

**SENATE BILL NO. 2311**

Introduced by

Senators Krauter, Christmann, Urlacher

Representatives Froelich, Headland

1 A BILL for an Act to amend and reenact section 57-39.5-02 of the North Dakota Century Code,  
2 relating to the length of time farm machinery must be under lease or rental to be considered  
3 used machinery for farm machinery gross receipts tax purposes; and to provide an effective  
4 date.

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

6 **SECTION 1. AMENDMENT.** Section 57-39.5-02 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **57-39.5-02. Imposition - Exemptions.** There is imposed a tax of three percent upon  
9 the gross receipts of retailers from all sales at retail, including the leasing or renting, of farm  
10 machinery or irrigation equipment used exclusively for agricultural purposes. Gross receipts  
11 from sales at retail of farm machinery or irrigation equipment are exempted from the tax  
12 imposed by this chapter when the sale, lease, or rental is made to a purchaser or lessor who is  
13 entitled to a sales and use tax exemption under subsection 6 or 12 of section 57-39.2-04 on  
14 otherwise taxable sales at retail. There are specifically exempted from the tax imposed by this  
15 chapter the gross receipts from the sale or lease of used farm machinery, farm machinery  
16 repair parts, or used irrigation equipment used exclusively for agricultural purposes. For  
17 purposes of this section, "used" means:

- 18 1. Tax under this chapter or chapter 57-39.2 or 57-40.2 has been paid on a previous  
19 sale;
- 20 2. Originally purchased outside this state and previously owned by a farmer; or
- 21 3. Has been under lease or rental for ~~three years~~ one year or more.

22 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
23 June 30, 2007.