North Dakota is the second-largest energy producing state in the nation offering opportunities in oil and gas, coal and alternative energy production. North Dakota is a proactive producer and serves as a model in fostering innovative, long-term strategies to meet our nation’s growing energy demand. The state strives with an “all of the above” approach in the development of its wide-ranging energy sector while meeting the need for energy security in an environmentally responsible manner. North Dakota offers a comprehensive package of incentives to stimulate growth in all energy sectors and creates a broad-based energy strategy that maximizes the state’s resources.

ENERGY DEVELOPMENT INCENTIVES

Property Tax Exemptions
- Up to five-year property tax exemption. Additional five years available for agricultural processors or projects located in property leased from a governmental entity.
- Payment in lieu of a property tax exemption, in full or part. A company may negotiate a fixed or graduated rate for a period not to exceed 20 years. A privilege tax may be applied to coal conversion facilities.
- Exemptions on all personal property from property taxation except that of certain oil and gas refineries and utilities.

Corporate Tax Exemptions
- Five-year corporate income tax exemption for new or expanding primary sector business.

Sales Tax Exemptions
- Sales and use tax exemptions on manufacturing and processing equipment.
- Sales and use tax exemptions may be granted for purchasing tangible personal property used to construct or expand electrical generating facilities, gas or liquefied natural gas processing facilities or oil refineries.
- Sales and use tax exemptions may be granted for purchasing tangible personal property used for carbon-dioxide enhanced oil or gas recovery, to extract or process by-products from coal gasification and to produce coal from a new mine.
Federal tax credits continue to boost wind energy development in North Dakota. In 2017, the North Dakota Public Service Commission received requests to add 450 MW of wind power to the grid.

Coal production in the state topped more than 29 million tons, surpassing a level last achieved in 2009. Efforts to reduce costs and higher demand were cited as reasons for the increase.

State legislators approved creation of the North Dakota Department of Environmental Quality during the 2017 session, elevating a function previously done in the Department of Health to a cabinet level position.

A major transmission line serving an increasing demand for electricity in northwest North Dakota due to oil development was placed in service in late 2017.

In recent years, charging stations for electric vehicles have been installed at locations across North Dakota.

North Dakota has abundant wind resources. In 2016, the state ranked ninth in the nation in utility-scale generation and 11th in installed capacity. In 2017, North Dakota was fifth in the nation in the share of electricity generated from wind.

Financial Incentives
- North Dakota Development Fund – Gap financing loan and equity program.
- Bank of North Dakota PACE Program – Interest buy down program.
- Bank of North Dakota Match Program – Loans at U.S. Treasury yield rate +0.25% to businesses other than retail that create new wealth, provide jobs and demonstrate considerable financial strength.

Job Training Programs
- One-stop job training assistance – both state and federal programs available for businesses.
- New Jobs Training Program – grant program utilizing employee withholding tax.

Supporting Infrastructure
27,350 Miles of Pipeline
- 17 major crude oil pipelines, including Enbridge, Keystone and Tesoro
- Nine natural gas pipelines, including Alliance, Northern Border and WBI Energy
- Four product pipelines – Cenex, Kinder Morgan Cochin, Magellan, NuStar Energy

Rail Services
- Class 1 Carriers – BNSF and Canadian Pacific
- Four regional lines
- 38 container service/transloading facilities
- 42 loop/ladder tracks

North Dakota Port Services, Inc. Serviced by BNSF
- Adjacent to main-line switch yard
- Daily service and highway access
- Planned intermodal facility with LNG capacity

2 Interstate Highways
- I-94 east/west
- I-29 north/south

Electrical Capacity
- More than 45 million megawatt hours of electricity generated annually
- More than half of state’s generated electricity is exported

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