



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, 2012

Date: January 31, 2012

The following summarizes the local option tax changes effective April 1, 2012. Information will be mailed to permit holders located within the cities where the changes will occur.

**Fargo**

At this time, the city of Fargo has a two percent (2%) city sales, use, and gross receipts tax in place. One half percent (.5%) of the current city tax will sunset effective June 30, 2012. Effective July 1, 2012, the Fargo city sales, use, and gross receipts tax will be one and one half percent (1.5%).

- Maximum tax (refund cap) will decrease to \$37.50 per transaction

**Forman**

The city of Forman will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Forman starting April 1, 2012 will be one and one half percent (1.5%). No other changes were made to the ordinance.

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

**Kindred**

The city of Kindred will impose a city sales, use, and gross receipts tax of one and one half percent (1.5%) effective April 1, 2012. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 230
- Includes \$50 Maximum Tax (Refund Cap)
- No additional exemptions other than allowed by state tax law
- Does not provide a limited liability 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>)
- Does not exempt contracts awarded prior to effective date
- Does not provide for permit holder compensation
- No sunset date is provided
- Proceeds are intended for city infrastructure improvements and infrastructure improvements for the park district

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

**Wahpeton**

The city of Wahpeton will institute a maximum permit compensation of \$37.50 per month. This maximum permit compensation will begin April 1, 2012. No other changes were made to the ordinance.

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

### **Williston**

The city of Williston will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Williston starting April 1, 2012 will be two percent (2%). No other changes were made to the ordinance.

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

### **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).