

HOUSE BILL NO. 1243

Introduced by

Representatives B. Koppelman, Klein, Louser, Owens, Silbernagel, Streyle, Trottier

Senators Cook, Laffen, Larsen, Miller, Schaible

1 A BILL for an Act to create and enact a new section to chapter 57-39.2 and a new section to
2 chapter 57-39.5 of the North Dakota Century Code, relating to refunds of sales tax and farm
3 machinery gross receipts tax paid by a resident of an adjoining state; to amend and reenact
4 sections 57-39.2-28 and 57-39.6-02, and subdivision d of subsection 1 of section 57-40.6-14 of
5 the North Dakota Century Code, relating to refunds of sales tax paid by Canadian residents
6 ~~and~~, the alcoholic beverages gross receipts tax, and prepaid 911 fees paid by a resident of an
7 adjoining state; to repeal subsection 12 of section 57-39.2-04 of the North Dakota Century
8 Code, relating to refunds of sales tax paid by a resident of an adjoining state; and to provide an
9 effective date.

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

11 **SECTION 1. AMENDMENT.** Section 57-39.2-28 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-39.2-28. Refunds for Canadian residents.**

14 The tax imposed under this chapter on gross receipts from sales made to a person who is a
15 resident of Canada may be refunded under the following conditions:

- 16 1. The Canadian resident was in North Dakota for the express purpose of making a
17 purchase, and not as a tourist.
- 18 2. The goods will be removed from North Dakota within thirty days of purchase and will
19 be used permanently outside North Dakota.
- 20 3. The Canadian resident applies ~~in writing to~~ in the manner prescribed by the
21 ~~commissioner on a form as the commissioner may prescribe~~ reciting sufficient facts
22 establishing the exempt status of the sale.

- 1 4. The qualifying sale is one in which the total gross receipts from each individual
2 transaction, which may involve one or more items, equals ~~twenty-five~~one hundred
3 dollars or more of taxable products.
- 4 5. The refund is ~~fifteen~~sixty dollars or more. Qualifying sales may be accumulated for
5 periods not in excess of one calendar year in order to reach the ~~fifteen~~sixty dollar limit.
- 6 6. A claim for refund must be submitted to the commissioner on or before March thirty-first
7 following the calendar year of purchase.
- 8 7. Notwithstanding section 57-39.2-23, the commissioner may provide names and
9 addresses of Canadian residents claiming a North Dakota sales tax refund to the
10 director of the department of commerce division of tourism.

11 **SECTION 2.** A new section to chapter 57-39.2 of the North Dakota Century Code is created
12 and enacted as follows:

13 **Refunds for residents of an adjoining state.**

14 The tax imposed under this chapter on gross receipts from sales made to a person of an
15 adjoining state that does not impose or levy a retail sales tax may be refunded under the
16 following conditions:

- 17 1. The person was in North Dakota for the express purpose of making a purchase.
- 18 2. The goods will be removed from North Dakota within thirty days of purchase and will
19 be used permanently outside North Dakota.
- 20 3. The purchaser applies in the manner prescribed by the tax commissioner reciting
21 sufficient facts establishing the exempt status of the sale.
- 22 4. The qualifying sale is one in which the total gross receipts from each individual
23 transaction, which may involve one or more items, equals one hundred dollars or more
24 of taxable products.
- 25 5. The refund is sixty dollars or more. Qualifying sales may be accumulated for periods
26 not in excess of one calendar year in order to reach the sixty-dollar limit.
- 27 6. The refund application and supporting documentation are submitted to the tax
28 commissioner on or before March thirty-first following the calendar year of purchase.

29 **SECTION 3. AMENDMENT.** Section 57-39.5-02 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **57-39.5-02. Imposition - Exemptions.**

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

- 12 1. Tax under this chapter or chapter 57-39.2 or 57-40.2 has been paid on a previous
13 sale;
- 14 2. Tax under section 57-39.5-06 has been paid under a previous lease;
- 15 3. Originally purchased outside this state and previously owned by a farmer; or
- 16 4. Has been under rental for three years or more.

17 **SECTION 4.** A new section to chapter 57-39.5 of the North Dakota Century Code is created
18 and enacted as follows:

19 **Sales to residents of an adjoining state.**

20 The gross receipts from sales, which are otherwise taxable under this chapter or chapter
21 57-39.2 or 57-40.6, made to a person who is a resident of an adjoining state that does not
22 impose or levy a farm machinery gross receipts tax, are exempt if:

- 23 1. The retailer's gross receipts from sales of farm machinery and irrigation equipment
24 during the preceding calendar year are seventy-five percent or more of the retailer's
25 total receipts.
- 26 2. The retailer makes an election to not collect the farm machinery gross receipts tax on
27 sales of farm machinery and irrigation equipment as provided in this section.
 - 28 a. The election must be made on a form prescribed by the tax commissioner, and
29 must be filed with the tax commissioner on or before January first of the year the
30 election will apply. An election is binding for subsequent calendar years unless
31 the retailer's gross receipts for the preceding calendar year fail to meet the

1 threshold in subsection 1 or the retailer notifies the tax commissioner that it is
2 opting out of the election effective for the following calendar year. The tax
3 commissioner may revoke the election for failure to comply with the requirements
4 of this section.

5 b. A retailer that does not have a valid election in effect shall collect the tax as
6 provided in chapter 57-39.2 and this chapter, and any purchaser of farm
7 machinery and irrigation equipment may apply for a refund of the tax paid ~~as~~
8 ~~provided in section 2 of this Act.~~under the following conditions:

9 (1) The person was in North Dakota for the express purpose of making a
10 purchase.

11 (2) The goods will be removed from North Dakota within thirty days of purchase
12 and will be used permanently outside North Dakota.

13 (3) The purchaser applies in the manner prescribed by the tax commissioner
14 reciting sufficient facts establishing the exempt status of the sale.

15 (4) The qualifying sale is one in which the total gross receipts from each
16 individual transaction, which may involve one or more items, equals one
17 hundred dollars or more of taxable products.

18 (5) The refund is sixty dollars or more. Qualifying sales may be accumulated for
19 periods not in excess of one calendar year in order to reach the sixty dollar
20 limit.

21 (6) The refund application and supporting documentation are submitted to the
22 tax commissioner on or before March thirty first following the calendar year
23 of purchase.

24 c. The election must be applied to all purchasers who are persons residing in an
25 adjoining state that does not impose or levy a farm machinery gross receipts tax.

26 3. The adjoining state does not impose or levy a farm machinery gross receipts tax.

27 4. The person was in North Dakota for the express purpose of making a purchase.

28 5. The goods will be removed from North Dakota within thirty days of purchase and will
29 be used permanently outside North Dakota.

1 6. The qualifying sale is one in which the total gross receipts from each individual
2 transaction, which may involve one or more items, equals one hundred dollars or more
3 of taxable products.

4 7. The person furnishes to the retailer a signed affidavit, prescribed by the tax
5 commissioner, reciting sufficient facts establishing the exempt status of the sale. By
6 March thirty-first, the retailer shall file a report of the previous calendar year's exempt
7 farm machinery sales, in a form and manner approved by the tax commissioner.

8 **SECTION 5. AMENDMENT.** Section 57-39.6-02 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **57-39.6-02. Gross receipts tax on alcoholic beverages - Exemption.**

11 There is imposed a tax of seven percent on the gross receipts of retailers from all sales at
12 retail of alcoholic beverages. Gross receipts from sales at retail of alcoholic beverages are
13 exempted from the tax imposed by this chapter when the sale is made to a purchaser who is
14 entitled to a sales and use tax exemption under subsection 6 ~~or 12~~ of section 57-39.2-04 on
15 otherwise taxable sales. Purchasers may claim a refund of the tax imposed under this chapter if
16 the purchaser meets the refund requirements and complies with the procedures under section
17 57-39.2-28 or section 2 of this Act.

18 **SECTION 6. AMENDMENT.** Subdivision d of subsection 1 of section 57-40.6-14 of the
19 North Dakota Century Code is amended and reenacted as follows:

20 d. Gross receipts from sales at retail of prepaid wireless services are exempt from
21 the prepaid wireless emergency 911 fee imposed by this section when the sale is
22 made to a person entitled to a sales and use tax exemption under subsection 6
23 ~~or 12~~ of section 57-39.2-04 or section 4 of this Act. Purchasers may claim a
24 refund of the tax imposed under this chapter if a retailer does not make an
25 election under section 4 of this Act, or if the purchaser meets the refund
26 requirements and complies with the procedures under section 2 of this Act.

27 **SECTION 7. REPEAL.** Subsection 12 of section 57-39.2-04 of the North Dakota Century
28 Code is repealed.

29 **SECTION 8. EFFECTIVE DATE.** This Act is effective for taxable purchases made after
30 December 31, 2015.