

Biodiesel Laws and Incentives in North Dakota

The list below contains summaries of all North Dakota laws and incentives related to biodiesel.

State Incentives

Agriculturally-Derived Fuel Production Facility Loan Guarantees

The Bank of North Dakota offers loan guarantees of up to \$400,000 per borrower for eligible entities constructing facilities using biomass for agriculturally-derived fuel production. The total value of loan guarantees under this program may not exceed \$8 million at any one time. Additional restrictions apply. For more information, see the Bank of North Dakota's [Farm Real Estate Loan Guarantee Program](https://bnd.nd.gov/ag/farm-real-estate-loan-guarantee-program/#1442958313660-bbfccc16-e92b) (<https://bnd.nd.gov/ag/farm-real-estate-loan-guarantee-program/#1442958313660-bbfccc16-e92b>), website.

(Reference [North Dakota Century Code 6-09.7-01](http://www.legis.nd.gov/general-information/north-dakota-century-code) and [6-09.7-09](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

Biodiesel and Renewable Diesel Blender Tax Credit

A licensed fuel supplier who blends biodiesel or renewable diesel with diesel fuel may claim an income tax credit of \$0.05 per gallon for fuel containing at least 5% biodiesel or renewable diesel. The tax credit may not exceed the taxpayer's liability for the taxable year and each year's unused credit amount may be carried forward for up to five taxable years. The biodiesel or renewable diesel must meet applicable [ASTM](https://www.astm.org/Standard/index.html) (<https://www.astm.org/Standard/index.html>) standards.

(Reference [North Dakota Century Code 57-38-01.22](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

Biodiesel and Renewable Diesel Sales Equipment Tax Credit

Qualified retailers may be eligible for a corporate income tax credit of 10% of the direct costs incurred to adapt or add equipment to a facility so that it may sell diesel fuel containing at least 2% biodiesel or renewable diesel. A retailer may only claim the credit for up to five years and is limited to \$50,000 in cumulative credits for all taxable years. The biodiesel or renewable diesel must meet applicable [ASTM](https://www.astm.org/Standard/index.html) (<https://www.astm.org/Standard/index.html>) standards.

(Reference [North Dakota Century Code 57-38-01.23](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

Biodiesel and Renewable Production and Blending Equipment Tax Credit

Qualified producers or blenders may be eligible for a corporate income tax credit of 10% of the direct costs incurred to add equipment to retrofit an existing facility or construct a new facility in the state for the purpose of producing or blending diesel fuel containing at least 2% biodiesel or renewable diesel. A taxpayer may only claim the credit for up to five years and is limited to \$250,000 in cumulative credits for all taxable years. The biodiesel or renewable diesel must meet applicable [ASTM](https://www.astm.org/Standard/index.html) (<https://www.astm.org/Standard/index.html>) standards.

(Reference [North Dakota Century Code 57-38-30.6](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

Biofuel Loan Program

The Biofuels Partnership in Assisting Community Expansion (PACE) Loan Program provides an interest buy down of up to 5% below the note rate to biodiesel, ethanol, or renewable diesel production facilities; livestock operations feeding by-products produced at a biodiesel, ethanol, or renewable diesel facility; and grain handling facilities which provide storage of grain used in biofuels production. Qualified biodiesel, ethanol, and renewable diesel production facilities located in North Dakota may receive up to \$500,000 of interest buy down for the purchase, construction, or expansion of a production facility, or the purchase or installation of equipment at the facility.

Loan terms vary based on the project type, and recipients of Biofuels PACE loans are not eligible for regular PACE loans. For more information, including production facility eligibility requirements, see the [Biofuels PACE Program](https://bnd.nd.gov/ag/biofuels-pace-program/) (<https://bnd.nd.gov/ag/biofuels-pace-program/>) website.

(Reference [North Dakota Century Code 17-03](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

Hydrogen and Advanced Biofuel Incentives

The North Dakota Industrial Commission's Renewable Energy Program provides matching grants and other forms of assistance to support research and development projects involving advanced and sugar-based biofuel, hydrogen, and other renewable technologies. Advanced biofuel is defined as fuel derived from renewable biomass and includes biofuel derived from cellulose, hemicellulose, or lignin; biofuel derived from sugar and starch other than ethanol derived from corn kernel starch; biofuel derived from waste material, including crop residue, other vegetative waste material, animal waste, food waste, and yard waste; diesel-equivalent fuel derived from renewable biomass, including vegetable oil and animal fat; biogas, including landfill gas and sewage waste treatment gas, produced through the conversion of organic matter from renewable biomass; butanol or other alcohols produced through the conversion of organic matter from renewable biomass; and other fuel derived from cellulosic biomass. For more information, see the [Renewable Energy Program](https://www.ndic.nd.gov/renewable-energy-program) (<https://www.ndic.nd.gov/renewable-energy-program>) website.

(Reference [North Dakota Century Code 54-63-03](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

Low-Emission Technology Grants

The North Dakota Industrial Commission (NDIC) administers the Clean Sustainable Energy Authority (CSEA) which provides grants to enhance the production of low-emission technology projects that increase economic benefits, create jobs, minimize waste, increase efficiency or reliability, or maximize the market potential for sustainable energy technology in North Dakota. Eligible applicants include corporations, cooperatives, associations, and others. For more information, including application materials and additional eligibility requirements, see the NDIC [CSEA](https://www.ndic.nd.gov/grant-programs/csea) (<https://www.ndic.nd.gov/grant-programs/csea>) website and the [CSEA Program Guidelines](https://www.ndic.nd.gov/sites/www/files/documents/Clean-Sustainable-Energy-Authority/Applicants/Guidelines-Sample-Docs/CSEA%20Policies%20final.pdf) (<https://www.ndic.nd.gov/sites/www/files/documents/Clean-Sustainable-Energy-Authority/Applicants/Guidelines-Sample-Docs/CSEA%20Policies%20final.pdf>).

(Reference [North Dakota Century Code 54-63.1, 17-01, and 17-07](https://ndlegis.gov/general-information/north-dakota-century-code) (<https://ndlegis.gov/general-information/north-dakota-century-code>))

Laws and Regulations

Alternative Fuel Tax Rates

An excise tax of \$0.23 per gallon is imposed on alternative fuel sales and deliveries, including propane, compressed natural gas (CNG), and liquefied natural gas (LNG). One gallon of special fuel is equal to 120 cubic feet of CNG or 1.7 gallons of LNG. Retailers must obtain a license from the Office of the State Tax Commissioner to sell special fuels. Exceptions may apply.

(Reference [North Dakota Century Code 57-43.2-02 through 57-43.2-05](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

Biodiesel and Renewable Diesel Definitions

Biodiesel is defined as a fuel that is comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oil or animal fats and that meets [ASTM](https://www.astm.org/Standard/index.html) (<https://www.astm.org/Standard/index.html>) D6751. Renewable diesel is defined as a fuel produced from non-fossil renewable resources, including agricultural or silvicultural plants, animal fats, residue, and waste generated from the production, processing, and marketing of agricultural products, silvicultural products, and other renewable resources. Renewable diesel must meet applicable [ASTM](https://www.astm.org/Standard/index.html) (<https://www.astm.org/Standard/index.html>) specifications.

(Reference [North Dakota Century Code 57-43.2-01](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

Biofuel Labeling Requirements

Ethanol and biodiesel fuel retailers must label retail dispensing units with the price, name, and main components of the fuel or fuel blend being sold. The labeling must follow established labeling specifications for petroleum-based fuels. Suppliers of ethanol and biodiesel must provide fuel retailers with an invoice stating the fuel blend. Alcohol fuel blends containing at least 1% of alcohol by volume must also be clearly labeled at the dispenser and on any price advertisements. Biodiesel and biodiesel blends must be identified by the capital letter “B” followed by the numerical value representing the percentage of biodiesel fuel. Additional specifications may apply.

(Reference [North Dakota Century Code 23.1-13](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>) and [North Dakota Administrative Code 33.1-34-01](https://ndlegis.gov/agency-rules/north-dakota-administrative-code/index.html) (<https://ndlegis.gov/agency-rules/north-dakota-administrative-code/index.html>))

Renewable Fuels Promotion

Recognizing that biofuels such as ethanol and biodiesel are an important part of the state’s energy economy, the North Dakota Legislature adopted a low-emission technology initiative, prioritizing the use of agricultural, forestry, and other natural resources as sources of fuel and created the Energy Policy Commission (Commission) to identify and make recommendations on low-emission technologies. The Commission may also provide grants, loans, or other forms of financial assistance for research, demonstration, development, or commercialization projects related to low-emission technologies. Financial awards given by the Commission must be funded by the [clean sustainable energy fund](https://afdc.energy.gov/laws/12834) (<https://afdc.energy.gov/laws/12834>). Low-emission technology includes biofuels, hydrogen, natural gas, and energy efficiency initiatives. The Commission must provide a [report](https://www.commerce.nd.gov/sites/www/files/documents/ED%26F/Energy/empower%20state%20energy%20report.pdf) (<https://www.commerce.nd.gov/sites/www/files/documents/ED%26F/Energy/empower%20state%20energy%20report.pdf>) to the legislature biennially. For more information, see North Dakota Department of Commerce [EmPower North Dakota](https://www.commerce.nd.gov/economic-development-finance/energy-and-natural-resources/empower-north-dakota) (<https://www.commerce.nd.gov/economic-development-finance/energy-and-natural-resources/empower-north-dakota>) website.

(Reference [North Dakota Century Code 17-01-01](http://www.legis.nd.gov/general-information/north-dakota-century-code) (<http://www.legis.nd.gov/general-information/north-dakota-century-code>))

North Dakota

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More Laws and Incentives

To find laws and incentives for other alternative fuels and advanced vehicles, search [all laws and incentives \(/laws/\)](#).



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