

Sixty-eighth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1402

Introduced by

Representatives Karls, D. Anderson, Fisher, Grueneich, Heinert, Kiefert, McLeod, Meier

Senators Cleary, Dever

1 A BILL for an Act to create and enact a new subsection to section 57-39.2-04 of the North
2 Dakota Century Code, relating to a sales tax exemption for sales of used clothing sold by a thrift
3 store of a nonprofit corporation; ~~to amend and reenact subsection 7 of section 57-39.2-01 and~~
4 ~~subdivision a of subsection 12 of section 57-39.2-01 of the North Dakota Century Code, relating~~
5 ~~to gross receipts from delivery charges; and to provide an effective date.~~

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

7 ~~— **SECTION 1. AMENDMENT.** Subsection 7 of section 57-39.2-01 of the North Dakota~~
8 ~~Century Code is amended and reenacted as follows:~~

9 ~~— 7. "Delivery charges" means charges by the seller for preparation and delivery to a~~
10 ~~location designated by the purchaser of personal property or services. For purposes of~~
11 ~~this subsection, "preparation and delivery" includes transportation, shipping, postage,~~
12 ~~handling, crating, and packing. If shipment includes exempt property and taxable~~
13 ~~property, the seller should allocate the delivery charge by using a percentage based~~
14 ~~on:~~

15 ~~— a. The total sales price of the taxable property compared to the total sales price of~~
16 ~~all property in the shipment; or~~

17 ~~— b. The total weight of the taxable property compared to the total weight of all~~
18 ~~property in the shipment.~~

19 ~~The seller must tax the percentage of the delivery charge allocated to the taxable~~
20 ~~property but does not have to tax the percentage allocated to the exempt property.~~

21 ~~— **SECTION 2. AMENDMENT.** Subdivision a of subsection 12 of section 57-39.2-01 of the~~
22 ~~North Dakota Century Code is amended and reenacted as follows:~~

23 ~~— a. "Gross receipts" means the measure subject to sales tax and means the total~~
24 ~~amount of consideration, including cash, credit, property, and services, for which~~

~~personal property or services are sold, leased, or rented, valued in money,~~

~~whether received in money or otherwise, without any deduction for the following:~~

~~(1) The seller's cost of the property sold;~~

~~(2) The cost of materials used, labor or service costs, interest, losses, all costs
of transportation to the seller, all taxes imposed on the seller, and any other
expense of the seller;~~

~~(3) Charges by the seller for any services necessary to complete the sale, other
than delivery and installation charges; and~~

~~(4) Delivery charges; and~~

~~(5) Credit for any trade-in, as determined by state law.~~

SECTION 1. A new subsection to section 57-39.2-04 of the North Dakota Century Code is
created and enacted as follows:

Gross receipts from sales of used clothing made by a thrift store owned and operated
by a nonprofit corporation exempt from federal taxation under section 501(c)(3) of the
Internal Revenue Code [26 U.S.C. 501(c)(3)].

SECTION 2. EFFECTIVE DATE. This Act is effective for taxable events occurring after
June 30, 2023.