Sixty-first Legislative Assembly of North Dakota In Regular Session Commencing Tuesday, January 6, 2009

HOUSE BILL NO. 1235 (Representatives Skarphol, Froseth, Wald) (Senators Bowman, O'Connell, Wardner)

AN ACT to amend and reenact subsection 9 of section 57-51.1-03 of the North Dakota Century Code, relating to an oil extraction tax rate reduction for horizontal wells; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 9 of section 57-51.1-03 of the North Dakota Century Code is amended and reenacted as follows:

The first seventy-five thousand barrels or the first four million five hundred thousand dollars of gross value at the well, whichever is less, of oil produced during the first eighteen months after completion, from a horizontal well drilled and completed in the Bakken formation after June 30, 2007, and before July 1, 2008 April 30, 2009, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption for horizontal wells under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty-four months after completion. The rate reduction under this subsection becomes effective on the first day of the month following a month for which the average price of a barrel of crude oil is less than fifty-five dollars. The rate reduction under this subsection becomes ineffective on the first day of the month following a month in which the average price of a barrel of crude oil exceeds seventy dollars. If the rate reduction under this subsection is effective on the date of completion of a well, the rate reduction applies to production from that well for up to eighteen months after completion, subject to the other limitations of this subsection. If the rate reduction under this subsection is ineffective on the date of completion of a well, the rate reduction under this subsection does not apply to production from that well at any time.

SECTION 2. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for wells drilled and completed after April 30, 2009. However, if on May 1, 2009, the exemptions under subsection 3 of section 57-51.1-03 have been reinstated, this Act does not become effective until the first day of the month when the exemptions under subsection 3 of section 57-51.1-03 become ineffective, by operation of the trigger price provision in subsection 3 of section 57-51.1-03. This Act is effective for taxable events occurring through June 30, 2012, and is thereafter ineffective.

SECTION 3. EMERGENCY. This Act is declared to be an emergency measure.

Speaker of the House Chief Clerk of the House				President of the Senate			
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Assembly	of North D	akota and is Ì	known on the	records of t		se Bill N	cty-first Legislative No. 1235 and that I law.
Vote:	Yeas	80	Nays	12	Absent	2	
	Speaker	of the House		Chief Clerk of the House			
This certifie	es that two	-thirds of the r	members-elect	of the Sena	ate voted in favor	of said	law.
Vote:	Yeas	36	Nays	10	Absent	1	
	President of the Senate			Secretary of the Senate			
Received by the Governor at M. on _							_, 2009.
Approved at M. on							_, 2009.
				Go	overnor		
Filed in this office this day of							, 2009,
at	o'clock	M.					
				Se	cretary of State		