

**FIRST ENGROSSMENT  
with House 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 and purchase of repair or  
14 replacement parts for existing machinery or equipment are not exempt under this  
15 section.
- 16 3. The mine operator shall apply to the commissioner for a refund of sales and use taxes  
17 paid for which the exemption is claimed under this section. A refund claim may not  
18 exceed the limitation in subsection 1. Application for the refund must be made at the  
19 time and in the manner directed by the commissioner and must include sufficient  
20 information to verify the correctness of the refund claim.
- 21 4. For purposes of this section:
- 22 a. "Machinery or equipment" means machinery or equipment used directly to  
23 uncover, sever, crush, handle, or transport coal removed from the earth.  
24 "Machinery or equipment" includes draglines, excavators, rolling stock, conveyor

1                   equipment, reclamation equipment, and equipment to pulverize coal but does not  
2                   include rail spurs, office buildings, workshops, or any component not used  
3                   directly to uncover, sever, crush, handle, or transport coal removed from the  
4                   earth.

5           b.   "New mine" means a mine that was not producing coal as of December 31, 2010,  
6               and for which an application for a mine permit under chapter 38-14.1 was  
7               submitted to the public service commission before July 1, 2011. New mine does  
8               not include an expansion of an existing mine that requires a separate permit from  
9               the public service commission under chapter 38-14.1.

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

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