

Sixty-first
Legislative Assembly
of North Dakota

Introduced by

(At the request of the Department of Commerce)

1 A BILL for an Act to amend and reenact section 57-39.2-04.5 of the North Dakota Century
2 Code, relating to a sales and use tax exemption for materials used in compressing, processing,
3 gathering, or refining of gas; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-39.2-04.5 of the North Dakota Century Code
6 is amended and reenacted as follows:

7 **57-39.2-04.5. Sales and use tax exemption for materials used in compressing,**
8 **processing, gathering, or refining of gas.**

- 9 1. Gross receipts from sales of tangible personal property used ~~in compressing,~~
10 ~~processing, gathering, or refining of~~ to construct or expand a system used to
11 compress, process, gather, or refine gas recovered from a ~~an oil or~~ gas well in this
12 state or used to expand or build a gas-processing facility in this state are exempt
13 from taxes under this chapter ~~57-39.2~~. To be exempt, the tangible personal
14 property must be incorporated into a system used to compress, process, gather, or
15 refine gas. Tangible personal property used to replace an existing system to
16 compress, process, gather, or refining gas does not qualify for exemption under
17 this section unless the replacement creates an expansion of the system.
- 18 2. To receive the exemption under this section at the time of purchase, the owner of
19 the gas compressing, processing, gathering, or refining system must receive from
20 the tax commissioner a certificate that the tangible personal property used qualifies
21 for exemption. If a certificate is not received prior to the purchase, the owner shall
22 pay the applicable tax imposed by this chapter and apply to the tax commissioner
23 for a refund.

1 3. ~~The~~ If the tangible personal property is purchased and installed by a
2 contractor subject to the tax imposed by this chapter, the owner of the
3 ~~tangible personal property~~ gas compressing, processing, gathering, or refining
4 system must apply to the tax commissioner for a refund of sales and use
5 taxes paid by any contractor, subcontractor, or builder for which the sales or
6 use is claimed as exempt under this section. Application for a refund must be
7 made at the times and in the manner directed by the tax commissioner and
8 must include sufficient information to permit the tax commissioner to verify the
9 sales and use taxes paid and the exempt status of the sale or use.

10 ~~3. All of the provisions of chapter 57-39.2 and 57-40.2 apply to the exemption under~~
11 ~~this section.~~

12 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
13 June 30, 2009.