



**STATE OF NORTH DAKOTA**  
**OFFICE OF STATE TAX COMMISSIONER**  
**Ryan Rauschenberger, Commissioner**

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**To:** Watford City Sales, Use, and Gross Receipts Tax Permit Holders  
**From:** Office of State Tax Commissioner, Tax Compliance Section  
**Subject:** Watford City Sales, Use, and Gross Receipts Tax  
**Date:** July 31, 2014

At the present time, the city of Watford City has a one percent (1%) city sales, use, and gross receipts tax in place. **Effective October 1, 2014, the Watford City city sales, use, and gross receipts tax will be one and one-half percent (1-1/2%).** The following applies:

- Maximum Tax (Refund Cap) – remains at \$25 per sale
- New farm machinery is exempt
- Exempts contracts awarded prior to effective date
- No limited exemption for contractors (see the Local Option Tax Guideline for information on this limited exemption: <http://www.nd.gov/tax/salesanduse/pubs/guide/gl-21847.pdf>)
- No sunset date provided
- Permit holder compensation is included at 3%, with maximum of \$83.33/month and \$250/quarter
- Proceeds will be used for projects developing, promotion, and enhancing the general welfare of the community, including but not limited to projects for health, recreation, business and commerce expansion and retention, and community and economic development projects

The Office of State Tax Commissioner has contracted with the city of Watford City to administer the city sales, use, and gross receipts tax. Tax is computed by multiplying the taxable purchase by the tax rate and carrying the product to the 3<sup>rd</sup> decimal place. If the 3<sup>rd</sup> decimal place is 5 or greater, round up; if it is 4 or less, round down. A Local Option Tax Guideline and Rate Charts are available on our website at [www.nd.gov/tax](http://www.nd.gov/tax).

Effective October 1, 2014, the combined state and city rates within the city limits of Watford City will be as follows:

- General sales and use tax: 6.5 percent (5% state + 1-1/2% city)
- New farm machinery: 3 percent (3% state + exempt from city tax)
- New farm irrigation equipment: 4.5 percent (3% state + 1-1/2% city)
- New mobile homes: 4.5 percent (3% state + 1-1/2% city)
- Lodging:
  - Hotel, Motel and Tourist Court Accommodations, and Bed & Breakfast Accommodations licensed under North Dakota Century Code ch. 23-09.1:  
8.5 percent (5% state + 1-1/2% city sales + 2% City Lodging tax)
- Restaurant (sale of food and non-alcoholic beverages): 6.5 percent (5% state + 1-1/2% city sales)
- Alcoholic Beverages:
  - Off-sale alcoholic beverages: 8.5 percent (7% state + 1-1/2% city gross receipts)
  - On-sale alcoholic beverages: 8.5 percent (7% state + 1-1/2% city gross receipts)

Questions concerning the Watford City city sales, use, and gross receipts tax may be directed to the Office of State Tax Commissioner. You may contact the Office of State Tax Commissioner by phone at 701.328.1246, by e-mail at [salestax@nd.gov](mailto:salestax@nd.gov), or by mail at Office of State Tax Commissioner, Tax Compliance Section, 600 E Boulevard, Dept. 127, Bismarck, ND 58505-0599.