

**HOUSE BILL NO. 1511**

Introduced by

Representatives Novak, Bosch, Hagert, Headland, Ista, Mock, Porter

Senators Kannianen, Kreun, Patten

1 A BILL for an Act to create and enact a new section to chapter 57-39.2 and a new subdivision to  
2 subsection 3 of section 57-40.2-03.3 of the North Dakota Century Code, relating to a sales and  
3 use tax exemption for materials used to construct or expand a coal processing facility that  
4 utilizes coal as a feedstock; 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 57-39.2 of the North Dakota Century Code is created  
7 and enacted as follows:

8 **Sales and use tax exemption for materials used to construct or expand a coal**  
9 **processing facility that utilizes coal as a feedstock.**

10 1. Gross receipts from sales of tangible personal property used to construct or expand a  
11 coal processing facility that utilizes coal as a feedstock in this state are exempt from  
12 taxes under this chapter. To be exempt, the tangible personal property must be  
13 incorporated in the structure of the facility or used in the construction process to the  
14 point of having no residual economic value.

15 2. For purposes of this section:

16 a. "Coal processing facility that utilizes coal as a feedstock" means a facility that:

17 (1) Extracts critical minerals or rare earth elements from lignite coal; or

18 (2) Creates tangible personal property from lignite coal, lignite coal containing  
19 critical minerals or rare earth elements, or critical minerals or rare earth  
20 elements.

21 b. "Critical mineral" means a nonfuel mineral or mineral material essential to the  
22 economic or national security of the United States and which has a supply chain  
23 vulnerable to disruption. The term includes aluminum, antimony, arsenic, barite,  
24 bauxite, beryllium, bismuth, cesium, chromium, cobalt, fluorspar, gallium,

1           germanium, natural graphite, hafnium, helium, indium, lithium, magnesium,  
2           manganese, niobium, platinum group metals, potash, the rare earth elements  
3           group, rhenium, rubidium, scandium, strontium, tantalum, tellurium, tin, titanium,  
4           tungsten, uranium, vanadium, and zirconium.

5           c. "Rare earth elements" means any of a series of metallic elements of which the  
6           oxides are classed as rare earths and which include the elements of the  
7           lanthanide series, yttrium and scandium.

8           d. "Tangible personal property" does not include electricity, water, gas, and steam.

9           3. The owner of the facility must receive from the tax commissioner a certificate that the  
10           tangible personal property used to construct or expand a facility qualifying under this  
11           section which the owner intends to purchase qualifies for the exemption.

12           **SECTION 2.** A new subdivision to subsection 3 of section 57-40.2-03.3 of the North Dakota  
13 Century Code is created and enacted as follows:

14           Tangible personal property as authorized or approved for exemption by the tax  
15           commissioner as provided in section 1 of this Act.

16           **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
17 June 30, 2023.