



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 October 1, 2010

Date: July 29, 2010

The following summarizes the local option tax changes effective October 1, 2010. Information will be mailed to permit holders located within the cities where the changes will occur.

**Drayton**

The city of Drayton will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Drayton beginning October 1, 2010 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>)

**Hatton**

The city of Hatton will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Hatton beginning October 1, 2010 will be two percent (2%). 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>)

**Oakes**

The city of Oakes will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Oakes beginning October 1, 2010 will be two percent (2%). 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>)

**Valley City**

The city of Valley City will increase its city sales, use and gross receipts tax by one half percent (.5%). The tax rate for Valley City beginning October 1, 2010 will be two and one half percent (2.5%). In addition to the rate increase, the following changes were made to the ordinance:

Increased the Maximum Tax (Refund Cap) to \$62.50 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.

**Riverdale**

Effective October 1, 2010, the city of Riverdale will impose a one percent (1%) City Lodging tax and a one percent (1%) City Lodging and Restaurant tax.

The 1% City Lodging tax will apply to:

Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

The 1% City Lodging and Restaurant tax will apply to:

Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

Gross receipts of restaurants or bars from sales of prepared food and non-alcoholic beverages

On-sale alcoholic beverages

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).