

**SENATE BILL NO. 2252**

Introduced by

Senators Unruh, Casper, Meyer

1 A BILL for an Act to amend and reenact sections 57-51-03 and 57-51-04 of the North Dakota  
2 Century Code, relating to items eligible for the oil and gas gross production tax.

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

4 **SECTION 1. AMENDMENT.** Section 57-51-03 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **57-51-03. Gross production tax to be in lieu of other taxes.**

7 The payment of the taxes herein imposed must be in full, and in lieu of all ad valorem taxes  
8 by the state, counties, cities, towns, townships, school districts, and other municipalities, upon  
9 any property rights attached to or inherent in the right to producing oil or gas, upon producing oil  
10 or gas leases, upon machinery, appliances, and equipment used in and around any well  
11 producing oil or gas and actually used in the operation of such well or any well used for disposal  
12 of saltwater from oil and gas operations, and also upon oil and gas produced in the state upon  
13 which gross production taxes have been paid, and upon any investment in any such property.  
14 Any interest in the land, other than that herein enumerated, must be assessed and taxed as  
15 other property within the taxing district in which such property is situated. It is expressly  
16 provided that the gross production tax is not in lieu of income taxes nor excise taxes upon the  
17 sale of oil and gas products at retail.

18 **SECTION 2. AMENDMENT.** Section 57-51-04 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **57-51-04. Equipment used in production exempt from ad valorem tax.**

21 No equipment, material, or property is exempt from the payment of ad valorem tax by  
22 reason of the payment of the gross production tax as herein provided except such equipment,  
23 machinery, tools, material, or property as is actually necessary and being used at the site of a  
24 producing well in the production of oil or gas or disposal of saltwater from oil and gas.

Sixty-fifth  
Legislative Assembly

1 operations; and it is expressly declared that no ice plants, hospitals, office buildings, garages,  
2 residences, gasoline extraction or absorption plants, water systems, fuel systems,  
3 roominghouses, and other buildings, nor any equipment or material used in connection  
4 therewith is exempt from ad valorem tax, nor are drilling rigs exempt. The real property is not  
5 exempt under this chapter except to the extent of the mineral interests therein.