

Sixty-second  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2336**

Introduced by

Senators Wardner, Miller, O'Connell

Representatives Belter, Headland, S. Meyer

1 A BILL for an Act to create and enact a new section to chapter 57-39.2 of the North Dakota  
2 Century Code, relating to a sales tax exemption for machinery or equipment used to produce  
3 coal from a new mine located in this state; and to provide an effective date.

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

5 **SECTION 1.** A new section to chapter 57-39.2 of the North Dakota Century Code is created  
6 and enacted as follows:

7 **Sales tax exemption for machinery or equipment used to produce coal from a new**  
8 **mine.**

9 1. Gross receipts from sales of machinery or equipment used to produce coal from a new  
10 mine located in this state are exempt from the tax imposed by this chapter.

11 2. Purchase of replacement machinery or equipment and purchase of repair or  
12 replacement parts for existing machinery or equipment are not exempt under this  
13 section.

14 3. To qualify for the exemption at the time of purchase, the mine operator must receive  
15 from the tax commissioner a certificate stating that the machinery or equipment  
16 qualifies for the exemption. If a certificate is not received before the purchase, the  
17 mine operator must pay the tax and apply to the tax commissioner for a refund.

18 4. If the machinery or equipment is purchased or installed by a contractor subject to the  
19 tax under this chapter, the mine operator must apply to the tax commissioner for a  
20 refund of sales and use taxes paid for which the exemption is claimed under this  
21 section.

22 5. For purposes of this section:

23 a. "Machinery or equipment" means machinery or equipment used directly to  
24 uncover, sever, crush, handle, or transport coal removed from the earth.

1                   "Machinery or equipment" includes draglines, excavators, rolling stock, conveyor  
2                   equipment, reclamation equipment, and equipment to pulverize coal but does not  
3                   include rail spurs, office buildings, workshops, or any component not used  
4                   directly to uncover, sever, crush, handle, or transport coal removed from the  
5                   earth.

6           b.   "New mine" means a mine permitted under chapter 38-14.1 by the public service  
7                   commission after December 31, 2010.

8           c.   "Produce coal" means mining operations to uncover, sever, crush, handle, or  
9                   transport coal from its natural location under the earth's surface to the mouth of  
10                  the mine and all activities necessary and incidental to the reclamation of that  
11                  location.

12           **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
13   June 30, 2011.