

**HOUSE BILL NO. 1013**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
 2 university and school lands; to provide for distributions from permanent funds; to create and  
 3 enact sections 57-62-07 and 57-62-08 of the North Dakota Century Code, relating to the oil and  
 4 gas impact grant advisory committee; to amend and reenact sections 15-01-02 and 15-02-05,  
 5 subsection 1 of section 57-51-15, and section 57-62-05 of the North Dakota Century Code,  
 6 relating to the powers of the board of university and school lands, the duties of the  
 7 commissioner of university and school lands, the apportionment of oil and gas gross production  
 8 tax proceeds, and the duties of the energy development impact director; and to declare an  
 9 emergency.

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

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
 12 as may be necessary, are appropriated from special funds derived from the state lands  
 13 maintenance fund and the oil and gas impact grant fund in the state treasury, to the  
 14 commissioner of university and school lands for the purpose of defraying the expenses of the  
 15 commissioner of university and school lands, for the biennium beginning July 1, 2011, and  
 16 ending June 30, 2013, as follows:

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
19 Salaries and wages	\$3,214,850	\$930,974	\$4,145,824
20 Operating expenses	739,952	691,144	1,431,096
21 Capital assets	10,000	0	10,000
22 Grants	9,777,759	90,110,341	99,888,100
23 Contingencies	<u>50,000</u>	<u>50,000</u>	<u>100,000</u>
24 Total special funds	\$13,792,561	\$91,782,459	\$105,575,020

1 Full-time equivalent positions 21.75 3.00 24.75

2 **SECTION 2. OIL AND GAS IMPACT GRANTS - EXEMPTION.** Section 54-44.1-11 does  
3 not apply to appropriations made for oil and gas impact grants in section 1 of this Act.

4 **SECTION 3. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the board of  
5 university and school lands, the commissioner of university and school lands may transfer  
6 between the various line items in section 1 of this Act, including transfers from the contingencies  
7 line to all other line items. The commissioner shall notify the office of management and budget  
8 of each transfer made pursuant to this section.

9 **SECTION 4. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of  
10 article IX of the Constitution of North Dakota, the board of university and school lands shall  
11 distribute during the biennium beginning July 1, 2011, and ending June 30, 2013, the following  
12 amounts, from the permanent funds managed for the benefit of the following entities:

13 Common schools	\$92,514,000
14 North Dakota state university	1,424,000
15 University of North Dakota	1,310,000
16 Youth correctional center	528,000
17 School for the deaf	454,000
18 State college of science	523,429
19 State hospital	603,429
20 Veterans' home	279,429
21 Valley City state university	286,000
22 North Dakota vision services - school for the blind	247,429
23 Mayville state university	184,000
24 Dakota college at Bottineau	31,429
25 Dickinson state university	31,429
26 Minot state university	<u>31,429</u>
27 Total	\$98,448,003

28 **SECTION 5. AMENDMENT.** Section 15-01-02 of the North Dakota Century Code is  
29 amended and reenacted as follows:

30 **15-01-02. Powers - Control of public lands and permanent funds.**

31 The board has:

- 1        1. Full control of the selection, appraisal, rental, sale, disposal, and management of:
  - 2            a. Lands donated or granted by or received from the United States or from any
  - 3                    other source for the support and maintenance of the common schools.
  - 4            b. All lands which fall to the state by escheat.
  - 5            c. All lands donated or granted by or received from the United States or from any
  - 6                    other source for the maintenance of the educational, penal, or charitable
  - 7                    institutions.
  - 8            d. All lands acquired by the state through the investment of the permanent school
  - 9                    funds of the state as the result of mortgage foreclosure or otherwise.
- 10       2. Full control of the investment of the permanent funds derived from the sale of any of
- 11            the lands described in subsection 1.
- 12       3. Full control of such percent of the proceeds of any sale of public lands as may be
- 13            granted to the state by the United States on such sale.
- 14       4. Full control of the proceeds of any property that fall to the state by escheat and of the
- 15            proceeds of all gifts and donations to the state for the support or maintenance of the
- 16            common schools, and of all other property otherwise acquired by the state for the
- 17            maintenance of the common schools. Any gift to the state not specifically appropriated
- 18            to any other purpose must be considered as a gift for the support and maintenance of
- 19            the common schools.
- 20       5. Authority to expend moneys for the purpose of making refunds in cases in which an
- 21            error has been made by the board, or a person dealing with the board, with regard to
- 22            any of the lands, minerals, funds, proceeds, or any other kind of property managed by
- 23            the board. Moneys expended to make refunds must come from the same fund or
- 24            account into which the money to be refunded was originally placed.
- 25       6. Authority to award and distribute oil and gas impact grants from moneys deposited in
- 26            the oil and gas impact grant fund.

27        **SECTION 6. AMENDMENT.** Section 15-02-05 of the North Dakota Century Code is  
28 amended and reenacted as follows:

29        **15-02-05. Powers and duties in general.**

30        The commissioner, under such directions as may be given by the board of university and  
31 school lands, shall:

- 1       1. Have general charge and supervision of all lands described in section 15-01-02.
- 2       2. Act as general agent of the board in the performance of its duties.
- 3       3. Have the custody of all maps, books, and papers relating to any of the lands
- 4       mentioned in this title.
- 5       4. Procure the books, maps, and plats required to keep a complete record of all such
- 6       lands, and keep true records of all the sales, leases, permits, patents, deeds, and
- 7       other conveyances of lands under the commissioner's supervision made by the state
- 8       showing the amount of money paid, the date of sale and of payment, the description of
- 9       lands sold or leased, the number of acres [hectares] thereof, the name of the
- 10      purchaser, and the designation of the fund to be credited therewith.
- 11      5. Direct all appraisements, sales, and leases, and execute all contracts of sale, leases,
- 12      permits, and other evidences of disposal of lands, subject to approval by the board.
- 13      6. Certify the book and page number of all contracts, leases, or permits recorded by the
- 14      commissioner.
- 15      7. Serve as chairman of the oil and gas impact grant advisory committee.

16       **SECTION 7. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota Century  
17 Code is amended and reenacted as follows:

- 18      1. First the tax revenue collected under this chapter equal to one percent of the gross  
19      value at the well of the oil and one-fifth of the tax on gas must be deposited with the  
20      state treasurer who shall:
  - 21      a. ~~Credit thirty three and one third percent of the revenues to the oil and gas impact~~  
22      grant fund, but not in an amount exceeding ~~eight~~one hundred million dollars per  
23      biennium;
  - 24      b. Allocate five hundred thousand dollars per fiscal year to each city in an  
25      oil-producing county which has a population of seven thousand five hundred or  
26      more and more than two percent of its private covered employment engaged in  
27      the mining industry, according to data compiled by job service North Dakota. The  
28      allocation under this subdivision must be doubled if the city has more than seven  
29      and one-half percent of its private covered employment engaged in the mining  
30      industry, according to data compiled by job service North Dakota; and
  - 31      c. Credit the remaining revenues to the state general fund.

1       **SECTION 8. AMENDMENT.** Section 57-62-05 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **57-62-05. Powers and duties of energy development impact director.**

4       The energy development impact director shall:

- 5       1. ~~Develop a plan for the assistance, through financial grants for services and facilities, of~~  
6           ~~counties, cities, school districts, and other political subdivisions in coal development~~  
7           ~~and oil and gas development impact areas.~~
- 8       2. Establish procedures and provide proper forms to political subdivisions for use in  
9           making application for funds for impact assistance as provided in this chapter.
- 10      ~~3.~~ 2. Make grants disbursements to counties, cities, school districts, and other taxing  
11           districts for grants awarded by the board of university and school lands pursuant to  
12           chapter 15-01, as provided in this chapter and within the appropriations made for such  
13           purposes. In determining the amount of impact grants for which political subdivisions  
14           are eligible, the amount of revenue to which such political subdivisions will be entitled  
15           from taxes upon the real property of coal and oil and gas development plants and from  
16           other tax or fund distribution formulas provided by law must be considered.
- 17      3. Serve as a member of the oil and gas impact grant advisory committee.

18       **SECTION 9.** Section 57-62-07 of the North Dakota Century Code is created and enacted as  
19 follows:

20       **57-62-07. Oil and gas impact grant advisory committee - Membership.**

21       The oil and gas impact grant advisory committee consists of:

- 22       1. The commissioner of university and school lands.
- 23       2. The energy development impact director.
- 24       3. The director of the division of energy of the department of commerce.
- 25       4. The director of the department of transportation.
- 26       5. One member appointed by the governor from a list of three nominees submitted by the  
27           North Dakota league of cities to represent incorporated cities with a population of ten  
28           thousand or more, based on the most recent official decennial federal census, that are  
29           impacted by oil and gas development.
- 30       6. One member appointed by the governor from a list of three nominees submitted by the  
31           North Dakota league of cities to represent incorporated cities with a population of less

1 than ten thousand, based on the most recent official decennial federal census, that are  
2 impacted by oil and gas development.

3 7. Two members appointed by the governor from a list of six nominees submitted by the  
4 North Dakota association of oil and gas-producing counties to represent counties  
5 impacted by oil and gas development.

6 **SECTION 10.** Section 57-62-08 of the North Dakota Century Code is created and enacted  
7 as follows:

8 **57-62-08. Oil and gas impact grant advisory committee - Duties - Expense**  
9 **reimbursement.**

- 10 1. The oil and gas impact grant advisory committee shall:
- 11 a. Establish its own rules of operation and procedure, including rules relating to  
12 terms of office, vacancies, quorums, and meetings, provided that the rules do not  
13 conflict with any provisions of this chapter.
  - 14 b. Develop a plan to be considered by the board of university and school lands for  
15 providing grants to counties, cities, school districts, and other political  
16 subdivisions in oil and gas development impact areas.
  - 17 c. Receive and review applications for impact assistance using procedures and  
18 forms approved by the energy development impact director pursuant to this  
19 chapter.
  - 20 d. Make recommendations, not less than once each calendar quarter, to the board  
21 of university and school lands on grants to counties, cities, school districts, and  
22 other political subdivisions in oil and gas development impact areas based on  
23 identified needs, other sources of revenue available to the political subdivision,  
24 and criteria established by the committee.
  - 25 e. Make recommendations to the board of university and school lands providing for  
26 the distribution of thirty-five percent of moneys available in the oil and gas impact  
27 fund to incorporated cities with a population of ten thousand or more, based on  
28 the most recent official decennial federal census, that are impacted by oil and gas  
29 development.
  - 30 f. Make recommendations to the board of university and school lands providing for  
31 the distribution of sixty-five percent of moneys available in the oil and gas impact

1                   fund to cities not otherwise eligible for funding under this section, counties,  
2                   school districts, and other political subdivisions impacted by oil and gas  
3                   development.

4           2.   Members of the advisory committee are entitled to reimbursement for actual and  
5           necessary expenses incurred in the same manner as state officials.

6           **SECTION 11. EMERGENCY.** Sections 5, 6, 8, 9, and 10 of this Act are declared to be an  
7 emergency measure.