



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

To: Hatton Sales, Use and Gross Receipts Tax Permit Holders
From: Office of State Tax Commissioner, Tax Compliance Section
Subject: Hatton City Sales, Use and Gross Receipts Tax Increase
Date: July 29, 2010

At the present time, the city of Hatton has a one percent (1%) city sales, use and gross receipts tax in place. ***Effective October 1, 2010, the Hatton city sales, use and gross receipts tax will be two percent (2%).*** In addition to the rate change, the following applies:

Maximum Tax (Refund Cap) remains at \$25.00 per transaction
Does not include 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>)
Coin-operated amusement continues to be exempt from tax
No sunset clause is provided
No permit holder compensation is included
Applies only to contracts submitted on or after the effective date
Proceeds are intended for funding of infrastructure improvements, including publicly-owned utilities and buildings; for job creation; and for business retention, expansion, and recruitment with not less than one quarter of the funds generated allocated for job creation, business retention, expansion, and recruitment

The Office of State Tax Commissioner has contracted with the city of Hatton 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 October 1, 2010, the combined state and city rates within the city limits of Hatton, ***including*** deliveries made into the city by retailers located outside the city limits of Hatton, will be as follows:

- General sales and use tax: 7 percent (5% state + 2% city)
- New farm machinery: 5 percent (3% state + 2% city)
- Coin-operated amusement: 5 percent (5% state + exempt from city)
- New mobile homes: 5 percent (3% state + 2% city)
- Lodging:
 - o Hotel, Motel and Tourist Court Accommodations, and Bed & Breakfast Accommodations licensed under North Dakota Century Code ch. 23-09.1: 7 percent (5% state + 2% city sales)
- Restaurant (sale of food and non-alcoholic beverages): 7 percent (5% state + 2% city sales)
- Alcoholic Beverages:
 - o Off-sale alcoholic beverages: 9 percent (7% state + 2% city gross receipts)
 - o On-sale alcoholic beverages: 9 percent (7% state + 2% city gross receipts)

Questions concerning the increase in the Hatton 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 58505-0599.