

SENATE BILL NO. 2277

Introduced by

Senators Kroeplin, Klein

Representatives Severson, Warner

1 A BILL for an Act to create and enact a new section to chapter 57-39.2 of the North Dakota
2 Century Code, relating to a sales and use tax exemption for certain building materials used in
3 economically disadvantaged cities; and to provide an effective date.

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

5 **SECTION 1.** A new section to chapter 57-39.2 of the North Dakota Century Code is
6 created and enacted as follows:

7 **Sales and use tax exemption for residential and commercial building materials in**
8 **economically disadvantaged cities.**

- 9 1. Gross receipts from sales of building materials used to construct a new residential
10 or commercial building or to remodel a city's only public school building, which has
11 been closed, in a city that is economically disadvantaged are exempt from taxes
12 under this chapter.
- 13 2. For purposes of this section, a city is economically disadvantaged if:
14 a. A new commercial building has not been constructed within the city in the two
15 immediately preceding calendar years;
16 b. A new residential building has not been constructed within the city in each of
17 the two immediately preceding calendar years; or
18 c. The city's only public school building is closed.
- 19 3. A city that is an economically disadvantaged city under this section retains that
20 status for at least three calendar years and may again qualify for that status under
21 this section.
- 22 4. Remodeling of a closed school building for business or industrial use does not
23 constitute construction of a new commercial building under subsection 2.

1 5. To qualify for exemption under this section at the time of purchase, the contractor
2 must receive from the commissioner a certificate stating that the building qualifies
3 for the exemption. If a certificate is not received before the purchase, the
4 contractor must pay the tax and the owner of the building may apply for a refund of
5 taxes paid on exempt purchases under this section.

6 **SECTION 2. EFFECTIVE DATE.** This Act is effective for property on which
7 construction begins after July 31, 1999.