

Sixty-fifth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1043

Introduced by

Legislative Management

(Judiciary Committee)

1 A BILL for an Act to amend and reenact section 1-02-12, subsection 10 of section 11-31-03,
2 subsection 1 of section 14-20-12, section 24-02-30, subsection 1 of section 25-02-01.1,
3 sections 50-06-06.2 and 52-10-04, subsection 4 of section 52-10-05, section 52-10-07,
4 subsection 17 of section 54-52-01, sections 57-15-06 and 57-15-08, subsection 1 of section
5 57-34-03, subsections 2 and 7 of section 57-38-30.3, and section 57-51.1-03.1 of the North
6 Dakota Century Code, relating to technical corrections and improper, inaccurate, redundant,
7 missing, or obsolete references; to repeal sections 54-40.3-03, 57-15-10.2, 57-38-01.29, and
8 57-38-01.30 of the North Dakota Century Code, relating to obsolete provisions; and to provide
9 an effective date.

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

11 **SECTION 1. AMENDMENT.** Section 1-02-12 of the North Dakota Century Code is amended
12 and reenacted as follows:

13 **1-02-12. ~~Headnote~~Caption, cross-reference note, and source note.**

14 No ~~headnote~~caption, source note, or cross-reference note, whether designating an entire
15 title, chapter, section, subsection, or subdivision, constitutes any part of a statute. A
16 ~~headnote~~caption may not be used to determine legislative intent or the legislative history for any
17 statute. An effective date or expiration date note ~~preceding~~immediately following a
18 ~~headnote~~caption is not a part of the ~~headnote~~caption and is a part of the statute.

19 **SECTION 2. AMENDMENT.** Subsection 10 of section 11-31-03 of the North Dakota Century
20 Code is amended and reenacted as follows:

21 10. Cooperate with the ~~public roads~~federal highway administration or successors, the
22 state department of transportation, and the townships of the county.

23 **SECTION 3. AMENDMENT.** Subsection 1 of section 14-20-12 of the North Dakota Century
24 Code is amended and reenacted as follows:

- 1 1. An acknowledgment of paternity must:
- 2 a. Be in a record;
- 3 b. Be signed, or otherwise authenticated, under penalty of perjury by the mother
- 4 and by the man seeking to establish his paternity;
- 5 c. State that the child whose paternity is being acknowledged:
- 6 (1) Does not have a presumed father, or has a presumed father whose full
- 7 name is stated; and
- 8 (2) Does not have another acknowledged or adjudicated father;
- 9 d. State whether there has been genetic testing and, if so, that the acknowledging
- 10 man's claim of paternity is consistent with the results of the testing; and
- 11 e. State that the signatories understand that the acknowledgment is the equivalent
- 12 of a judicial adjudication of paternity of the child and that a challenge to the
- 13 acknowledgment is permitted only under limited circumstances and is barred
- 14 after ~~one year~~two years.

15 **SECTION 4. AMENDMENT.** Section 24-02-30 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **24-02-30. Conditions precedent to demand for arbitration against director.**

18 No right exists to demand arbitration against the director until the conditions specified in this
19 section have been complied with. The contractor shall give the director notice in writing that the
20 contractor claims the contract has been or will be performed fully on a day stated, which may
21 not be less than ten days after the giving of such notice. At the time stated in the notice the
22 director shall cause the work to be inspected, and if the director claims the work has not been
23 completed, the director, with all reasonable dispatch, having regard to the early completion of
24 the work, shall specify the particulars in which it is incomplete and shall direct that it be
25 completed accordingly, or if the director considers further work necessary to bring the project up
26 to the desired standard for acceptance either by the director or the ~~United States public~~
27 ~~roads~~federal highway administration, even though the director considers such contract
28 complete, the director likewise may specify any such additional work. The contractor shall
29 proceed with all reasonable dispatch, having due regard to weather conditions, with the
30 performance of all such additional work with a view to a speedy completion of the project. When
31 the contractor claims in good faith, supported by affidavit furnished to the director, that the

1 contractor has completed such additional work according to the specifications furnished to the
2 contractor, and the director fails for ten days to accept such work as completed, the contractor
3 has the right to institute proceedings under this chapter.

4 **SECTION 5. AMENDMENT.** Subsection 1 of section 25-02-01.1 of the North Dakota
5 Century Code is amended and reenacted as follows:

6 1. The department of human services shall seek appropriations and resources sufficient
7 to ensure maintenance of the state hospital's accreditation by the joint commission on
8 ~~accreditation of health care organizations~~ and certification by the health care financing
9 administration or by similar accrediting and certifying organizations and agencies
10 possessing hospital standards recognized by the health care industry and accepted by
11 the department.

12 **SECTION 6. AMENDMENT.** Section 50-06-06.2 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **50-06-06.2. Clinic services - Provider qualification - Utilization of federal funds.**

15 Within the limits of legislative appropriation therefor and in accordance with rules
16 established by the department, the department may defray the costs of preventive diagnostic,
17 therapeutic, rehabilitative, or palliative items or services furnished medical assistance eligible
18 individuals by regional human service centers. Within the limits of legislative appropriations and
19 to the extent permitted by state and federal law and regulations established thereunder, it is the
20 intent of the legislative assembly that federal funds available under title XIX of the Social
21 Security Act [42 U.S.C. 1396 et seq.] be utilized to defray the costs of identifiable mental health
22 clinic services furnished eligible individuals in regional human service centers and that federal
23 funds available under title XX of the Social Security Act [42 U.S.C. 1397 et seq.] be utilized to
24 defray the costs of identifiable social services furnished to eligible individuals by county social
25 service boards and regional human service centers.

26 **SECTION 7. AMENDMENT.** Section 52-10-04 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **52-10-04. Contributions by employees of the state and of political subdivisions.**

29 1. Every employee of the state or of a political subdivision and every employer is
30 required to pay for the period of such coverage, into the contribution fund established
31 by section 52-10-06, contributions, with respect to wages, as defined in section

1 52-10-02, equal to the amount of the tax which would be imposed by the Federal
2 Insurance Contributions Act if such services constituted employment within the
3 meaning of that Act. Such employee's liability shall arise in consideration of the
4 employee's retention in the service of the state or of a political subdivision or the
5 employee's entry upon such service, after the enactment of this chapter.

6 2. The employee's contribution imposed by this section must be collected by deducting
7 the amount of the contribution from wages as and when paid, but failure to make such
8 deduction does not relieve the employee from liability for such contribution.

9 3. If more or less than the correct amount of the contribution imposed by this section is
10 paid or deducted with respect to any remuneration, proper adjustments, or refund if
11 adjustment is impracticable, must be made, without interest, in such manner and at
12 such times as the state agency shall prescribe.

13 4. ~~All unexpended employer contributions in the social security contribution fund paid in-~~
14 ~~to provide a fund out of which the legislative assembly could appropriate for the~~
15 ~~administration of this chapter and chapter 52-09 as of June 30, 1987, must be~~
16 ~~transferred by the office of management and budget to the bureau for deposit by the~~
17 ~~bureau into the old-age survivors' fund established by section 52-09-05.~~

18 **SECTION 8. AMENDMENT.** Subsection 4 of section 52-10-05 of the North Dakota Century
19 Code is amended and reenacted as follows:

20 4. Delinquent payments due under subdivision a of subsection 3 must bear interest at the
21 rate specified in the Social Security Act at 42 U.S.C. 418 and may be recovered by
22 action in a court of competent jurisdiction against the political subdivision liable
23 therefor or may, at the request of the state agency, be deducted from any other
24 moneys payable to such subdivision by any department or agency of the state. In no
25 case may the interest imposed hereby be less than five dollars. In addition, a penalty
26 may be assessed on delinquent reports if such penalty is provided for in the Social
27 Security Act at 42 U.S.C. 418. Any such penalty must be under the terms, conditions,
28 and in the amounts specified in the Social Security Act. In no case may any penalty
29 imposed hereby be less than five dollars. ~~Annually, on each September thirtieth, the~~
30 ~~bureau shall determine the balance in the fund created by section 52-10-06 resulting~~
31 ~~from interest and penalties collected which are not or will not be due to the secretary~~

1 of the treasury. The bureau shall transfer this balance on September thirtieth to the
2 old-age survivors' fund created by section 52-09-05.

3 **SECTION 9. AMENDMENT.** Section 52-10-07 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **52-10-07. Referenda and certification.**

- 6 1. With respect to employees of the state and political subdivisions who are under
7 chapter 52-09 or who may by election come under that chapter, the governor is
8 empowered to authorize a referendum, and with respect to the employees of any
9 political subdivision who are under a locally administered retirement system, the
10 governor shall authorize a referendum upon request of the governing body of such
11 subdivision; and with respect to employees covered by any other retirement system,
12 the governor may authorize a referendum; and in either case the referendum must be
13 conducted and the governor shall designate an agency or individual to supervise its
14 conduct, in accordance with the requirements of section 218(d)(3) of the Social
15 Security Act [42 U.S.C. 418], on the question of whether service in positions covered
16 by a retirement system established by the state or by a political subdivision thereof
17 should be excluded from or included under an agreement under this chapter. The
18 notice of referendum required by section 218(d)(3)(C) of the Social Security Act [42
19 U.S.C. 418] to be given to employees must contain or must be accompanied by a
20 statement, in such form and such detail as the agency or individual designated to
21 supervise the referendum shall deem necessary and sufficient, to inform the
22 employees of the rights which will accrue to them and their dependents and survivors,
23 and the liabilities to which they will be subject, if their services are included under an
24 agreement under this chapter.
- 25 2. Upon receiving evidence satisfactory to the governor that with respect to any such
26 referendum the conditions specified in section 218(d)(3) of the Social Security Act [42
27 U.S.C. 418] have been met, the governor, or an official designated by the governor to
28 act in the governor's behalf in respect to this subsection, shall so certify to the
29 secretary of health and human services.

1 **SECTION 10. AMENDMENT.** Subsection 17 of section 54-52-01 of the North Dakota
2 Century Code, which becomes effective after July 31, 2017, is amended and reenacted as
3 follows:

4 17. "Retirement board" or "board" means the ~~seven persons designated by this chapter as~~
5 the governing authority for the retirement system created under section 54-52-03.

6 **SECTION 11. AMENDMENT.** Section 57-15-06 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **57-15-06. County general fund levy.**

9 The board of county commissioners may levy property taxes for county general fund
10 purposes at a tax rate not exceeding sixty mills per dollar of taxable valuation of property in the
11 county.

12 A county that levied more than sixty mills for taxable year 2015 for the combined number of
13 mills levied for general fund purposes plus the number of mills levied for other purposes
14 ~~consolidated into the general fund levy by this Act~~which were combined into the general fund for
15 taxable years after 2014 may levy for general fund purposes for taxable year 2016 the same
16 number of mills that was levied for those purposes for taxable year 2015. A county may levy for
17 general fund purposes for taxable year 2017 sixty mills plus seventy-five percent of the
18 combined number of mills exceeding sixty that was levied for those purposes for taxable year
19 2015. A county may levy for general fund purposes for taxable year 2018 sixty mills plus fifty
20 percent of the combined number of mills exceeding sixty that was levied for those purposes for
21 taxable year 2015. A county may levy for general fund purposes for taxable year 2019 sixty mills
22 plus twenty-five percent of the combined number of mills exceeding sixty that was levied for
23 those purposes for taxable year 2015.

24 Unless a specific exception is provided by statute, the county general fund levy limitation
25 under this section applies to all property taxes the board of county commissioners is authorized
26 to levy for general county purposes.

27 **SECTION 12. AMENDMENT.** Section 57-15-08 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **57-15-08. General fund levy limitations in cities.**

30 The aggregate amount levied for city general fund purposes may not exceed an amount
31 produced by a levy of one hundred five mills on the taxable valuation of property in the city. A

1 city, when authorized by a majority vote of the electors of the city voting on the question at a
2 regularly scheduled or special election called for such purpose pursuant to a resolution
3 approved by the governing body of the city, may increase the maximum mill levy for general city
4 purposes by not more than ten mills.

5 A city that levied more than one hundred five mills for taxable year 2015 in the combined
6 number of mills levied for general fund purposes plus the number of mills levied for other
7 purposes consolidated into the general fund levy by this Act which were combined into the
8 general fund for taxable years after 2014 may levy for general fund purposes for taxable year
9 2016 the same number of mills that was levied for those purposes for taxable year 2015. A city
10 may levy for general fund purposes for taxable year 2017 one hundred five mills plus
11 seventy-five percent of the combined number of mills exceeding one hundred five that was
12 levied for those purposes for taxable year 2015. A city may levy for general fund purposes for
13 taxable year 2018 one hundred five mills plus fifty percent of the combined number of mills
14 exceeding one hundred five that was levied for those purposes for taxable year 2015. A city
15 may levy for general fund purposes for taxable year 2019 one hundred five mills plus
16 twenty-five percent of the combined number of mills exceeding one hundred five that was levied
17 for those purposes for taxable year 2015.

18 **SECTION 13. AMENDMENT.** Subsection 1 of section 57-34-03 of the North Dakota
19 Century Code is amended and reenacted as follows:

20 1. On or before July fifteenth of each year, the tax commissioner shall review the report
21 under ~~subsection 3~~ of section 57-34-02 and compute the total tax to be assessed
22 against each telecommunications carrier in this state at a rate of two and one-half
23 percent of adjusted gross receipts. If the tax commissioner's computation of the total
24 tax differs from the amount computed by a telecommunications carrier, the tax
25 commissioner shall give notice of the change by mail to that telecommunications
26 carrier on or before July fifteenth. The state board of equalization shall assess the tax
27 under this section after consideration of any contest presented.

28 **SECTION 14. AMENDMENT.** Subsection 2 of section 57-38-30.3 of the North Dakota
29 Century Code is amended and reenacted as follows:

- 1 2. For purposes of this section, "North Dakota taxable income" means the federal taxable
2 income of an individual, estate, or trust as computed under the Internal Revenue Code
3 of 1986, as amended, adjusted as follows:
- 4 a. Reduced by interest income from obligations of the United States and income
5 exempt from state income tax under federal statute or United States or North
6 Dakota constitutional provisions.
- 7 b. Reduced by the portion of a distribution from a qualified investment fund
8 described in section 57-38-01 which is attributable to investments by the qualified
9 investment fund in obligations of the United States, obligations of North Dakota or
10 its political subdivisions, and any other obligation the interest from which is
11 exempt from state income tax under federal statute or United States or North
12 Dakota constitutional provisions.
- 13 c. Reduced by the amount equal to the earnings that are passed through to a
14 taxpayer in connection with an allocation and apportionment to North Dakota
15 under section 57-38-01.35.
- 16 d. Reduced by forty percent of:
- 17 (1) The excess of the taxpayer's net long-term capital gain for the taxable year
18 over the net short-term capital loss for that year, as computed for purposes
19 of the Internal Revenue Code of 1986, as amended. The adjustment
20 provided by this subdivision is allowed only to the extent the net long-term
21 capital gain is allocated to this state.
- 22 (2) Qualified dividends as defined under Internal Revenue Code section 1(h)
23 (11), added by section 302(a) of the Jobs and Growth Tax Relief
24 Reconciliation Act of 2003 [Pub. L. 108-27; 117 Stat. 752; 2 U.S.C. 963
25 et seq.], but only if taxed at a federal income tax rate that is lower than the
26 regular federal income tax rates applicable to ordinary income. If, for any
27 taxable year, qualified dividends are taxed at the regular federal income tax
28 rates applicable to ordinary income, the reduction allowed under this
29 subdivision is equal to thirty percent of all dividends included in federal
30 taxable income. The adjustment provided by this subdivision is allowed only
31 to the extent the qualified dividend income is allocated to this state.

- 1 e. Increased by the amount of a lump sum distribution for which income averaging
2 was elected under section 402 of the Internal Revenue Code of 1986 [26 U.S.C.
3 402], as amended. This adjustment does not apply if the taxpayer received the
4 lump sum distribution while a nonresident of this state and the distribution is
5 exempt from taxation by this state under federal law.
- 6 f. Increased by an amount equal to the losses that are passed through to a
7 taxpayer in connection with an allocation and apportionment to North Dakota
8 under section 57-38-01.35.
- 9 g. Reduced by the amount received by the taxpayer as payment for services
10 performed when mobilized under title 10 United States Code federal service as a
11 member of the national guard or reserve member of the armed forces of the
12 United States. This subdivision does not apply to federal service while attending
13 annual training, basic military training, or professional military education.
- 14 h. Reduced by income from a new and expanding business exempt from state
15 income tax under section 40-57.1-04.
- 16 ~~i. Reduced by interest and income from bonds issued under chapter 11-37.~~
- 17 ~~j. Reduced by up to ten thousand dollars of qualified expenses that are related to a~~
18 ~~donation by a taxpayer or a taxpayer's dependent, while living, of one or more~~
19 ~~human organs to another human being for human organ transplantation. A~~
20 ~~taxpayer may claim the reduction in this subdivision only once for each instance~~
21 ~~of organ donation during the taxable year in which the human organ donation and~~
22 ~~the human organ transplantation occurs but if qualified expenses are incurred in~~
23 ~~more than one taxable year, the reduction for those expenses must be claimed in~~
24 ~~the year in which the expenses are incurred. For purposes of this subdivision:~~
- 25 (1) "Human organ transplantation" means the medical procedure by which
26 transfer of a human organ is made from the body of one person to the body
27 of another person.
- 28 (2) "Organ" means all or part of an individual's liver, pancreas, kidney, intestine,
29 lung, or bone marrow.
- 30 (3) "Qualified expenses" means lost wages not compensated by sick pay and
31 unreimbursed medical expenses as defined for federal income tax

1 purposes, to the extent not deducted in computing federal taxable income,
2 whether or not the taxpayer itemizes federal income tax deductions.

3 ~~k.j.~~ Increased by the amount of the contribution upon which the credit under section
4 57-38-01.21 is computed, but only to the extent that the contribution reduced
5 federal taxable income.

6 ~~l.~~ ~~Reduced by the amount of any payment received by a veteran or beneficiary of a~~
7 ~~veteran under section 37-28-03 or 37-28-04.~~

8 ~~m.~~ ~~Reduced by the amount received by a taxpayer that was paid by an employer~~
9 ~~under paragraph 4 of subdivision a of subsection 2 of section 57-38-01.25 to hire~~
10 ~~the taxpayer for a hard-to-fill position under section 57-38-01.25, but only to the~~
11 ~~extent the amount received by the taxpayer is included in federal taxable income.~~
12 ~~The reduction applies only if the employer is entitled to the credit under section~~
13 ~~57-38-01.25. The taxpayer must attach a statement from the employer in which~~
14 ~~the employer certifies that the employer is entitled to the credit under section~~
15 ~~57-38-01.25 and which specifically identified the type of payment and the amount~~
16 ~~of the exemption under this section.~~

17 ~~n.k.~~ Reduced by the amount up to a maximum of five thousand dollars, or ten
18 thousand dollars if a joint return is filed, for contributions made under a higher
19 education savings plan administered by the Bank of North Dakota, pursuant to
20 section 6-09-38.

21 ~~o.l.~~ Reduced by the amount of income of a taxpayer, who resides anywhere within
22 the exterior boundaries of a reservation situated in this state or situated both in
23 this state and in an adjoining state and who is an enrolled member of a federally
24 recognized Indian tribe, from activities or sources anywhere within the exterior
25 boundaries of a reservation situated in this state or both situated in this state and
26 in an adjoining state.

27 ~~p.m.~~ For married individuals filing jointly, reduced by an amount equal to the excess of
28 the recomputed itemized deductions or standard deduction over the amount of
29 the itemized deductions or standard deduction deducted in computing federal
30 taxable income. For purposes of this subdivision, "itemized deductions or
31 standard deduction" means the amount under section 63 of the Internal Revenue

1 Code that the married individuals deducted in computing their federal taxable
2 income and "recomputed itemized deductions or standard deduction" means an
3 amount determined by computing the itemized deductions or standard deduction
4 in a manner that replaces the basic standard deduction under section 63(c)(2) of
5 the Internal Revenue Code for married individuals filing jointly with an amount
6 equal to double the amount of the basic standard deduction under section 63(c)
7 (2) of the Internal Revenue Code for a single individual other than a head of
8 household and surviving spouse. If the married individuals elected under
9 section 63(e) of the Internal Revenue Code to deduct itemized deductions in
10 computing their federal taxable income even though the amount of the allowable
11 standard deduction is greater, the reduction under this subdivision is not allowed.
12 Married individuals filing jointly shall compute the available reduction under this
13 subdivision in a manner prescribed by the tax commissioner.

14 **SECTION 15. AMENDMENT.** Subsection 7 of section 57-38-30.3 of the North Dakota
15 Century Code is amended and reenacted as follows:

- 16 7. A taxpayer filing a return under this section is entitled to the following tax credits:
- 17 a. Family care tax credit under section 57-38-01.20.
 - 18 b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.
 - 19 c. Agricultural business investment tax credit under section 57-38.6-03.
 - 20 d. Seed capital investment tax credit under section 57-38.5-03.
 - 21 e. Planned gift tax credit under section 57-38-01.21.
 - 22 f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and
23 57-38-01.23.
 - 24 g. Internship employment tax credit under section 57-38-01.24.
 - 25 h. Workforce recruitment credit under section 57-38-01.25.
 - 26 i. Angel fund investment tax credit under section 57-38-01.26.
 - 27 j. Microbusiness tax credit under section 57-38-01.27.
 - 28 k. Marriage penalty credit under section 57-38-01.28.
 - 29 l. ~~Homestead income tax credit under section 57-38-01.29.~~
 - 30 m. ~~Commercial property income tax credit under section 57-38-01.30.~~
 - 31 n. Research and experimental expenditures under section 57-38-30.5.

- 1 e.m. Geothermal energy device installation credit under section 57-38-01.8.
- 2 p.n. Long-term care partnership plan premiums income tax credit under section
- 3 57-38-29.3.
- 4 e.o. Employer tax credit for salary and related retirement plan contributions of
- 5 mobilized employees under section 57-38-01.31.
- 6 r.p. Automating manufacturing processes tax credit under section 57-38-01.33
- 7 (effective for the first five taxable years beginning after December 31, 2012).
- 8 s.q. Income tax credit for passthrough entity contributions to private education
- 9 institutions under section 57-38-01.7.

10 **SECTION 16. AMENDMENT.** Section 57-51.1-03.1 of the North Dakota Century Code is

11 amended and reenacted as follows:

12 **57-51.1-03.1. Stripper well, new well, work-over, and secondary or tertiary project**

13 **certification for tax exemption or rate reduction - Filing requirement.**

- 14 1. To receive the benefits of a tax exemption or tax rate reduction, a certification of
- 15 qualifying well status prepared by the industrial commission must be submitted to the
- 16 tax commissioner as follows:
- 17 4. a. To receive, from the first day of eligibility, a tax exemption on production from a
- 18 stripper well property or individual stripper well under subsection 2 of section
- 19 57-51.1-03, the industrial commission's certification must be submitted to the tax
- 20 commissioner within eighteen months after the end of the stripper well property's
- 21 or stripper well's qualification period.
- 22 2. ~~To receive, from the first day of eligibility, a tax exemption under subsection 3 of~~
- 23 ~~section 57-51.1-03 and a rate reduction on production from a new well under section~~
- 24 ~~57-51.1-02, the industrial commission's certification must be submitted to the tax~~
- 25 ~~commissioner within eighteen months after a new well is completed.~~
- 26 3. ~~To receive, from the first day of eligibility, a tax exemption under subsection 4 of~~
- 27 ~~section 57-51.1-03 and a rate reduction for a work-over well under section 57-51.1-02,~~
- 28 ~~the industrial commission's certification must be submitted to the tax commissioner~~
- 29 ~~within eighteen months after the work-over project is completed.~~
- 30 4. b. To receive, from the first day of eligibility, a tax exemption under subsection 3 of
- 31 section 57-51.1-03 and a tax rate reduction under section 57-51.1-02 on

1 production from a secondary or tertiary project, the industrial commission's
2 certification must be submitted to the tax commissioner within the following time-
3 periods:

4 a. ~~For a tax exemption, within~~ eighteen months after the month in which the first
5 incremental oil was produced.

6 b. ~~For a tax rate reduction, within eighteen months after the end of the period~~
7 ~~qualifying the project for the rate reduction.~~

8 5. c. To receive, from the first day of eligibility, a tax exemption or the reduction on
9 production for which any other tax exemption or rate reduction may apply, the
10 industrial commission's certification must be submitted to the tax commissioner
11 within eighteen months of the completion, recompletion, or other qualifying date.

12 6. ~~To receive, from the first day of eligibility, a tax exemption under subsection 6 of~~
13 ~~section 57-51.1-03 on production from a two-year inactive well, the industrial~~
14 ~~commission's certification must be submitted to the tax commissioner within eighteen~~
15 ~~months after the end of the two-year inactive well's qualification period.~~

16 2. If the industrial commission's certification is not submitted to the tax commissioner
17 within the eighteen-month period provided in this section, then the exemption or rate
18 reduction does not apply for the production periods in which the certification is not on
19 file with the tax commissioner. When the industrial commission's certification is
20 submitted to the tax commissioner after the eighteen-month period, the tax exemption
21 or rate reduction applies to prospective production periods only and the exemption or
22 rate reduction is effective the first day of the month in which the certification is
23 received by the tax commissioner.

24 **SECTION 17. REPEAL.** Sections 54-40.3-03, 57-15-10.2, 57-38-01.29, and 57-38-01.30 of
25 the North Dakota Century Code are repealed.

26 **SECTION 18. EFFECTIVE DATE.** Section 16 of this Act is effective for taxable events
27 occurring after December 31, 2015.