



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 January 1, 2007

Date: October 25, 2006

The following summarizes the local option tax changes effective January 1, 2007. More detailed information will be mailed to permit holders located within the cities where the changes occurred.

**Glen Ullin**

The city of Glen Ullin will impose a city sales, use and gross receipts tax of one percent (1%) effective January 1, 2007. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 212.
- Includes Contractor Limited Exemption when a Contractor's Certificate is used.
- Includes Maximum Tax (Refund Cap) of \$25.00.
- Does not provide for Permit Holder Compensation.

**Hazelton**

The city of Hazelton has made a change to its city sales, use and gross receipts tax ordinance. The tax rate for Hazelton will remain at one percent (1%); however the following change was made and will become effective January 1, 2007:

- Increased Maximum Tax (Refund Cap) to \$35.00 per single transaction.

**Killdeer**

The city of Killdeer will increase its city sales, use and gross receipts tax by one-half percent (0.5%). The tax rate for Killdeer starting January 1, 2007 will be one and one-half percent (1.5%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$37.50 per single transaction.

**Lakota**

The city of Lakota will impose a city sales, use and gross receipts tax of one percent (1%) effective January 1, 2007. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 213.
- Includes Contractor Limited Exemption when a Contractor's Certificate is used.
- Does not include a Maximum Tax (Refund Cap).
- Does not provide for Permit Holder Compensation.

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### **Minnewaukan**

The city of Minnewaukan will impose a city sales, use and gross receipts tax of one and one-half percent (1.5%) effective January 1, 2007. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 214.
- New Farm Machinery and New Farm Irrigation equipment are exempt.
- Natural Gas sales are exempt.
- Does not include a Maximum Tax (Refund Cap).
- Does not provide for Permit Holder Compensation.

### **Northwood**

The city of Northwood has made changes to its city sales, use and gross receipts tax ordinance. The tax rate for Northwood will remain at one and one-half percent (1.5%); however the following changes were made and will become effective January 1, 2007:

- Gross Receipts from Coin-Operated Amusement Machines are exempt.
- Added Maximum Tax (Refund Cap) of \$37.50 per single transaction.

### **Wishek**

The city of Wishek has made changes to its city sales, use and gross receipts tax ordinance. The tax rate for Wishek will remain at one percent (1%); however the following changes were made and will become effective January 1, 2007:

- New Farm Machinery and New Farm Irrigation equipment are exempt.
- Removed Maximum Tax (Refund Cap).
- Removed Permit Holder Compensation.

### **Refund Cap**

Effective October 1, 2005, a change in North Dakota Century Code required retailers to begin collecting the full amount of local tax without regard to the Maximum Tax (Refund Cap) identified in the local jurisdiction's ordinance. When a refund cap applies, the purchaser may apply to the Office of State Tax Commissioner for a refund of the amount of city tax paid in excess of the Maximum Tax (Refund Cap) identified in the ordinance.

### **Contractor Limited Exemption**

Some local tax ordinances include a Contractor Limited Exemption. When this exemption applies, local tax is not due to the local jurisdiction where the purchaser takes possession of the materials unless the materials are consumed or installed within that local jurisdiction. For more details about this exemption, see the Contractor section of the Local Option Taxes by Location guideline.

More information on state and local sales taxes 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 Sales & Withholding Tax Section at (701) 328-3470 or by e-mail at [salestax@nd.gov](mailto:salestax@nd.gov).