

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1166**

Introduced by

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 exemptions 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 ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 57-51.1-03.1 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **57-51.1-03.1. Stripper well, new well, ~~work-over~~, and secondary or tertiary project**
9 **certification for tax exemption or rate reduction - Filing requirement.**

- 10 1. 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 4. a. 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~~
23 ~~section 57-51.1-03 and a rate reduction for a work-over well under section 57-51.1-02,~~

1 ~~the industrial commission's certification must be submitted to the tax commissioner~~
2 ~~within eighteen months after the work-over project is completed.~~

3 4. b. To receive, from the first day of eligibility, a tax exemption under subsection 3 of
4 section 57-51.1-03 ~~and a tax rate reduction under section 57-51.1-02~~ on
5 production from a secondary or tertiary project, the industrial commission's
6 certification must be submitted to the tax commissioner ~~within the following time~~
7 ~~periods:~~

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

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

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

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

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

28 **SECTION 2. AMENDMENT.** Subsection 3 of section 57-51.2-02 of the North Dakota
29 Century Code is amended and reenacted as follows:

30 3. The state's oil extraction tax under chapter 57-51.1 ~~as applied~~ must apply to oil and
31 gas production attributable to trust lands on the reservation and on trust properties

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

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