

Introduced by

Representatives O'Brien, Monson, Schreiber-Beck

Senators Kreun, Wanzek

1 A BILL for an Act to create and enact a new section to chapter 57-39.2 and a new subdivision to  
2 subsection 4 of section 57-40.2-03.3 of the North Dakota Century Code, relating to a sales and  
3 use tax exemption for materials used in the research and development of bioscience and  
4 biotechnology; and to provide an effective date.

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

6 **SECTION 1.** A new section to chapter 57-39.2 of the North Dakota Century Code is created  
7 and enacted as follows:

8 **Sales tax exemption for materials used in the research and development of**  
9 **bioscience and biotechnology.**

- 10 1. Gross receipts from sales of tangible personal property purchased for use, storage, or  
11 consumption directly and predominately in the research and development of  
12 bioscience and biotechnology.
- 13 2. To receive the exemption at the time of purchase, the qualified biotechnology taxpayer  
14 or qualified bioscience taxpayer must receive from the tax commissioner a certificate  
15 that the tangible personal property qualifies for the exemption. If a certificate is not  
16 received before the purchase, the qualified biotechnology taxpayer or qualified  
17 bioscience taxpayer shall pay the applicable tax imposed by this chapter and apply to  
18 the tax commissioner for a refund.
- 19 3. If the tangible personal property is purchased or installed by a contractor subject to the  
20 tax imposed by this chapter, the qualified biotechnology taxpayer or qualified  
21 bioscience taxpayer may apply for a refund of the difference between the amount  
22 remitted by the contractor.
- 23 4. For purposes of this section:

- 1           a. "Bioscience" means the use of compositions, methods, and organisms in cellular  
2           and molecular research, development, and manufacturing processes in areas,  
3           including pharmaceuticals, medical therapeutics, medical diagnostics, medical  
4           devices, medical instruments, biochemistry, microbiology, veterinary medicine,  
5           plant biology, and agriculture and industrial, environmental, and homeland  
6           security applications of bioscience.
- 7           b. "Biotechnology" means:  
8           (1) The application of technologies to produce or modify products, to develop  
9           micro-organisms for specific uses, to identify targets for small  
10           pharmaceutical development, or to transform biological systems into useful  
11           processes or products; and  
12           (2) The potential endpoints of the resulting products, processes,  
13           micro-organisms, or targets for improving human or animal health care  
14           outcomes.
- 15           b. "Research and development" means qualified research as defined in  
16           section 41(d)(1) of the Internal Revenue Code [26 U.S.C. 41(d)(1)], except it  
17           does not include research conducted outside the state.
- 18           c. "Tangible personal property" includes capital equipment, instruments, apparatus,  
19           inputs, and supplies used in laboratories, including microscopes, machines,  
20           glassware, chemical reagents, computers, computer software, and technical  
21           books and manuals.
- 22           d. "Qualified bioscience taxpayer" means a person that is engaged in the business  
23           of bioscience in the state and has business operations in the state, including  
24           research, development, or production directed toward developing or providing  
25           bioscience products or processes for specific commercial or public purposes.
- 26           e. "Qualified biotechnology taxpayer" means a C corporation, partnership, limited  
27           liability company that is not a C corporation, S corporation, or sole proprietorship  
28           that purchases, stores, uses, or consumes tangible personal property to be used  
29           directly and predominately in the research and development of biotechnology.

30           **SECTION 2.** A new subdivision to subsection 4 of section 57-40.2-03.3 of the North Dakota  
31 Century Code is created and enacted as follows:

1                   Tangible personal property as authorized or approved for exemption by the tax  
2                   commissioner under section 1 of this Act.

3           **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
4 June 30, 2021.