



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

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**To:** Fargo Sales, Use and Gross Receipts Tax Permit Holders  
**From:** Office of State Tax Commissioner, Tax Compliance Section  
**Subject:** Fargo City Sales, Use and Gross Receipts Tax Increase  
**Date:** November 25, 2008

At the present time, the city of Fargo has a 1 percent city sales, use and gross receipts tax in place. One-half of the current tax rate being charged sunsets December 31, 2008. The city of Fargo will increase its city sales, use and gross receipts tax by one percent (1%) effective January 1, 2009. ***Effective January 1, 2009, the Fargo city sales, use and gross receipts tax will be 1.5 percent.*** In addition, the Maximum Tax (Refund Cap) will increase to \$37.50 per transaction.

The Office of State Tax Commissioner has contracted with the city of Fargo 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), or can be obtained by contacting our office.

Effective January 1, 2009, the combined state and city rates within the city limits of Fargo, ***including*** deliveries made into the city by retailers located outside the city limits of Fargo, will be as follows:

General sales and use tax: 6.5 percent (5% state + 1.5% city)

Natural gas: 2.5 percent (1% state + 1.5% city)

New farm machinery and new farm irrigation equipment: 4.5 percent (3% state + 1.5% city)

New mobile homes: 4.5 percent (3% state + 1.5% city)

Coin-operated amusement: 5 percent (5% state, exempt from city)

Lodging:

- Hotel, Motel and Tourist Court Accommodations, and Bed & Breakfast Accommodations licensed under North Dakota Century Code ch. 23-09.1: 6.5 percent (5% state + 1.5% city sales) \*Does not include 3% lodging tax administered by the City of Fargo

Restaurant (sale of food and non-alcoholic beverages): 6.5 percent (5% state + 1.5% city sales)

Alcoholic Beverages:

- Off-sale alcoholic beverages: 8.5 percent (7% state + 1.5% city gross receipts)
- On-sale alcoholic beverages: 8.5 percent (7% state + 1.5% city gross receipts)

Questions concerning the increase in the Fargo 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.