

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1483

Introduced by

Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson, Hagert

Senators Kessel, Meyer, Rummel, Thomas

1 A BILL for an Act to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota
2 Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well
3 drilled and completed outside the Bakken and Three Forks formations; to provide for a
4 legislative management study; and to provide an effective date.

5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

6 **SECTION 1. AMENDMENT.** Subsection 4 of section 57-51.1-03 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 4. The first seventy-five thousand ~~one hundred twenty-five thousand~~ three hundred
9 thousand barrels of oil produced during the first ~~eighteen~~ thirty-six months after
10 completion, from a well drilled and completed outside the Bakken and Three Forks
11 formations, ~~and ten miles [16.10 kilometers] or more outside an established field in~~
12 ~~which the industrial commission has defined the pool to include the Bakken or Three~~
13 ~~Forks formation,~~ is subject to a reduced tax rate of two percent of the gross value at
14 the well of the oil extracted under this chapter. The tax rate reduction under this
15 subsection does not apply to a well located within the exterior boundaries of a
16 reservation, a well located on trust properties outside reservation boundaries as
17 defined in section 57-51.2-02, or a straddle well as defined in section 57-51.1-07.10
18 located on reservation trust land, unless a tribe makes an irrevocable election to opt-in
19 to the tax rate reduction by providing written notice to the tax commissioner. If a tribe
20 provides notice of its election to opt-in to the tax rate reduction, the tax commissioner

1 shall apply the tax rate reduction beginning in the month of production after the notice
2 is received by the tax commissioner.

3 **SECTION 2. LEGISLATIVE MANAGEMENT STUDY - OIL EXTRACTION TAX**

4 **EXEMPTION FOR PRODUCTION FROM STRIPPER WELLS.** During the 2025-26 interim, the
5 legislative management shall consider studying the oil extraction tax exemption for production
6 from a stripper well property or an individual stripper well. The study must include consideration
7 of the number of oil wells and amount of oil production qualifying for the exemption, the
8 estimated fiscal impact of the exemption, and alternative tax policies for stripper well properties
9 or stripper wells. The study may include input from the tax commissioner, the director of the
10 department of mineral resources, and representatives of the oil and gas industry. The legislative
11 management shall report its findings and recommendations, together with any legislation
12 required to implement the recommendations, to the seventieth legislative assembly.

13 **SECTION 3. EFFECTIVE DATE.** ~~This~~Section 1 of this Act is effective for taxable production
14 beginning after June 30, 2025.