

**SENATE BILL NO. 2037**

Introduced by

Legislative Management

(Energy Development and Transmission Committee)

1 A BILL for an Act to amend and reenact section 57-06-14.1, section 57-33.2-01, section  
2 57-33.2-04, subsection 1 of section 57-38-01.8, section 57-39.2-04.2, section 57-39.2-04.8, and  
3 section 57-40.2-04.2 of the North Dakota Century Code, relating to taxable valuation of centrally  
4 assessed wind turbine electric generators, wind generation taxation, an income tax credit for  
5 installation of geothermal, solar, wind, or biomass energy devices, a sales tax exemption for  
6 machinery or equipment used to produce coal from a new mine, and a sales and use tax  
7 exemption for materials used in the construction or expansion of a wind-powered facility; and to  
8 provide an effective date.

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

10 **SECTION 1. AMENDMENT.** Section 57-06-14.1 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12 **57-06-14.1. Taxable valuation of centrally assessed wind turbine electric generators.**

13 A centrally assessed wind turbine electric generation unit with a nameplate generation  
14 capacity of one hundred kilowatts or more on which construction is completed before January 1,  
15 2015, must be valued at three percent of assessed value to determine taxable valuation of the  
16 property except:

- 17 1. A centrally assessed wind turbine electric generation unit with a nameplate generation  
18 capacity of one hundred kilowatts or more, for which a purchased power agreement  
19 was executed after April 30, 2005, and before January 1, 2006, and construction was  
20 completed after April 30, 2005, and before July 1, 2006, must be valued at one and  
21 one-half percent of assessed value to determine taxable valuation of the property for  
22 the duration of the initial purchased power agreement for the generation unit; and
- 23 2. A centrally assessed wind turbine electric generation unit with a nameplate generation  
24 capacity of one hundred kilowatts or more, on which construction is completed after

June 30, 2006, and before January 1, 2015, must be valued at one and one-half percent of assessed value to determine taxable valuation of the property;

3. A centrally assessed wind turbine electric generation unit with a nameplate generation capacity of one hundred kilowatts or more, for which an executory purchase power agreement was entered or to which an advanced determination of prudence was issued by the public service commission and construction was commenced before January 1, 2015, and which is placed in service or installed before January 1, 2017, must be valued at three percent of assessed value to determine taxable valuation of the property;

4. A wind turbine electric generation unit with a nameplate generation capacity of one hundred kilowatts or more, on which construction was completed after December 31, 2014, and which is not taxable under this section, must be subject to taxation under chapter 57-33.2; and

5. Wind generators, wind farms, and associated collector systems on which construction was completed before January 1, 2015, purchased by a company subject to taxation under this chapter after December 31, 2014, must be taxed under subsections 1 and 2.

**SECTION 2. AMENDMENT.** Section 57-33.2-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-33.2-01. Definitions.**

As used in this chapter:

1. "Collector system" means all property used or constructed to interconnect individual wind turbines within a wind farm into a common project, including step-up transformers, electrical collection equipment, collector substation transformers, and communication systems.
2. "Commissioner" means the state tax commissioner.
3. "Company" means an individual, partnership, corporation, limited liability company, limited liability partnership, cooperative, or any other organization or association engaged in generation, distribution, or transmission of electricity. A company subject to taxation under chapter 57-06, is not a "company" for purposes of this chapter unless it files an irrevocable election with the commissioner to be treated as a company under

1           this chapter by ~~October 1, 2013, for taxable periods after December 31, 2013; by~~  
2           October 1, 2014, for taxable periods after December 31, 2014; by October 1, 2015, for  
3           taxable periods after December 31, 2015; or by October 1, 2016, for taxable periods  
4           after December 31, 2016. Property subject to taxation under this chapter which is  
5           owned by a company that is otherwise taxable under chapter 57-06 which files an  
6           election under this chapter is exempt from taxation under chapter 57-06.

7           4. "Distribution company" means a company engaged in distribution of electricity for retail  
8           sale to consumers in this state through distribution lines. The term does not include a  
9           municipal electric utility operated under chapter 40-33 and that utility is not subject to  
10          taxes under section 57-33.2-03.

11          5. "Distribution line" means a line to transmit electricity which operates at a voltage of  
12          less than forty-one and six-tenths kilovolts.

13          6. "Generation company" means a company engaged in the generation of electrical  
14          energy from a wind farm, wind generator, or grid-connected generators that are part of  
15          a project with a generation capacity of one hundred kilowatts or more that is not  
16          generated from coal.

17          ~~6-7.~~ "Retail sale" means transfer of electricity to the end-use consumer for consideration.  
18          The term does not include the sale of electricity to a coal conversion facility that  
19          became operational before January 1, 2009, and which is subject to taxation under  
20          chapter 57-60.

21          ~~7-8.~~ "Transmission company" means a company engaged in transmission of electricity  
22          through transmission lines.

23          ~~8-9.~~ "Transmission line" means a line to transmit electrical energy which operates at a  
24          voltage of forty-one and six-tenths kilovolts or more but does not include a line owned  
25          or operated by an agency or instrumentality of the United States government.

26          ~~9-10.~~ "Wind farm" means all property used or constructed for the purpose of producing  
27          electricity for commercial purposes utilizing the wind as an energy source and with a  
28          nameplate capacity of at least two thousand five hundred kilowatts. The term includes  
29          the collector system.

30          ~~40-11.~~ "Wind generator" means an individual wind turbine with a generation capacity of one  
31          hundred kilowatts or more which is connected to a transmission or distribution system.

1       **SECTION 3. AMENDMENT.** Section 57-33.2-04 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **57-33.2-04. ~~Wind generation taxation-- Taxation of generation from sources other than~~**  
4 **~~coal--Taxation of coal generation not subject to coal conversion taxes.~~**

5       ~~Wind generators, including wind farms and associated collector systems, generators of~~  
6 ~~electricity from sources other than coal owned by a company subject to taxation under this~~  
7 ~~chapter, Generation companies and generators of electricity from coal which are not subject to~~  
8 coal conversion taxes under chapter 57-60 are subject to taxes under this section.

9       1. Wind generators, wind farms, and associated collector systems are subject to taxes  
10 consisting of the following two components:

11       a. A tax of two dollars and fifty cents per kilowatt times the rated capacity of the  
12 wind generator.

13       b. A tax of one-half of one mill per kilowatt-hour of electricity generated by the wind  
14 generator during the taxable period.

15       2. Wind generators, wind farms, and associated collector systems on which construction  
16 was completed before January 1, 2015, purchased by a company subject to taxation  
17 under this chapter after December 31, 2014, must be taxed under subsections 1 and 2  
18 of section 57-06-14.1.

19       2.3. Grid-connected generators that are part of a project with generation capacity of one  
20 hundred kilowatts or more not produced from coal or wind, or produced from coal and  
21 not subject to coal conversion taxes under chapter 57-60, are subject to taxes  
22 consisting of the following two components:

23       a. Fifty cents per kilowatt times the rated capacity of the generation unit.

24       b. One mill per kilowatt-hour of electricity generated by the production unit during  
25 the taxable period.

26       **SECTION 4. AMENDMENT.** Subsection 1 of section 57-38-01.8 of the North Dakota  
27 Century Code is amended and reenacted as follows:

28       1. A taxpayer filing a North Dakota income tax return pursuant to the provisions of this  
29 chapter may claim a credit against the tax liability under section 57-38-30 for the cost  
30 of a geothermal, solar, ~~wind~~, or biomass energy device installed before January 1,  
31 2015, in a building or on property owned or leased by the taxpayer in North Dakota. A

1        wind energy device on which construction was commenced before January 1, 2015,  
2        and which is installed before January 1, 2017, is eligible for the credit provided in this  
3        section. The credit provided in this section for a device installed before January 1,  
4        2001, must be in an amount equal to five percent per year for three years, and for a  
5        device installed after December 31, 2000, must be in an amount equal to three  
6        percent per year for five years of the actual cost of acquisition and installation of the  
7        geothermal, solar, wind, or biomass energy device and must be subtracted from any  
8        income tax liability of the taxpayer as determined pursuant to the provisions of this  
9        chapter.

10       **SECTION 5. AMENDMENT.** Section 57-39.2-04.2 of the North Dakota Century Code is  
11       amended and reenacted as follows:

12       **57-39.2-04.2. (~~Effective through June 30, 2017~~) Sales tax exemption for power plant**  
13       **construction, production, environmental upgrade, and repowering equipment and oil**  
14       **refinery or gas processing plant environmental upgrade equipment.**

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

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

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

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

28       c. "Power plant" means:

29       (1) An electrical generating plant, and all additions to the plant, which  
30       processes or converts coal in its natural form or beneficiated coal into

1                   electrical power and which has at least one single electrical energy  
2                   generation unit with 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, 2017,~~ and all additions to the facility, which  
5                   provides electrical power through wind generation and which has at least  
6                   one single electrical energy generation unit with a nameplate capacity of  
7                   one hundred kilowatts or more.

8                   (3) Any other type of electrical power generating facility excluding the types of  
9                   power plants identified in paragraphs 1 and 2 which has a capacity of one  
10                  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, transmission,  
16                or distribution of electrical energy for sale by a power plant.

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

21                2. Sales of production or environmental upgrade equipment that is delivered on or after  
22                January 1, 2007, and used exclusively in power plants or repowering existing power  
23                plants or in processing units are exempt from the tax imposed by this chapter.

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

29                4. To receive the exemption at the time of purchase, the operator must receive from the  
30                commissioner a certificate that the tangible personal property or production equipment  
31                the operator intends to purchase qualifies for the exemption. If a certificate is not

received prior to the purchase, the operator shall pay the applicable tax imposed by this chapter and apply to the commissioner for a refund.

5. If the tangible personal property or production equipment is purchased or installed by a contractor subject to the tax imposed by this chapter, the operator may apply for a refund of the difference between the amount remitted by the contractor and the exemption imposed or allowed by this section.

**~~(Effective after June 30, 2017) Sales tax exemption for power plant construction, production, environmental upgrade, and repowering equipment and oil refinery or gas processing plant environmental upgrade equipment.~~**

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

- a. (1) "Environmental upgrade" means an investment greater than twenty-five million dollars or one hundred thousand dollars per megawatt of installed nameplate capacity, whichever is less, in machinery, equipment, and related facilities for reducing emissions or increasing efficiency at an existing power plant.
- (2) "Environmental upgrade" for purposes of a process unit means an investment greater than one hundred thousand dollars in machinery, equipment, and related facilities for reducing emissions, increasing efficiency, or enhancing reliability of the equipment at a new or existing process unit.
- b. "Operator" means any person owning, holding, or leasing a power plant or process unit.
- e. "Power plant" means:
- (1) An electrical generating plant, and all additions to the plant, which processes or converts coal from its natural form into electrical power and which has at least one single electrical energy generation unit with a capacity of fifty thousand kilowatts or more.
- (2) A wind-powered electrical generating facility, on which construction is completed before January 1, 2017, and all additions to the facility, which provides electrical power through wind generation and which has at least

1                   one single electrical energy generation unit with a nameplate capacity of  
2                   one hundred kilowatts or more.

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

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

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

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

16                  2. ~~Sales of production or environmental upgrade equipment that is delivered on or after~~  
17                  ~~January 1, 2007, and used exclusively in power plants or repowering existing power~~  
18                  ~~plants or in processing units are exempt from the tax imposed by this chapter.~~

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

24                  4. ~~To receive the exemption at the time of purchase, the operator must receive from the~~  
25                  ~~commissioner a certificate that the tangible personal property or production equipment~~  
26                  ~~the operator intends to purchase qualifies for the exemption. If a certificate is not~~  
27                  ~~received prior to the purchase, the operator shall pay the applicable tax imposed by~~  
28                  ~~this chapter and apply to the commissioner for a refund.~~

29                  5. ~~If the tangible personal property or production equipment is purchased or installed by~~  
30                  ~~a contractor subject to the tax imposed by this chapter, the operator may apply for a~~

refund of the difference between the amount remitted by the contractor and the exemption imposed or allowed by this section.

**SECTION 6. AMENDMENT.** Section 57-39.2-04.8 of the North Dakota Century Code is amended and reenacted as follows:

**57-39.2-04.8. Sales tax exemption for machinery ~~or~~ equipment, and materials used to produce coal from a new mine.**

1. Gross receipts from sales of machinery ~~or~~ equipment, or other tangible personal property used to produce coal from a new mine located in this state are exempt from the tax imposed by this chapter. ~~The exemption for each new mine under this section is limited to the first five million dollars of sales and use tax paid.~~
2. Purchase of replacement machinery ~~or~~ equipment, or other tangible personal property is not exempt if the capitalized investment in the new mine exceeds twenty million dollars using the United States generally accepted accounting principles unless the replacement creates an expansion of the mine. Purchases of repair or replacement parts for existing machinery or equipment are not exempt under this section.
3. ~~The mine operator shall apply to the commissioner for a refund of sales and use taxes paid for which the exemption is claimed under this section. A refund claim may not exceed the limitation in subsection 1. Application for the refund must be made at the time and in the manner directed by the commissioner and must include sufficient information to verify the correctness of the refund claim. To receive the exemption at the time of purchase, the owner of the coal mine must receive from the commissioner a certificate that the machinery, equipment, or other tangible personal property used to produce coal from a new mine which the owner intends to purchase qualifies for the 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 commissioner for a refund.~~
4. If the machinery, equipment, or tangible personal property is purchased or installed by a contractor subject to the tax imposed by this chapter, the owner of the coal mine may apply for a refund of the difference between the amount remitted by the contractor and the exemption imposed or allowed under this section. Application for a refund must be made at the times and in the manner directed by the commissioner

1           and must include sufficient information to permit the commissioner to verify the sales  
2           and use taxes paid and the exempt status of the sale or use.

3       4.5. For purposes of this section:

- 4           a. "Machinery or equipment" means machinery or equipment used directly to  
5           uncover, sever, crush, handle, or transport coal removed from the earth.  
6           "Machinery or equipment" includes draglines, excavators, rolling stock, conveyor  
7           equipment, reclamation equipment, and equipment to pulverize coal but does not  
8           include rail spurs, office buildings, workshops, or any component not used  
9           directly to uncover, sever, crush, handle, or transport coal removed from the  
10          earth.  
11          b. "New mine" means an area permitted under chapter 38-14.1 by the public service  
12          commission after December 31, ~~2010~~2014.  
13          c. "Produce coal" means mining operations to uncover, sever, crush, handle, or  
14          transport coal from its natural location under the earth's surface to the mouth of  
15          the mine and all activities necessary and incidental to the reclamation of that  
16          location.

17       **SECTION 7. AMENDMENT.** Section 57-40.2-04.2 of the North Dakota Century Code is  
18       amended and reenacted as follows:

19       **57-40.2-04.2. (~~Effective through June 30, 2015~~) Use tax exemption for power plant**  
20       **construction, production, environmental upgrade, and repowering equipment and oil**  
21       **refinery or gas processing plant environmental upgrade equipment.**

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

- 23           a. (1) "Environmental upgrade" means an investment greater than twenty-five  
24           million dollars or one hundred thousand dollars per megawatt of installed  
25           nameplate capacity, whichever is less, in machinery, equipment, and related  
26           facilities for reducing emissions or increasing efficiency at an existing power  
27           plant.  
28           (2) "Environmental upgrade" for purposes of a process unit means an  
29           investment greater than one hundred thousand dollars in machinery,  
30           equipment, and related facilities for reducing emissions, increasing

1 efficiency, or enhancing reliability of the equipment at a new or existing  
2 process unit.

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

5 c. "Power plant" means:

6 (1) An electrical generating plant, and all additions to the plant, which  
7 processes or converts coal in its natural form or beneficiated coal into  
8 electrical power and which has at least one single electrical energy  
9 generation unit with a capacity of fifty thousand kilowatts or more.

10 (2) A wind-powered electrical generating facility, ~~on which construction is~~  
11 ~~completed before January 1, 2015,~~ and all additions to the facility, which  
12 provides electrical power through wind generation and which has at least  
13 one single electrical energy generation unit with a nameplate capacity of  
14 one hundred kilowatts or more.

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

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

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

24 f. "Repowering" means an investment of more than two hundred million dollars or  
25 one million dollars per megawatt of installed nameplate capacity, whichever is  
26 less, in an existing power plant that modifies or replaces the process used for  
27 converting coal in its natural form or beneficiated coal into electric power.

28 2. Sales of production or environmental upgrade equipment that is delivered on or after  
29 January 1, 2007, and used exclusively in power plants or repowering existing power  
30 plants or in process units are exempt from the tax imposed by this chapter.

- 1       3. Sales of tangible personal property, other than production or environmental upgrade  
2       equipment, which is used in the construction of new power plants or to expand existing  
3       power plants or to add environmental upgrades to existing power plants or repowering  
4       existing power plants or to add environmental upgrades to existing process units are  
5       exempt from the tax imposed by this chapter.
- 6       4. To receive the exemption at the time of purchase, the operator must receive from the  
7       commissioner a certificate that the tangible personal property or production equipment  
8       the operator intends to purchase qualifies for the reduced rate or exemption. If a  
9       certificate is not received prior to the purchase, the operator shall pay the applicable  
10      tax imposed by this chapter and apply to the commissioner for a refund.
- 11      5. If the tangible personal property or production equipment is purchased or installed by  
12      a contractor subject to the tax imposed by this chapter, the operator may apply for a  
13      refund of the difference between the amount remitted by the contractor and the  
14      reduced rate or exemption imposed or allowed by this section.

15      ~~(Effective after June 30, 2015) Use tax exemption for power plant construction,~~  
16      ~~production, environmental upgrade, and repowering equipment and oil refinery or gas~~  
17      ~~processing plant environmental upgrade equipment.~~

- 18      ~~1. As used in this section, unless the context otherwise requires:~~
- 19          ~~a. (1) "Environmental upgrade" means an investment greater than twenty-five-~~  
20              ~~million dollars or one hundred thousand dollars per megawatt of installed~~  
21              ~~nameplate capacity, whichever is less, in machinery, equipment, and related~~  
22              ~~facilities for reducing emissions or increasing efficiency at an existing power~~  
23              ~~plant.~~
- 24          ~~(2) "Environmental upgrade" for purposes of a process unit means an~~  
25              ~~investment greater than one hundred thousand dollars in machinery,~~  
26              ~~equipment, and related facilities for reducing emissions, increasing~~  
27              ~~efficiency, or enhancing reliability of the equipment at a new or existing~~  
28              ~~process unit.~~
- 29          ~~b. "Operator" means any person owning, holding, or leasing a power plant or~~  
30              ~~process unit.~~
- 31          ~~c. "Power plant" means:~~

1           (1) ~~An electrical generating plant, and all additions to the plant, which~~  
2           ~~processes or converts coal from its natural form into electrical power and~~  
3           ~~which has at least one single electrical energy generation unit with a~~  
4           ~~capacity of fifty thousand kilowatts or more.~~

5           (2) ~~A wind-powered electrical generating facility, on which construction is~~  
6           ~~completed before January 1, 2015, and all additions to the facility, which~~  
7           ~~provides electrical power through wind generation and which has at least~~  
8           ~~one single electrical energy generation unit with a nameplate capacity of~~  
9           ~~one hundred kilowatts or more.~~

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

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

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

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

23          2. ~~Sales of production or environmental upgrade equipment that is delivered on or after~~  
24          ~~January 1, 2007, and used exclusively in power plants or repowering existing power~~  
25          ~~plants or in process units are exempt from the tax imposed by this chapter.~~

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

- 1           4.    To receive the exemption at the time of purchase, the operator must receive from the  
2                commissioner a certificate that the tangible personal property or production equipment  
3                the operator intends to purchase qualifies for the reduced rate or exemption. If a  
4                certificate is not received prior to the purchase, the operator shall pay the applicable  
5                tax imposed by this chapter and apply to the commissioner for a refund.
- 6           5.    If the tangible personal property or production equipment is purchased or installed by  
7                a contractor subject to the tax imposed by this chapter, the operator may apply for a  
8                refund of the difference between the amount remitted by the contractor and the  
9                reduced rate or exemption imposed or allowed by this section.

10           **SECTION 8. EFFECTIVE DATE.** Sections 1, 2, 3, and 4 of this Act are effective for taxable  
11   years beginning after December 31, 2014. Sections 5, 6, and 7 of this Act are effective for  
12   taxable events occurring after June 30, 2015.