

Fifty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED 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. a. Gross receipts from sales of building materials used to construct a new  
10 commercial building or to remodel a city's only public school building, which  
11 has been closed, in a city that is economically disadvantaged are exempt  
12 from taxes under this chapter. An agricultural elevator or agricultural  
13 commodity handling facility is not a commercial building and not entitled to  
14 exemption under this subsection.
- 15 b. For purposes of this subsection, a city is economically disadvantaged if either  
16 of the following applies in that city:
- 17 (1) A new commercial building has not been constructed within the city in  
18 the five immediately preceding calendar years.
- 19 (2) The city's only public school building is closed.
- 20 c. A city that is an economically disadvantaged city under this subsection retains  
21 that status for at least three calendar years and may again qualify for that  
22 status under this subsection.
- 23 d. Remodeling of a closed school building for business or industrial use and  
24 construction of an agricultural elevator or agricultural commodity handling

- 1 facility does not constitute construction of a new commercial building under  
2 paragraph 1 of subdivision b.
- 3 2. a. Gross receipts from sales of building materials used to construct a new  
4 residential building in a city that is economically disadvantaged are exempt  
5 from taxes under this chapter.
- 6 b. For purposes of this subsection, a city is economically disadvantaged if either  
7 of the following applies in that city:
- 8 (1) A new residential building has not been constructed in either of the two  
9 immediately preceding calendar years.
- 10 (2) The city's only public school building is closed.
- 11 c. A city that is an economically disadvantaged city under this subsection retains  
12 that status for at least three calendar years and may again qualify for that  
13 status under this subsection.
- 14 3. To qualify for exemption under this section at the time of purchase, the contractor  
15 must receive from the commissioner a certificate stating that the building qualifies  
16 for the exemption. If a certificate is not received before the purchase, the  
17 contractor must pay the tax and the owner of the building may apply for a refund of  
18 taxes paid on exempt purchases under this section.

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