

**FIRST ENGROSSMENT
with Senate Amendments**

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1314

Introduced by

Representatives Nelson, Delmore, Klein, Svedjan

Senators Bercier, Trenbeath

1 A BILL for an Act to create and enact three new sections to chapter 49-02 and two new
2 subsections to section 57-38-01.8 of the North Dakota Century Code, relating to a renewable
3 electricity and recycled energy credit trading and tracking system by the public service
4 commission and a tax credit for a wind energy device; 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 49-02 of the North Dakota Century Code is
7 created and enacted as follows:

8 **Renewable electricity and recycled energy credit trading and tracking system.**

9 Notwithstanding any other provision of law, the commission by rule may establish or participate
10 in a program to track, record, and verify the trading of credits for electricity generated from
11 renewable and recycled heat sources among electric generators, utilities, and other interested
12 entities within this state and with similar entities in other states. This section applies to all
13 public utilities, electric cooperatives, and municipal electric utilities.

14 **SECTION 2.** A new section to chapter 49-02 of the North Dakota Century Code is
15 created and enacted as follows:

16 **Renewable electricity and recycled energy defined.** As used in section 1 of this Act,
17 renewable electricity and recycled energy include electricity generated from facilities using the
18 following sources:

- 19 1. Solar, using the sun as the source of energy for producing electricity.
- 20 2. Wind, using the wind as the source of energy for producing electricity.
- 21 3. Biomass, using agricultural crops and agricultural wastes and residues, wood and
22 wood wastes and residues, animal wastes, and landfill gas as the fuel to produce
23 electricity.

- 1 4. Geothermal, using energy contained in heat that continuously flows outward from
- 2 the earth as the source of energy to produce electricity.
- 3 5. Hydrogen, provided that the hydrogen is generated from a source listed in this
- 4 section.
- 5 6. Recycled energy systems producing electricity from currently unused waste heat
- 6 resulting from combustion or other processes into electricity and which do not use
- 7 an additional combustion process. The term does not include any system whose
- 8 primary purpose is the generation of electricity.

9 **SECTION 3.** A new section to chapter 49-02 of the North Dakota Century Code is
10 created and enacted as follows:

11 **Qualifying for renewable electricity and recycled energy credits.** For purposes of
12 qualifying for renewable electricity and recycled energy credits, electricity must be generated
13 from a source identified in section 2 of this Act.

14 **SECTION 4.** Two new subsections to section 57-38-01.8 of the North Dakota Century
15 Code are created and enacted as follows:

16 If a taxpayer entitled to the credit provided by this section is a member of a group
17 of corporations filing a North Dakota consolidated tax return using the combined
18 reporting method, the credit may be claimed against the aggregate North Dakota
19 tax liability of all of the corporations included in the North Dakota consolidated
20 return.

21 The credit allowed under this section may not exceed the liability for tax under this
22 chapter. If the amount of credit determined under this section exceeds the liability
23 for tax under this chapter, the excess may be used as a credit carryover to each of
24 the five succeeding taxable years.

25 **SECTION 5. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
26 December 31, 2004.