

Introduced by

Senators Unruh, Bekkedahl, Dotzenrod

Representatives Dockter, Headland, Mitskog

1 A BILL for an Act to amend and reenact subsection 8 of section 57-60-01, subsection 1 of
2 section 57-60-02, and section 57-60-02.1 of the North Dakota Century Code, relating to the coal
3 conversion facilities privilege tax; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Subsection 8 of section 57-60-01 of the North Dakota Century
6 Code is amended and reenacted as follows:

7 8. "Gross receipts" means all revenue valued in money, whether received in money or
8 otherwise, derived by a coal conversion facility subject to the provisions of this chapter
9 from the production of products of a coal conversion facility, ~~but not including any~~
10 ~~revenue derived from transportation, transmission, distribution, or other events which~~
11 ~~occur after completion of the process of production of the products of the facility.~~ For
12 the purpose of computing the tax imposed by this chapter, "gross receipts" does not
13 include:

- 14 a. ~~Any any financial assistance, whether in the form of price guarantee payments or~~
15 ~~otherwise, provided by the federal government or any agency of the federal~~
16 ~~government;~~
- 17 b. ~~Any revenue derived from the sale of byproducts as herein defined to a maximum~~
18 ~~of twenty percent of the gross receipts as defined in this subsection;~~
- 19 c. ~~Any revenue derived from the sale and transportation of carbon dioxide for use in~~
20 ~~the enhanced recovery of oil or natural gas; or~~
- 21 d. ~~Prior to January 1, 2010, any revenue received by the operator of a coal~~
22 ~~gasification plant to the extent the quotient of the gross receipts realized by the~~
23 ~~operator divided by the synthetic natural gas produced and sold during a month,~~
24 ~~in units of one thousand cubic feet [28316.85 liters] of synthetic gas, exceeds the~~

1 ceiling price. For calendar years 2001 and 2002, ceiling price means \$4.25 for
2 each thousand cubic feet [28316.85 liters] of synthetic natural gas produced and
3 sold; and the ceiling price for 2003 is \$4.35; for 2004, \$4.45; for 2005, \$4.55; for
4 2006, \$4.65; for 2007, \$4.75; for 2008, \$4.86; and for 2009, \$4.97.

5 **SECTION 2. AMENDMENT.** Subsection 1 of section 57-60-02 of the North Dakota Century
6 Code is amended and reenacted as follows:

7 1. For all coal conversion facilities, except as otherwise provided in this section, the tax is
8 measured by the gross receipts derived from such~~the~~ facility for the preceding month
9 and is in the amount of ~~four and one-tenth~~two percent of such~~its~~ gross receipts. ~~For~~
10 purposes of this subsection, "gross receipts" of a coal gasification plant do not include
11 any amount that is received by the operator of the plant for production of synthetic
12 natural gas in excess of one hundred ten million cubic feet per day. Gross receipts
13 derived from the sale of a capital asset are not subject to the tax imposed by this
14 subsection.

15 **SECTION 3. AMENDMENT.** Section 57-60-02.1 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **57-60-02.1. Carbon dioxide capture credit - Reporting requirement.**

18 A coal conversion facility that achieves a twenty percent capture of carbon dioxide
19 emissions during a taxable period ~~after December 31, 2009~~, is entitled to a twenty percent
20 reduction in the state general fund share of the tax imposed under section 57-60-02 during that
21 taxable period. The facility is entitled to an additional reduction of one percent of the state
22 general fund share of the tax imposed under section 57-60-02 for every additional two
23 percentage points of its capture of carbon dioxide emissions. A maximum fifty percent reduction
24 of the state general fund share of the tax imposed under section 57-60-02 is allowed for eighty
25 percent or more capture of carbon dioxide emissions. A coal conversion facility may receive the
26 reduction in coal conversion tax under this section for ten years from the date of first capture of
27 carbon dioxide emission or for ten years from the date the coal conversion facility is eligible to
28 receive the credit. A coal conversion facility that met the carbon dioxide capture requirements
29 before January 1, 2017, may not claim the reduction under this section.

30 The operator of a coal conversion facility that receives a credit under this section shall
31 report annually to the legislative council. The report must include:

- 1 1. An overview of the carbon dioxide capture project.
- 2 2. A status report on the current state of the carbon dioxide capture project, including
- 3 data on the amount of carbon dioxide produced from the facility before the carbon
- 4 dioxide capture project and the current carbon dioxide produced and captured from
- 5 the facility.
- 6 3. Any recent changes to enhance the carbon dioxide capture system.
- 7 4. Information on the status of federal law and regulations related to the carbon dioxide
- 8 capture project, including any benefits from the project realized by the operator under
- 9 federal law and regulations.
- 10 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable periods beginning after
- 11 June 30, 2017.