

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1455**

Introduced by

Representatives O'Brien, Hagert, Monson, Roers Jones, Schauer, Schreiber-Beck

Senators Kreun, Patten, J. Roers, Wanzek

1 A BILL for an Act to create and enact a new subdivision to subsection 3 of section 54-35-26, a
2 new section to chapter 57-39.2, and a new subdivision to subsection 3 of section 57-40.2-03.3
3 of the North Dakota Century Code, relating to evaluation of economic development tax
4 incentives and a sales and use tax exemption for raw materials, single-use product contact
5 systems, and reagents used for biologic manufacturing; and to provide an effective date.

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

7 **SECTION 1.** A new subdivision to subsection 3 of section 54-35-26 of the North Dakota
8 Century Code is created and enacted as follows:

9 Sales and use tax exemption for raw materials, single-use product contact
10 systems, and reagents used for biologic manufacturing.

11 **SECTION 2.** A new section to chapter 57-39.2 of the North Dakota Century Code is created
12 and enacted as follows:

13 **Sales tax exemption for raw materials, single-use product contact systems, and**
14 **reagents used for biologic manufacturing.**

15 1. Gross receipts from sales of raw materials, single-use product contact systems, and
16 reagents used directly for discovery, testing, screening, and production for biologic
17 manufacturing in this state are exempt from taxes under this chapter.

18 2. To receive the exemption at the time of purchase, the taxpayer must receive from the
19 tax commissioner a certificate that the raw materials, single-use product contact
20 systems, or reagents qualify for the exemption.

21 3. For purposes of this section:

22 a. "Biologic manufacturing" means the manufacturing process used to support
23 biologic product discovery, development, generation, product impurity removal,

1 chemical or physical product alteration, and analysis of in-process products to
2 final deliverable products which exclusively occurs within this state.

3 b. "Single-use product contact systems" means tubing, capsule filters, ion exchange
4 membrane chromatography devices, mixers, bioreactors, sterile fluid containment
5 bags, connection devices, and sampling receptacles.

6 **SECTION 3.** A new subdivision to subsection 3 of section 57-40.2-03.3 of the North Dakota
7 Century Code is created and enacted as follows:

8 Raw materials, single-use product contact systems, and reagents used for
9 biologic manufacturing as authorized or approved for exemption by the tax
10 commissioner under section 2 of this Act.

11 **SECTION 4. EFFECTIVE DATE.** Sections 2 and 3 of this Act are effective for taxable
12 events occurring after June 30, 2023.