

Introduced by

1 A BILL for an Act to amend and reenact subsections 1 and 3 of section 57-39.2-04.2 and
2 subsections 1 and 3 of section 57-40.2-04.2 of the North Dakota Century Code, relating to the
3 exemption from sales and use tax for materials used in the construction or expansion of a
4 wind-powered facility; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Subsections 1 and 3 of section 57-39.2-04.2 of the North
7 Dakota Century Code are amended and reenacted as follows:

8 1. As used in this section, unless the context otherwise requires:

9 a. (1) "Environmental upgrade" means an investment greater than twenty-five
10 million dollars or one hundred thousand dollars per megawatt of
11 installed nameplate capacity, whichever is less, in machinery,
12 equipment, and related facilities for reducing emissions or increasing
13 efficiency at an existing power plant.

14 (2) "Environmental upgrade" for purposes of a process unit means an
15 investment greater than one hundred thousand dollars in machinery,
16 equipment, and related facilities for reducing emissions, increasing
17 efficiency, or enhancing reliability of the equipment at a new or existing
18 process unit.

19 b. "Operator" means any person owning, holding, or leasing a power plant or
20 process unit.

21 c. "Power plant" means:

22 (1) An electrical generating plant, and all additions to the plant, which
23 processes or converts coal from its natural form into electrical power

1 and which has at least one single electrical energy generation unit with
2 a capacity of fifty thousand kilowatts or more.

3 (2) A wind-powered electrical generating facility, ~~on which construction is~~
4 ~~completed before January 1, 2011,~~ and all additions to the facility,
5 which provides electrical power through wind generation and which has
6 at least one single electrical energy generation unit with a nameplate
7 capacity of one hundred kilowatts or more.

8 (3) Any other type of electrical power generating facility excluding the types
9 of power plants identified in paragraphs 1 and 2 which has a capacity of
10 one hundred kilowatts or more and produces electricity for resale or for
11 consumption in a business activity.

12 d. "Process unit" means an oil refinery or gas processing plant and all adjacent
13 units that are utilized in the processing of crude oil or natural gas.

14 e. "Production equipment" means machinery and attachment units, other than
15 replacement parts, directly and exclusively used in the generation,
16 transmission, or distribution of electrical energy for sale by a power plant.

17 f. "Repowering" means an investment of more than two hundred million dollars
18 or one million dollars per megawatt of installed nameplate capacity, whichever
19 is less, in an existing power plant that modifies or replaces the process used
20 for converting coal from its natural form into electrical power.

21 3. Sales of tangible personal property, other than production or environmental
22 upgrade equipment, which is used in the construction of new power plants or to
23 expand existing power plants or to add environmental upgrades to existing power
24 plants or repowering existing power plants or to add environmental upgrades to
25 existing process units are exempt from the tax imposed by this chapter.

26 **SECTION 2. AMENDMENT.** Subsections 1 and 3 of section 57-40.2-04.2 of the North
27 Dakota Century Code are amended and reenacted as follows:

28 1. As used in this section, unless the context otherwise requires:

29 a. (1) "Environmental upgrade" means an investment greater than twenty-five
30 million dollars or one hundred thousand dollars per megawatt of
31 installed nameplate capacity, whichever is less, in machinery,

- 1 equipment, and related facilities for reducing emissions or increasing
2 efficiency at an existing power plant.
- 3 (2) "Environmental upgrade" for purposes of a process unit means an
4 investment greater than one hundred thousand dollars in machinery,
5 equipment, and related facilities for reducing emissions, increasing
6 efficiency, or enhancing reliability of the equipment at a new or existing
7 process unit.
- 8 b. "Operator" means any person owning, holding, or leasing a power plant or
9 process unit.
- 10 c. "Power plant" means:
- 11 (1) An electrical generating plant, and all additions to the plant, which
12 processes or converts coal from its natural form into electrical power
13 and which has at least one single electrical energy generation unit with
14 a capacity of fifty thousand kilowatts or more.
- 15 (2) A wind-powered electrical generating facility, ~~on which construction is~~
16 ~~completed before January 1, 2011,~~ and all additions to the facility,
17 which provides electrical power through wind generation and which has
18 at least one single electrical energy generation unit with a nameplate
19 capacity of one hundred kilowatts or more.
- 20 (3) Any other type of electrical power generating facility excluding the types
21 of power plants identified in paragraphs 1 and 2 which has a capacity of
22 one hundred kilowatts or more and produces electricity for resale or for
23 consumption in a business activity.
- 24 d. "Process unit" means an oil refinery or gas processing plant and all adjacent
25 units that are utilized in the processing of crude oil or natural gas.
- 26 e. "Production equipment" means machinery and attachment units, other than
27 replacement parts, directly and exclusively used in the generation,
28 transmission, or distribution of electrical energy for sale by a power plant.
- 29 f. "Repowering" means an investment of more than two hundred million dollars
30 or one million dollars per megawatt of installed nameplate capacity, whichever

1 is less, in an existing power plant that modifies or replaces the process used
2 for converting coal from its natural form into electric power.

3 3. Sales of tangible personal property, other than production or environmental
4 upgrade equipment, which is used in the construction of new power plants or to
5 expand existing power plants or to add environmental upgrades to existing power
6 plants or repowering existing power plants or to add environmental upgrades to
7 existing process units are exempt from the tax imposed by this chapter.

8 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
9 June 30, 2009.