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measure to spend more than $1.1 billion over the next two years for improvements to infrastructure, law enforcement and emergency services, with most of it going to the oil patch. Oil-impacted counties and cities will receive direct aid of $543 million—more than double the amount in the previous budget. The budget also includes $240 million for an oil-impact grant fund, almost double its previous allocation. The state's highway construction budget for the next two years was approved at $878 million, or almost $290 million more than the previous record in 2011, with most of the money earmarked for the oil patch. Overall state spending is also significantly higher, so increases for K-12 education and other fundamental public services will also flow to oil country, though to what degree is hard to track precisely.

Sources inside and outside the oil patch seemed universally pleased to see increased spending in the oil patch. Keith Lund, vice president of the Grand Forks Region Economic Development Corp., pointed out that oil revenue has helped to lower individual and corporate income tax rates statewide and provided property tax relief. The 2013-15 budget alone has $850 million in property tax relief. Corporate income tax rates have been lowered in each of the past four legislative sessions; top rates have gone from 7 percent in 2006 to 4.53 percent.

Maintaining that revenue stream requires ongoing investment, he added. "There are a lot of needs out in the western part of the state, and it has to be supported or it just all stops," Lund said.

But whether it's enough is a hotly debated question. Most sources in the oil patch were unequivocal that recent funding increases—while very helpful—were still insufficient. Many still see needs unmet from previous state budgets. In the legislative sessions of 2009 and 2011, "we thought we had done things to address the oil impact. But it turned out to be woefully inadequate," said Senate Minority Leader Mac Schneider (D-Grand Forks). "We weren't even playing catch-up." Even given the big increases in the newest state budget, "we're not under any delusions. This is not a cure-all [budget]," he said.

Oil patch advocates point out that direct aid to areas impacted by oil is still comparatively low despite the recent increases. In the early part of the decade, the percentage of oil and gas tax revenue sent back to producer counties averaged in the low teens. It increased to 17 percent in the 2011-13 budget and will increase to 21 percent in the coming two years, according to Pam Sharp, director of the state Office of Management and Budget. However, oil patch legislators like Rep. Bob Skarphol (R-Tioga) have pointed out that the state sends 35 percent of coal tax revenues back to producer counties. Sharp confirmed the estimate and said it might be conservative.

A report last year by Headwaters Economics of Bozeman, Mont., pointed out that North Dakota "stands out among its peers for providing the least direct funding for oil-impacted communities." Local governments in Colorado, for example, receive 63 percent directly; in Montana and Wyoming, 39 percent and 35 percent, respectively, according to the report. While direct aid is climbing and "fills an important gap," the report said, "leaving impact assistance to the discretion of state legislatures is not a responsible approach to managing an energy boom."

Because of its sovereign status, the Three Affiliated Tribes was receiving a slightly larger portion (20 percent) of tax revenue from production on the Fort Berthold Reservation than nonreservation counties and cities received over the same period. The state is renegotiating the compact, and revenue sharing is expected to reach a 50/50 split.

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The timing of funding has also become a major sticking point for oil patch communities.

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"The whole political process lags the impacts," said Bangsund, from NDSU, and delay is compounded by the fact that the Legislature meets every other year. "The response on immediate needs has not kept pace. There is a lot of entrenchment and inertia to get past. … More needs to be done on a continual basis," said Bangsund.

Shawn Kessel, Dickinson city administrator, was giving testimony at the Capitol during the spring session, and "one legislator, who shall remain nameless, came up to me afterward and said, 'Shawn, I get it. Thank you. The light has gone on. You guys are making decisions today that are affecting you [financially] now. But you're getting resources tomorrow.'"

Some governments are taking steps to help control development or at least prepare financially for it. Dickinson and many other cities have instituted impact fees on new housing developments to help with road and other associated infrastructure needs. Williston recently instituted a one-cent general sales tax to

Dickinson:
Watching and learning

At the local level, one city that appears to be coping comparatively well is Dickinson. The city gets occasional visitors from local government officials in Texas, where small cities there are undergoing similar challenges thanks to a shale oil boom in the Eagle Ford Formation of southern Texas. If Dickinson is doing well, part of the reason is because the city is located on the fringe of the Bakken Formation and has not seen the level of oil drilling and related activity experienced in places like Williston. "So we got the benefit of watching and learning," said Shawn Kessel, Dickinson city administrator.

But as a regional hub, it has had to deal with a flood of new people. The city was founded in 1881, and in 2010 the U.S. Census pegged the city's population at about 18,000. By 2012, the population had jumped 50 percent to 26,700. By 2020, NDSU research suggests it could exceed 40,000.

Oil activity "affects every single service we provide as a city," Kessel said, and it's the same story for school districts and Stark County. Kessel said human capital is the biggest challenge for local governments because the impact of a rising population "doesn't hit you all at once. It comes at you in waves, and human capital has to reflect that wave." First comes planning, and then the building department where permitting takes place. Then once more housing is built services like fire and police require more staffing.

In the last few years, the city has added 29 employees, and wages have increased by 10 percent each of the last two years. Before the boom hit, Dickinson was planning a $12 million expansion of its wastewater treatment facilites. After getting the population estimate, "we bit the bullet" and upped the ante on a $48 million expansion.

State aid to regional hubs has increased, but aid formulas are based on old population estimates, and "we're making so many decisions based on how many people will be here in 2020." The city is in line to get nice bump in aid and other grants from the state, to about $33 million. Kessel appreciates that, but added, "we're still woefully underfunded even in this biennium."

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