

Coal Conversion Facility Privilege Tax

- Coal Gasification Plants Claiming Carbon Dioxide Capture Credit

(North Dakota Century Code ch. 57-60)

Effective after December 31, 2009

Report for month of _____, 20 ____

For gasification plant located in the County of _____

Plant Owner _____ FEIN _____ Name of Plant _____

Address _____ City _____ State _____ Zip Code _____

Date of first capture of carbon dioxide emission _____

Individual to whom questions concerning this report should be directed:

Name _____ Title _____ Phone No. _____

Email Address _____

Address (if different from above) _____

Please complete Schedules A and B on back before proceeding. (See instructions.)

Tax Computation Schedule

	<u>County</u>	<u>State General Fund</u>
1. Tax from Schedule A line 18 or Schedule B, line 3, whichever is greater).....	\$ _____	
2. Distribution - 15% County	\$ _____	
3. Distribution - 85% State General Fund.....		\$ _____
4. Less 5% to lignite research fund (line 3 x .05)		\$ _____
5. State General Fund minus lignite research fund share (line 3 minus line 4)		\$ _____
6. Percent of CO ₂ emissions captured during the report month	_____ %	
(Provide supporting documentation)		
7. Percent reduction allowed because of CO ₂ capture	_____ %	
(State General Fund distribution only - 50% maximum)		
8. Dollar reduction allowed because of CO ₂ capture (line 5 times line 7)		\$ _____
9. State General Fund Tax Distribution after CO ₂ capture credit (line 3 minus line 8) ...		\$ _____
10. Tax Due (line 2 plus line 9)		\$ _____

Signature of Authorized Person _____ Title _____

_____ Date _____

Please Do Not Write In This Space

Schedule A

Gross Receipts Calculation

1. Gross receipts from sale of synthetic natural gas	\$ _____
2. Gross receipts from sale of byproducts	\$ _____
3. Total gross receipts (line 1 plus line 2).....	\$ _____
4. Total synthetic natural gas produced during month (mcf)	_____
5. Synthetic natural gas used within the plant (mcf)	_____
6. Synthetic natural gas available for sale (mcf) (line 4 minus line 5).....	_____
7. Monthly volume in mcf (see instructions)	_____
8. Gross receipts from sale of byproducts (line 2)	\$ _____
9. Gross receipts from sale of carbon dioxide for use in enhanced recovery of oil or natural gas	\$ _____
10. Gross receipts from sale of taxable byproducts (line 8 minus line 9).....	\$ _____
11. Line 3 multiplied by .20 (20%)	\$ _____
12. Adjusted gross receipts from sale of byproducts (line 10 minus line 11) If line 11 is greater than line 10, enter zero	\$ _____
13. Adjusted gross receipts (line 1 plus line 12)	\$ _____
14. Statutory price per mcf (line 13 divided by line 6)	\$ _____
15. Taxable mcf (line 6 or line 7, whichever is less).....	_____
16. Taxable gross receipts (line 15 multiplied by line 14)	\$ _____
17. Tax rate on gross receipts	0.041
18. Tax on gross receipts (line 16 multiplied by line 17).....	\$ _____

Schedule B

Production Calculation

1. Taxable synthetic natural gas (mcf) (Schedule A line 6 or line 7, whichever is less)	_____
2. Tax rate per mcf of synthetic natural gas	\$ 0.135
3. Tax on synthetic natural gas (line 1 multiplied by line 2).....	\$ _____

Coal Gasification Plants Claiming Carbon Dioxide Capture Credit - Instructions

North Dakota Century Code ch. 57-60 requires each plant which produces synthetic natural gas, methanol, or other principal commercial gaseous or liquid products from coal and which uses or is designed to use over five hundred thousand tons (453, 592.37 metric tons) of coal per year to file a monthly report and remit tax at the rate of four and one tenth percent of the taxable gross receipts derived from such facility for the preceding month, or at the rate of thirteen and one-half cents on each one thousand cubic feet (28,316.85 liters) of taxable synthetic natural gas produced for sale, whichever is greater. The report, with appropriate tax, is to be filed in the Office of State Tax Commissioner at the State Capitol, Bismarck, North Dakota, within twenty-five days after the end of the month for which it is made.

A separate report is required for each county in which a coal gasification plant is located. If two or more units are located within the same county, a separate report is required for each unit.

Schedule A

- Line 1: Report **Total** gross receipts derived from the sale of synthetic natural gas. Do not make any statutory deductions on this line.
- Line 2: Report **Total** gross receipts from sale of byproducts. Do not make any statutory deductions on this line.
- Line 4: Report the thousands of cubic feet (mcf) of synthetic natural gas produced during the month. Report mcf on a basis of 14.73 psia at a temperature of 60°F. Do not make any statutory deductions on this line.
- Line 5: Report the mcf of synthetic natural gas that were consumed internally by the plant. Report mcf on a basis of 14.73 psia at a temperature of 60°F. Do not make any statutory deductions on this line.
- Line 6: Line 4 less line 5. This figure should correspond with the net production as measured at the tailgate of the gasification plant.
- Line 7: Attach schedule showing daily volumes in mcf and also showing daily volumes with all daily volumes above 110,000 mcf converted to 110,000 mcf. Enter the monthly total including converted volumes on line 7.
- Line 12: Subsection 7 of N.D.C.C. § 57-60-01 as amended by Senate Bill No. 2299 of the 2001 North Dakota Legislature states:
- “ ‘Gross receipts’ means all revenue valued in money, whether received in money or otherwise, derived by a coal conversion facility subject to the provisions of this chapter from the production of products of a coal conversion facility, but not including any revenue derived from transportation, transmission, distribution, or other events which occur after completion of the process of production of the products of the facility. For the purpose of computing the tax imposed by this chapter, ‘gross receipts’ does not include:
- Any financial assistance, whether in the form of price guarantee payments or otherwise, provided by the federal government or any agency of the federal government;
 - Any revenue derived from the sale of byproducts as herein defined to a maximum of twenty percent of the gross receipts as defined in this subsection;
 - Any revenue derived from the sale and transportation of carbon dioxide for use in the enhanced recovery of oil or natural gas; or . . .”

- Line 15: Subsection 1 of N.D.C.C. § 57-60-02 states:

“For all coal conversion facilities, except as otherwise provided in this section, the tax is measured by the gross receipts derived from such facility for the preceding month and is in the amount of four and one-tenth percent of such gross receipts. For purposes of this subsection, ‘gross receipts’ of a coal gasification plant do not include any amount that is received by the operator of the plant for production of synthetic natural gas in excess of one hundred ten million cubic feet per day. Gross receipts derived from the sale of a capital asset are not subject to the tax imposed by this subsection.”

Coal Gasification Plants Claiming Carbon Dioxide Capture Credit - Instructions

Tax Computation Schedule

Line 1: Subsection 4 of North Dakota Century Code § 57-60-02 states:

“For coal gasification plants the tax is the greater of either the amount provided in subsection 1 or thirteen and one-half cents on each one thousand cubic feet (28,316.85 liters) of synthetic natural gas produced for the purpose of sale but not including any amount of synthetic natural gas in excess of one hundred ten million cubic feet per day.”

Lines 2-3: Subsection 1 of N.D.C.C. § 57-60-14 states, in part:

“The state treasurer shall no less than quarterly allocate all moneys received from all coal conversion facilities in each county pursuant to the provisions of this chapter, fifteen percent to the county and eighty-five percent to the state general fund, except moneys received from the tax imposed by subsection 3 of section 57-60-02. . .”

Line 4: N.D.C.C. § 57-60-14(1) states, in part:

“. . . after June 30, 2009, five percent of all funds allocated to the state general fund pursuant to this chapter must be allocated to the lignite research fund. . .”

Lines 5: Enter the appropriate percentage from the following table:

<u>CO₂ Emissions Captured</u>	<u>State General Fund Tax Reduction</u>	<u>CO₂ Emissions Captured</u>	<u>State General Fund Tax Reduction</u>
20%	20%	52%	36%
22%	21%	54%	37%
24%	22%	56%	38%
26%	23%	58%	39%
28%	24%	60%	40%
30%	25%	62%	41%
32%	26%	64%	42%
34%	27%	66%	43%
36%	28%	68%	44%
38%	29%	70%	45%
40%	30%	72%	46%
42%	31%	74%	47%
44%	32%	76%	48%
46%	33%	78%	49%
48%	34%	80% or more	50%
50%	35%		

A coal conversion facility may receive the reduction in coal severance tax for ten years from the date of first capture of carbon dioxide emission or for ten years from the date the coal conversion facility is eligible to receive the credit.

Coal Gasification Plants Claiming Carbon Dioxide Capture Credit - Instructions

Lines 6-8: N.D.C.C. § 57-60-02.1 states, in part:

“A coal conversion facility that achieves a twenty percent capture of carbon dioxide emissions during a taxable period after December 31, 2009, is entitled to a twenty percent reduction in the state general fund share of the tax imposed under section 57-60-02 during that taxable period. The facility is entitled to an additional reduction of one percent of the state general fund share of the tax imposed under section 57-60-02 for every additional two percentage points of its capture of carbon dioxide emissions. A maximum fifty percent reduction of the state general fund share of the tax imposed under section 57-60-02 is allowed for eighty percent or more capture of carbon dioxide emissions. A coal conversion facility may receive the reduction in coal conversion tax under this section for ten years from the date of first capture of carbon dioxide emission or for ten years from the date the coal conversion facility is eligible to receive the credit .”