

**Sixty-first Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2009**

SENATE BILL NO. 2037
(Legislative Council)
(Energy Development and Transmission Committee)

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

1. Gross receipts from sales of tangible personal property used ~~in compressing, processing, gathering, or refining of~~ to construct or expand a system used to compress, process, gather, or refine gas recovered from a an oil or gas well in this state or used to expand or build a gas-processing facility in this state are exempt from taxes under this chapter ~~57-39.2. To be exempt, the tangible personal property must be incorporated into a system used to compress, process, gather, or refine gas. Tangible personal property used to replace an existing system to compress, process, gather, or refine gas does not qualify for exemption under this section unless the replacement creates an expansion of the system.~~
2. To receive the exemption under this section at the time of purchase, the owner of the gas compressing, processing, gathering, or refining system must receive from the tax commissioner a certificate that the tangible personal property used qualifies for exemption. If a certificate is not received before the purchase, the owner shall pay the applicable tax imposed by this chapter and apply to the tax commissioner for a refund.
3. The If the tangible personal property is purchased and installed by a contractor subject to the tax imposed by this chapter, the owner of the ~~tangible personal property~~ gas compressing, processing, gathering, or refining system must apply to the tax commissioner for a refund of sales and use taxes paid by any contractor, subcontractor, or builder for which the sales or use is claimed as exempt under this section. Application for a refund must be made at the times and in the manner directed by the tax commissioner and must include sufficient information to permit the tax commissioner to verify the sales and use taxes paid and the exempt status of the sale or use.
3. ~~All of the provisions of chapter 57-39.2 and 57-40.2 apply to the exemption under this section.~~

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

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-first Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2037.

Senate Vote: Yeas 42 Nays 0 Absent 5

House Vote: Yeas 88 Nays 0 Absent 6

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2009.

Approved at _____ M. on _____, 2009.

Governor

Filed in this office this _____ day of _____, 2009,
at _____ o'clock _____ M.

Secretary of State