17.0347.03000

Sixty-fifth Legislative Assembly of North Dakota

FIRST ENGROSSMENT with Senate Amendments ENGROSSED HOUSE BILL NO. 1166

Introduced by

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Representatives Carlson, Dockter, Headland, Toman

1	A BILL for an Act to amend and reenact section 57-51.1-03.1 and subsection 3 of section	
2	57-51.2-02 of the North Dakota Century Code, relating to filing requirements for oil extraction	
3	tax exer	nptions and rate reductions and the oil extraction tax rate attributable to revenue
4	sharing	agreements with tribal governing bodies; and to provide an effective date.
5	BE IT E	NACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:
6	SEC	TION 1. AMENDMENT. Section 57-51.1-03.1 of the North Dakota Century Code is
7	amended and reenacted as follows:	
8	57-5	51.1-03.1. Stripper well, new well, work-over, and secondary or tertiary project
9	certifica	tion for tax exemption or rate reduction - Filing requirement.
10	<u>1.</u>	To receive the benefits of a tax exemption or tax rate reduction, a certification of
11		qualifying well status prepared by the industrial commission must be submitted to the
12		tax commissioner as follows:
13	1.	<u>a.</u> To receive, from the first day of eligibility, a tax exemption on production from a
14		stripper well property or individual stripper well under subsection 2 of section
15		57-51.1-03, the industrial commission's certification must be submitted to the tax
16		commissioner within eighteen months after the end of the stripper well property's
17		or stripper well's qualification period.
18	2.	To receive, from the first day of eligibility, a tax exemption under subsection 3 of
19		section 57-51.1-03 and a rate reduction on production from a new well under section-
20		57-51.1-02, the industrial commission's certification must be submitted to the tax
21		commissioner within eighteen months after a new well is completed.
22	3.	To receive, from the first day of eligibility, a tax exemption under subsection 4 of

section 57-51.1-03 and a rate reduction for a work-over well under section 57-51.1-02,

- the industrial commission's certification must be submitted to the tax commissioner
 within eighteen months after the work-over project is completed.
 - 4. <u>b.</u> To receive, from the first day of eligibility, a tax exemption under subsection 3 of section 57-51.1-03 and a tax rate reduction under section 57-51.1-02 on production from a secondary or tertiary project, the industrial commission's certification must be submitted to the tax commissioner within the following time-periods:
 - a. For a tax exemption, within eighteen months after the month in which the first incremental oil was produced.
 - b. For a tax rate reduction, within eighteen months after the end of the period qualifying the project for the rate reduction.
 - 5. c. To receive, from the first day of eligibility, a tax exemption or the reduction on production for which any other tax exemption or rate reduction may apply, the industrial commission's certification must be submitted to the tax commissioner within eighteen months of the completion, recompletion, or other qualifying date.
 - 6. To receive, from the first day of eligibility, a tax exemption under subsection 6 of section 57-51.1-03 on production from a two-year inactive well, the industrial commission's certification must be submitted to the tax commissioner within eighteen months after the end of the two-year inactive well's qualification period.
 - 2. If the industrial commission's certification is not submitted to the tax commissioner within the eighteen-month period provided in this section, then the exemption or rate reduction does not apply for the production periods in which the certification is not on file with the tax commissioner. When the industrial commission's certification is submitted to the tax commissioner after the eighteen-month period, the tax exemption or rate reduction applies to prospective production periods only and the exemption or rate reduction is effective the first day of the month in which the certification is received by the tax commissioner.
 - **SECTION 2. AMENDMENT.** Subsection 3 of section 57-51.2-02 of the North Dakota Century Code is amended and reenacted as follows:
 - 3. The state's oil extraction tax under chapter 57-51.1 as applied must apply to oil and gas production attributable to trust lands on the reservation and on trust properties

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outside reservation boundaries may not exceed six and one-half percent but may be reduced through negotiation between the governor and the tribal governing body.

SECTION 3. EFFECTIVE DATE. This Act is effective for taxable events occurring after June 30, 2017.