

Sixty-first  
Legislative Assembly  
of North Dakota

Introduced by

(At the request of the Department of Commerce)

1 A BILL for an Act to amend and reenact section 57-39.2-04.5 of the North Dakota Century  
2 Code, relating to a sales and use tax exemption for materials used in compressing,  
3 processing, gathering, or refining of gas; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-39.2-04.5 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7 **57-39.2-04.5. Sales and use tax exemption for materials used in compressing,**  
8 **processing, gathering, or refining of gas.**

9 1. Gross receipts from sales of tangible personal property used in  
10 compressing, processing, gathering, or refining of to construct or expand a  
11 system used to compress, process, gather, or refine gas recovered from a an  
12 oil or gas well in this state or used to expand or build a gas-processing facility  
13 in this state are exempt from taxes under this chapter 57-39.2. To be  
14 exempt, the tangible personal property must be incorporated into a system  
15 used to compress, process, gather, or refine gas. Tangible personal property  
16 used to replace an existing system to compress, process, gather, or refine  
17 gas does not qualify for exemption under this section unless the replacement  
18 creates an expansion of the system.

19 2. To receive the exemption under this section at the time of purchase, the  
20 owner of the gas compressing, processing, gathering, or refining system  
21 must receive from the tax commissioner a certificate that the tangible

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1           personal property used qualifies for the exemption. If a certificate is not  
2           received prior to the purchase, the owner shall pay the applicable tax  
3           imposed by this chapter and apply to the tax commissioner for a refund.

4           23.   The If the tangible personal property is purchased and installed by a  
5           contractor subject to the tax imposed by this chapter, the owner of the  
6           tangible personal property gas compressing, processing, gathering, or  
7           refining system must apply to the tax commissioner for a refund of sales and  
8           use taxes paid by any contractor, subcontractor, or builder for which the  
9           sales or use is claimed as exempt under this section. Application for a refund  
10          must be made at the times and in the manner directed by the tax  
11          commissioner and must include sufficient information to permit the tax  
12          commissioner to verify the sales and use taxes paid and the exempt status of  
13          the sale or use.

14          ~~3. All of the provisions of chapter 57-39.2 and 57-40.2 apply to the exemption~~  
15          ~~under this section 1.~~

16          **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring  
17          after June 30, 2009.