

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

SENATE BILL NO. 2333
(Senators Wanzek, Kessel, Sorvaag)
(Representatives Beltz, Brandenburg, Hagert)

AN ACT to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to a low-carbon fuels fund; to amend and reenact sections 39-04-39 and 54-44.5-09 of the North Dakota Century Code, relating to the distribution of certain vehicle registration fees and ethanol production incentives; to repeal chapter 17-02 of the North Dakota Century Code, relating to ethanol production incentives; to provide a continuing appropriation; to provide for a transfer; and to provide for a report.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

Low-carbon fuels fund - Continuing appropriation.

1. The low-carbon fuels fund is created as a special fund in the state treasury. The fund consists of all moneys transferred to the fund under section 39-04-39. The moneys in the fund are appropriated to the commissioner on a continuing basis to distribute low-carbon fuels incentives and carbon intensity verification under this section.
2. The commissioner shall distribute low-carbon fuels incentives to ethanol production facilities for eligible capital projects that increase the efficiency of a facility and decrease the carbon intensity of the production process. Distributions of low-carbon fuels incentives to an ethanol production facility are limited to fifty percent of the cost of eligible capital projects and may not exceed:
 - a. Three million dollars per biennium;
 - b. Cumulative distributions of ten million dollars per facility; and
 - c. A period of ten years beginning with the first distribution to the facility.
3. For purposes of this section, "eligible capital projects" means construction of new infrastructure or replacement of existing infrastructure for carbon dioxide capture and storage, beneficial use of carbon dioxide, energy efficiency enhancements, or ethanol yield improvements.
4. The commissioner may use up to one million dollars from the fund to contract with an entity to develop a carbon intensity verification process.
5. At least once per biennium, the commissioner shall provide a report to the legislative management regarding the status of the fund, including the revenues deposited in the fund, the low-carbon fuels incentives distributed from the fund, and the balance of the fund.

SECTION 2. AMENDMENT. Section 39-04-39 of the North Dakota Century Code is amended and reenacted as follows:

39-04-39. Distribution of registration fees collected.

1. Any moneys in the registration fund accruing from license fees or from other like sources, in excess of the amount required to pay salaries and other necessary expenses, in accordance

with the legislative assembly's appropriation for such purposes, must be promptly deposited in the highway tax distribution fund which must be distributed in the manner as prescribed by law.

2. The state treasurer shall transfer annually from the highway tax distribution fund to the ~~ethanol production incentive~~ low-carbon fuels fund under section 1 of this Act an amount equal to forty percent of all sums collected for the registration of farm vehicles under subsection 5 of section 39-04-19 ~~except that no transfer may be made in an amount that would result in the balance of the ethanol production incentive fund exceeding seven million five hundred thousand dollars~~ until the cumulative total transfers under this subsection equals thirty million dollars.

SECTION 3. AMENDMENT. Section 54-44.5-09 of the North Dakota Century Code is amended and reenacted as follows:

54-44.5-09. Office of renewable energy and energy efficiency.

The office of renewable energy and energy efficiency is established within the division of community services. The office shall assist in the development of renewable energy within this state to provide secure, diverse, sustainable, and competitive renewable energy supplies and promote the conservation of energy and the wise use of energy resources in both the public and private sectors. The office shall communicate and disseminate information concerning state and federal energy conservation and renewable energy incentives, including tax credits, financing and grants to business entities seeking to invest in wind-generated power and transmission, ethanol production and distribution, and the development of biodiesel, green diesel, biomass, solar, hydropower, geothermal, and other renewable energy sources. ~~The office also shall manage and distribute all production incentive payments as authorized by chapter 17-02.~~

SECTION 4. REPEAL. Chapter 17-02 of the North Dakota Century Code is repealed.

SECTION 5. TRANSFER - ETHANOL PRODUCTION INCENTIVE FUND TO LOW-CARBON FUELS FUND. The office of management and budget shall transfer any remaining balance from the ethanol production incentive fund to the low-carbon fuels fund on July 1, 2025.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2333.

Senate Vote: Yeas 42 Nays 2 Absent 3

House Vote: Yeas 65 Nays 25 Absent 4

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2025.

Approved at _____ M. on _____, 2025.

Governor

Filed in this office this _____ day of _____, 2025,

at _____ o'clock _____ M.

Secretary of State