

SENATE BILL NO. 2175

Introduced by

Senators Klein, O'Connell, Wanzek

Representatives Boe, D. Johnson, Pollert

1 A BILL for an Act to amend and reenact sections 57-39.5-02 and 57-43.1-03.1 ~~and 57-43.2-19~~
2 of the North Dakota Century Code, relating to the transfer of revenue from the farm machinery
3 gross receipts tax and fuel tax refunds ~~and the special fuels excise tax~~; and to provide an
4 effective date.

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

6 **SECTION 1. AMENDMENT.** Section 57-39.5-02 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **57-39.5-02. Imposition - Transfer of funds - Exemptions.**

9 There is imposed a tax of three percent upon the gross receipts of retailers from all sales at
10 retail, including the leasing or renting, of farm machinery or irrigation equipment used
11 exclusively for agricultural purposes. Two percent of the taxes collected under this chapter, but
12 not exceeding one million dollars in a state fiscal year, must be transferred to the state treasurer
13 who shall deposit the moneys in the agricultural research fund. Gross receipts from sales at
14 retail of farm machinery or irrigation equipment are exempted from the tax imposed by this
15 chapter when the sale, lease, or rental is made to a purchaser or lessor who is entitled to a
16 sales and use tax exemption under subsection 6 or 12 of section 57-39.2-04 on otherwise
17 taxable sales at retail. There are specifically exempted from the tax imposed by this chapter the
18 gross receipts from the sale, lease, or rental of used farm machinery, farm machinery repair
19 parts, used irrigation equipment, or irrigation equipment repair parts used exclusively for
20 agricultural purposes. For purposes of this section, "used" means:

- 21 1. Tax under this chapter or chapter 57-39.2 or 57-40.2 has been paid on a previous
22 sale;
- 23 2. Tax under section 57-39.5-06 has been paid under a previous lease;
- 24 3. Originally purchased outside this state and previously owned by a farmer; or

4. Has been under rental for three years or more.

SECTION 2. AMENDMENT. Section 57-43.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

57-43.1-03.1. Refund of tax for fuel used for agricultural purposes - Reductions.

Any consumer who buys or uses any motor vehicle fuel for an agricultural purpose on which the motor vehicle fuel tax has been paid may file a claim with the commissioner for a refund under this chapter. The amount of the tax refund under this section must be reduced by seven cents per gallon [3.79 liters] except for those fuels used in aircraft or with respect to refunds claimed by aircraft fuel users. The amount per gallon [3.79 liters] withheld from the refund must be deposited in the agricultural research fund.

~~**SECTION 3. AMENDMENT.** Section 57-43.2-19 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**57-43.2-19. (Effective through June 30, 2015) Transfer, deposit, and distribution of funds.**~~

~~All taxes, license fees, penalties, and interest collected under this chapter must be transferred to the state treasurer who shall deposit moneys in a highway tax distribution fund, except all special fuels excise taxes collected on sales of diesel fuel to a railroad under section 57-43.2-03 of up to two hundred fifty thousand dollars per year must be transferred to the state treasurer who shall deposit the moneys in the highway-rail grade crossing safety projects fund. The highway tax distribution fund must be distributed in the manner as prescribed by section 54-27-19.~~

~~**(Effective after June 30, 2015) Transfer, deposit, and distribution of funds.** All taxes, license fees, penalties, and interest collected under this chapter must be transferred to the state treasurer who shall deposit moneys in a highway tax distribution fund., except up to two million dollars per biennium of all special fuels excise taxes collected under section 57-43.2-03 must be transferred to the state treasurer who shall deposit the moneys in the agricultural research fund. The highway tax distribution fund must be distributed in the manner as prescribed by section 54-27-19.~~

SECTION 3. EFFECTIVE DATE. This Act is effective for taxable events occurring after June 30, 2015.