

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2037

Introduced by

Legislative Management

(Energy Development and Transmission Committee)

1 A BILL for an Act to amend and reenact section 57-06-14.1, and subsection 1 of section
2 57-38-01.8 of the North Dakota Century Code, relating to taxation of wind turbine electric
3 generation units and an income tax credit for installation of geothermal, solar, wind, or biomass
4 energy devices; to provide for a legislative management study; to provide for a report; and to
5 provide an effective date.

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

7 **SECTION 1. AMENDMENT.** Section 57-06-14.1 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **57-06-14.1. ~~Taxable valuation~~Taxation of centrally assessed wind turbine electric**
10 **generators.**

11 1. A centrally assessed wind turbine electric generation unit with a nameplate generation
12 capacity of one hundred kilowatts or more on which construction is completed before
13 January 1, 2015, must be valued at three percent of assessed value to determine
14 taxable valuation of the property except:

15 ~~1.~~ a. A centrally assessed wind turbine electric generation unit with a nameplate
16 generation capacity of one hundred kilowatts or more, for which a purchased
17 power agreement was executed after April 30, 2005, and before January 1, 2006,
18 and construction was completed after April 30, 2005, and before July 1, 2006,
19 must be valued at one and one-half percent of assessed value to determine
20 taxable valuation of the property for the duration of the initial purchased power
21 agreement for the generation unit; and

22 ~~2.~~ b. A centrally assessed wind turbine electric generation unit with a nameplate
23 generation capacity of one hundred kilowatts or more, on which construction is
24 completed after June 30, 2006, and before January 1, 2015, must be valued at

1 one and one-half percent of assessed value to determine taxable valuation of the
2 property.

3 2. A centrally assessed wind turbine electric generation unit with a nameplate generation
4 capacity of one hundred kilowatts or more, on which construction is completed after
5 December 31, 2014; for which a purchased power agreement is entered or renewed
6 after December 31, 2014; or which is purchased by a company subject to taxation
7 under this chapter after December 31, 2014, is subject to taxes in lieu of property
8 taxes, to be determined as provided in subsection 1 of section 57-33.2-04 and subject
9 to any associated administrative provisions of chapter 57-33.2.

10 **SECTION 2. AMENDMENT.** Subsection 1 of section 57-38-01.8 of the North Dakota
11 Century Code is amended and reenacted as follows:

12 1. A taxpayer filing a North Dakota income tax return pursuant to the provisions of this
13 chapter may claim a credit against the tax liability under section 57-38-30 for the cost
14 of a geothermal, solar, ~~wind~~, or biomass energy device installed before January 1,
15 2015, in a building or on property owned or leased by the taxpayer in North Dakota. A
16 wind energy device on which construction was commenced before January 1, 2015,
17 and which is installed before January 1, 2017, is eligible for the credit provided in this
18 section. The credit ~~provided in this section~~ for a device installed before January 1,
19 2001, must be in an amount equal to five percent per year for three years, and for a
20 device installed after December 31, 2000, must be in an amount equal to three
21 percent per year for five years of the actual cost of acquisition and installation of the
22 geothermal, solar, wind, or biomass energy device and must be subtracted from any
23 income tax liability of the taxpayer as determined pursuant to the provisions of this
24 chapter.

25 **SECTION 3. LEGISLATIVE MANAGEMENT STUDY - WIND GENERATION TAXATION.**

26 During the 2015-16 interim, the legislative management shall consider studying wind generation
27 taxation, including analysis of property, generation, sales, and income tax application and equity
28 within the industry. The legislative management shall report its findings and recommendations,
29 together with any legislation necessary to implement the recommendations, to the sixty-fifth
30 legislative assembly.

1 **SECTION 4. REPORTS BY PUBLIC SERVICE COMMISSION.** At least once in each year
2 of the 2015-16 interim, the public service commission shall present a report to the interim
3 committee designated by the legislative management on the most current information available
4 on the status of retail sales of electricity in the state meeting or exceeding the state renewable
5 and recycled energy objective established in section 49-02-28 and a comparison of the amount
6 of renewable and recycled energy produced in the state with the amount sold at retail in the
7 state.

8 **SECTION 5. EFFECTIVE DATE.** Sections 1 and 2 of this Act are effective for taxable years
9 beginning after December 31, 2014.