

Introduced by

Senators Sinner, Casper

Representatives P. Anderson, Oversen, Schneider, Wallman

1 A BILL for an Act to create and enact a new section to chapter 57-39.2 of the North Dakota
2 Century Code, relating to a sales and use tax exemption for clothing; ~~to provide an~~
3 ~~appropriation~~; and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new section to chapter 57-39.2 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Sales tax exemption for clothing** ~~**Allocation of replacement revenue to cities and**~~
8 ~~**counties**~~ ~~**Continuing appropriation.**~~

9 1. Gross receipts from sales of clothing are exempt from taxes imposed under this
10 chapter. ~~The commissioner shall make annual allocations of funds provided by~~
11 ~~legislative appropriations among cities and counties imposing sales taxes to offset the~~
12 ~~lost city and county sales tax revenue from this exemption. The commissioner shall~~
13 ~~make an annual payment to cities and counties prorated in proportion to the respective~~
14 ~~shares of each city and county in respect to total annual statewide city and county~~
15 ~~home rule sales tax collections.~~

16 1.2. For purposes of this section, "clothing" means all human wearing apparel suitable for
17 general use.

18 2.3. For purposes of this section, "clothing" includes:

- 19 a. Aprons, household and shop;
20 b. Athletic supporters;
21 c. Baby receiving blankets;
22 d. Bathing suits and caps;
23 e. Beach capes and coats;
24 f. Belts and suspenders;

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- 1 g. Boots;
- 2 h. Coats and jackets;
- 3 i. Costumes;
- 4 j. Diapers, children and adult, including disposable diapers;
- 5 k. Ear muffs;
- 6 l. Footlets;
- 7 m. Formal wear;
- 8 n. Garters and garter belts;
- 9 o. Girdles;
- 10 p. Gloves and mittens for general use;
- 11 q. Hats and caps;
- 12 r. Hosiery;
- 13 s. Insoles for shoes;
- 14 t. Laboratory coats;
- 15 u. Neckties;
- 16 v. Overshoes;
- 17 w. Pantyhose;
- 18 x. Rainwear;
- 19 y. Rubber pants;
- 20 z. Sandals;
- 21 aa. Scarves;
- 22 bb. Shoes and shoelaces;
- 23 cc. Slippers;
- 24 dd. Sneakers;
- 25 ee. Socks and stockings;
- 26 ff. Steel-toed shoes;
- 27 gg. Underwear;
- 28 hh. Uniforms, athletic and nonathletic; and
- 29 ii. Wedding apparel.
- 30 3.4. For purposes of this section, "clothing" does not include:
- 31 a. Belt buckles sold separately;

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- 1 b. Clothing accessories or equipment;
- 2 c. Costume masks sold separately;
- 3 d. Fur clothing;
- 4 e. Patches and emblems sold separately;
- 5 f. Protective equipment;
- 6 g. Sewing equipment and supplies, including knitting needles, patterns, pins,
- 7 scissors, sewing machines, sewing needles, tape measures, and thimbles;
- 8 h. Sewing materials that become part of clothing, including buttons, fabric, lace,
- 9 thread, yarn, and zippers; and
- 10 i. Sport or recreational equipment.

11 | 4.5. For purposes of this section, "clothing accessories or equipment" means incidental

12 | items worn on the person or in conjunction with clothing. The term includes:

- 13 a. Briefcases;
- 14 b. Cosmetics;
- 15 c. Hair notions, including barrettes, hair bows, and hairnets;
- 16 d. Handbags;
- 17 e. Handkerchiefs;
- 18 f. Jewelry;
- 19 g. Sunglasses, nonprescription;
- 20 h. Umbrellas;
- 21 i. Wallets;
- 22 j. Watches; and
- 23 k. Wigs and hairpieces.

24 | 5.6. For purposes of this section, "fur clothing" means clothing that is required to be

25 | labeled as a fur product under the federal Fur Products Labeling Act [15 U.S.C. 69],

26 | and the value of the fur components in the product is more than three times the value

27 | of the next most valuable tangible component. For purposes of this subsection, "fur"

28 | means any full or partial animal skin with hair, fleece, or fur fibers attached, either in its

29 | raw or processed state, but does not include skins that have been converted into

30 | leather or suede or, which in processing, the hair, fleece, or fur fiber has been

31 | completely removed.

1 | 6.7. For purposes of this section, "protective equipment" means items for human wear and
2 | designed as protection of the wearer against injury or disease or as protection against
3 | damage or injury of other persons or property which are not suitable for general use.

4 | The term includes:

- 5 | a. Breathing masks;
- 6 | b. Clean room apparel and equipment;
- 7 | c. Ear and hearing protectors;
- 8 | d. Face shields;
- 9 | e. Hardhats;
- 10 | f. Helmets;
- 11 | g. Paint or dust respirators;
- 12 | h. Protective gloves;
- 13 | i. Safety glasses and goggles;
- 14 | j. Safety belts;
- 15 | k. Tool belts; and
- 16 | l. Welder's gloves and masks.

17 | 7.8. For purposes of this section, "sport or recreational equipment" means items designed
18 | for human use and worn in conjunction with an athletic or recreational activity which
19 | are not suitable for general use. The term includes:

- 20 | a. Ballet and tap shoes;
- 21 | b. Cleated or spiked athletic shoes;
- 22 | c. Gloves, including baseball, bowling, boxing, hockey, and golf;
- 23 | d. Goggles;
- 24 | e. Hand and elbow guards;
- 25 | f. Life preservers and lifevests;
- 26 | g. Mouth guards;
- 27 | h. Roller and ice skates;
- 28 | i. Shinguards;
- 29 | j. Shoulder pads;
- 30 | k. Ski boots;
- 31 | l. Waders; and

1 m. Wetsuits and fins.

2 ~~— **SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the general~~
3 ~~fund in the state treasury, not otherwise appropriated, the sum of \$9,500,000, or so much of the~~
4 ~~sum as may be necessary, to the tax commissioner for the purpose of allocation in two equal~~
5 ~~annual installments to cities and counties under section 1 of this Act, for the biennium beginning~~
6 ~~July 1, 2015, and ending June 30, 2017.~~

7 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
8 June 30, 2015.