Sixtieth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2282

Introduced by

Senators Heitkamp, Erbele, Wanzek

Representatives Gulleson, Nelson, Wall

A BILL for an Act to provide renewable fuel goals and flexible fuel vehicle registration goals; to create and enact a new subsection to section 4-14.1-03.1, a new subsection to section 39-04-19, two new sections to chapter 57-38, a new subsection to section 57-38-30.3, and a new section to chapter 57-43.1 of the North Dakota Century Code, relating to renewable energy research council renewable fuels grants, flexible fuel vehicle registration fees, motor vehicle fuel tax on ethanol-blended fuel, and corporate income tax credits to promote renewable energy sales and use; to provide an appropriation; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new subsection to section 4-14.1-03.1 of the North Dakota Century Code is created and enacted as follows:

The council shall administer grant programs consistent with the purposes of this chapter to provide cost-share assistance to install or convert infrastructure to dispense ethanol blends greater than ten percent and to store, dispense, and distribute biodiesel fuel.

SECTION 2. Renewable fuel goals. To further the public policy of this state to stimulate the development of renewable energy within this state, the legislative assembly establishes the renewable fuel goal of replacing twenty-five percent of all petroleum used in the formation of gasoline with biofuels by the year 2020. The legislative assembly adopts the following schedule applicable to retailers selling more than two hundred thousand gallons [758000 liters] of motor fuel per year for achieving the renewable fuel standard contained in this subsection:

YEAR	PERCENTAGE OF PETROLEUM USED IN THE FORMULATION OF GASOLINE REPLACED BY BIOFUELS
2009	10 percent
2010	11 percent
2011	12 percent
2012	13 percent
2013	14 percent
2014	15 percent
2015	17 percent
2016	19 percent
2017	21 percent
2018	23 percent
2019 and thereafter	25 percent

The industrial commission may adjust the biofuel threshold percentage if flexible fuel fleet registrations do not reach target levels, substantial economic harm would result from the established schedule, or there is a shortage of feedstock supply for renewable fuels production.

SECTION 3. A new subsection to section 39-04-19 of the North Dakota Century Code is created and enacted as follows:

The registration fee collected under subsection 2 or 5 must be reduced in the amount of ten dollars per vehicle for flexible fuel vehicles as defined by the director by rule.

SECTION 4. Flexible fuel vehicles registered - Goal. The legislative assembly establishes the following goals for the registration of flexible fuel vehicles:

YEAR	NUMBER OF VEHICLES
2011	40,000
2014	80,000
2017	120,000
2019	160,000

SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Corporate income tax credit for sale of E10 fuel and E85 fuel. A taxpayer is entitled to credit against tax liability determined under section 57-38-30 based upon the following schedule in cents per gallon of the taxpayer's direct costs incurred after December 31, 2006, for the sale of ethanol-blended fuel. The credit is 6.5 cents per gallon for retailers that meet or exceed the renewable fuel standard contained in section 2 of this Act, 4.5 cents per gallon for retailers that are zero to two percent below the renewable fuel standard contained in section 2 of this Act, 2.5 cents per gallon for retailers that are two to four percent below the renewable fuel standard contained in section 2 of this Act, and there is no credit for retailers that are more than four percent below the renewable fuel standard contained in section 2 of this Act. The credit under this section may not exceed the taxpayer's liability as determined under this chapter for the taxable year and each year's credit amount may be carried forward for up to five taxable years.

SECTION 6. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Corporate income tax for sale of biodiesel fuel. A taxpayer is entitled to credit against tax liability determined under section 57-38-30 in the amount of three cents per gallon of the taxpayer's direct costs incurred after December 31, 2006, for the retail sale of biodiesel fuel of at least ten percent blend. For purposes of this section, "biodiesel" means fuel meeting the specifications adopted by the American society for testing and materials. The credit under this section may not exceed the taxpayer's liability as determined under this chapter for the taxable year and each year's credit amount may be carried forward for up to five taxable years. This credit is available for retailers for which biodiesel-blended fuel comprises fifty percent or more of the retailer's total fuel sales.

SECTION 7. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credit provided under sections 8, 9, and 10 of this Act.

SECTION 8. A new section to chapter 57-43.1 of the North Dakota Century Code is created and enacted as follows:

Tax on ethanol in ethanol-blended fuel. The tax on the ethanol in ethanol-blended fuel will be collected at $0.00 per gallon.

SECTION 9. APPROPRIATION. There is appropriated out of any moneys in the renewable energy development fund in the state treasury, not otherwise appropriated, the sum of $750,000, or so much of the sum as may be necessary, to the industrial commission for the purpose of providing cost-share assistance for renewable energy infrastructure enhancements, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 10. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006.

SECTION 11. EXPIRATION DATE. Section 6 of this Act is effective through December 31, 2012, and after that date is ineffective.