

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED 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; to provide for a transfer; to provide an effective date; and to provide an
9 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:

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
20 Salaries and wages	\$22,594,196	\$1,656,202	\$24,250,398
21 Operating expenses	7,466,120	1,647,250	9,113,370
22 Capital assets	6,000	0	6,000
23 Homestead tax credit	18,000,000	900,000	18,900,000
24 Disabled veterans' tax credit	<u>16,300,000</u>	<u>2,445,000</u>	<u>18,745,000</u>

1	Total all funds	\$64,366,316	\$6,648,452	\$71,014,768
2	Less estimated income	<u>125,000</u>	<u>0</u>	<u>125,000</u>
3	Total general fund	\$64,241,316	\$6,648,452	\$70,889,768
4	Full-time equivalent positions	118.00	(1.00)	117.00

5 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**

6 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
7 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
8 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

9	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
10	Information technology enhancements	\$0	\$500,000
11	Total general fund	\$0	\$500,000

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

16 **SECTION 3. EXEMPTION - LINE ITEM TRANSFERS.** Notwithstanding section 54-16-04,
17 the state tax commissioner may transfer funds between the homestead tax credit and disabled
18 veterans' tax credit line items in section 1 of this Act if one line item does not have sufficient
19 funds available for state reimbursement of eligible tax credits. The state tax commissioner shall
20 notify the office of management and budget and the legislative council of any transfers made
21 pursuant to this section.

22 **SECTION 4. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
23 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
24 section 57-43.1-02, the sum of \$1,844,424, for the purpose of reimbursing the general fund for
25 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
26 administration of these taxes, for the biennium beginning July 1, 2023, and ending June 30,
27 2025.

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

1 **57-01-04. Salary.**

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

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

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

- 9 1. As used in this section, "renewable feedstock" means ethanol and other types of
10 feedstock from renewable sources.
- 11 2. Gross receipts from sales of tangible personal property used to construct, expand, or
12 upgrade a facility that refines renewable feedstock into sustainable aviation fuel are
13 exempt from taxes under this chapter.
- 14 3. The exemption may be received only at the time of purchase. To receive the
15 exemption, the owner of the facility must receive from the tax commissioner a
16 certificate indicating the tangible personal property the owner intends to purchase to
17 construct, expand, or upgrade the facility qualifies for the exemption under this
18 section.
- 19 4. This chapter and chapter 57-40.2 apply to an exemption under this section.

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

- 22 3. The tax imposed by this section does not apply to:
- 23 a. Production equipment or tangible personal property as authorized or approved
24 for exemption by the tax commissioner under section 57-39.2-04.2₂;
- 25 b. Machinery, equipment, or other tangible personal property used to construct an
26 agricultural commodity processing facility as authorized or approved for
27 exemption by the tax commissioner under section 57-39.2-04.3 or 57-39.2-04.4₂;
- 28 c. Tangible personal property used to construct or expand a system used to
29 compress, process, gather, or refine gas recovered from an oil or gas well in this
30 state or used to expand or build a gas-processing facility in this state as

- 1 authorized or approved for exemption by the tax commissioner under section
2 57-39.2-04.5;~~2~~
- 3 d. Tangible personal property used to construct or expand a qualifying oil refinery as
4 authorized or approved for exemption by the tax commissioner under section
5 57-39.2-04.6;~~2~~
- 6 e. Tangible personal property used to construct or expand a qualifying facility as
7 authorized or approved for exemption by the tax commissioner under section
8 57-39.2-04.10;~~2~~
- 9 f. Tangible personal property used to construct or expand a qualifying facility as
10 authorized or approved for exemption by the tax commissioner under section
11 57-39.2-04.11;~~2~~
- 12 g. Materials used in compressing, gathering, collecting, storing, transporting, or
13 injecting carbon dioxide for use in enhanced recovery of oil or natural gas as
14 provided in section 57-39.2-04.14;~~2~~
- 15 h. Tangible personal property used to construct a qualifying fertilizer or chemical
16 processing facility as authorized or approved for exemption by the tax
17 commissioner under section 57-39.2-04.15;~~or 2~~
- 18 i. Tangible personal property used to construct a qualified straddle plant, a qualified
19 fractionator, or qualified associated infrastructure as authorized or approved for
20 exemption by the tax commissioner under section 57-39.2-04.16.
- 21 j. Tangible personal property used to construct, expand, or upgrade a facility that
22 refines renewable feedstock into sustainable aviation fuel as authorized or
23 approved by the tax commissioner under section 6 of this Act.

24 **SECTION 8. EFFECTIVE DATE - EXPIRATION DATE.** Sections 6 and 7 of this Act are
25 effective for taxable events occurring after June 30, 2023, and remain effective until June 30,
26 2025, after which sections 6 and 7 become ineffective.