Sixty-fourth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2015

HOUSE BILL NO. 1377
(Representatives Delzer, Carlson)
(Senators Holmberg, Wardner)

AN ACT to create the political subdivision allocation fund; to amend and reenact sections 15-08.1-08, 57-51.1-07.3, and 57-51.1-07.5 of the North Dakota Century Code, relating to the unobligated balance of the strategic investment and improvements fund and the state share of oil and gas tax allocations; to repeal sections 15.1-27-45 and 57-64-05 of the North Dakota Century Code, relating to the property tax relief sustainability fund; to provide a continuing appropriation; to provide for a legislative management study; to provide a moratorium on county road fees; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-08.1-08 of the North Dakota Century Code is amended and reenacted as follows:

15-08.1-08. Income - Expenses - Reimbursement - Creation of strategic investment and improvements fund - Legislative intent ~~- Contingent transfer to legacy fund~~.

The income derived from the sale, lease, and management of the mineral interests acquired by the board of university and school lands pursuant to this chapter and other funds as provided by law must, after deducting the expenses of sale, lease, and management of the property, be deposited in a fund to be known as the strategic investment and improvements fund. The corpus and interest of such trust may be expended as the legislative assembly may provide for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. It is the intent of the legislative assembly that moneys in the fund may be included in draft appropriation acts under section 54-44.1-06 and may be appropriated by the legislative assembly, but only to the extent that the moneys are estimated to be available at the beginning of the biennium in which the appropriations are authorized. ~~If the unobligated balance in the fund at the end of any month exceeds three hundred million dollars, twenty-five percent of any revenues received for deposit in the fund in the subsequent month must be deposited instead into the legacy fund. For purposes of this section, "unobligated balance in the fund" means the balance in the fund reduced by appropriations or transfers from the fund authorized by the legislative assembly, guarantee reserve fund requirements under section 6-09.7-05, and any fund balance designated by the board of university and school lands relating to potential title disputes related to certain riverbed leases.~~

SECTION 2.

Political subdivision allocation fund - Oil and gas tax revenue allocations to political subdivisions - State treasurer - Continuing appropriation.

There is created in the state treasury the political subdivision allocation fund. The fund consists of oil and gas tax revenue deposited in the fund pursuant to chapter 57-51.1. All moneys in the fund are appropriated to the state treasurer on a continuing basis for the purpose of allocations to political subdivisions in oil-producing counties.

1. If the balance of the fund exceeds ten million dollars on March first of each odd-numbered year, within thirty-one days, the state treasurer shall allocate all moneys in the fund to eligible political subdivisions in oil-producing counties based on each political subdivision's oil and gas gross production tax allocations under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year. The allocation to each eligible political subdivision must be proportional to each political subdivision's total oil and gas gross

production tax allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year relative to the combined total of all oil and gas gross production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in the most recently completed formula allocation year. For purposes of this subsection, "formula allocation year" means the period beginning September first of an odd-numbered year and ending August thirty-first of the following even-numbered year.

2. If the balance of the fund exceeds ten million dollars on August first of each odd-numbered year, within thirty-one days, the state treasurer shall allocate all moneys in the fund to eligible political subdivisions in oil-producing counties based on each political subdivision's oil and gas gross production tax allocations under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year. The allocation to each eligible political subdivision must be proportional to each political subdivision's total oil and gas gross production tax allocation under subsection 4 or subsection 5 of section 57-51-15 in the most recently completed formula allocation year relative to the combined total of all oil and gas gross production tax allocations under subsection 4 and subsection 5 of section 57-51-15 in the most recently completed formula allocation year. For purposes of this subsection, "formula allocation year" means the period beginning September first of an odd-numbered year and ending August thirty-first of the following even-numbered year.

SECTION 3. AMENDMENT. Section 57-51.1-07.3 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.

There is established a special fund in the state treasury to be known as the oil and gas research fund. Before depositing oil and gas gross production tax and oil extraction tax revenues in the general fund, ~~property~~ tax relief ~~sustainability~~fund, strategic investment and improvements fund, or the state disaster relief fund, two percent of the revenues must be deposited monthly into the oil and gas research fund, up to ten million dollars per biennium. All moneys deposited in the oil and gas research fund and interest on all such moneys are appropriated as a continuing appropriation to the council to be used for purposes stated in chapter 54-17.6.

SECTION 4. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.5. ~~(Effective through June 30, 2015) State share of oil and gas taxes - Deposits.~~

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

~~1. The first two hundred million dollars into the state general fund;~~

~~2. The next three hundred forty-one million seven hundred ninety thousand dollars into the property tax relief fund;~~

~~3. The next one hundred million dollars into the state general fund;~~

~~4. The next one hundred million dollars into the strategic investment and improvements fund;~~

~~5. The next twenty-two million dollars into the state disaster relief fund; and~~

~~6. Any additional revenues into the strategic investment and improvements fund.~~

~~(Effective after June 30, 2015)~~(Effective through June 30, 2017) State share of oil and gas taxes - Deposits. From the revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:

1. The first two hundred million dollars into the state general fund;

2. The next ~~three hundred forty-one million seven hundred ninety thousand~~three hundred million dollars into the ~~property~~ tax relief ~~sustainability~~ fund;

3. The next one hundred million dollars into the state general fund;

4. The next one hundred million dollars into the strategic investment and improvements fund;

5. The next twenty-two million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty-five million dollars; and

6. Any additional revenues ~~into the strategic investment and improvements fund~~:

   a. Seventy percent into the strategic investment and improvements fund; and

   b. Thirty percent into the political subdivision allocation fund.

(Effective after June 30, 2017) State share of oil and gas taxes - Deposits. From the revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:

1. The first two hundred million dollars into the state general fund;

2. The next three hundred million dollars into the tax relief fund;

3. The next one hundred million dollars into the state general fund;

4. The next one hundred million dollars into the strategic investment and improvements fund;

5. The next twenty-two million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty-five million dollars; and

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

SECTION 5. LEGISLATIVE MANAGEMENT STUDY - UNIFORM TRUCK PERMITTING. During the 2015-16 interim, the legislative management shall study truck permitting systems in oil and gas producing counties. The study must review the North Dakota association of oil and gas producing counties' uniform county truck permit program, including the system's integration with the highway patrol's online electronic truck permitting and routing system and the communications between county representatives and industry representatives regarding road conditions. The study must evaluate the appropriateness of additional fees assessed by the board of county commissioners and other local authorities to the oil and gas industry related to additional road permitting fees and analyze other relevant data regarding uniform truck permitting fees and procedures. The study must include input from representatives of the North Dakota petroleum council, representatives of the North Dakota association of oil and gas producing counties, and other interested persons. The legislative management shall report its findings and recommendations, if any, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 6. MORATORIUM ON ADDITIONAL FEES FOR USE OF COUNTY ROADS. For the period beginning June 1, 2015, through June 30, 2017, notwithstanding the provisions of chapter 39-12, the board of county commissioners and other local authorities having control of roads may not impose any additional fees for the use of county roads, except the fees established in the North Dakota association of oil and gas producing counties' uniform county truck permit program, unless an operator, company, or individual requests and agrees to pay the additional fees. However, the board of county commissioners and other local authorities may issue penalties to operators, companies, or individuals who violate posted road restrictions.

SECTION 7. REPEAL. Sections 15.1-27-45 and 57-64-05 of the North Dakota Century Code are repealed.

SECTION 8. EFFECTIVE DATE. Sections 1, 2, 3, and 4 of this Act are effective for tax collections received by the tax commissioner and for royalty, bonus, and other revenues received for deposit into the strategic investment and improvements fund after June 30, 2015.

SECTION 9. EMERGENCY. This Act is declared to be an emergency measure.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fourth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1377 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 92 Nays 0 Absent 2

Speaker of the House

Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 47 Nays 0 Absent 0

President of the Senate

Secretary of the Senate

Received by the Governor at 8:19 A. M. on April 27, 2015.

Approved at 3:26 P. M. on April 27, 2015.

Governor

Filed in this office this 27th day of April, 2015,

at 4:37 o'clock P M.

Secretary of State