

SENATE BILL NO. 2006

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the office of the tax
 2 commissioner and for payment of state reimbursement under the homestead tax credit and
 3 disabled veterans' tax credit; to create and enact a new section to chapter 57-39.2 of the North
 4 Dakota Century Code, relating to a sales tax exemption for materials used to construct, expand,
 5 or upgrade a facility that refines renewable feedstock into sustainable aviation fuel; to amend
 6 and reenact section 57-01-04 and subsection 3 of section 57-40.2-03.3 of the North Dakota
 7 Century Code, relating to the salary of the state tax commissioner and use tax exemptions; to
 8 provide an exemption; ~~and~~ to provide for a transfer; to provide an effective date; and to provide
 9 an expiration date.

10 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
 12 as may be necessary, are appropriated out of any moneys in the general fund in the state
 13 treasury, not otherwise appropriated, and from special funds derived from federal funds and
 14 other income, to the tax commissioner for the purpose of defraying the expenses of the tax
 15 commissioner and paying the state reimbursement under the homestead tax credit and disabled
 16 veterans' tax credit, for the biennium beginning July 1, 2023, and ending June 30, 2025, as
 17 follows:

	<u>Governor's</u>		
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
Salaries and wages	\$22,594,196	\$24,778,324	\$22,594,196
Operating expenses	7,466,120	9,113,370	7,466,120
Capital assets	6,000	6,000	6,000
Homestead tax credit	18,000,000	18,900,000	18,000,000
Disabled veterans' tax credit	16,300,000	18,745,000	16,300,000

Sixty-eighth
Legislative Assembly

1	Total all funds	\$64,366,316	\$71,542,694	\$64,366,316
2	Less estimated income	125,000	125,000	125,000
3	Total general fund	\$64,241,316	\$71,417,694	\$64,241,316
4	Full-time equivalent positions	118.00	118.00	118.00
5		Adjustments or		
6		Base Level	Enhancements	Appropriation
7	Salaries and wages	\$22,594,196	\$1,656,202	\$24,250,398
8	Operating expenses	7,466,120	1,647,250	9,113,370
9	Capital assets	6,000	0	6,000
10	Homestead tax credit	18,000,000	900,000	18,900,000
11	Disabled veterans' tax credit	16,300,000	2,445,000	18,745,000
12	Total all funds	\$64,366,316	\$6,648,452	\$71,014,768
13	Less estimated income	125,000	0	125,000
14	Total general fund	\$64,241,316	\$6,648,452	\$70,889,768
15	Full-time equivalent positions	118.00	(1.00)	117.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2021-23	2023-25
Information technology enhancements	\$0	\$500,000
Total general fund	\$0	\$500,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The state tax commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the state tax commissioner may transfer funds between the homestead tax credit and disabled veterans' tax credit line items in section 1 of this Act if one line item does not have sufficient funds available for state reimbursement of eligible tax credits. The state tax commissioner shall

1 notify the office of management and budget and the legislative council of any transfers made
2 pursuant to this section.

3 **SECTION 4. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
4 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
5 section 57-43.1-02, the sum of \$1,844,424, for the purpose of reimbursing the general fund for
6 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
7 administration of these taxes, for the biennium beginning July 1, 2023, and ending June 30,
8 2025.

9 **SECTION 5. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-01-04. Salary.**

12 The annual salary of the state tax commissioner is one hundred ~~twenty-one~~thirty thousand
13 ~~eight hundred fourteen~~ dollars through June 30, ~~2022~~2024, and one hundred ~~twenty-four~~thirty-
14 ~~five~~ thousand two hundred ~~fifty~~ dollars thereafter.

15 **SECTION 6.** A new section to chapter 57-39.2 of the North Dakota Century Code is created
16 and enacted as follows:

17 **Sales and use tax exemption for materials used to construct, expand, or upgrade a**
18 **facility that refines renewable feedstock into sustainable aviation fuel.**

19 1. As used in this section, "renewable feedstock" means ethanol and other types of
20 feedstock from renewable sources.

21 2. Gross receipts from sales of tangible personal property used to construct, expand, or
22 upgrade a facility that refines renewable feedstock into sustainable aviation fuel are
23 exempt from taxes under this chapter.

24 3. The exemption may be received only at the time of purchase. To receive the
25 exemption, the owner of the facility must receive from the tax commissioner a
26 certificate indicating the tangible personal property the owner intends to purchase to
27 construct, expand, or upgrade the facility qualifies for the exemption under this
28 section.

29 4. This chapter and chapter 57-40.2 apply to an exemption under this section.

30 **SECTION 7. AMENDMENT.** Subsection 3 of section 57-40.2-03.3 of the North Dakota
31 Century Code is amended and reenacted as follows:

- 1 3. The tax imposed by this section does not apply to:
- 2 a. Production equipment or tangible personal property as authorized or approved
- 3 for exemption by the tax commissioner under section 57-39.2-04.2~~;~~.
- 4 b. Machinery, equipment, or other tangible personal property used to construct an
- 5 agricultural commodity processing facility as authorized or approved for
- 6 exemption by the tax commissioner under section 57-39.2-04.3 or 57-39.2-04.4~~;~~.
- 7 c. Tangible personal property used to construct or expand a system used to
- 8 compress, process, gather, or refine gas recovered from an oil or gas well in this
- 9 state or used to expand or build a gas-processing facility in this state as
- 10 authorized or approved for exemption by the tax commissioner under section
- 11 57-39.2-04.5~~;~~.
- 12 d. Tangible personal property used to construct or expand a qualifying oil refinery as
- 13 authorized or approved for exemption by the tax commissioner under section
- 14 57-39.2-04.6~~;~~.
- 15 e. Tangible personal property used to construct or expand a qualifying facility as
- 16 authorized or approved for exemption by the tax commissioner under section
- 17 57-39.2-04.10~~;~~.
- 18 f. Tangible personal property used to construct or expand a qualifying facility as
- 19 authorized or approved for exemption by the tax commissioner under section
- 20 57-39.2-04.11~~;~~.
- 21 g. Materials used in compressing, gathering, collecting, storing, transporting, or
- 22 injecting carbon dioxide for use in enhanced recovery of oil or natural gas as
- 23 provided in section 57-39.2-04.14~~;~~.
- 24 h. Tangible personal property used to construct a qualifying fertilizer or chemical
- 25 processing facility as authorized or approved for exemption by the tax
- 26 commissioner under section 57-39.2-04.15~~;~~ or .
- 27 i. Tangible personal property used to construct a qualified straddle plant, a qualified
- 28 fractionator, or qualified associated infrastructure as authorized or approved for
- 29 exemption by the tax commissioner under section 57-39.2-04.16.

1 j. Tangible personal property used to construct, expand, or upgrade a facility that
2 refines renewable feedstock into sustainable aviation fuel as authorized or
3 approved by the tax commissioner under section 6 of this Act.

4 **SECTION 8. EFFECTIVE DATE - EXPIRATION DATE.** Sections 6 and 7 of this Act are
5 effective for taxable events occurring after June 30, 2023, and remain effective until June 30,
6 2025, after which sections 6 and 7 become ineffective.