

Sixty-fourth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2175

Introduced by

Senators Klein, O'Connell, Wanzek

Representatives Boe, D. Johnson, Pollert

1 A BILL for an Act to amend and reenact sections ~~57-39.5-02~~405.1-20 and 57-43.1-03.1 of the
2 North Dakota Century Code, relating to the agricultural research fund, the creation of the
3 supplemental extension and research fund, and the transfer of revenue from ~~the farm-~~
4 ~~machinery gross receipts tax and~~ fuel tax refunds; and to provide an effective date.

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

6 ~~SECTION 1. AMENDMENT.~~ Section ~~57-39.5-02~~ of the North Dakota Century Code is
7 ~~amended and reenacted as follows:~~

8 ~~57-39.5-02. Imposition - Transfer of funds - Exemptions.~~

9 ~~There is imposed a tax of three percent upon the gross receipts of retailers from all sales at~~
10 ~~retail, including the leasing or renting, of farm machinery or irrigation equipment used~~
11 ~~exclusively for agricultural purposes. Taxes collected under this chapter, but not exceeding two~~
12 ~~million dollars in a biennium, must be transferred to the state treasurer who shall deposit the~~
13 ~~moneys in the agricultural research fund. Gross receipts from sales at retail of farm machinery-~~
14 ~~or irrigation equipment are exempted from the tax imposed by this chapter when the sale, lease,~~
15 ~~or rental is made to a purchaser or lessor who is entitled to a sales and use tax exemption~~
16 ~~under subsection 6 or 12 of section 57-39.2-04 on otherwise taxable sales at retail. There are~~
17 ~~specifically exempted from the tax imposed by this chapter the gross receipts from the sale,~~
18 ~~lease, or rental of used farm machinery, farm machinery repair parts, used irrigation equipment,~~
19 ~~or irrigation equipment repair parts used exclusively for agricultural purposes. For purposes of~~
20 ~~this section, "used" means:~~

21 ~~1. Tax under this chapter or chapter 57-39.2 or 57-40.2 has been paid on a previous~~
22 ~~sale;~~

23 ~~2. Tax under section 57-39.5-06 has been paid under a previous lease;~~

24 ~~3. Originally purchased outside this state and previously owned by a farmer; or~~

1 ~~4. Has been under rental for three years or more.~~

2 **SECTION 1. AMENDMENT.** Section 4-05.1-20 of the North Dakota Century Code is
3 amended and reenacted as follows:

4 **4-05.1-20. Agricultural research fund - Supplemental extension and research fund -**
5 **Continuing appropriation.**

6 1. The agricultural research fund is a special fund in the state treasury. The state board
7 of agriculture research and education may receive and accept in the name of the state
8 any funds that are offered or become available from any federal grant or appropriation,
9 private gift, bequest, or donation. Any grants, appropriations, private gifts, bequests, or
10 donations to the fund must be paid to the state treasurer who shall credit that amount
11 to the agricultural research fund. The moneys in the fund must be expended for
12 purposes of agricultural research. Any interest earned by the fund is appropriated to
13 the state board of agricultural research and education. The fund balance may not
14 exceed two million dollars and any excess amount must be transferred to the
15 supplemental extension and research fund.

16 2. The supplemental extension and research fund is a special fund in the state treasury.
17 The moneys in the fund may be expended for purposes of extension service functions
18 or research to legislative appropriation.

19 **SECTION 2. AMENDMENT.** Section 57-43.1-03.1 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **57-43.1-03.1. Refund of tax for fuel used for agricultural purposes - Reductions.**

22 Any consumer who buys or uses any motor vehicle fuel for an agricultural purpose on which
23 the motor vehicle fuel tax has been paid may file a claim with the commissioner for a refund
24 under this chapter. ~~The amount of the tax refund under this section must be reduced by seven-~~
25 ~~cents per gallon [3.79 liters] except for those fuels used in aircraft or with respect to refunds-~~
26 ~~claimed by aircraft fuel users. The amount per gallon [3.79 liters] withheld from the refund must~~
27 ~~be deposited in the agricultural research fund.~~

28 **SECTION 3. EFFECTIVE DATE.** ~~This~~Section 2 of this Act is effective for taxable events
29 occurring after June 30, 2015.