

**FIRST ENGROSSMENT
with House Amendments
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	\$730,838	\$23,325,034
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

Sixty-eighth
Legislative Assembly

1	Disabled veterans' tax credit	<u>16,300,000</u>	<u>2,445,000</u>	<u>18,745,000</u>
2	Total all funds	\$64,366,316	\$5,723,088	\$70,089,404
3	Less estimated income	<u>125,000</u>	<u>0</u>	<u>125,000</u>
4	Total general fund	\$64,241,316	\$5,723,088	\$69,964,404
5	Full-time equivalent positions	118.00	(1.00)	117.00

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

7 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
8 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
9 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

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

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

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

23 **SECTION 4. MOTOR VEHICLE FUEL TAX REVENUE TRANSFER.** There is transferred to
24 the general fund in the state treasury out of motor vehicle tax revenue collected pursuant to
25 section 57-43.1-02, the sum of \$1,844,424, for the purpose of reimbursing the general fund for
26 expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the
27 administration of these taxes, for the biennium beginning July 1, 2023, and ending June 30,
28 2025.

29 **SECTION 5. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is
30 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-one
3 thousand ~~eight~~seven hundred ~~fourteen~~five dollars through June 30, ~~2022~~2024, and one
4 hundred ~~twenty-four~~thirty-six thousand ~~two~~nine hundred ~~fifty~~seventy-three dollars thereafter.

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

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

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

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

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

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

- 28 3. The tax imposed by this section does not apply to:
29 a. Production equipment or tangible personal property as authorized or approved
30 for exemption by the tax commissioner under section 57-39.2-04.2;

- 1 b. Machinery, equipment, or other tangible personal property used to construct an
2 agricultural commodity processing facility as authorized or approved for
3 exemption by the tax commissioner under section 57-39.2-04.3 or 57-39.2-04.4;
4 c. Tangible personal property used to construct or expand a system used to
5 compress, process, gather, or refine gas recovered from an oil or gas well in this
6 state or used to expand or build a gas-processing facility in this state as
7 authorized or approved for exemption by the tax commissioner under section
8 57-39.2-04.5;
9 d. Tangible personal property used to construct or expand a qualifying oil refinery as
10 authorized or approved for exemption by the tax commissioner under section
11 57-39.2-04.6;
12 e. Tangible personal property used to construct or expand a qualifying facility as
13 authorized or approved for exemption by the tax commissioner under section
14 57-39.2-04.10;
15 f. 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 57-39.2-04.11;
18 g. Materials used in compressing, gathering, collecting, storing, transporting, or
19 injecting carbon dioxide for use in enhanced recovery of oil or natural gas as
20 provided in section 57-39.2-04.14;
21 h. Tangible personal property used to construct a qualifying fertilizer or chemical
22 processing facility as authorized or approved for exemption by the tax
23 commissioner under section 57-39.2-04.15;
24 i. Tangible personal property used to construct a qualified straddle plant, a qualified
25 fractionator, or qualified associated infrastructure as authorized or approved for
26 exemption by the tax commissioner under section 57-39.2-04.16.
27 j. Tangible personal property used to construct, expand, or upgrade a facility that
28 refines renewable feedstock into sustainable aviation fuel as authorized or
29 approved by the tax commissioner under section 7 of this Act.

1 **SECTION 9. EFFECTIVE DATE - EXPIRATION DATE.** Sections 7 and 8 of this Act are
2 effective for taxable events occurring after June 30, 2023, and remain effective until June 30,
3 2025, after which sections 7 and 8 become ineffective.