



**STATE OF NORTH DAKOTA**  
**OFFICE OF STATE TAX COMMISSIONER**  
**Ryan Rauschenberger, Commissioner**

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**To:** Hillsboro Sales, Use, and Gross Receipts Tax Permit Holders  
**From:** Office of State Tax Commissioner, Tax Compliance Section  
**Subject:** Hillsboro Sales, Use, and Gross Receipts Tax  
**Date:** July 31, 2015

At the present time, the city of Hillsboro has a two percent (2%) city sales, use, and gross receipts tax in place. Effective September 30, 2015, one percent (1%) will sunset with obligations having been met. ***Effective October 1, 2015, the city of Hillsboro will institute a one percent (1%) sales, use, and gross receipts tax.*** The Hillsboro city sales, use, and gross receipts tax will remain at two percent (2%). The following applies:

- Maximum Tax (Refund Cap) remains at \$50/sale
- Provides for no additional exemptions other than allowed by state law
- Exempt contracts awarded prior to effective date
- No limited exemption for contractors (see the Local Option Tax Guideline for information on this limited exemption: <http://www.nd.gov/tax/salesanduse/pubs/guide/gl-21847.pdf>)
- No sunset date is scheduled
- No permit holder compensation is included
- Proceeds will be used for infrastructure debt repayment and capital improvement projects

The Office of State Tax Commissioner has contracted with the city of Hillsboro to administer the city sales, use, and gross receipts tax. Tax is computed by multiplying the taxable purchase by the tax rate and carrying the product to the 3<sup>rd</sup> decimal place. If the 3<sup>rd</sup> decimal place is 5 or greater, round up; if it is 4 or less, round down. A Local Option Tax Guideline and Rate Charts are available on our website at [www.nd.gov/tax](http://www.nd.gov/tax).

Effective October 1, 2015, the combined state and city rates within the city limits of Hillsboro will be as follows:

- General sales and use tax: 7 percent (5% state + 2% city)
- New farm machinery: 5 percent (3% state + 2% city)
- New farm irrigation equipment: 5 percent (3% state + 2% city)
- New mobile homes: 5 percent (3% state + 2% city)
- Lodging:
  - Hotel, Motel and Tourist Court Accommodations, and Bed & Breakfast Accommodations licensed under North Dakota Century Code ch. 23-09.1:  
7 percent (5% state + 2% city)
- Restaurant (sale of food and non-alcoholic beverages): 7 percent (5% state + 2% city)
- Alcoholic Beverages:
  - Off-sale alcoholic beverages: 9 percent (7% state + 2% city)
  - On-sale alcoholic beverages: 9 percent (7% state + 2% city)

Questions concerning the Hillsboro city sales, use, and gross receipts tax may be directed to the Office of State Tax Commissioner. You may contact the Office of State Tax Commissioner by phone at 701.328.1246, by e-mail at [salestax@nd.gov](mailto:salestax@nd.gov), or by mail at Office of State Tax Commissioner, Tax Compliance Section, 600 E Boulevard, Dept. 127, Bismarck, ND 58505-0599.