

Fifty-fifth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2371

Introduced by

Senators Kinnoin, Urlacher, Yockim

Representatives Nichols, Rennerfeldt, Skarphol

1 A BILL for an Act to create and enact a new section to chapter 57-51 and a new subsection to
2 section 57-51.1-03 of the North Dakota Century Code, relating to an oil and gas gross
3 production tax reduction and oil extraction tax exemption for new production from wells on tribal
4 or allotted lands; to amend and reenact subsection 1 of section 57-51-15 of the North Dakota
5 Century Code, relating to allocation of oil and gas gross production tax revenues; and to
6 provide an effective date.

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

8 **SECTION 1.** A new section to chapter 57-51 of the North Dakota Century Code is
9 created and enacted as follows:

10 **Reduction for new oil and gas on allotted and tribal lands.** Upon prior approval of
11 the drilling project by the tribal council having jurisdiction over the lands, the activity of
12 extracting from the earth oil and gas from a well drilled and completed on allotted, tribal, or tribal
13 trust lands is exempt from one-half of taxes otherwise due under this chapter for the first fifteen
14 months of production from the well.

15 **SECTION 2. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota
16 Century Code is amended and reenacted as follows:

17 1. First the tax revenue collected under this chapter equal to ~~one percent of the gross~~
18 ~~value at the well of the oil and~~ one-fifth of the tax on oil and gas must be deposited
19 with the state treasurer, who shall credit thirty-three and one-third percent of the
20 revenues to the oil and gas impact grant fund, but not in an amount exceeding five
21 million dollars per biennium including any amounts otherwise appropriated for oil
22 and gas impact grants for the biennium by the legislative assembly, and who shall
23 credit the remaining revenues to the state general fund.

1 **SECTION 3.** A new subsection to section 57-51.1-03 of the 1995 Supplement to the
2 North Dakota Century Code is created and enacted as follows:

3 The initial production of oil from a well is exempt from any taxes imposed under
4 this chapter for a period of fifteen months if the well is drilled and completed on
5 allotted, tribal, or tribal trust lands and the drilling operation was approved prior to
6 commencement by the tribal council having jurisdiction over the lands.

7 **SECTION 4. EFFECTIVE DATE.** This Act is effective for production from wells drilled
8 and completed after July 31, 1997.