



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, 2011

Date: October 29, 2010

The following summarizes the local option tax changes effective January 1, 2011. Information will be mailed to permit holders located within the cities where the changes will occur.

Dunseith

The current local tax for the city of Dunseith will sunset December 31, 2010. The city of Dunseith will impose a city sales, use and gross receipts tax of one percent (1%) effective January 1, 2011. This ordinance continues the local tax with no changes.

(For additional information: <http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Hettinger

The city of Hettinger will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Hettinger beginning January 1, 2011 will be one and one half percent (1.5%). In addition to the rate increase, the following changes were made to the ordinance:

- Increased the Maximum Tax (Refund Cap) to \$37.50 per transaction
- Eliminated the new farm machinery exemption

(For additional information: <http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Leonard

The city of Leonard will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Leonard beginning January 1, 2011 will be two percent (2%). No other changes were made to the ordinance.

- No Maximum Tax (Refund Cap) remains

(For additional information: <http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Mapleton

The city of Mapleton will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Mapleton beginning January 1, 2011 will be one and one half percent (1.5%). No other changes were made to the ordinance.

- Maximum Tax (Refund Cap) remains at \$25.00 per transaction

(For additional information: <http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Strasburg

The city of Strasburg will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Strasburg beginning January 1, 2011 will be two percent (2%). In addition to the rate increase, the following changes were made to the ordinance:

- Eliminated the Maximum Tax (Refund Cap) of \$25.00 per transaction

(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. 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.