 57-51-15. Gross production tax allocation - Report. (Effective through June 30, 11 20272037) The gross production tax must be allocated monthly as follows: 12 13 1. The tax revenue collected under this chapter equal to one percent of the gross value 14 at the well of the oil and one-fifth of the tax on gas must be deposited with the state 15 treasurer. The state treasurer shall allocate the funding in the following order: 16 Eight percent of the amount available under this subsection to the North Dakota 17 outdoor heritage fund, but not in an amount exceeding twenty million dollars per-18 fiscal year. 19 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-

1	seven million five hundred thousand dollars per fiscal year and not in an amount
2	that would bring the balance in the fund to more than one hundred million dollars
3	through June 30, 2027, or to more than fifty million dollars after June 30, 2027.
4	c. Up to twenty million dollars per fiscal year to the energy impact grant fund under
5	section 2 of this Act.
6	<u>d.</u> Any remaining revenues pursuant to subsection 3.
7	d.e. For purposes of this subsection, "fiscal year" means the period beginning
8	September first and ending August thirty-first of the following calendar year.
9	2. The tax revenue collected under this chapter equal to four percent of the gross value
10	at the well of the oil and four-fifths of the tax on gas must be deposited with the state-
11	treasurer. The state treasurer shall allocate the funding in the following order:
12	a. The first five million dollars of collections received from a county each fiscal year
13	is allocated to the county.
14	b. The remaining revenue collections received from a county each fiscal year are
15	allocated thirty percent to the county and seventy percent as follows:
16	(1) Monthly amounts to the hub city funding pool to provide fifteen million four
17	hundred thousand dollars per fiscal year for the allocations under
18	paragraph 2 of subdivision a of subsection 5.
19	(2) Monthly amounts to the hub city school district funding pool to provide two
20	million one hundred thousand dollars per fiscal year for the allocations
21	under paragraph 3 of subdivision a of subsection 5.
22	(3) Monthly amounts to the supplemental school district funding pool to provide
23	seventy percent of the total amount needed for the allocations under
24	paragraph 4 of subdivision a of subsection 5.
25	(4) Any remaining revenue collections to the state for the state's allocations
26	pursuant to subsection 3.
27	c. For purposes of this subsection, "fiscal year" means the period beginning
28	September first and ending August thirty-first of the following calendar year.
29	3. After the allocations under subsections 1 and 2, the amount remaining is allocated first
30	to provide for deposit of thirty percent of all revenue collected under this chapter in the
31	legacy fund as provided in section 26 of article X of the Constitution of North Dakota

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:

1	a. A portion of the revenues from each county must be distributed to a hub city							
2	funding pool, a hub city school district funding pool, and a supplemental school							
3	district funding pool as follows:							
4	(1) The amount distributed from each county to the funding pools under this							
5	subdivision must be proportional to each county's monthly oil and gas gross							
6	production tax revenue collections relative to the combined total monthly oil							
7	and gas gross production tax revenue collections from all the counties that							
8	receive allocations under this subsection.							
9	(2) The state treasurer shall distribute, to the hub city funding pool, the monthly							
10	amount needed from each county to provide six million six hundred							
11	thousand dollars per fiscal year for the allocations under this paragraph.							
12	(a) The state treasurer shall allocate monthly amounts from the hub city							
13	funding pool to provide a combined total of twenty-two million dollars							
14	per fiscal year to all the hub cities, which includes the fifteen million-							
15	four hundred thousand dollars under paragraph 1 of subdivision b of							
16	subsection 2 and the six million six hundred thousand dollars under							
17	this paragraph. The monthly allocation to each hub city must be							
18	proportional to each hub city's impact percentage score, including-							
19	fractional percentage points rounded to the nearest tenth of a percent,							
20	relative to the combined total of all the hub cities' impact percentage							
21	scores.							
22	(b) The state treasurer shall calculate the impact percentage score for							
23	each hub city by summing the following:							
24	[1] The percentage of mining, quarrying, and oil and gas extraction							
25	employment relative to the total employment of all industries in							
26	the county in which the hub city is located, based on the most							
27	recent annual data for all ownership types compiled by job							
28	service North Dakota in the quarterly census of employment and							
29	wages, multiplied by forty-five hundredths;							
30	[2] The average of the percentage of mining, quarrying, and oil and							
31	gas extraction employment relative to the total employment of all							

1	industries in each county for all the counties in the human
2	service region in which the hub city is located, based on the most
3	recent annual data for all ownership types compiled by job-
4	service North Dakota in the quarterly census of employment and
5	wages, multiplied by fifteen hundredths;
6	[3] The percentage of establishments engaged in mining, quarrying,
7	and oil and gas extraction relative to the total establishments of
8	all industries in the county in which the hub city is located, based
9	on the most recent annual data for all ownership types complied
10	by job service North Dakota in the quarterly census of
11	employment and wages, multiplied by one-tenth;
12	[4] The percentage of oil production in the human service region in
13	which the hub city is located relative to the total oil production in-
14	all the human service regions with hub cities, based on the most
15	recently available calendar year data compiled by the industrial
16	commission in a report on the historical barrels of oil produced by
17	county, multiplied by one-tenth;
18	[5] The percentage change in population from five years prior for the
19	hub city, based on the most recent actual or estimated census
20	data published by the United States census bureau, multiplied by
21	one-tenth; and
22	[6] The percentage change in population from five years prior for the
23	county in which the hub city is located, based on the most recent-
24	actual or estimated census data published by the United States
25	census bureau, multiplied by one-tenth.
26	(c) For purposes of this paragraph, "human service region" means the
27	areas designated by the governor's executive order 1978-12 dated
28	October 5, 1978.
29	(3) The state treasurer shall distribute, to the hub city school district funding
30	pool, the monthly amount needed from each county to provide nine hundred
31	thousand dollars per fiscal year for the allocations under this paragraph.

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

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

1	————b.	Afte	er the distributions in subdivision a, each county's remaining revenues must be
2		dist	ributed as follows:
3		(1)	Sixty percent must be distributed to the county treasurer and credited to the
4			county general fund.
5		(2)	Five percent must be distributed proportionally to school districts within the
6			county on the average daily attendance distribution basis for kindergarten
7			through grade twelve students residing within the county, as certified to the
8			state treasurer by the county superintendent of schools. However, a hub city
9			school district must be omitted from distributions under this subdivision.
10		(3)	Twenty percent must be distributed to the incorporated cities of the county. A
11			hub city must be omitted from distributions under this subdivision.
12			Distributions among cities under this subsection must be proportional based
13			upon the population of each incorporated city according to the last official
14			decennial federal census. In determining the population of any city in which
15			total employment increases by more than two hundred percent seasonally
16			due to tourism, the population of that city for purposes of this subdivision-
17			must be increased by eight hundred percent.
18		(4)	Four percent must be allocated among the organized and unorganized
19			townships of the county. The state treasurer shall allocate the funds-
20			available under this subdivision among townships in proportion to each
21			township's road miles relative to the total township road miles in the county.
22			The amount allocated to unorganized townships under this subdivision must
23			be distributed to the county treasurer and credited to a special fund for-
24			unorganized township roads, which the board of county commissioners shall
25			use for the maintenance and improvement of roads in unorganized
26			townships.
27		(5)	Nine percent must be distributed among hub cities. The state treasurer shall
28			distribute the funds available under this subdivision in proportion to the
29			amounts the hub cities receive under paragraph 2 of subdivision a.
30		(6)	Two percent must be distributed among hub city school districts. The state
31			treasurer shall distribute the funds available under this subdivision in

1			prop	ortion to the amounts the hub city school districts receive under-
2			para	graph 3 of subdivision a.
3	-		(7) For	purposes of this subsection, "fiscal year" means the period beginning
4			Sep	tember first and ending August thirty-first of the following calendar year.
5	Gro	ss p	oduction (tax allocation. (Effective after June 30, 20272037) The gross
6	producti	on ta	must be	allocated monthly as follows:
7	1.	The	tax revenu	ue collected under this chapter equal to one percent of the gross value
8		at tl	e well of th	ne oil and one-fifth of the tax on gas must be deposited with the state
9		trea	surer. The	state treasurer shall allocate the funding in the following order:
10		a.	Eight per	cent of the amount available under this subsection to the North Dakota
11			outdoor h	eritage fund, but not in an amount exceeding twenty million dollars per
12			fiscal yea	r.
13		b.	Four perc	ent of the amount available under this subsection to the abandoned oil
14			and gas v	vell plugging and site reclamation fund, but not in an amount exceeding
15			seven mil	lion five hundred thousand dollars per fiscal year and not in an amount
16			that would	d bring the balance in the fund to more than fifty million dollars through
17			<u>June 30,</u>	2027, or to more than fifty million dollars after June 30, 2027.
18		C.	Any rema	ining revenues pursuant to subsection 3.
19		d.	For purpo	ses of this subsection, "fiscal year" means the period beginning
20			Septembe	er first and ending August thirty-first of the following calendar year.
21	2.	The	tax revenu	ue collected under this chapter equal to four percent of the gross value
22		at tl	e well of th	ne oil and four-fifths of the tax on gas must be deposited with the state
23		trea	surer. The	state treasurer shall allocate the funding in the following order:
24		a.	The first f	ive million dollars of collections received from a county each fiscal year
25			is allocate	ed to the county.
26		b.	The rema	ining revenue collections received from a county each fiscal year are
27			allocated	thirty percent to the county and seventy percent as follows:
28			(1) Mon	thly amounts to the hub city funding pool to provide fifteen million four
29			hund	dred thousand dollars per fiscal year for the allocations under
30			para	graph 2 of subdivision a of subsection 5.

1 Monthly amounts to the hub city school district funding pool to provide two (2) 2 million one hundred thousand dollars per fiscal year for the allocations 3 under paragraph 3 of subdivision a of subsection 5. 4 (3) Monthly amounts to the supplemental school district funding pool to provide 5 seventy percent of the total amount needed for the allocations under 6 paragraph 4 of subdivision a of subsection 5. 7 (4) Monthly amounts to the hub city debt relief funding pool to provide seven 8 million three hundred fifty thousand dollars per fiscal year for the allocations 9 under paragraph 2 of subdivision a of subsection 5. 10 (5) Any remaining revenue collections to the state for the state's allocations 11 pursuant to subsection 3. 12 For purposes of this subsection, "fiscal year" means the period beginning 13 September first and ending August thirty-first of the following calendar year. 14 3. After the allocations under subsections 1 and 2, the amount remaining is allocated first 15 to provide for deposit of thirty percent of all revenue collected under this chapter in the 16 legacy fund as provided in section 26 of article X of the Constitution of North Dakota 17 and the remainder must be allocated to the state general fund. If the amount available 18 for a monthly allocation under this subsection is insufficient to deposit thirty percent of 19 all revenue collected under this chapter in the legacy fund, the state treasurer shall 20 transfer the amount of the shortfall from the state general fund share of oil extraction 21 tax collections and deposit that amount in the legacy fund. 22 For a county that received less than five million dollars of allocations under 23 subsection 2 in the most recently completed even-numbered fiscal year before the 24 start of the biennium, revenues allocated to that county must be distributed by the 25 state treasurer as follows: 26 Forty-five percent must be distributed to the county treasurer and credited to the a. 27 county general fund. 28 Thirty-five percent must be distributed proportionally to school districts within the b. 29 county on the average daily attendance distribution basis for kindergarten

through grade twelve students residing within the county, as certified to the state

- 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
- 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.
- 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

1 subsection 2 and the six million six hundred thousand dollars under 2 this paragraph. The monthly allocation to each hub city must be 3 proportional to each hub city's impact percentage score, including 4 fractional percentage points rounded to the nearest tenth of a percent, 5 relative to the combined total of all the hub cities' impact percentage 6 scores. 7 (b) The state treasurer shall calculate the impact percentage score for 8 each hub city by summing the following: 9 [1] The percentage of mining, quarrying, and oil and gas extraction 10 employment relative to the total employment of all industries in 11 the county in which the hub city is located, based on the most 12 recent annual data for all ownership types compiled by job 13 service North Dakota in the quarterly census of employment and 14 wages, multiplied by forty-five hundredths; 15 [2] The average of the percentage of mining, quarrying, and oil and 16 gas extraction employment relative to the total employment of all 17 industries in each county for all the counties in the human 18 service region in which the hub city is located, based on the most 19 recent annual data for all ownership types compiled by job 20 service North Dakota in the quarterly census of employment and 21 wages, multiplied by fifteen hundredths; 22 [3] The percentage of establishments engaged in mining, quarrying, 23 and oil and gas extraction relative to the total establishments of 24 all industries in the county in which the hub city is located, based 25 on the most recent annual data for all ownership types complied 26 by job service North Dakota in the quarterly census of 27 employment and wages, multiplied by one-tenth; 28 [4] The percentage of oil production in the human service region in 29 which the hub city is located relative to the total oil production in 30 all the human service regions with hub cities, based on the most 31 recently available calendar year data compiled by the industrial

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

- 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
- (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

1 fiscal year. The allocation must be distributed to school districts within 2 the county pursuant to paragraph 2 of subdivision b. 3 (d) To each county that received more than twenty million dollars but not 4 exceeding twenty-five million dollars of total allocations under 5 subsection 2 in the most recently completed even-numbered fiscal 6 year before the start of the biennium, the state treasurer shall allocate 7 a monthly amount that will provide a total allocation of seven hundred 8 fifty thousand dollars per fiscal year. The allocation must be distributed 9 to school districts within the county pursuant to paragraph 2 of 10 subdivision b. 11 (e) To each county that received more than twenty-five million dollars but 12 not exceeding thirty million dollars of total allocations under 13 subsection 2 in the most recently completed even-numbered fiscal 14 year before the start of the biennium, the state treasurer shall allocate 15 a monthly amount that will provide a total allocation of five hundred 16 thousand dollars per fiscal year. The allocation must be distributed to 17 school districts within the county pursuant to paragraph 2 of 18 subdivision b. 19 The state treasurer shall distribute, to the hub city debt relief funding pool, 20 the monthly amount needed from each county to provide three million one 21 hundred fifty thousand dollars per fiscal year for the allocations under this 22 paragraph. At least once per interim, each hub city shall provide a report to 23 the budget section regarding the use of the funding received under this 24 section and information on the hub city's outstanding debt, including 25 maturity dates, interest rates, and annual repayment amounts. 26 The state treasurer shall allocate monthly amounts from the hub city 27 debt relief funding pool to provide a combined total of ten million five 28 hundred thousand dollars per fiscal year to all the hub cities, which 29 includes the seven million three hundred fifty thousand dollars under 30 paragraph 4 of subdivision b of subsection 2 and the three million one

1		hundred fifty thousand dollars under this paragraph. The monthly					
2	allocation to hub cities under this paragraph is:						
3		[1] Seventy and thirteen hundredths percent to Williston;					
4		[2] Nineteen and ninety-four hundredths to Dickinson; and					
5		[3] Nine and ninety-three hundredths to Minot.					
6		(b) A hub city shall use the funding allocated under this paragraph for					
7		debt repayments related to debt incurred between July 1, 2012, and					
8		December 31, 2025, to address impacts from oil and gas					
9		development.					
10	b. Afte	r the distributions in subdivision a, each county's remaining revenues must be					
11	dist	ributed as follows:					
12	(1)	Sixty percent must be distributed to the county treasurer and credited to the					
13		county general fund.					
14	(2)	Five percent must be distributed proportionally to school districts within the					
15		county on the average daily attendance distribution basis for kindergarten					
16		through grade twelve students residing within the county, as certified to the					
17		state treasurer by the county superintendent of schools. However, a hub city					
18		school district must be omitted from distributions under this subdivision.					
19	(3)	Twenty percent must be distributed to the incorporated cities of the county. A					
20		hub city must be omitted from distributions under this subdivision.					
21		Distributions among cities under this subsection must be proportional based					
22		upon the population of each incorporated city according to the last official					
23		decennial federal census. In determining the population of any city in which					
24		total employment increases by more than two hundred percent seasonally					
25		due to tourism, the population of that city for purposes of this subdivision					
26		must be increased by eight hundred percent.					
27	(4)	Four percent must be allocated among the organized and unorganized					
28		townships of the county. The state treasurer shall allocate the funds					
29		available under this subdivision among townships in proportion to each					
30		township's road miles relative to the total township road miles in the county.					
31		The amount allocated to unorganized townships under this subdivision must					

1			be distributed to the county treasurer and credited to a special fund for			
2			unorganized township roads, which the board of county commissioners shall			
3			use for the maintenance and improvement of roads in unorganized			
4			townships.			
5		(5)	Nine percent must be distributed among hub cities. The state treasurer shall			
6			distribute the funds available under this subdivision in proportion to the			
7			amounts the hub cities receive under paragraph 2 of subdivision a.			
8		(6)	Two percent must be distributed among hub city school districts. The state			
9			treasurer shall distribute the funds available under this subdivision in			
10			proportion to the amounts the hub city school districts receive under			
11			paragraph 3 of subdivision a.			
12		(7)	For purposes of this subsection, "fiscal year" means the period beginning			
13			September first and ending August thirty-first of the following calendar year.			
14	SEC	CTION 2. A	new section to chapter 57-51 of the North Dakota Century Code is created			
15	and enacted as follows:					
16	Energy impact grant fund - State treasurer - Continuing appropriation.					
17	<u>1.</u>	There is	created in the state treasury the energy impact grant fund. The fund consists			
18		of all mor	neys allocated to the fund under section 57-51-15. All moneys in the fund are			
19		appropria	ated to the state treasurer on a continuing basis for energy impact grants to			
20		hub cities	2			
21	<u>2.</u>	Within for	rty days after the fund receives its statutory limit of oil and gas tax allocations			
22		for a fisca	al year under section 57-51-15 or by August thirty-first of each year,			
23		whicheve	er is earlier, the state treasurer shall distribute moneys in the fund for grants to			
24		hub cities	s as follows:			
25		<u>a.</u> Sev	enty-three and eighty-eight hundredths percent of the amount under this			
26		subs	section to Williston;			
27		<u>b.</u> Fifte	en and sixty-six hundredths percent of the amount under this subsection to			
28		Dick	dinson; and			
29	c. Ten and forty-six hundredths percent of the amount under this subsection to					
30		Mine	o t.			

the county and township infrastructure fund;

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- 1 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.

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

- 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.

