

**Sixty-sixth Legislative Assembly of North Dakota
In Regular Session Commencing Thursday, January 3, 2019**

SENATE BILL NO. 2362
(Senators Cook, Holmberg, Wardner)
(Representatives Delzer, Headland, Pollert)
(Approved by the Delayed Bills Committee)

AN ACT to amend and reenact section 57-51.1-07 of the North Dakota Century Code, relating to the allocation of oil extraction tax; to provide a contingent appropriation; to provide for a transfer; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-51.1-07 of the North Dakota Century Code is amended and reenacted as follows:

~~57-51.1-07. Allocation of moneys in oil extraction tax development fund. (Effective through July 31, 2019)~~

~~Moneys deposited in the oil extraction tax development fund must be transferred monthly by the state treasurer as follows:~~

- ~~1. Twenty percent must be allocated and credited to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds must be credited to a special trust fund, to be known as the resources trust fund. The resources trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the maximum amount permitted by law which income must be deposited in the resources trust fund. Three percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the renewable energy development fund, not to exceed three million dollars per biennium. One-half of one percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the energy conservation grant fund not to exceed two hundred thousand dollars per biennium. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:
 - ~~a. The state water commission for planning for and construction of water-related projects, including rural water systems. These water-related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02.~~
 - ~~b. The industrial commission for the funding of programs for development of renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.~~
 - ~~c. The department of commerce for the funding of programs for development of energy conservation and for the making of grants and loans relating to energy conservation.~~~~
- ~~2. Twenty percent must be allocated to the common schools trust fund and foundation aid stabilization fund as provided in section 24 of article X of the Constitution of North Dakota.~~
- ~~3. Thirty percent must be allocated to the legacy fund as provided in section 26 of article X of the Constitution of North Dakota.~~

4. ~~Thirty percent must be allocated and credited to the state's general fund.~~

Allocation of moneys in oil extraction tax development fund. (~~Effective after July 31, 2019~~)

Moneys deposited in the oil extraction tax development fund from revenue collected under section 57-51.1-02 and oil extraction tax revenue allocated to the state under the terms of an agreement entered pursuant to chapter 57-51.2 must be transferred monthly by the state treasurer as follows:

1. Twenty percent must be allocated ~~and credited~~ to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds must be credited to a special trust fund, to be known as the resources trust fund. The resources trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the maximum amount permitted by law which income must be deposited in the resources trust fund. Three percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the renewable energy development fund, not to exceed three million dollars per biennium. One-half of one percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the energy conservation grant fund not to exceed one million two hundred thousand dollars per biennium. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:
 - a. The state water commission for planning for and construction of water-related projects, including rural water systems. These water-related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and
 - b. The industrial commission for the funding of programs for development of renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.
 - c. The department of commerce for the funding of programs for development of energy conservation and for the making of grants and loans relating to energy conservation.
2. One-half of one percent must be allocated to the resources trust fund beginning with allocations made by the state treasurer in August 2019 and continuing until the combined allocations under this subsection total one hundred twenty-eight million seven hundred forty thousand dollars, after which the state treasurer shall discontinue making allocations under this subsection.
3. Twenty percent must be allocated to the common schools trust fund and foundation aid stabilization fund as provided in section 24 of article X of the Constitution of North Dakota.
- ~~3.4.~~ Thirty percent must be allocated to the legacy fund as provided in section 26 of article X of the Constitution of North Dakota.
4. ~~Thirty percent~~
5. The remainder must be allocated ~~and credited~~ to the state's general fund.

SECTION 2. CONTINGENT APPROPRIATION - TRANSFER - GENERAL FUND TO COMMON SCHOOLS TRUST FUND. If the actual legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium in accordance with section 26 of article X of the Constitution of North Dakota exceed the estimate made by the sixty-sixth legislative assembly by at least \$64,370,000, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated,

the sum of \$64,370,000, which the state treasurer shall immediately transfer to the common schools trust fund, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. EFFECTIVE DATE. This Act is effective for allocations made by the state treasurer beginning on the first day of the month following the month in which this Act is filed with the secretary of state.

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-sixth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2362 and that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 44 Nays 3 Absent 0

President of the Senate

Secretary of the Senate

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

Vote: Yeas 85 Nays 0 Absent 9

Speaker of the House

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2019.

Approved at _____ M. on _____, 2019.

Governor

Filed in this office this _____ day of _____, 2019,

at _____ o'clock _____ M.

Secretary of State