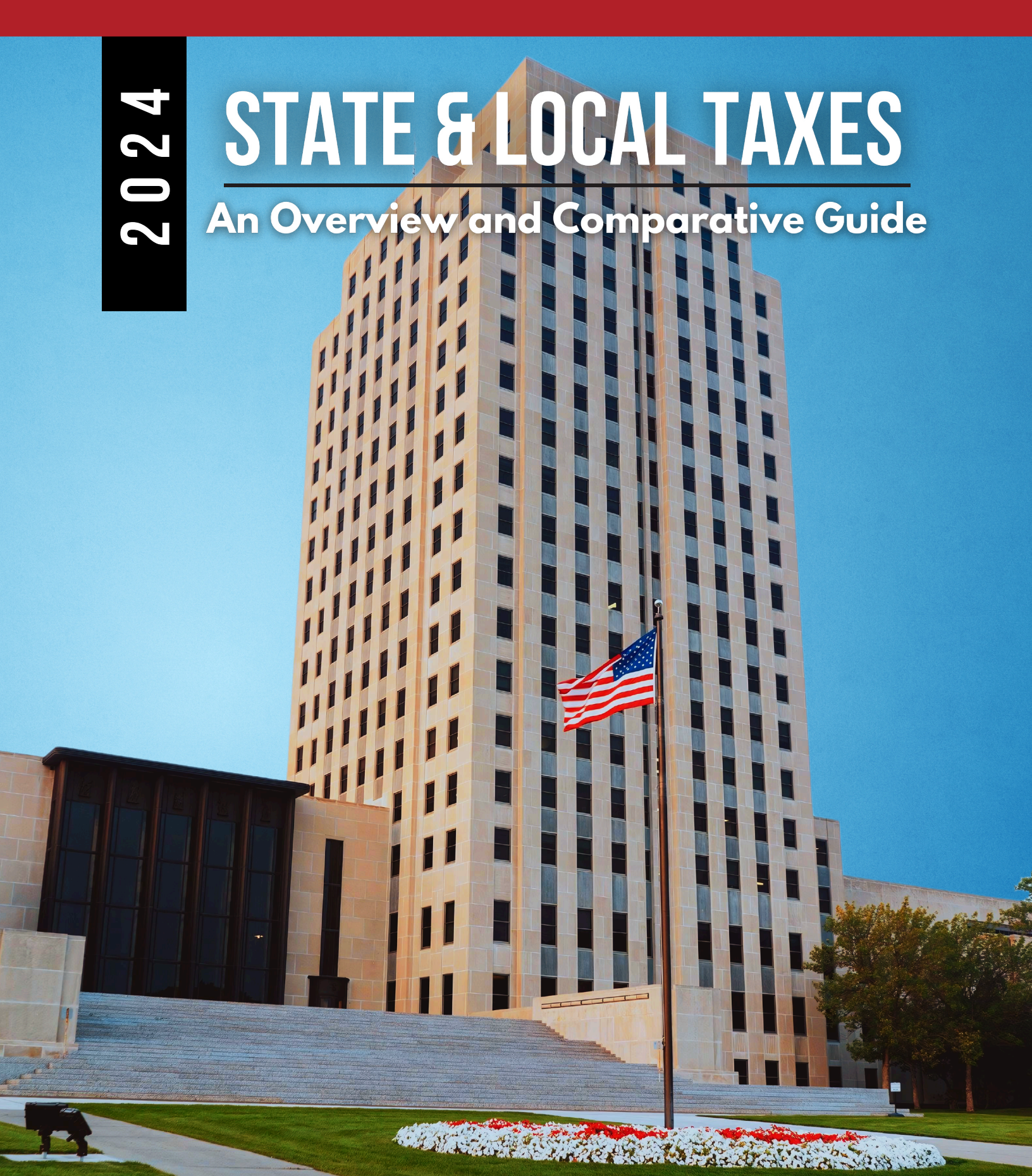


2024

# STATE & LOCAL TAXES

An Overview and Comparative Guide



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**ND Tax**  
NORTH DAKOTA

# Coal Conversion Tax

## CURRENT LAW - IMPOSITION, RATE, AND ADMINISTRATION

The coal conversion facilities privilege tax is imposed on the operator of a coal conversion facility for the privilege of producing electricity or other products from coal conversion plants. A coal conversion facility is defined as (1) an electrical generating plant which has at least one unit with a generating capacity of 10,000 kilowatts or more of electricity, (2) a plant other than an electrical generating plant which processes or converts coal and uses or is designed to use over 500,000 tons of coal per year, or (3) a coal beneficiation plant.

The coal conversion tax is in lieu of property taxes on the plant itself, while the land on which the plant is located remains subject to property tax. The tax is paid monthly.

**Electrical Generating Plants** Electrical generating plants, as defined above, are subject to two separate levies. One levy is .65 mill times 60% of installed capacity times the number of hours in the taxable period and the other levy is .25 mill per kwh of electricity produced for sale. Installed capacity means the rating shown on the nameplate assigned to the turbine of the power unit.

**Other Coal Conversion Plants** A coal gasification plant is subject to a monthly tax measured by 13½ cents per thousand cubic feet of gas produced for sale or 2% of gross receipts, whichever is greater. Plants converting coal to products other than gas are taxed at 2% of gross receipts. The tax rate for a coal beneficiation plant is 20 cents per ton of beneficiated coal produced for sale or 1.25% of gross receipts, whichever is greater.

## EXEMPTIONS

Exemptions to the coal conversion tax are as follows:

- Synthetic natural gas produced in excess of 110 million cubic feet per day. N.D.C.C. Ch. 57-60-02(4).
- Income from by products of a coal gasification plant to a maximum of 20% of gross receipts.
- Revenue derived from the sale and transportation of carbon dioxide for use in the enhanced recovery of oil or natural gas. N.D.C.C. Ch. 57-60-02.1.
- Beneficiated coal produced in excess of 80% of plant design capacity. N.D.C.C. Ch. 57-60-02(6).
- Beneficiated coal produced for use within a coal conversion plant. N.D.C.C. Ch. 57-60-02(6)(b).
- A coal conversion facility that achieves a 20% capture of carbon dioxide emissions during a

taxable period receives a 20% reduction in the State General Fund share of the coal conversion tax, and an additional reduction of 1% for every additional two percentage points of its capture of carbon dioxide emissions, up to 50% reduction for 80% or more capture. The reduction is available for ten years from the date of first capture or from the date the facility is eligible to receive the credit. N.D.C.C. Ch. 57.60-02.1.

- A new or re-powered coal-burning electrical generating unit is exempt from the State General Fund portion of both levies for five years. The county may grant an exemption for up to five years from the county's 15% share of the levy on installed capacity. N.D.C.C. Ch. 57-60-02(3)(b).
- All new coal conversion plants other than electrical generating plants are exempt from the State General Fund portion (85%) of the tax for five years. N.D.C.C. Ch. 57-60-02(5). The county may grant a partial or complete exemption from the county's 15% share for up to five years.

## DISTRIBUTION OF REVENUE

**Electrical Generating Plants** The revenue from the .25 mill levy on production is deposited in the State General Fund. The revenue from the .65 mill levy on installed capacity is distributed as follows:

- 85% to the State General Fund is exempt through June 30, 2026. Five percent of all funds allocated to the State General Fund must be allocated to the Lignite Research Fund.
- 15% to the county in which the plant is located. The amount distributed to each county is apportioned as follows: 40% is deposited in the county general fund; 30% is divided among all incorporated cities in the county according to population; and 30% is divided among all school districts in the county on the basis of average daily membership.

**Other Coal Conversion Plants** Revenue is distributed as follows:

- 85% to the State General Fund is exempt through June 30, 2026. Five percent of all funds allocated to the State General Fund are allocated to the Lignite Research Fund.
- 15% to the county in which the plant is located. The amount distributed to each county is apportioned as follows: 40% is deposited in the county general fund; 30% is divided among all incorporated cities in the county according to population; and 30% is divided among all school districts in the county on the basis of average daily membership.

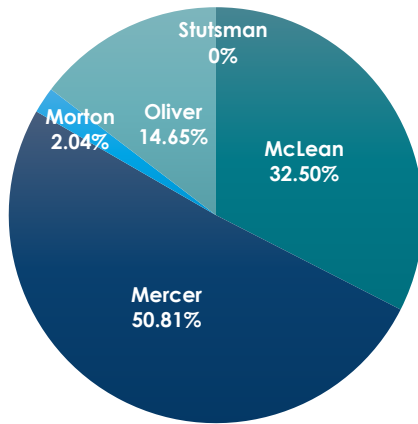
Source: Office of State Tax Commissioner [tax.nd.gov](http://tax.nd.gov).

# Coal Conversion Tax Collections and Distribution

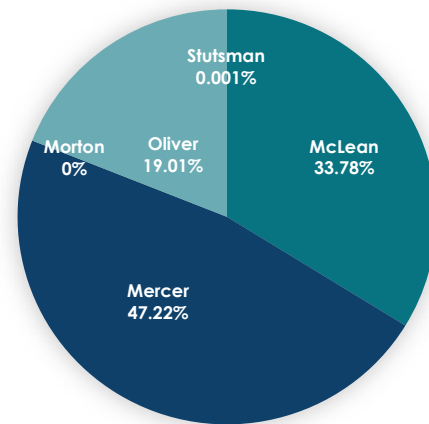
| FISCAL YEAR | TOTAL COLLECTIONS | DISTRIBUTED TO STATE GENERAL FUND | DISTRIBUTED TO COUNTIES | DISTRIBUTED TO LIGNITE RESEARCH |
|-------------|-------------------|-----------------------------------|-------------------------|---------------------------------|
| 2014        | \$24,937,582      | \$19,861,085                      | \$3,896,326             | \$1,180,171                     |
| 2015        | \$27,253,229      | \$21,649,766                      | \$4,310,397             | \$1,293,067                     |
| 2016        | \$26,785,652      | \$21,481,949                      | \$4,081,631             | \$1,222,071                     |
| 2017        | \$25,779,352      | \$20,635,901                      | \$3,954,407             | \$1,189,043                     |
| 2018        | \$26,237,709      | \$21,636,645                      | \$3,429,150             | \$1,171,914                     |
| 2019        | \$26,690,136      | \$22,048,118                      | \$3,484,761             | \$1,157,257                     |
| 2020        | \$25,040,729      | \$20,657,842                      | \$3,274,231             | \$1,108,656                     |
| 2021        | \$25,641,128      | \$20,913,417                      | \$3,584,769             | \$1,142,942                     |
| 2022        | \$6,671,229       | \$1,107,359                       | \$4,188,704             | \$1,375,166                     |
| 2023        | \$5,102,099       | \$0                               | \$4,011,283             | \$1,293,119                     |
| 2024        | \$4,025,691       | \$0                               | \$4,291,238             | \$1,114,959                     |

## County Breakdown - Kilowatt Hours (KWH) Produced Subject to Coal Conversion Tax

Fiscal Year 2014



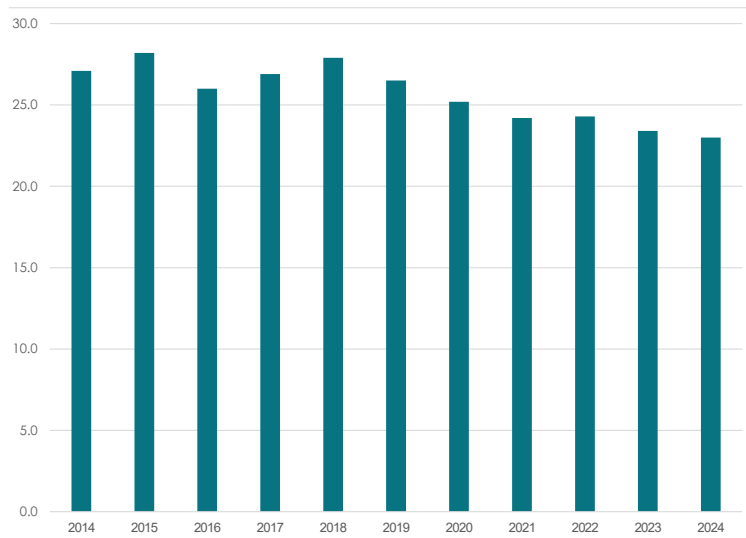
Fiscal Year 2024



\*Please note, Morton County had kilowatt hours in FY 2014 but not in FY 2024.

\*Stutsman County did not have kilowatt hours in FY 2014 and the kilowatt hours in FY 2024 and comprise only 0.001% of the total.

## KWH Produced (Billions) Subject to Coal Conversion Tax - Fiscal Years



Source: Office of State Tax Commissioner [tax.nd.gov](http://tax.nd.gov).