



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

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

Subject: Local Tax Changes Effective January 1, 2016

Date: October 31, 2015

The following summarizes the local option tax changes effective January 1, 2016. Information will be mailed to permit holders doing business within the city where the change will occur.

Alexander

The city of Alexander will impose a city sales, use, and gross receipts tax of two percent (2%) effective January 1, 2016. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 237
- No maximum tax included
- No additional exemptions other than allowed by state law
- Exempts contracts bid prior to effective date
- Limited exemption for contractors (see the Local Option Taxes by Location guideline for information on this limited exemption: (<http://www.nd.gov/tax/salesanduse/pubs/guide/gl-21847.pdf>))
- No permit compensation included
(For additional information:
<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Berthold

At the present time, the city of Berthold has a one percent (1%) city sales, use, and gross receipts tax in place. Effective December 31, 2015, this one percent (1%) tax will sunset. Effective January 1, 2016, the city of Berthold has adopted an ordinance to replace the one percent (1%) tax that ceased. This new ordinance continues the local tax at one percent (1%) with no additional changes.

- Maximum tax (Refund Cap) remains at \$25/sale
(For additional information:
<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Center

The city of Center will impose a city sales, use, and gross receipts tax of two percent (2%) effective January 1, 2016. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 238
- No maximum tax included
- No additional exemptions other than allowed by state law
- Exempts contracts bid prior to effective date
- No limited exemption for contractors (see the Local Option Taxes by Location guideline for information on this limited exemption: (<http://www.nd.gov/tax/salesanduse/pubs/guide/gl-21847.pdf>))
- No permit compensation included
(For additional information:
<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Dunseith

At the present time, the city of Dunseith has a one percent (1%) city sales, use, and gross receipts tax in place. Effective December 31, 2015, this one percent (1%) tax will sunset. Effective January 1, 2016, the city of Dunseith has adopted an ordinance to replace the one percent (1%) tax that ceased. This new ordinance continues the local tax at one percent (1%) with no additional changes.

- Maximum tax (Refund Cap) remains at \$25/sale

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Garrison

At the present time, the city of Garrison has a two percent (2%) city sales, use, and gross receipts tax in place. Effective December 31, 2015, one percent (1%) will sunset. Effective January 1, 2016, the city of Garrison has adopted an ordinance to replace the one percent (1%) tax that ceased. This new ordinance continues the local tax at two percent (2%) with no additional changes.

- Maximum tax (Refund Cap) remains at \$50/sale

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

McClusky

At the present time, the city of McClusky has a one percent (1%) city sales, use, and gross receipts tax in place. Effective December 31, 2015, this one percent (1%) tax will sunset. Effective January 1, 2016, the city of McClusky has adopted an ordinance to replace the one percent (1%) tax that ceased. This new ordinance continues the local tax at one percent (1%) with no additional changes.

- Maximum tax (Refund Cap) remains at \$25/sale

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Towner

At the present time, the city of Towner has a one percent (1%) city sales, use, and gross receipts tax in place. Effective December 31, 2015, this one percent (1%) tax will sunset. Effective January 1, 2016, the city of Towner has adopted an ordinance to replace the one percent (1%) tax that ceased. This new ordinance continues the local tax at one percent (1%) with no additional changes.

- Maximum tax (Refund Cap) remains at \$25/sale

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Maximum Tax (Refund Cap)

The maximum tax is the amount of tax that could apply to a single transaction. If the purchaser pays more than the maximum tax amount on a purchase, the purchaser may apply to the Tax Commissioner for a refund of any tax paid in excess of the maximum tax. Retailers may voluntarily collect up to the maximum tax amount as a convenience to their customers so the purchasers do not need to apply for a refund. Retailers are not required to calculate maximum tax and may continue to collect tax without regard to the maximum tax. 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 website at www.nd.gov/tax. Rate charts are also available on our website. You may also contact the Tax Compliance Section at 701.328.1246 or by e-mail at salestax@nd.gov.