

Sixtieth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1462

Introduced by

Representatives Porter, Damschen, Keiser

Senators Lyson, Tollefson, Wardner

1 A BILL for an Act to provide a sales and use tax exemption for materials used in the
2 compression, processing, distributing, and refining of shallow gas; to create and enact section
3 17-01-01 of the North Dakota Century Code, relating to a comprehensive energy policy for the
4 state and the 25x'25 initiative; to amend and reenact section 54-35-18 of the North Dakota
5 Century Code, relating to the electric industry competition committee; and to authorize the
6 legislative council to make certain statutory revisions.

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

8 **SECTION 1.** Section 17-01-01 of the North Dakota Century Code is created and
9 enacted as follows:

10 **17-01-01. 25x'25 initiative.** The legislative assembly adopts the 25x'25 initiative with
11 the goal that not later than January 1, 2025, the agricultural, forestry, and working land of the
12 United States should provide from renewable resources not less than twenty-five percent of the
13 total energy consumed in the United States and continue to produce safe, abundant, and
14 affordable food, feed, and fiber. Increasing America's renewable energy use will bring new
15 technologies to market and save consumers money, reduce the nation's dependence on oil
16 from the Middle East, create good new jobs in rural America, and clean up the air and reduce
17 urban smog and help slow increases in global warming. As used in this initiative, renewable
18 energy includes biofuels, solar, wind, hydropower, geothermal, and energy efficiency initiatives.
19 The 25x'25 initiative will benefit agriculture and forestry, the environment, and national security
20 and provide economic growth.

21 **SECTION 2. Sales and use tax exemption for materials used in compressing,**
22 **processing, distributing, or refining of shallow gas.**

- 1 1. Gross receipts from sales of tangible personal property used in compressing,
2 processing, distributing, or refining of gas recovered from a shallow gas well in this
3 state are exempt from taxes under chapter 57-39.2.
- 4 2. The owner of the tangible personal property must apply to the tax commissioner for
5 a refund of sales and use taxes paid by any contractor, subcontractor, or builder for
6 which the sales or use is claimed as exempt under this section. Application for a
7 refund must be made at the times and in the manner directed by the tax
8 commissioner and must include sufficient information to permit the tax
9 commissioner to verify the sales and use taxes paid and the exempt status of the
10 sale or use.
- 11 3. For purposes of this section, "shallow gas" has the meaning provided in section
12 57-51-01.
- 13 4. All of the provisions of chapter 57-39.2 and 57-40.2 apply to the exemption under
14 this section.

15 **SECTION 3. AMENDMENT.** Section 54-35-18 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **54-35-18. (Effective through August 1, 2007 2011) ~~Electric industry competition--~~**
18 **~~Need for study~~ Energy development and transmission committee.** ~~The legislative council~~
19 ~~shall study the impact of competition on the generation, transmission, and distribution of electric~~
20 ~~energy within this state. The legislative assembly finds that the economy of this state depends~~
21 ~~on the availability of reliable, low cost electric energy. There is a national trend toward~~
22 ~~competition in the generation, transmission, and distribution of electric energy and the~~
23 ~~legislative assembly acknowledges that this competition has both potential benefits and~~
24 ~~adverse impacts on this state's electric suppliers as well as on their shareholders and~~
25 ~~customers and the citizens of this state. The legislative assembly determines that it is in the~~
26 ~~best interests of the citizens of this state to study the effects of competition on the generation,~~
27 ~~transmission, and distribution of electric energy. The legislative council, during each biennium,~~
28 shall appoint an energy development and transmission committee in the same manner as the
29 council appoints other interim committees. The council shall appoint six members of the house
30 of representatives, four of whom must be from the majority political party and two of whom must
31 be from the minority political party, and six members of the senate, four of whom must be from

1 the majority political party and two of whom must be from the minority political party. The
2 chairman of the legislative council shall designate the chairman of the committee. The
3 committee shall operate according to the statutes and procedure governing the operation of
4 other legislative council interim committees. The committee shall study the impact of a
5 comprehensive energy policy for the state and the development of each facet of the energy
6 industry, from the obtaining of the raw natural resource to the sale of the final product in this
7 state, other states, and other countries. The study may include the review of and
8 recommendations relating to policy affecting extraction, generation, processing, transmission,
9 transportation, marketing, distribution, and use of energy, and the taxation of shallow gas to
10 reduce energy costs for all North Dakota residents.

11 **SECTION 4. LEGISLATIVE COUNCIL TO REDESIGNATE SECTIONS.** The

12 legislative council shall redesignate sections 4-14.1-07.1, 4-14.1-07.2, 4-14.1-08, 4-14.1-09,
13 and 4-14.1-10, chapter 6-09.17, sections 9-01-22, 47-05-14, 47-05-15, 47-05-16, and 47-16-42,
14 and chapter 49-24 as appropriate chapters and sections of title 17. The legislative council may
15 insert appropriate references in the sections of law listed in this section, consistent with usages
16 contained in this Act. References inserted may be adjusted to suit the context and grammar of
17 the sections and must be inserted so as to harmonize existing law with regard to the
18 redesignation of sections provided by this Act. The legislative council may insert appropriate
19 references to any measure enacted by the sixtieth legislative assembly which relates to the
20 biodiesel partnership in assisting community expansion program, ethanol, biofuels, biomass,
21 solar energy, wind energy, hydropower, geothermal, energy efficiency, the transmission
22 authority, and a pipeline authority. References inserted may be adjusted to suit context and
23 grammar of the sections and must be inserted so as to harmonize the legislative measure with
24 regard to the creation of title 17 as provided by this Act.