

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1483

(Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson, Hagert)
(Senators Kessel, Meyer, Rummel, Thomas)

AN ACT to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well drilled and completed outside the Bakken and Three Forks formations; to provide for a legislative management study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 4 of section 57-51.1-03 of the North Dakota Century Code is amended and reenacted as follows:

4. The first ~~seventy-five thousand~~ three hundred thousand barrels of oil produced during the first ~~eighteen~~ thirty-six months after completion, from a well drilled and completed outside the Bakken and Three Forks formations, ~~and ten miles [16.10 kilometers] or more outside an established field in which the industrial commission has defined the pool to include the Bakken or Three Forks formation,~~ is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. The tax rate reduction under this subsection does not apply to a well located within the exterior boundaries of a reservation, a well located on trust properties outside reservation boundaries as defined in section 57-51.2-02, or a straddle well as defined in section 57-51.1-07.10 located on reservation trust land, unless a tribe makes an irrevocable election to opt-in to the tax rate reduction by providing written notice to the tax commissioner. If a tribe provides notice of its election to opt-in to the tax rate reduction, the tax commissioner shall apply the tax rate reduction beginning in the month of production after the notice is received by the tax commissioner.

SECTION 2. LEGISLATIVE MANAGEMENT STUDY - OIL EXTRACTION TAX EXEMPTION FOR PRODUCTION FROM STRIPPER WELLS. During the 2025-26 interim, the legislative management shall consider studying the oil extraction tax exemption for production from a stripper well property or an individual stripper well. The study must include consideration of the number of oil wells and amount of oil production qualifying for the exemption, the estimated fiscal impact of the exemption, and alternative tax policies for stripper well properties or stripper wells. The study may include input from the tax commissioner, the director of the department of mineral resources, and representatives of the oil and gas industry. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly.

SECTION 3. EFFECTIVE DATE. Section 1 of this Act is effective for taxable production beginning after June 30, 2025.

Robi Weisz
Speaker of the House

Michelle L. Litzinger
President of the Senate

Bruce J. Reich
Chief Clerk of the House

Sharon Morgan
Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1483.

House Vote: Yeas 80 Nays 8 Absent 6

Senate Vote: Yeas 42 Nays 3 Absent 2

Bruce J. Reich
Chief Clerk of the House

Received by the Governor at 9:25 A M. on April 14th, 2025.

Approved at 1:11 P M. on April 15th, 2025.

Kelly D.
Governor

Filed in this office this 17th day of April, 2025,
at 8:23 o'clock A M.

Michael Howe
Secretary of State