

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representative Froelich

A BILL for an Act to create and enact a new subsection to section 57-02-08 and a new section to chapter 57-38 of the North Dakota Century Code, relating to a property tax exemption and corporate income tax exemption for a new oil refinery; to amend and reenact section 57-39.2-04.6 of the North Dakota Century Code, relating to a sales tax exemption for materials used in construction or expansion of an oil refinery; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new subsection to section 57-02-08 is created:

Fixtures, buildings, and improvements that are an integral part of an oil refinery that has a processing capacity of at least fifty thousand barrels of oil per day, which uses oil from North Dakota wells for at least fifty percent of its processing during the taxable year, and which is constructed after December 31, 2008, are exempt from taxation for the first ten taxable years ending after the commencement of refinery operations.

SECTION 2. A new section to chapter 57-38 is created:

Corporate income tax exemption for new oil refinery. Income received from the operation of an oil refinery that has a processing capacity of at least fifty thousand barrels of oil per day, which uses oil from North Dakota wells for at least fifty percent of its processing during the taxable year, and which is constructed in this state after December 31, 2008, is exempt from the tax imposed by section 57-38-30 for the first ten taxable years ending after the commencement of refinery operations.

SECTION 3. AMENDMENT. Section 57-39.2-04.6 is amended:

57-39.2-04.6. Sales and use tax exemption for materials used in construction or expansion of an oil refinery.

- 1 1. Gross receipts from sales of tangible personal property used in ~~expanding or~~
2 ~~constructing~~ expansion of an oil refinery ~~that has a nameplate capacity of which~~
3 results in a processing capacity increase of at least five thousand barrels of oil per
4 day in this state are exempt from taxes under this chapter.
- 5 2. Gross receipts from sales of tangible personal property used in constructing an oil
6 refinery that has a processing capacity of at least five thousand barrels of oil per
7 day in this state are exempt from taxes under this chapter.
- 8 3. The owner of the tangible personal property must apply to the tax commissioner for
9 a refund of sales and use taxes paid by any contractor, subcontractor, or builder for
10 which the sales or use is claimed as exempt under this section. Application for a
11 refund must be made at the times and in the manner directed by the tax
12 commissioner and must include sufficient information to permit the tax
13 commissioner to verify the sales and use taxes paid and the exempt status of the
14 sale or use.
- 15 ~~3.~~ 4. This chapter and chapter 57-40.2 apply to the exemption under this section.

16 **SECTION 4. EFFECTIVE DATE.** Sections 1 and 2 of this Act are effective for taxable
17 years beginning after December 31, 2008. Section 3 of this Act is effective for taxable events
18 occurring after June 30, 2009.