

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2037

Page 1, line 1, remove the second "and"

Page 1, line 2, after "57-38-01.8" insert ", and section 57-39.2-04.8"

Page 1, line 3, replace "and" with a comma

Page 1, line 4, after "devices" insert "and a sales tax exemption for machinery or equipment used to produce coal from a new mine"

Page 1, line 4, remove "and"

Page 1, line 5, after "date" insert "; and to provide for retroactive application"

Page 1, line 20, overstrike "for the duration of the initial purchased power"

Page 1, line 21, overstrike "agreement for the generation unit"

Page 2, line 5, remove "; for which a purchased power agreement is entered or renewed"

Page 2, remove line 6

Page 2, line 7, replace "under this chapter after December 31, 2014" with ", or which is twenty years or more from the date of first assessment"

Page 2, after line 24, insert:

**"SECTION 3. AMENDMENT.** Section 57-39.2-04.8 of the North Dakota Century Code is amended and reenacted as follows:

**57-39.2-04.8. Sales tax exemption for machinery or equipment used to produce coal from a new mine.**

1. Gross receipts from sales of machinery or equipment used to produce coal from a new mine located in this state are exempt from the tax imposed by this chapter. The exemption for each new mine under this section is limited to the first five million dollars of sales and use tax paid.
2. Purchase of replacement machinery or equipment is exempt if the capitalized investment in the new mine exceeds twenty million dollars using the United States generally accepted accounting principles. Purchases of repair or replacement parts for existing machinery or equipment are not exempt under this section.
3. The mine operator shall apply to the commissioner for a refund of sales and use taxes paid for which the exemption is claimed under this section. A refund claim may not exceed the limitation in subsection 1. If the machinery or equipment is used directly or indirectly to produce coal, the interest provisions of section 57-39.2-25 do not apply to purchases made before July 1, 2015. Application for the refund must be made at the time and in the manner directed by the commissioner and must include sufficient information to verify the correctness of the refund claim.

4. For purposes of this section:
  - a. "Machinery or equipment" means machinery or equipment purchased after December 31, 2010, and used directly or indirectly to uncover, sever, crush, handle, or transport coal removed from the earth. "Machinery or equipment" includes draglines, excavators, rolling stock, conveyor equipment, reclamation equipment, ~~and~~ equipment to pulverize coal, water trucks, fuel trucks, low-boys, cranes, lubrication trucks, motor graders, service trucks, light plants, and dewatering equipment. but does not include rail spurs, office buildings, workshops, or any component not used directly to uncover, sever, crush, handle, or transport coal removed from the earth.
  - b. "New mine" means an area permitted under chapter 38-14.1 by the public service commission after December 31, 2010.
  - c. "Produce coal" means mining operations to uncover, sever, crush, handle, or transport coal from its natural location under the earth's surface to the mouth of the mine and all activities necessary and incidental to the reclamation of that location."

Page 3, after line 9, insert:

**"SECTION 7. RETROACTIVE APPLICATION.** Section 3 of this Act applies retroactively to purchases of machinery or equipment made after December 31, 2010."

Re-number accordingly