

Introduced by

Senators Wanzek, Kroeplin

Representatives Brandenburg, Monson, Nicholas

1 A BILL for an Act to create and enact a new subsection to section 57-43.2-01 of the North
2 Dakota Century Code, relating to the definition of biodiesel fuel; to amend and reenact section
3 24-02-01.5, subsection 1 of section 57-43.2-02, and subsection 1 of section 57-43.2-03 of the
4 North Dakota Century Code, relating to a special fuels tax reduction for sales of diesel fuel
5 blended with biodiesel fuel; to provide an effective date; and to provide an expiration date.

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

7 **SECTION 1. AMENDMENT.** Section 24-02-01.5 of the 1999 Supplement to the North
8 Dakota Century Code is amended and reenacted as follows:

9 **24-02-01.5. Department of transportation - Administrative rules.** The department
10 of transportation may adopt the administrative rules necessary to carry out its responsibilities
11 and functions as created and transferred by sections 24-02-01.1 through 24-02-01.5. Rules
12 adopted by the agencies whose functions relate to the functions or agencies created,
13 transferred, or covered by sections 2-05-03, 24-02-01.1 through 24-02-01.5, subsections 7 and
14 11 of section 24-01-01.1, sections 24-02-13, 24-16-02, 24-17-02, subsections 8, 12, and 13 of
15 section 39-01-01, subsection 1 of section 39-16-01, subsection 7 of section 39-24-01,
16 subsection 2 of section 49-17.1-01, subsection 1 of section 54-06-04, subsection 1 of section
17 54-27-19, subsection 6 of section 57-40.3-01, subsection 1 of section 57-43.1-01, section
18 57-43.1-44, subsection ~~5~~ 6 of section 57-43.2-01, and section 57-43.2-37 remain in effect until
19 they are specifically amended or repealed by the department.

20 **SECTION 2.** A new subsection to section 57-43.2-01 of the North Dakota Century
21 Code is created and enacted as follows:

22 "Biodiesel" means a biodegradable, combustible liquid fuel that is derived from
23 vegetable oil or animal fat and which is suitable for blending with diesel fuel for use
24 in internal combustion diesel engines.

1 **SECTION 3. AMENDMENT.** Subsection 1 of section 57-43.2-02 of the North Dakota
2 Century Code is amended and reenacted as follows:

- 3 1. Except as otherwise provided in this chapter, an excise tax of twenty-one cents per
4 gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or used
5 in this state. For the purpose of determining the tax upon compressed natural gas
6 under this section, one hundred twenty cubic feet [3.40 cubic meters] of
7 compressed natural gas is equal to one gallon [3.79 liters] of other special fuel.
8 The tax under this subsection is reduced by one and five-hundredths cents per
9 gallon [3.79 liters] on the sale or delivery of diesel fuel that contains at least two
10 percent biodiesel fuel by weight.

11 **SECTION 4. AMENDMENT.** Subsection 1 of section 57-43.2-03 of the North Dakota
12 Century Code is amended and reenacted as follows:

- 13 1. Except as otherwise provided in this chapter, a special excise tax of two percent is
14 imposed on all sales of special fuels, which are exempted from the tax imposed
15 under section 57-43.2-02. The tax under this subsection is reduced to one and
16 nine-tenths percent on all sales of diesel fuel that contains at least two percent
17 biodiesel fuel by weight.

18 **SECTION 5. EFFECTIVE DATE.** This Act becomes effective on the first day of the first
19 month after the tax commissioner certifies to the governor and the office of the legislative
20 council that a refining facility is operational in this state which has a production capacity of at
21 least ten million gallons [37854000 liters] of biodiesel per year.

22 **SECTION 6. EXPIRATION DATE.** This Act is for taxable events occurring from the
23 effective date of this Act under section 5 of this Act through June 30, 2003, and is thereafter
24 ineffective.