

# North Dakota oil tax agreement nets \$40 million monthly for state, Fort Berthold Reservation

By JAMES MacPHERSON Associated Press  
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BISMARCK, North Dakota — A tax agreement that standardized the rules and spurred oil drilling on an American Indian reservation in North Dakota is bringing in more than \$40 million monthly for the state and tribal members, up from zero five years ago, state Tax Department records show.

Since the accord between the Three Affiliated Tribes and the state was first signed in 2008, the number horizontal wells on the Fort Berthold Reservation jumped from one to more than 1,000. To date, the state has collected \$445.4 million, with the tribe getting \$315.3 million, data show.

The reservation, occupied by the Mandan, Hidatsa and Arikara tribes in the heart of North Dakota's booming oil patch, now accounts for nearly a third of all oil production in North Dakota.

"It's big," said Ryan Rauschenberger, North Dakota's deputy tax commissioner. "The reservation accounts for a huge portion of the state's production."

More than dollars, oil drilling has brought hope, jobs and business opportunities to long-impooverished tribal members who have struggled for more than a century on the million-acre reservation, said Fred Fox, vice chairman of the Three Affiliated Tribes.

"God gave us opportunity," Fox said. "We're grateful and thankful and we have to take advantage of what's going on."

The reservation contains portions of six counties, covering more than 1,500 square miles. About 4,500 of the approximately 12,000 tribal members live on the reservation, tribal officials say.

Prior to agreement with the state, little drilling occurred on the reservation due to complex tribal rules and uncertainty about taxes. The accord specifies that North Dakota's Department of Mineral Resources regulates reservation production.

Former Three Affiliated Tribes Chairman Marcus Levings and former Gov. John Hoeven signed the agreement in 2008 and agreed to a permanent extension of the accord in 2010. Under that agreement, North Dakota got 80 percent of tax collections from private land on the reservation and 50 percent of the taxes from tribal trust lands held in trust by the federal government to benefit the tribe and individual tribal members.



*FILE - In this Sept. 24, 2008 file photo is one of the first new oil wells operating on the outskirts of Parshall, N.D., on the Fort Berthold Indian Reservation. A tax agreement that standardized the rules and spurred oil drilling on the reservation is bringing in more than \$40 million monthly for the state and tribal members, up from zero five years ago, state Tax Department records show. (AP Photo/James MacPherson, File)*

The Three Affiliated Tribes and its current chairman, Tex Hall, successfully pressed lawmakers in the last Legislative session for an equal cut of oil production taxes, saying the extra money was needed to address issues caused by drilling that were unforeseen when the pact was first signed. The new tax agreement went into effect in September already has netted the tribe nearly \$62 million in three months.

The tribe received \$131.8 million in fiscal 2013, while the state got \$176.8 million, under the old agreement, data show. The state's share in fiscal 2012 was \$113.4 million, while the tribe collected \$74.6 million.

The state's share of oil taxes from reservation land is divided among counties, cities, school districts and a number of state funds and programs.

In addition to the oil money, the tribes get \$60 million to \$70 million annually in federal aid.

Fox said oil revenue has helped supplement federal dollars for housing, law enforcement, medical facilities and infrastructure.

"Right now, we're catching up and making huge strides," Fox said.

The tribe has built more than 100 homes for its members in the past year, and has made progress in building roads medical facilities and water systems, Fox said. The tribe also has set aside about \$250 million in trust and savings accounts.

"We never imagined anything like this would ever happen," Fox said.

<http://www.therepublic.com/view/story/5407959155cd47aabb1ee1b82d5359f9/ND--Tribal-Oil-Taxes>