



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

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To: North Dakota Sales, Use and Gross Receipts Tax Permit Holders

Subject: Local Tax Changes Effective April 1, 2010

Date: January 5, 2010

The following summarizes the local option tax changes effective April 1, 2010. More detailed information will be mailed to permit holders located within the cities where the changes occurred.

**Lisbon**

The city of Lisbon will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Lisbon starting April 1, 2010 will be two percent (2%). In addition to the rate increase, the following changes were made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction

**LaMoure**

The city of LaMoure will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Lamoure starting April 1, 2010 will be two percent (2%). In addition to the rate increase, the following changes were made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction

**Maximum Tax (Refund Cap)**

Prior to October 2005, most local sales taxes included a maximum tax provision (now also known as a refund cap). This was a maximum amount of tax that could apply to a single transaction. In October 2005, the caps were replaced with a refund program. Under the refund program, the retailer was required to collect tax on the entire sale without considering the caps. If the purchaser paid more than the maximum tax amount on a purchase, the purchaser could apply to the Tax Commissioner for a refund of any tax paid in excess of the cap. Beginning July 1, 2007, retailers may voluntarily collect up to the cap amount as a convenience to their customers so the purchasers do not need to apply for a refund. Retailers are not required to calculate caps and may continue to collect tax without regard to the caps. Retailers should be consistent in the method they choose to calculate local taxes.

More information on state and local taxes, including the Local Option Taxes by Location Guideline, is available on our web site at [www.nd.gov/tax](http://www.nd.gov/tax). Rate charts are also available on our web site. You may also contact the Tax Compliance Section at (701) 328-1246 or by e-mail at [salestax@nd.gov](mailto:salestax@nd.gov).