

**FIRST ENGROSSMENT  
with Conference Committee Amendments****ENGROSSED HOUSE BILL NO. 1309**

Introduced by

Representatives Gulleson, Mueller, Nelson, Nicholas

Senators Heitkamp, Thane

1 A BILL for an Act to create and enact a new section to chapter 57-38 of the North Dakota  
2 Century Code, relating to a corporate income tax credit for a portion of the cost of retrofitting an  
3 existing facility or adapting a new facility for producing or blending diesel fuel containing  
4 biodiesel fuel; to amend and reenact sections 24-02-01.5, 57-43.2-01, 57-43.2-02, and  
5 57-43.2-03 of the North Dakota Century Code, relating to a special fuels tax reduction for fuel  
6 containing biodiesel; to provide an effective date; and to provide an expiration date.

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

8 **SECTION 1. AMENDMENT.** Section 24-02-01.5 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **24-02-01.5. (Contingent effective date - See note - Effective through June 30, 2003**  
11 **2005) Department of transportation - Administrative rules.** The department of  
12 transportation may adopt the administrative rules necessary to carry out its responsibilities and  
13 functions as created and transferred by sections 24-02-01.1 through 24-02-01.5. Rules  
14 adopted by the agencies whose functions relate to the functions or agencies created,  
15 transferred, or covered by sections 2-05-03, 24-02-01.1 through 24-02-01.5, subsections 7 and  
16 11 of section 24-01-01.1, sections 24-02-13, 24-16-02, 24-17-02, subsections 8, 12, and 13 of  
17 section 39-01-01, subsection 1 of section 39-16-01, subsection 7 of section 39-24-01,  
18 subsection 2 of section 49-17.1-01, subsection 1 of section 54-06-04, subsection 1 of section  
19 54-27-19, subsection 6 of section 57-40.3-01, subsection 1 of section 57-43.1-01, section  
20 57-43.1-44, subsection 6 of section 57-43.2-01, and section 57-43.2-37 remain in effect until  
21 they are specifically amended or repealed by the department.

22 **(Effective after June 30, 2003 2005) Department of transportation - Administrative**  
23 **rules.** The department of transportation may adopt the administrative rules necessary to carry  
24 out its responsibilities and functions as created and transferred by sections 24-02-01.1 through

1 24-02-01.5. Rules adopted by the agencies whose functions relate to the functions or agencies  
2 created, transferred, or covered by sections 2-05-03, 24-02-01.1 through 24-02-01.5,  
3 subsections 7 and 11 of section 24-01-01.1, sections 24-02-13, 24-16-02, 24-17-02,  
4 subsections 8, 12, and 13 of section 39-01-01, subsection 1 of section 39-16-01, subsection 7  
5 of section 39-24-01, subsection 2 of section 49-17.1-01, subsection 1 of section 54-06-04,  
6 subsection 1 of section 54-27-19, subsection 6 of section 57-40.3-01, subsection 1 of section  
7 57-43.1-01, section 57-43.1-44, subsection 5 of section 57-43.2-01, and section 57-43.2-37  
8 remain in effect until they are specifically amended or repealed by the department.

9 **SECTION 2.** A new section to chapter 57-38 of the North Dakota Century Code is  
10 created and enacted as follows:

11 **Corporate income tax credit for biodiesel production equipment costs.** A taxpayer  
12 is entitled to a credit against tax liability determined under section 57-38-30 in the amount of ten  
13 percent per year for five years of the taxpayer's direct costs incurred after December 31, 2002,  
14 to adapt or add equipment to retrofit an existing facility or adapting a new facility in this state for  
15 the purpose of producing or blending diesel fuel containing at least two percent biodiesel fuel  
16 by volume. For purposes of this section, "biodiesel" means fuel meeting the specifications  
17 adopted by the American society for testing and materials. The credit under this section may  
18 not exceed the taxpayer's liability as determined under this chapter for the taxable year and  
19 each year's credit amount may be carried forward for up to five taxable years. A taxpayer is  
20 limited to two hundred fifty thousand dollars in the cumulative amount of credits under this  
21 section for all taxable years. A taxpayer may not claim a credit under this section for any  
22 taxable year before the taxable year in which the facility begins production or blending of diesel  
23 fuel containing at least two percent biodiesel fuel by volume, but eligible costs incurred before  
24 the taxable year production or blending begins may be claimed for purposes of the credit under  
25 this section for taxable years on or after the taxable year production or blending begins.

26 **SECTION 3. AMENDMENT.** Section 57-43.2-01 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28 **57-43.2-01. (Contingent effective date - See note - Effective through June 30, 2003**  
29 **2005) Definitions.** As used in this chapter, unless the context otherwise requires:

30 1. "Agricultural purpose" means the science, art, and business of farming. It includes  
31 raising crops, ranching, beekeeping, tree nurseries, agricultural units of colleges

- 1 and universities, custom combining, manure spreading, and stack moving  
2 operations. Fuel used for an agricultural purpose includes fuel used in a vehicle,  
3 engine, or machine, movable or immovable, operated in whole or in part by internal  
4 combustion. It does not include fuel used to operate a licensed motor vehicle.
- 5 2. "Biodiesel" means a biodegradable, combustible liquid fuel that is derived from  
6 vegetable oil or animal fat and which is suitable for blending with diesel fuel for use  
7 in internal combustion diesel engines.
- 8 3. "Commissioner" means the state tax commissioner.
- 9 4. "Common carrier" or "contract carrier" means a person involved in the movement  
10 of special fuel from a terminal or movement of special fuel imported into this state,  
11 who is not an owner of the special fuel.
- 12 5. "Consumer" means a user of special fuel including any person purchasing special  
13 fuel in this state for use in a licensed motor vehicle; any person importing special  
14 fuel into this state or purchasing special fuel in this state for use as heating fuel, or  
15 for an agricultural, industrial, or railroad purpose; or any person purchasing special  
16 fuel in this state for use in recreational or any other types of motor vehicles. It  
17 does not include a person importing or purchasing special fuel for resale.
- 18 6. "Destination state" means any state, territory, foreign country, or sovereign nation  
19 to which special fuel is directed for delivery into a storage facility, receptacle,  
20 container, or any other type of transportation equipment, for the purposes of resale  
21 or use.
- 22 7. "Director" means the director of the department of transportation.
- 23 8. "Distributor" means a person, other than a retailer, who acquires special fuel from  
24 a refiner or supplier for subsequent wholesale distribution in bulk or transport load  
25 by truck, railcar, or in a barrel, drum, or other receptacle.
- 26 9. "Dyed special fuel" means special fuel to which an indelible dye meeting United  
27 States environmental protection agency and internal revenue service regulations  
28 has been added before or upon withdrawal at a terminal or refinery rack.
- 29 10. "Export" means the delivery of special fuel across the boundaries of this state from  
30 a place of origin in this state by or for a refiner, supplier, or distributor.

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- 1           11. "Exporter" means a refiner, supplier, or distributor who exports special fuel out of  
2                   this state in bulk or transport load by truck, railcar, or in a barrel, drum, or other  
3                   receptacle.
- 4           12. "Gallon" means a United States gallon [3.79 liters] measured on a gross volume  
5                   basis.
- 6           13. "Gross volume" means measurement in United States gallons [3.79 liters] without  
7                   temperature or barometric adjustments.
- 8           14. "Heating fuel use" means use of special fuel to heat homes, private and public  
9                   office buildings, or private and public commercial buildings or use of special fuel in  
10                  stoves or burners or for any other heating purposes.
- 11          15. "Highway purpose" means any use of special fuel in any motor vehicle in any  
12                  phase of construction, reconstruction, repair, or maintenance of public roads or  
13                  highways, but does not include that special fuel used for heating of oils, gravel,  
14                  bituminous mixture, or in any equipment used in the preparation of any materials to  
15                  be used on any type of road or highway surfacing.
- 16          16. "Import" means the delivery of special fuel across the boundaries of this state from  
17                  a place of origin outside this state by a refiner, supplier, or distributor.
- 18          17. "Importer" means a refiner, supplier, or distributor who imports special fuel into this  
19                  state in bulk or transport load by truck, railcar, or in a barrel, drum, or other  
20                  receptacle.
- 21          18. "Industrial purpose" means:
- 22                  a. A manufacturing, warehousing, or loading dock operation;
- 23                  b. Construction;
- 24                  c. Sand and gravel processing;
- 25                  d. Well drilling, well testing, or well servicing;
- 26                  e. Maintenance of business premises, golf courses, or cemeteries;
- 27                  f. A commercial or contract painting operation;
- 28                  g. Electrical services;
- 29                  h. A refrigeration unit on a truck;
- 30                  i. A power-take-off unit; and
- 31                  j. Other similar business activity.

- 1 Fuel used for an industrial purpose includes fuel used in a vehicle, engine, or  
2 machine, movable or immovable, operated in whole or in part by internal  
3 combustion. It does not include heating fuel, fuel used for an agricultural purpose,  
4 fuel used for a railroad purpose, or fuel used to operate a licensed motor vehicle.
- 5 19. "Interstate motor carrier" means any person importing special fuel into this state in  
6 the fuel supply tank or tanks of any motor vehicle or combination of vehicles used,  
7 designed, or maintained for transportation of persons or property; and having two  
8 axles and a gross weight exceeding twenty-six thousand pounds [1179.3401  
9 kilograms]; or having three or more axles regardless of weight; is used in  
10 combination when the weight of such combination exceeds twenty-six thousand  
11 pounds [1179.3401 kilograms] gross vehicle weight. In the case of motor vehicles  
12 that are leased or rented, the interstate motor carrier means the lessee or renter  
13 unless the director has designated the lessor, renter, or some other person as the  
14 interstate motor carrier.
- 15 20. "Licensed motor vehicle" means any motor vehicle licensed for operation upon  
16 public roads or highways, but does not include a vehicle with a permanently  
17 mounted manure spreader or stack moving unit.
- 18 21. "Motor vehicle" means a vehicle, engine, or machine, movable or immovable,  
19 operated in whole or in part by internal combustion using one or more of the  
20 special fuels defined in this chapter but does not include aircraft.
- 21 22. "Person" means every individual, partnership, firm, association, joint venture,  
22 corporation, limited liability company, estate, business trust, receiver, or any other  
23 group or combination acting as a unit.
- 24 23. "Physical inventory reading" means a measurement of special fuel available for  
25 distribution in a terminal, an underground storage tank, an aboveground storage  
26 tank, or in a tank wagon, bulk delivery vehicle, railcar, barrel, drum, or other  
27 receptacle.
- 28 24. "Position holder" means a person holding an inventory position of special fuel in a  
29 terminal as reflected on the records of the terminal operator, a person holding the  
30 inventory position when that person has a contractual agreement with the terminal

- 1 operator for the use of storage facilities or terminaling services at a terminal, and a  
2 terminal operator who owns special fuel in a terminal.
- 3 25. "Public road or highway" means every way or place generally open to the use of  
4 the public as a matter of right, for the purpose of motor vehicle travel,  
5 notwithstanding that it may be temporarily closed or subject to restricted travel due  
6 to construction, reconstruction, repair, or maintenance.
- 7 26. "Rack" means a mechanism used to dispense special fuel from a terminal.
- 8 27. "Railroad purpose" means the operation of railroad locomotives and the  
9 construction, reconstruction, repair, and maintenance of railroads. Fuel used for a  
10 railroad purpose includes fuel used to operate a railroad locomotive, and fuel used  
11 in a motor vehicle for purposes of construction, reconstruction, repair, and  
12 maintenance of railroads. It does not include fuel used in a licensed motor vehicle.
- 13 28. "Refiner" means a person who produces, manufactures, or refines special fuels in  
14 this state.
- 15 29. "Retail location" means a site at which special fuel is dispensed through a pump  
16 from an underground or aboveground storage unit into the supply tank of a motor  
17 vehicle.
- 18 30. "Retailer" means a person who acquires special fuel from a supplier or distributor  
19 for resale to a consumer at a retail location.
- 20 31. "Sale" means, with respect to special fuel, the transfer of title or possession,  
21 exchange, or barter, conditional or otherwise, in any manner or by any means, for  
22 a consideration.
- 23 32. "Special fuel" means all combustible gases and liquids suitable for the generation  
24 of power for propulsion of motor vehicles and includes compressed natural gas,  
25 kerosene, liquefied petroleum gases, all gases and liquids which meet the  
26 specifications as determined by the state department of health pursuant to the  
27 provisions of section 19-10-10, as well as all liquids determined by the state  
28 department of health to be heating oil pursuant to the provisions of section  
29 19-10-10, except that it does not include either motor vehicle fuels as defined in  
30 section 57-43.1-01, aviation fuels as defined in section 57-43.3-01, or antifreeze as  
31 defined by section 19-16.1-02.



- 1 for an agricultural, industrial, or railroad purpose; or any person purchasing special  
2 fuel in this state for use in recreational or any other types of motor vehicles. It  
3 does not include a person importing or purchasing special fuel for resale.
- 4 5. "Destination state" means any state, territory, foreign country, or sovereign nation  
5 to which special fuel is directed for delivery into a storage facility, receptacle,  
6 container, or any other type of transportation equipment, for the purposes of resale  
7 or use.
- 8 6. "Director" means the director of the department of transportation.
- 9 7. "Distributor" means a person, other than a retailer, who acquires special fuel from  
10 a refiner or supplier for subsequent wholesale distribution in bulk or transport load  
11 by truck, railcar, or in a barrel, drum, or other receptacle.
- 12 8. "Dyed special fuel" means special fuel to which an indelible dye meeting United  
13 States environmental protection agency and internal revenue service regulations  
14 has been added before or upon withdrawal at a terminal or refinery rack.
- 15 9. "Export" means the delivery of special fuel across the boundaries of this state from  
16 a place of origin in this state by or for a refiner, supplier, or distributor.
- 17 10. "Exporter" means a refiner, supplier, or distributor who exports special fuel out of  
18 this state in bulk or transport load by truck, railcar, or in a barrel, drum, or other  
19 receptacle.
- 20 11. "Gallon" means a United States gallon [3.79 liters] measured on a gross volume  
21 basis.
- 22 12. "Gross volume" means measurement in United States gallons [3.79 liters] without  
23 temperature or barometric adjustments.
- 24 13. "Heating fuel use" means use of special fuel to heat homes, private and public  
25 office buildings, or private and public commercial buildings or use of special fuel in  
26 stoves or burners or for any other heating purposes.
- 27 14. "Highway purpose" means any use of special fuel in any motor vehicle in any  
28 phase of construction, reconstruction, repair, or maintenance of public roads or  
29 highways, but does not include that special fuel used for heating of oils, gravel,  
30 bituminous mixture, or in any equipment used in the preparation of any materials to  
31 be used on any type of road or highway surfacing.

- 1           15. "Import" means the delivery of special fuel across the boundaries of this state from  
2                   a place of origin outside this state by a refiner, supplier, or distributor.
- 3           16. "Importer" means a refiner, supplier, or distributor who imports special fuel into this  
4                   state in bulk or transport load by truck, railcar, or in a barrel, drum, or other  
5                   receptacle.
- 6           17. "Industrial purpose" means:
- 7                   a. A manufacturing, warehousing, or loading dock operation;  
8                   b. Construction;  
9                   c. Sand and gravel processing;  
10                  d. Well drilling, well testing, or well servicing;  
11                  e. Maintenance of business premises, golf courses, or cemeteries;  
12                  f. A commercial or contract painting operation;  
13                  g. Electrical services;  
14                  h. A refrigeration unit on a truck;  
15                  i. A power-take-off unit; and  
16                  j. Other similar business activity.
- 17                   Fuel used for an industrial purpose includes fuel used in a vehicle, engine, or  
18                   machine, movable or immovable, operated in whole or in part by internal  
19                   combustion. It does not include heating fuel, fuel used for an agricultural purpose,  
20                   fuel used for a railroad purpose, or fuel used to operate a licensed motor vehicle.
- 21           18. "Interstate motor carrier" means any person importing special fuel into this state in  
22                   the fuel supply tank or tanks of any motor vehicle or combination of vehicles used,  
23                   designed, or maintained for transportation of persons or property; and having two  
24                   axles and a gross weight exceeding twenty-six thousand pounds [1179.3401  
25                   kilograms]; or having three or more axles regardless of weight; is used in  
26                   combination when the weight of such combination exceeds twenty-six thousand  
27                   pounds [1179.3401 kilograms] gross vehicle weight. In the case of motor vehicles  
28                   that are leased or rented, the interstate motor carrier means the lessee or renter  
29                   unless the director has designated the lessor, renter, or some other person as the  
30                   interstate motor carrier.

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- 1           19. "Licensed motor vehicle" means any motor vehicle licensed for operation upon  
2                   public roads or highways, but does not include a vehicle with a permanently  
3                   mounted manure spreader or stack moving unit.
- 4           20. "Motor vehicle" means a vehicle, engine, or machine, movable or immovable,  
5                   operated in whole or in part by internal combustion using one or more of the  
6                   special fuels defined in this chapter but does not include aircraft.
- 7           21. "Person" means every individual, partnership, firm, association, joint venture,  
8                   corporation, limited liability company, estate, business trust, receiver, or any other  
9                   group or combination acting as a unit.
- 10          22. "Physical inventory reading" means a measurement of special fuel available for  
11                   distribution in a terminal, an underground storage tank, an aboveground storage  
12                   tank, or in a tank wagon, bulk delivery vehicle, railcar, barrel, drum, or other  
13                   receptacle.
- 14          23. "Position holder" means a person holding an inventory position of special fuel in a  
15                   terminal as reflected on the records of the terminal operator, a person holding the  
16                   inventory position when that person has a contractual agreement with the terminal  
17                   operator for the use of storage facilities or terminaling services at a terminal, and a  
18                   terminal operator who owns special fuel in a terminal.
- 19          24. "Public road or highway" means every way or place generally open to the use of  
20                   the public as a matter of right, for the purpose of motor vehicle travel,  
21                   notwithstanding that it may be temporarily closed or subject to restricted travel due  
22                   to construction, reconstruction, repair, or maintenance.
- 23          25. "Rack" means a mechanism used to dispense special fuel from a terminal.
- 24          26. "Railroad purpose" means the operation of railroad locomotives and the  
25                   construction, reconstruction, repair, and maintenance of railroads. Fuel used for a  
26                   railroad purpose includes fuel used to operate a railroad locomotive, and fuel used  
27                   in a motor vehicle for purposes of construction, reconstruction, repair, and  
28                   maintenance of railroads. It does not include fuel used in a licensed motor vehicle.
- 29          27. "Refiner" means a person who produces, manufactures, or refines special fuels in  
30                   this state.

- 1           28. "Retail location" means a site at which special fuel is dispensed through a pump  
2                   from an underground or aboveground storage unit into the supply tank of a motor  
3                   vehicle.
- 4           29. "Retailer" means a person who acquires special fuel from a supplier or distributor  
5                   for resale to a consumer at a retail location.
- 6           30. "Sale" means, with respect to special fuel, the transfer of title or possession,  
7                   exchange, or barter, conditional or otherwise, in any manner or by any means, for  
8                   a consideration.
- 9           31. "Special fuel" means all combustible gases and liquids suitable for the generation  
10                   of power for propulsion of motor vehicles and includes compressed natural gas,  
11                   kerosene, liquefied petroleum gases, all gases and liquids which meet the  
12                   specifications as determined by the state department of health pursuant to the  
13                   provisions of section 19-10-10, as well as all liquids determined by the state  
14                   department of health to be heating oil pursuant to the provisions of section  
15                   19-10-10, except that it does not include either motor vehicle fuels as defined in  
16                   section 57-43.1-01, aviation fuels as defined in section 57-43.3-01, or antifreeze as  
17                   defined by section 19-16.1-02.
- 18          32. "Supplier" means a refiner who distributes special fuel from a terminal in this state,  
19                   or a person who acquires special fuel by pipeline from a state, territory, or  
20                   possession of the United States or from a foreign country, for storage at and  
21                   distribution from a terminal, or a person who acquires special fuel by truck or  
22                   railcar for storage at and distribution from a terminal in this state.
- 23          33. "Taxpayer" means a refiner, supplier, distributor, importer, exporter, terminal  
24                   operator, or retailer.
- 25          34. "Terminal" means a special fuel storage and distribution facility that is supplied by  
26                   a refinery or pipeline and from which the special fuel may be removed from the  
27                   rack.
- 28          35. "Terminal operator" means a person who by ownership or contractual agreement  
29                   is charged with the responsibility for, or physical control over, and operation of a  
30                   terminal. If a terminal is owned by coventurers, "terminal operator" means the

1 person appointed to exercise the responsibility for, or physical control over, and  
2 operation of the terminal.

3 36. "Wholesale distribution" means the sale of special fuel by a supplier or distributor.

4 **SECTION 4. AMENDMENT.** Section 57-43.2-02 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **57-43.2-02. (Contingent effective date - See note - Effective through June 30, 2003**  
7 **2005) Tax imposed.**

- 8 1. Except as otherwise provided in this chapter, an excise tax of twenty-one cents per  
9 gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or used  
10 in this state. For the purpose of determining the tax upon compressed natural gas  
11 under this section, one hundred twenty cubic feet [3.40 cubic meters] of  
12 compressed natural gas is equal to one gallon [3.79 liters] of other special fuel.  
13 The tax under this subsection is reduced by one and five-hundredths cents per  
14 gallon [3.79 liters] on the sale or delivery of diesel fuel that contains at least two  
15 percent biodiesel fuel by weight.
- 16 2. A supplier, distributor, or retailer shall remit the tax imposed by this section on  
17 special fuel used and on direct sales of special fuel to a customer.
- 18 3. The tax imposed by this section does not apply on sales by a supplier to another  
19 supplier, on a sale by a supplier to a distributor, on a sale by a distributor to  
20 another distributor, on a sale by a distributor to a retailer, on an export, or on a sale  
21 to an exempt consumer.
- 22 4. The person required to remit the tax imposed by this section shall pass the tax on  
23 to the customer.
- 24 5. The person required to remit the tax imposed by this section shall pay the tax to  
25 the commissioner by the twenty-fifth day of the calendar month after the month  
26 during which the special fuel was sold or used by the person. When the  
27 twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal  
28 holiday, the due date is the first working day after the Saturday, Sunday, or legal  
29 holiday. When payment is made by mail, the payment is timely if the envelope  
30 containing the payment is postmarked by the United States postal service or other  
31 postal carrier service before midnight of the due date.

1           6. The commissioner shall pay over all of the money received during each calendar  
2           month to the state treasurer.

3           **(Effective after June 30, ~~2003~~ 2005) Tax imposed.**

4           1. Except as otherwise provided in this chapter, an excise tax of twenty-one cents per  
5           gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or used  
6           in this state. For the purpose of determining the tax upon compressed natural gas  
7           under this section, one hundred twenty cubic feet [3.40 cubic meters] of  
8           compressed natural gas is equal to one gallon [3.79 liters] of other special fuel.

9           2. A supplier, distributor, or retailer shall remit the tax imposed by this section on  
10          special fuel used and on direct sales of special fuel to a customer.

11          3. The tax imposed by this section does not apply on sales by a supplier to another  
12          supplier, on a sale by a supplier to a distributor, on a sale by a distributor to  
13          another distributor, on a sale by a distributor to a retailer, on an export, or on a sale  
14          to an exempt consumer.

15          4. The person required to remit the tax imposed by this section shall pass the tax on  
16          to the customer.

17          5. The person required to remit the tax imposed by this section shall pay the tax to  
18          the commissioner by the twenty-fifth day of the calendar month after the month  
19          during which the special fuel was sold or used by the person. When the  
20          twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal  
21          holiday, the due date is the first working day after the Saturday, Sunday, or legal  
22          holiday. When payment is made by mail, the payment is timely if the envelope  
23          containing the payment is postmarked by the United States postal service or other  
24          postal carrier service before midnight of the due date.

25          6. The commissioner shall pay over all of the money received during each calendar  
26          month to the state treasurer.

27          **SECTION 5. AMENDMENT.** Section 57-43.2-03 of the North Dakota Century Code is  
28          amended and reenacted as follows:

29                **57-43.2-03. (Contingent effective date - See note - Effective through June 30, ~~2003~~**  
30                **2005) Special excise tax levied.**

- 1           1. Except as otherwise provided in this chapter, a special excise tax of two percent is  
2           imposed on all sales of special fuels, which are exempted from the tax imposed  
3           under section 57-43.2-02. The tax under this subsection is reduced to one and  
4           nine-tenths percent on all sales of diesel fuel that contains at least two percent  
5           biodiesel fuel by weight.
- 6           2. A consumer importing special fuel into this state, for a purpose for which the  
7           special fuel is taxable under this section, is liable for the tax. The commissioner  
8           shall collect the tax from the consumer importing the fuel.
- 9           3. If any fuel subject to tax by this section was subject to tax in any other state or its  
10          political subdivisions, the tax in this section applies but at a rate measured by the  
11          difference between the rate imposed in this section and the rate imposed by the  
12          other state or its political subdivisions. If the tax imposed by the other state or its  
13          political subdivisions is the same or greater than the tax imposed by this section,  
14          no tax is due.
- 15          4. An invoice, sales ticket, or other sales document issued or created covering a sale  
16          taxable under this section must identify the consumer to whom the sale was made,  
17          specify the purpose for which the special fuel was sold, and specify whether the  
18          fuel was dyed for tax exemption purposes.
- 19          5. The tax imposed by this section does not apply on a sale by a supplier to another  
20          supplier, a sale by a supplier to a distributor, a sale by a distributor to another  
21          distributor, a sale by a distributor to a retailer, an export, or a sale to an exempt  
22          consumer.
- 23          6. The person required to remit the tax imposed by this section shall pass the tax on  
24          to the consumer.
- 25          7. The person required to remit the tax imposed by this section shall pay the tax to  
26          the commissioner by the twenty-fifth day of the calendar month after the month  
27          during which the special fuel was sold or used by the person. When the  
28          twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal  
29          holiday, the due date is the first working day after the Saturday, Sunday, or legal  
30          holiday. When payment is made by mail, the payment is timely if the envelope

1 containing the payment is postmarked by the United States postal service or other  
2 postal carrier service before midnight of the due date.

3 8. The commissioner shall pay over all of the money received during each calendar  
4 month to the state treasurer.

5 **(Effective after June 30, ~~2003~~ 2005) Special excise tax levied.**

6 1. Except as otherwise provided in this chapter, a special excise tax of two percent is  
7 imposed on all sales of special fuels, which are exempted from the tax imposed  
8 under section 57-43.2-02.

9 2. A consumer importing special fuel into this state, for a purpose for which the  
10 special fuel is taxable under this section, is liable for the tax. The commissioner  
11 shall collect the tax from the consumer importing the fuel.

12 3. If any fuel subject to tax by this section was subject to tax in any other state or its  
13 political subdivisions, the tax in this section applies but at a rate measured by the  
14 difference between the rate imposed in this section and the rate imposed by the  
15 other state or its political subdivisions. If the tax imposed by the other state or its  
16 political subdivisions is the same or greater than the tax imposed by this section,  
17 no tax is due.

18 4. An invoice, sales ticket, or other sales document issued or created covering a sale  
19 taxable under this section must identify the consumer to whom the sale was made,  
20 specify the purpose for which the special fuel was sold, and specify whether the  
21 fuel was dyed for tax exemption purposes.

22 5. The tax imposed by this section does not apply on a sale by a supplier to another  
23 supplier, a sale by a supplier to a distributor, a sale by a distributor to another  
24 distributor, a sale by a distributor to a retailer, an export, or a sale to an exempt  
25 consumer.

26 6. The person required to remit the tax imposed by this section shall pass the tax on  
27 to the consumer.

28 7. The person required to remit the tax imposed by this section shall pay the tax to  
29 the commissioner by the twenty-fifth day of the calendar month after the month  
30 during which the special fuel was sold or used by the person. When the  
31 twenty-fifth day of the calendar month falls on a Saturday, Sunday, or legal

1 holiday, the due date is the first working day after the Saturday, Sunday, or legal  
2 holiday. When payment is made by mail, the payment is timely if the envelope  
3 containing the payment is postmarked by the United States postal service or other  
4 postal carrier service before midnight of the due date.

5 8. The commissioner shall pay over all of the money received during each calendar  
6 month to the state treasurer.

7 **SECTION 6. EFFECTIVE DATE.** Sections 1, 3, 4, and 5 of this Act are effective on the  
8 first day of the first month after the tax commissioner certifies to the governor and the office of  
9 the legislative council that a refining facility is operational in this state which has a production  
10 capacity of at least ten million gallons [37854000 liters] of biodiesel per year. Section 2 of this  
11 Act is effective for taxable years beginning after December 31, 2002.

12 **SECTION 7. EXPIRATION DATE.** Sections 1, 3, 4, and 5 of this Act are effective for  
13 taxable events occurring from the effective date of this Act through June 30, 2005, and are  
14 thereafter ineffective.