



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

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To: North Dakota Sales and Use Tax Permit Holders

Subject: Local Tax Changes Effective October 1, 2006

Date: July 26, 2006

The following summarizes the local option tax changes effective October 1, 2006. More detailed information will be mailed to permit holders located within the cities and county where the changes occurred.

**Edgeley**

The city of Edgeley will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Edgeley starting October 1, 2006 will be two percent (2%). In addition to the rate increase, the following changes were made to the ordinance:

- Added Contractor Limited Exemption when a Contractor's Certificate is used.
- Removed Maximum Tax (Refund Cap).

**Garrison**

The city of Garrison will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Garrison starting October 1, 2006 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

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

**Linton**

The city of Linton will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Linton starting October 1, 2006 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Removed Maximum Tax (Refund Cap).

**Northwood**

The city of Northwood will increase its city sales, use and gross receipts tax by one-half percent (0.5%). The tax rate for Northwood starting October 1, 2006 will be one and one-half percent (1.5%). In addition to the rate increase, the following changes were made to the ordinance:

- Added Contractor Limited Exemption when a Contractor's Certificate is used.
- Removed the exemption for Coin-Operated Amusement.
- Removed Maximum Tax (Refund Cap).

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### **Underwood**

The city of Underwood will impose a city sales, use and gross receipts tax of one and one-half percent (1.5%) effective October 1, 2006. The following gives a brief synopsis of the newly imposed tax:

- New Farm Machinery is exempt (New Farm Irrigation Equipment is taxed).
- 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.

### **Williams County**

The county of Williams will impose a county sales and use tax of one-half percent (0.5%) effective October 1, 2006. The following gives a brief synopsis of the newly imposed tax:

- New Farm Machinery and New Farm Irrigation Equipment are exempt.
- Alcoholic Beverages are exempt.
- Gross Receipts from Coin-Operated Vending Sales of 99 cents or less are exempt.
- Gross Receipts from Coin-Operated Amusement Machines are exempt.
- Includes Contractor Limited Exemption when a Contractor's Certificate is used.
- Maximum Tax (Refund Cap) of \$12.50 per transaction.
- Does not provide for 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).