



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

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**To:** North Dakota Hotels and Motels  
**From:** Office of State Tax Commissioner, Sales and Special Taxes Division  
**Subject:** Sales Tax Rate Increase on Hotel, Motel, and Tourist Court Accommodations  
**Date:** ~~June 10, 2003~~ Revised July 2, 2003

The North Dakota Legislative Assembly increased the state sales tax rate from 5 to 6 percent effective July 1, 2003 on the gross receipts from leasing or renting hotel, motel, or tourist court accommodations for periods of fewer than thirty consecutive days excluding bed and breakfast accommodations. ***The gross receipts from leasing or renting bed and breakfast accommodations licensed under North Dakota Century Code ch. 23-09.1 remain subject to state tax at 5 percent.***

The 6 percent rate applies to leasing or renting sleeping rooms at hotels, motels and other tourist court accommodations. The sales tax rate on rental of conference rooms, banquet rooms, swimming pools and on sales of meals, beverages, gift shop items, and other tangible personal property remains at the general state sales tax rate of 5 percent. The 6 percent rate is effective for all reporting periods beginning July 1, 2003 through periods ending June 30, 2007. The purpose of the rate increase is to generate funds for the promotion of the Lewis and Clark bicentennial celebration.

Under the new law, retailers leasing or renting sleeping rooms at hotels, motels, and other tourist court accommodations may be collecting North Dakota sales tax at three different rates (excluding all local taxes). Leasing or renting sleeping rooms is (effective July 1) subject to 6 percent state sales tax; alcoholic beverage sales are subject to 7 percent sales tax; and, all other taxable sales of products (e.g. prepared meals, soft drinks, gift shop items, candy, etc.) are taxed at 5 percent. The additional 1 percent tax that applies to the gross receipts from leasing or renting sleeping rooms must be reported separately on your sales tax return. Therefore, the following unique instructions apply to hotel, motel, and tourist court accommodations reporting 6 percent North Dakota sales tax collections.

***Alcoholic beverages:*** Hotel, motel, and tourist court accommodations that sell alcoholic beverages receive a sales tax return with two columns of information. Sales of alcoholic beverages are reported in Column A and a tax rate of 7 percent is multiplied times the sales amount to determine the correct state sales tax.

***All other sales:*** All sales except alcohol, which are taxed at 5 or 6 percent, are reported in Column B of the two-column return. A tax rate of 5 percent is multiplied times the sales reported in Column A (or in the single column of a one-column return). The additional 1 percent sales tax collected on 6 percent sales will be reported separately on the back side of the sales tax return in the Local Option Sales and Use Tax section. Hotel, motel, and tourist court accommodations that do not sell alcoholic beverages receive a return with one column, which is used to report all 5 and 6 percent sales.

***Additional 1 percent tax:*** A special line of information will be preprinted in the Local Option Sales and Use Tax section of your return for the purpose of reporting the additional 1 percent sales tax collected on hotel, motel, and other tourist court accommodations. This section of the return has six columns labeled A through F. The local code (Column A) will be identified as 600 and the name/location (Column B) will be listed as "ND Hotel/Motel." Report the amount of 1 percent tax due in Columns C and F of the schedule. Columns D and E are not applicable to the additional 1 percent sales tax collected on hotel, motel, and other tourist court accommodations. Please note sales are not reported in the Local Option Section of the return. The tax reported in Columns C and F will be equal to 1 percent of your gross receipts from leasing or renting sleeping rooms. Rental of conference rooms, banquet rooms, and swimming pools and other sales of food, drink, and miscellaneous sundries are not subject to the 6 percent state tax rate.

