

February 12, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1410

Page 1, line 1, after "enact" insert "a new section to chapter 57-39.2 and"

Page 1, line 2, remove "a"

Page 1, line 2, replace "exemption" with "exemptions for materials used to construct a processing facility to produce liquefied natural gas and"

Page 1, line 3, replace "section 57-39.2-04.5" with "subsection 4 of section 57-40.2-03.3"

Page 1, remove lines 12 through 24

Page 2, replace lines 1 through 16 with:

"**SECTION 2.** A new section to chapter 57-39.2 of the North Dakota Century Code is created and enacted as follows:

Sales tax exemption for materials used to construct a processing facility to produce liquefied natural gas.

1. Gross receipts from sales of tangible personal property used to construct or expand a processing facility in this state to produce liquefied natural gas are exempt from taxes under this chapter. To be exempt, the tangible personal property must be incorporated in the structure of the facility or used in the construction process to the point of having no residual economic value.
2. To receive the exemption at the time of purchase, the owner of the processing facility must receive from the commissioner a certificate that the tangible personal property used to construct the processing facility which the owner intends to purchase qualifies for the exemption. If a certificate is not received prior to the purchase, the owner shall pay the applicable tax imposed by this chapter and apply to the commissioner for a refund.
3. If the tangible personal property is purchased or installed by a contractor subject to the tax imposed by this chapter, the owner may apply for a refund of the difference between the amount remitted by the contractor and the exemption imposed or allowed by this section.

SECTION 3. AMENDMENT. Subsection 4 of section 57-40.2-03.3 of the North Dakota Century Code is amended and reenacted as follows:

4. The tax imposed by this section does not apply to:
 - a. Production equipment or tangible personal property as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.2;
 - b. Machinery, equipment, or other tangible personal property used to construct an agricultural commodity processing facility as authorized

or approved for exemption by the tax commissioner under section 57-39.2-04.3 or 57-39.2-04.4;

- c. Tangible personal property used to construct or expand a system used to compress, process, gather, or refine gas recovered from an oil or gas well in this state or used to expand or build a gas-processing facility in this state as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.5; ~~or~~
- d. Tangible personal property used to construct to expand a qualifying oil refinery as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.6; or
- e. Tangible personal property used to construct or expand a qualifying facility as authorized or approved for exemption by the tax commissioner under section 2 of this Act."

Page 3, line 18, replace "This Act is" with "Sections 2 and 3 of this Act are "

Page 3, line 19, after the period insert "Sections 1, 4, and 5 of this Act are effective upon receipt of certification by the tax commissioner from the plant owner that construction of the gas liquefaction plant is complete."

Renumber accordingly