

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, subsection 2 of section 57-02-53, and subsection 3 of section
 7 57-40.2-03.3 of the North Dakota Century Code, relating to the salary of the state tax
 8 commissioner, property assessment increase notices, and use tax exemptions; to provide an
 9 exemption; to provide for a transfer; to provide an effective date; and to provide an expiration
 10 date.

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

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

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

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1	Disabled veterans' tax credit	16,300,000	2,445,000	18,745,000
2	Total all funds	\$64,366,316	\$6,648,452	\$71,014,768
3	Less estimated income	125,000	0	125,000
4	Total general fund	\$64,241,316	\$6,648,452	\$70,889,768
5	Full-time equivalent positions	118.00	(1.00)	117.00
6	Salaries and wages	\$22,594,196	\$730,838	\$23,325,034
7	Operating expenses	7,466,120	1,647,250	9,113,370
8	Capital assets	6,000	0	6,000
9	Homestead tax credit	18,000,000	900,000	18,900,000
10	Disabled veterans' tax credit	16,300,000	2,445,000	18,745,000
11	Total all funds	\$64,366,316	\$5,723,088	\$70,089,404
12	Less estimated income	125,000	0	125,000
13	Total general fund	\$64,241,316	\$5,723,088	\$69,964,404
14	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:

19	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
20	Information technology enhancements	<u>\$0</u>	<u>\$500,000</u>
21	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 notify the office of management and budget and the legislative council of any transfers made pursuant to this section.

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

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

9 **57-01-04. Salary.**

10 The annual salary of the state tax commissioner is one hundred ~~twenty-one~~thirtythree-one
11 thousand ~~eight~~seven hundred ~~fourteen~~five dollars through June 30, ~~2022~~2024, and one
12 hundred ~~twenty-four~~thirty-five ~~thirty-six~~thirty-six thousand ~~two~~nine hundred ~~fifty~~seventy-three dollars
13 thereafter.

14 **SECTION 6. AMENDMENT.** Subsection 2 of section 57-02-53 of the North Dakota Century
15 Code is amended and reenacted as follows:

- 16 2. The form of notice prescribed by the tax commissioner must require a statement to
17 inform the taxpayer that an assessment increase ~~does not~~may mean property taxes
18 on the parcel will increase. The notice may ~~not~~ contain an estimate of a tax increase
19 resulting from the assessment increase.

20 **SECTION 7.** A new section to chapter 57-39.2 of the North Dakota Century Code is created
21 and enacted as follows:

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

- 24 1. As used in this section, "renewable feedstock" means ethanol and other types of
25 feedstock from renewable sources.
26 2. Gross receipts from sales of tangible personal property used to construct, expand, or
27 upgrade a facility that refines renewable feedstock into sustainable aviation fuel are
28 exempt from taxes under this chapter.
29 3. The exemption may be received only at the time of purchase. To receive the
30 exemption, the owner of the facility must receive from the tax commissioner a
31 certificate indicating the tangible personal property the owner intends to purchase to

1 construct, expand, or upgrade the facility qualifies for the exemption under this
2 section.

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

4 **SECTION 8. AMENDMENT.** Subsection 3 of section 57-40.2-03.3 of the North Dakota
5 Century Code is amended and reenacted as follows:

6 3. The tax imposed by this section does not apply to:

7 a. Production equipment or tangible personal property as authorized or approved
8 for exemption by the tax commissioner under section 57-39.2-04.2;;

9 b. Machinery, equipment, or other tangible personal property used to construct an
10 agricultural commodity processing facility as authorized or approved for
11 exemption by the tax commissioner under section 57-39.2-04.3 or 57-39.2-04.4;;

12 c. Tangible personal property used to construct or expand a system used to
13 compress, process, gather, or refine gas recovered from an oil or gas well in this
14 state or used to expand or build a gas-processing facility in this state as
15 authorized or approved for exemption by the tax commissioner under section
16 57-39.2-04.5;;

17 d. Tangible personal property used to construct or expand a qualifying oil refinery as
18 authorized or approved for exemption by the tax commissioner under section
19 57-39.2-04.6;;

20 e. Tangible personal property used to construct or expand a qualifying facility as
21 authorized or approved for exemption by the tax commissioner under section
22 57-39.2-04.10;;

23 f. Tangible personal property used to construct or expand a qualifying facility as
24 authorized or approved for exemption by the tax commissioner under section
25 57-39.2-04.11;;

26 g. Materials used in compressing, gathering, collecting, storing, transporting, or
27 injecting carbon dioxide for use in enhanced recovery of oil or natural gas as
28 provided in section 57-39.2-04.14;;

29 h. Tangible personal property used to construct a qualifying fertilizer or chemical
30 processing facility as authorized or approved for exemption by the tax
31 commissioner under section 57-39.2-04.15;~~or~~;

1 i. Tangible personal property used to construct a qualified straddle plant, a qualified
2 fractionator, or qualified associated infrastructure as authorized or approved for
3 exemption by the tax commissioner under section 57-39.2-04.16.

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

7 **SECTION 9. EFFECTIVE DATE - EXPIRATION DATE.** Sections ~~67~~ and ~~78~~ of this Act are
8 effective for taxable events occurring after June 30, 2023, and remain effective until June 30,
9 2025, after which sections ~~67~~ and ~~78~~ become ineffective.