

**Sixty-fifth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 3, 2017**

SENATE BILL NO. 2133  
(Senators Unruh, Bekkedahl, Dotzenrod)  
(Representatives Dockter, Headland, Mitskog)

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

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

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

8. "Gross receipts" means all revenue valued in money, whether received in money or otherwise, derived by a coal conversion facility subject to the provisions of this chapter from the production of products of a coal conversion facility, ~~but not including any revenue derived from transportation, transmission, distribution, or other events which occur after completion of the process of production of the products of the facility.~~ For the purpose of computing the tax imposed by this chapter, "gross receipts" does not include:
  - a. ~~Any any financial assistance, whether in the form of price guarantee payments or otherwise, provided by the federal government or any agency of the federal government;~~
  - b. ~~Any revenue derived from the sale of byproducts as herein defined to a maximum of twenty percent of the gross receipts as defined in this subsection;~~
  - c. ~~Any revenue derived from the sale and transportation of carbon dioxide for use in the enhanced recovery of oil or natural gas; or~~
  - d. ~~Prior to January 1, 2010, any revenue received by the operator of a coal gasification plant to the extent the quotient of the gross receipts realized by the operator divided by the synthetic natural gas produced and sold during a month, in units of one thousand cubic feet [28316.85 liters] of synthetic gas, exceeds the ceiling price. For calendar years 2001 and 2002, ceiling price means \$4.25 for each thousand cubic feet [28316.85 liters] of synthetic natural gas produced and sold; and the ceiling price for 2003 is \$4.35; for 2004, \$4.45; for 2005, \$4.55; for 2006, \$4.65; for 2007, \$4.75; for 2008, \$4.86; and for 2009, \$4.97.~~

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

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

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

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

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

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

1. An overview of the carbon dioxide capture project.
2. A status report on the current state of the carbon dioxide capture project, including data on the amount of carbon dioxide produced from the facility before the carbon dioxide capture project and the current carbon dioxide produced and captured from the facility.
3. Any recent changes to enhance the carbon dioxide capture system.
4. Information on the status of federal law and regulations related to the carbon dioxide capture project, including any benefits from the project realized by the operator under federal law and regulations.

**SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable periods beginning after June 30, 2017.

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President of the Senate

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Speaker of the House

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2133.

Senate Vote:    Yeas 45            Nays 0            Absent 2

House Vote:    Yeas 92            Nays 0            Absent 2

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Secretary of the Senate

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2017.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2017.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2017,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

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Secretary of State