

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1437**

Introduced by

Representatives Froseth, Hanson, Onstad, Streyle, Zubke

Senators Bekkedahl, Bowman, O'Connell, Unruh

1 A BILL for an Act to amend and reenact subsection 9 of section 57-51.1-03 of the North Dakota
2 Century Code, relating to extending the date to qualify for the triggered oil extraction tax rate
3 reduction for new horizontal wells; and to provide an effective date.

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

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

7 9. The first seventy-five thousand barrels or the first four million five hundred thousand
8 dollars of gross value at the well, whichever is less, of oil produced during the first
9 eighteen months after completion, from a horizontal well drilled and completed after
10 April 30, 2009, and before July 1, ~~2015~~2019, is subject to a reduced tax rate of two
11 percent of the gross value at the well of the oil extracted under this chapter. ~~A well~~
12 ~~eligible for a reduced tax rate under this subsection is eligible for the exemption for~~
13 ~~horizontal wells under subsection 3, if the exemption under subsection 3 is effective~~
14 ~~during all or part of the first twenty four months after completion.~~

15 a The rate reduction under this subsection becomes effective on the first day of the
16 month following a month for which the average price of a barrel of crude oil is
17 less than fifty-five dollars, but the rate reduction under this subsection does not
18 become effective if at any time during the preceding twelve months the
19 exemption under subsection 3 was effective for the completion of any new
20 horizontal well.

21 b. The rate reduction under this subsection becomes ineffective on the first day of
22 the month following a month in which the average price of a barrel of crude oil
23 exceeds seventy dollars. The rate reduction under this subsection is ineffective

1 for any month the exemption under subsection 3 is effective for the completion of
2 any new horizontal well.

3 If the rate reduction under this subsection is effective on the date of completion of a
4 well, the rate reduction applies to production from that well for up to eighteen months
5 after completion, subject to the other limitations of this subsection. If the rate reduction
6 under this subsection is ineffective on the date of completion of a well, the rate
7 reduction under this subsection does not apply to production from that well at any
8 time.

9 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
10 June 30, 2015.