

FIRST ENGROSSMENT

Sixtieth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2282

Introduced by

Senators Heitkamp, Erbele, Wanzek

Representatives Gulleson, Nelson, Wall

1 A BILL for an Act to provide renewable fuel goals and flexible fuel vehicle registration goals; to
2 create and enact a new subsection to section 4-14.1-03.1, a new subsection to section
3 39-04-19, and two new sections to chapter 57-38 of the North Dakota Century Code, relating to
4 renewable energy research council renewable fuels grants, flexible fuel vehicle registration
5 fees, and corporate income tax credits to promote renewable energy sales and use; to provide
6 an appropriation; to provide an effective date; and to provide an expiration date.

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

8 **SECTION 1.** A new subsection to section 4-14.1-03.1 of the North Dakota Century
9 Code is created and enacted as follows:

10 The council shall administer grant programs consistent with the purposes of this
11 chapter to provide cost-share assistance to install or convert infrastructure to
12 dispense ethanol blends greater than ten percent and to store, dispense, and
13 distribute biodiesel fuel.

14 **SECTION 2. Renewable fuel goals.** To further the public policy of this state to
15 stimulate the development of renewable energy within this state, the legislative assembly
16 establishes the renewable fuel goal of replacing twenty-five percent of all petroleum used in the
17 formation of gasoline with biofuels by the year 2020. The legislative assembly adopts the
18 following schedule applicable to retailers selling more than two hundred thousand gallons
19 [758000 liters] of motor fuel per year for achieving the renewable fuel standard contained in this
20 subsection:

21		<u>PERCENTAGE OF PETROLEUM</u>
22		<u>USED IN THE FORMULATION OF</u>
23	<u>YEAR</u>	<u>GASOLINE REPLACED BY BIOFUELS</u>

1	<u>2009</u>	<u>10 percent</u>
2	<u>2010</u>	<u>11 percent</u>
3	<u>2011</u>	<u>12 percent</u>
4	<u>2012</u>	<u>13 percent</u>
5	<u>2013</u>	<u>14 percent</u>
6	<u>2014</u>	<u>15 percent</u>
7	<u>2015</u>	<u>17 percent</u>
8	<u>2016</u>	<u>19 percent</u>
9	<u>2017</u>	<u>21 percent</u>
10	<u>2018</u>	<u>23 percent</u>
11	<u>2019 and thereafter</u>	<u>25 percent</u>

12 The industrial commission may adjust the biofuel threshold percentage if flexible fuel fleet
13 registrations do not reach target levels, substantial economic harm would result from the
14 established schedule, or there is a shortage of feedstock supply for renewable fuels production.

15 **SECTION 3.** A new subsection to section 39-04-19 of the North Dakota Century Code
16 is created and enacted as follows:

17 The registration fee collected under subsection 2 or 5 must be reduced in the
18 amount of ten dollars per vehicle for flexible fuel vehicles as defined by the director
19 by rule.

20 **SECTION 4. Flexible fuel vehicles registered - Goal.** The legislative assembly
21 establishes the following goals for the registration of flexible fuel vehicles:

22	<u>YEAR</u>	<u>NUMBER OF VEHICLES</u>
23	<u>2011</u>	<u>25,000</u>
24	<u>2014</u>	<u>38,500</u>
25	<u>2017</u>	<u>50,000</u>
26	<u>2019</u>	<u>65,000</u>

27 **SECTION 5.** A new section to chapter 57-38 of the North Dakota Century Code is
28 created and enacted as follows:

29 **Corporate income tax credit for sale of ethanol-blended fuel.** A taxpayer is entitled
30 to credit against tax liability determined under section 57-38-30 for the retail sale of
31 ethanol-blended fuel. The credit is six and one-half cents per gallon for retailers that meet or

1 exceed the renewable fuel standard contained in section 2 of this Act, four and one-half cents
2 per gallon for retailers that are zero to two percent below the renewable fuel standard contained
3 in section 2 of this Act, two and one-half cents per gallon for retailers that are two to four
4 percent below the renewable fuel standard contained in section 2 of this Act, and there is no
5 credit for retailers that are more than four percent below the renewable fuel standard contained
6 in section 2 of this Act. The credit under this section may not exceed the taxpayer's liability as
7 determined under this chapter for the taxable year and each year's credit amount may be
8 carried forward for up to five taxable years.

9 **SECTION 6.** A new section to chapter 57-38 of the North Dakota Century Code is
10 created and enacted as follows:

11 **Corporate income tax for sale of biodiesel fuel.** A taxpayer is entitled to credit
12 against tax liability determined under section 57-38-30 in the amount of three cents per gallon
13 for the retail sale of biodiesel fuel of at least two percent blend. For purposes of this section,
14 "biodiesel" means fuel meeting the specifications adopted by the American society for testing
15 and materials. The credit under this section may not exceed the taxpayer's liability as
16 determined under this chapter for the taxable year and each year's credit amount may be
17 carried forward for up to five taxable years. This credit is available for retailers for which
18 biodiesel-blended fuel comprises fifty percent or more of the retailer's total fuel sales.

19 **SECTION 7. APPROPRIATION.** There is appropriated out of any moneys in the
20 renewable energy development fund in the state treasury, not otherwise appropriated, the sum
21 of \$750,000, or so much of the sum as may be necessary, to the industrial commission for the
22 purpose of providing cost-share assistance for renewable energy infrastructure enhancements,
23 for the biennium beginning July 1, 2007, and ending June 30, 2009.

24 **SECTION 8. EFFECTIVE DATE.** Sections 5 and 6 of this Act are effective for taxable
25 years beginning after December 31, 2006.

26 **SECTION 9. EXPIRATION DATE.** Section 6 of this Act is effective for taxable years
27 beginning before January 1, 2013, and after that date is ineffective.