Sixty-eighth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2334

Introduced by

Senators Bekkedahl, Sorvaag, Wanzek

Representatives Brandenburg, Kempenich

A BILL for an Act to create and enact a new section to chapter 57-39.2 of the North Dakota Century Code, relating to a ~~local revenue loss reimbursement~~large facility development fund; to amend and reenact subsection 2 of section 57-39.2-04.15 and section 57-39.2-26 of the North Dakota Century Code, relating to a sales tax exemption for a fertilizer plant and allocation of sales tax revenue; to provide a continuing appropriation; ~~and to provide an effective date~~to provide for a legislative management report; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 2 of section 57-39.2-04.15 of the North Dakota Century Code is amended and reenacted as follows:

2. ~~On or before June 30, 2023, the~~The owner of the fertilizer or chemical processing plant must receive from the department of environmental quality an air quality permit or a notice that the air quality permit application is complete. The owner shall provide this documentation to the tax commissioner to qualify for the exemption under this section. Denial, expiration, or revocation of a permit terminates the exemption under this section.

SECTION 2. AMENDMENT. Section 57-39.2-26 of the North Dakota Century Code is amended and reenacted as follows:

57-39.2-26. Allocation of revenue.

Except as provided by sections 57-39.2-26.1 ~~and~~, 57-39.2-26.2, 57-39.2-26.3, and section 3 of this Act, all moneys collected and received under this chapter must be paid into the state treasury and must be credited by the state treasurer to the general fund. Moneys deposited with the commissioner as security for the payment of tax, penalties, or costs due must be deposited and accounted for as provided in subsection 3 of section 57-39.2-12.

SECTION 3. A new section to chapter 57-39.2 of the North Dakota Century Code is created and enacted as follows:

~~**Local revenue loss reimbursement**~~**Large facility development fund - State treasurer - Continuing appropriation - Report.**

1. There is created in the state treasury the ~~local revenue loss reimbursement~~large facility development fund. The fund consists of all moneys transferred to the fund under subsection 2. All moneys in the fund are appropriated to the state treasurer on a continuing basis for the purpose of providing distributions to an eligible county or city.
2. Notwithstanding any other provision of law, after the allocations under sections ~~57-29.2-26.1 and~~57-39.2-26.1, 57-39.2-26.2, and 57-39.2-26.3, a portion of sales, gross receipts, and use, tax collections equal to the amount under subsection 3 must be deposited by the state treasurer in the ~~local revenue loss reimbursement~~large facility development fund as needed. The tax commissioner shall calculate the amount needed for distribution under subsection 3 and shall certify to the state treasurer the portion of sales, gross receipts, and use tax net revenues that must be deposited in the fund to provide for the distribution.
3. ~~The~~Within thirty days after construction begins on the large facility, the state treasurer shall distribute to a county or city an amount equal to one percent of ~~the~~up to two billion dollars of estimated ~~value~~cost of tangible property eligible for a tax exemption under section 57-39.2-04.15 used in the construction of ~~new infrastructure~~the large facility if:
   a. The county or city is levying a local sales tax for infrastructure, public safety, or economic development; and
   b. ~~The estimated total cost for the new infrastructure is at least five hundred million dollars;~~
   ~~c. The new infrastructure is within the county or the city limits; and~~
   ~~d. The new infrastructure is exempt from sales tax under this chapter or use tax under chapter 57-40.2~~The county in which the large facility is located has a hub city and received at least thirty million dollars of oil and gas gross production tax revenue allocations under section 57-51-15 from September 1, 2021, through August 31, 2022.

4. To qualify for the distribution under subsection 3, the large facility must:

a. Be a new fertilizer or chemical processing plant that is eligible for a tax exemption under section 57-39.2-04.15;

b. Begin construction after July 1, 2023; and

c. Have an estimated total cost of at least one billion dollars.

5. A county or city may receive only one distribution under subsection 3.

6. If the ~~new infrastructure~~large facility is within city limits, only a city is eligible to receive a distribution under subsection 3.

~~5.~~7. The ~~tax commissioner may request~~owner of the large facility shall provide information and documentation ~~from the owner of the new infrastructure~~to the tax commissioner to determine the estimated ~~value~~cost of the tangible property and the estimated total cost of the ~~new infrastructure~~large facility for calculations under this section.

8. If a county or city receives a distribution from the fund, the county or city shall provide at least one report to the legislative management on the use of the funding. The report must include the amount of funding received and spent by the county or city, including an itemized list of the amounts spent and a description of how the funding was used by the county or city.

~~**SECTION 4. EFFECTIVE DATE.** This Act becomes effective on July 1, 2023.~~

SECTION 4. EXPIRATION DATE. Sections 2 and 3 of this Act are effective through June 30, 2027, and after that date are ineffective.