

**FIRST ENGROSSMENT**  
**with Conference Committee Amendments**  
**ENGROSSED 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. The  
11 exemption for each new mine under this section is limited to the first five million dollars  
12 of sales and use tax paid.
- 13 2. Purchase of replacement machinery or equipment is exempt if the capitalized  
14 investment in the new mine exceeds twenty million dollars. Purchases of repair or  
15 replacement parts for existing machinery or equipment are not exempt under this  
16 section.
- 17 3. The mine operator shall apply to the commissioner for a refund of sales and use taxes  
18 paid for which the exemption is claimed under this section. A refund claim may not  
19 exceed the limitation in subsection 1. Application for the refund must be made at the  
20 time and in the manner directed by the commissioner and must include sufficient  
21 information to verify the correctness of the refund claim.
- 22 4. 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 an area 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.