



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

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

Subject: Local Tax Changes Effective January 1, 2010

Date: October 21, 2009

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

Cavalier

The city of Cavalier will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Cavalier starting January 1, 2010 will be two percent (2%). This one half percent (.5%) increase will sunset December 31, 2010. No other changes were made to the ordinance.

Fargo

The city of Fargo will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Fargo starting January 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

Hankinson

The city of Hankinson will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Hankinson starting January 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
- Added Permit Holder Compensation (3% of city tax due)

Pembina

The city of Pembina will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Pembina starting January 1, 2010 will be two and one half percent (2.5%). No other changes were made to the ordinance.

Rolla

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

- Gross receipts from new farm machinery and farm irrigation equipment are exempt
- Gross receipts from coin-operated amusement are exempt
- Gross receipts from coin-operated vending sales of 99 cents or less are exempt
- Gross receipts from new mobile homes are exempt
- Includes a Contractor Limited Exemption when a Contractor's Certificate is used

Wahpeton

The city of Wahpeton will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Wahpeton starting January 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. Rate charts are also available on our web site. You may also contact the Tax Compliance Section at (701) 328-1246 or by email at salestax@nd.gov.