

Sixtieth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1419

Introduced by

Representatives Owens, Brandenburg, Headland, Vigesaa, Weisz

Senator Wanzek

1 A BILL for an Act to create and enact a new chapter to title 57 of the North Dakota Century
2 Code, relating to imposition of a railroad excise tax and to provide for allocation of excise tax
3 revenues; and to provide an effective date.

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

5 **SECTION 1.** A new chapter to title 57 of the North Dakota Century Code is created and
6 enacted as follows:

7 **Railroad excise tax.** Railroad corporations transporting commodities by rail in this
8 state are subject to an excise tax determined as provided in this section. The tax commissioner
9 shall compute the tax by comparing the railroad corporation's gross transportation receipts with
10 the net operating income of the railroad corporation for the previous calendar year.

11 1. The excise tax under this section for each railroad corporation is determined as
12 follows:

13 a. If net operating income is ten percent or less of gross transportation receipts,
14 the tax is one percent of gross transportation receipts.

15 b. If gross receipts for transporting agricultural commodities within this state are
16 more than ten percent but not more than fifteen percent of net operating
17 income from activities within this state, the tax is one and one-fourth percent
18 of gross receipts.

19 c. If net operating income is more than fifteen percent but not more than twenty
20 percent of gross transportation receipts, the tax is one and three-fourths
21 percent of gross transportation receipts.

22 d. If net operating income is more than twenty percent but not more than
23 twenty-five percent of gross transportation receipts, the tax is two and
24 one-half percent of gross transportation receipts.

1 e. If net operating income is more than twenty-five percent of gross
2 transportation receipts, the tax is three percent of gross transportation
3 receipts.

4 2. When a railroad lies partly within and partly without the state, or is operated as a
5 part of a line or system extending beyond the state, the tax is equal to the same
6 proportion of the gross transportation receipts in the state, and its amount is to be
7 determined under this subsection. The gross transportation receipts of a railroad,
8 line or system, within and without the state, is to be divided by the total number of
9 miles operated to obtain the average gross transportation receipts per mile, and
10 the gross transportation receipts in the state are to be taken to be the average
11 gross transportation receipts per mile multiplied by the number of miles operated
12 within the state, and the net railway operating income within the state is to be
13 similarly determined.

14 3. Railroad corporations shall file a return under this section with the tax
15 commissioner by April fifteenth for the preceding calendar year. Taxes must be
16 paid in equal installments on or before April fifteenth, June fifteenth, September
17 fifteenth, and December fifteenth.

18 **Allocation of revenue.** The tax commissioner shall transfer tax collections under this
19 chapter to the state treasurer, who shall deposit fifty percent of the funds in the state highway
20 fund and fifty percent in the railway improvement fund.

21 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
22 December 31, 2006.