



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Commissioner

To: Max Sales, Use and Gross Receipts Tax Permit Holders
From: Office of State Tax Commissioner, Tax Compliance Section
Subject: Max Sales, Use and Gross Receipts Tax
Date: January 28, 2011

Effective April 1, 2011, the city of Max has adopted an ordinance to impose a one (1%) city sales, use and gross receipts tax. The Max city tax is in addition to the state sales, use and gross receipts tax currently in place. In addition to this new tax, the following applies:

- Includes a Maximum Tax (Refund Cap) of \$25.00 per transaction
- Will be reported under local tax code 227 on the state sales tax return (Form ST)
- Exempts new farm machinery and new farm irrigation equipment
- Includes a 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 for ordinance
- Exempts contracts awarded prior to effective date
- No permit holder compensation is included
- Proceeds are intended for city maintenance, infrastructure repairs, and associated debt relief related to these projects

The Office of State Tax Commissioner has contracted with the city of Max 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 3rd decimal place. If the 3rd 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.

Effective April 1, 2011, the combined state and city rates within the city limits of Max, ***including*** deliveries made into the city by retailers located outside the city limits of Max, will be as follows:

- General sales and use tax: 6.0 percent (5% state + 1.0% city)
- New farm machinery: 3.0 percent (3% state + exempt from city)
- Coin-operated amusement: 6.0 percent (5% state + 1.0% city)
- New mobile homes: 4.0 percent (3% state + 1.0% city)
- Lodging:
 - Hotel, Motel and Tourist Court Accommodations, and Bed & Breakfast Accommodations licensed under North Dakota Century Code ch. 23-09.1: 6.0 percent (5% state + 1.0% city sales)
- Restaurant (sale of food and non-alcoholic beverages): 6.0 percent (5% state + 1.0% city sales)
- Alcoholic Beverages:
 - Off-sale alcoholic beverages: 8.0 percent (7% state + 1.0% city gross receipts)
 - On-sale alcoholic beverages: 8.0 percent (7% state + 1.0% city gross receipts)

Questions concerning the Max 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, or by mail at Office of State Tax Commissioner, Tax Compliance Section, 600 E Boulevard, Dept. 127, Bismarck, ND 58505-0553.