

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/29/2015**

Amendment to: HB 1243

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed HB 1243 eliminates the sales tax exemption for residents of Montana and replaces it with a refund program. The bill also changes some of the provisions of the current Canadian refund program.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

If enacted, engrossed HB 1243 will increase sales tax collections by eliminating the point-of-sale exemption for Montana residents. Requiring Montana residents to request a sales tax refund will allow tax department staff to insure all the requirements of the law are met, potentially enhancing compliance. Certain requirements of the existing Canadian refund program are expanded also potentially increasing sales tax revenues by decreasing refund requests. The amount of the additional revenue that may be realized if engrossed HB 1243 is enacted cannot be determined.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 01/30/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/13/2015**

Bill/Resolution No.: HB 1243

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1243 eliminates the sales tax exemption for residents of Montana and replaces it with a refund program. The bill also changes some of the provisions of the current Canadian refund program.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

If enacted, HB 1243 will increase sales tax collections by eliminating the point-of-sale exemption for Montana residents. Requiring Montana residents to request a sales tax refund will allow tax department staff to insure all the requirements of the law are met, potentially enhancing compliance. Certain requirements of the existing Canadian refund program are expanded also potentially increasing sales tax revenues by decreasing refund requests. The amount of the additional revenue that may be realized if HB 1243 is enacted cannot be determined.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 01/16/2015

**2015 HOUSE FINANCE AND TAXATION**

**HB 1243**

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1243  
1/19/2015  
22119

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A Bill relating to refunds of sales tax and farm machinery gross receipts tax paid by a resident of an adjoining state; relating to refunds of sales tax paid by Canadian residents and the alcoholic beverages gross receipts tax; relating to refunds of sales tax paid by a resident of an adjoining state.

### Minutes:

Attachment #1, 2, 3

**Chairman Headland:** Opened hearing. Clerk read the title of the bill.

**Representative Ben Koppelman:** Providing written testimony. See attachment #1. I talked with the tax department when writing this bill about their enforcement mechanisms around the current system of doing affidavits at point of sale. Most of the enforcement is random auditing of retailers to see if they've maintained those affidavits on file. If they've offered a tax exemption and don't have the paperwork to prove it the retailer is then responsible for the tax that would have otherwise been collected. The problem is if there's no deterrent in that for the individual creating the fraud and with those residents going back to Montana, there's really not a way to catch that in the act. If somebody was to go to Montana to purchase something because they don't have tax and they're a North Dakota resident then they come back with that tax it's pretty difficult to enforce some of the use taxes on personal property and things like that. I think it creates a better mechanism for deterring fraud. In the Canadian system if they have purchases over a certain dollar threshold they can save those receipts until they've paid some total of tax then they can fill out an online form with the tax department that shows you've reached that threshold then they mail in the hard copy of the receipts. That would be the same mechanism as I understand it from the tax department for the Montana exemption. We worked specifically on a concern with the farm implement dealers that would allow them to continue on an affidavit system if they elected to do so. There are some additional consequences with that election in that they have to sign that form or affidavit that the tax commissioner would prescribe so they're probably going to do a little more due diligence in asking certain questions about the purchases plus they might not turn a blind eye to the fact that they are aware that somebody is going to drive the tractor across the border or keep it here. By dealing with that one area the rest of the industries are willing to accept this bill as a needed measure to deal with fraud and to make sure we maintain the competitive nature of our adjoining state relationship.

**Representative Steiner:** What was your motivation on bringing up this bill? Was it because there was a contractor that had bought and used illegally in North Dakota?

**Representative Ben Koppelman:** It was a painting contractor. It was a project in a school. The painting contractor was from Montana but lives in North Dakota working in the oil impacted areas and not planning to return to Montana at all. He was bragging to people about how he was able to buy his products tax free where the North Dakota contractors had to buy them taxable. There was really no adequate police force to catch these people in the act. If they were caught it was usually a North Dakota retailer who was paying the fine; it wasn't the person doing the wrong.

**Chairman Headland:** I think you stated a Montana contractor who lives in North Dakota?

**Representative Ben Koppelman:** I should have stated residing in North Dakota somewhat indefinitely but they are still a Montana resident. They don't have a North Dakota driver's license but they might be living in a hotel or somewhere doing work in an oil impacted area.

**Vice Chairman Owens:** You mean to tell me that this fellow could live in hotels for 30 days or longer and working?

**Representative Ben Koppelman:** I do believe that is correct.

**Vice Chairman Owens:** So he's not paying the lodging tax either? Thank you.

**Representative Dockter:** I don't see a fiscal note so with your refund program it would be the same individual that currently does it for the Canadian program? We wouldn't have to add any employees?

**Representative Ben Koppelman:** I specifically asked that the bill be written in such a format that it would not cause them to have a need to ask for additional FTEs. They said for adjusting for CPI thresholds and returning those back to the intent in the original law that would reduce the number of submissions from the Canadian refunds. By having those refunds reduced it was their estimation that the reduction was more than exceeding the number of submissions they would have for Montana plus there is enough staff to do it.

**Chairman Headland:** Any support to HB 1243?

**Matthew Larsgaard, North Dakota Implement Dealers Association:** Provided written testimony in support. See attachment #2.

**Vice Chairman Owens:** We've heard both testimony from others and you that people from Montana come across the state line for the sole purpose of purchasing because they don't pay sales tax, correct?

**Matthew Larsgaard:** That is certainly the case with our Montana farmers.

**Vice Chairman Owens:** But the law as it currently stands, says the sales tax exemption only applies to people who come to the state from Montana specifically not for the sole purpose of purchasing. There needs to be a change to the law because that's not the way the law is being used today.

**Matthew Larsgaard:** The law states the exemption will be applied to the sale if that Montana resident is in North Dakota for the express purpose of making a purchase.

**Vice Chairman Owens:** And yet in part b it contradicts itself and says it must be presumed that the person was not in the state of North Dakota for the express purpose of making a purchase.

**Matthew Larsgaard:** When that Montana resident comes into North Dakota to make that tax exempt purchase and they claim their tax exemption the retailers are required to have the purchaser certify on an affidavit that they are eligible for that exemption and those eligibility requirements are set forth in subsection twelve. Subsection b states that if that purchaser does not sign the affidavit it is presumed they are not in the state for the express purpose of making that purchase therefore, they would not be eligible for that exemption.

**Chairman Headland:** Further support for HB 1243? Is there any opposition to 1243? Seeing none we will close the hearing on HB 1243.

\*Additional written testimony submitted without verbal presentation by **Sara Otte Coleman, Tourism Division Director, North Dakota Department of Commerce:** See attachment #3.

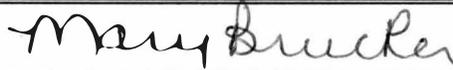
# 2015 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1243  
1/28/2015  
22754

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A Bill relating to refunds of sales tax and farm machinery gross receipts tax paid by a resident of an adjoining state; relating to refunds of sales tax paid by Canadian residents and the alcoholic beverages gross receipts tax; relating to refunds of sales tax paid by a resident of an adjoining state.

### Minutes:

Attachment #1

**Donnita Wald, General Counsel for Tax Department:** Distributed proposed amendments and explained. See attachment #1. We are creating a new subsection six and this amends the section of the prepaid 911 wireless fee that was enacted last session. That fee which is collected by retailers was subject to the Canadian refund and Montana point of sale exemption. We forgot to put that particular section in there to amend it to conform with the rest of the bill so that's what this does. The other amendment on page one is where we thought it would be more convenient for those individuals who are buying farm machinery and equipment and for the retailers to have within the farm machinery gross receipts tax, what happens if that retailer does not elect to have that point of sale exemption at the farm implement dealership. If they don't want to take that election then that Montana resident has to apply for a refund. We used to have them thrown back into the sales tax chapter which is four chapters prior to this and now we're just putting it right into the farm machinery gross receipts tax chapter. We think there should be a little tweaking within the subsections and subdivisions of the bill to clean it up again.

**Chairman Headland:** You would like to be able to do that after we put the amendment on the bill or do you want to take it back and do it prior?

**Donnita Wald:** If you agree with the concepts you can adopt the substantive part of it then we can work with your committee intern to show him how to renumber. That is up to you. We can also go back and revise these with the different numbering. There will be no substantive changes, just numbering changes.

**Chairman Headland:** Committee, how would you like to proceed?

**Representative Dockter:** Made a motion to ADOPT THE AMENDMENT DATED JANUARY 20, 2015.

**Representative Klein: Seconded.**

**Voice vote: Motion carries.**

**Vice Chairman Owens: Made a motion for a DO PASS AS AMENDED.**

**Representative Dockter: Seconded.**

**Representative Schneider:** I'm concerned with the tourism director's information to us regarding our visitors to the north and am wondering if anyone else shares the concern of inhospitality and a lack of appreciation of the spending, visiting and the boost they bring to our economy.

**Vice Chairman Owens:** Obviously I'm concerned with those people as well. It really updates the Canadian visitors. The bill really doesn't have any changes other than updating the values from a long time ago. The changes in the bill are to have the Montanans act like the Canadians and that was the whole purpose.

**Chairman Headland:** It does change some of the levels of where the refund is going to be accepted. I think we all understand that is part of the bill. It does update the values as Vice Chairman Owens stated.

**Roll Call Vote: 8 YES 6 NO 0 ABSENT**  
**Motion carries for DO PASS AS AMENDED**

**Vice Chairman Owens will carry this bill.**

January 28, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1243

Page 1, line 4, after "57-39.6-02" insert ", and subdivision d of subsection 1 of section 57-40.6-14"

Page 1, line 5, replace the first "and" with a comma

Page 1, line 5, after the second "tax" insert ", and prepaid 911 fees paid by a resident of an adjoining state"

Page 3, line 17, after "57-39.2" insert "or 57-40.6"

Page 4, line 3, remove "as"

Page 4, replace line 4 with "under the following conditions:

- (1) The person was in North Dakota for the express purpose of making a purchase.
- (2) The goods will be removed from North Dakota within thirty days of purchase and will be used permanently outside North Dakota.
- (3) The purchaser applies in the manner prescribed by the tax commissioner reciting sufficient facts establishing the exempt status of the sale.
- (4) The qualifying sale is one in which the total gross receipts from each individual transaction, which may involve one or more items, equals one hundred dollars or more of taxable products.
- (5) The refund is sixty dollars or more. Qualifying sales may be accumulated for periods not in excess of one calendar year in order to reach the sixty dollar limit.
- (6) The refund application and supporting documentation are submitted to the tax commissioner on or before March thirty first following the calendar year of purchase."

Page 4, after line 27, insert:

**"SECTION 6. AMENDMENT.** Subdivision d of subsection 1 of section 57-40.6-14 of the North Dakota Century Code is amended and reenacted as follows:

- d. Gross receipts from sales at retail of prepaid wireless services are exempt from the prepaid wireless emergency 911 fee imposed by this section when the sale is made to a person entitled to a sales and use tax exemption under subsection 6 ~~of 42~~ of section 57-39.2-04 or section 4 of this Act. Purchasers may claim a refund of the tax imposed under this chapter if a retailer does not make an election under section 4 of this Act, or if the purchaser meets the refund requirements and complies with the procedures under section 2 of this Act."

Renumber accordingly

Date: 1-28-15  
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1243

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: Jan. 20, 2015 o 15. 078201001

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep. Darter Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND			REP HAAK		
VICE CHAIRMAN OWENS			REP STRINDEN		
REP DOCKTER			REP MITSKOG		
REP TOMAN			REP SCHNEIDER		
REP FROSETH					
REP STEINER					
REP HATLESTAD					
REP KLEIN					
REP KADING					
REP TROTTIER					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

*Voice vote = Motion carries.*

Date: 1-28-15  
 Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1243**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0781.01001

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep. Owens Seconded By Rep. Dockter

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK		✓
VICE CHAIRMAN OWENS	✓		REP STRINDEN		✓
REP DOCKTER	✓		REP MITSKOG		✓
REP TOMAN	✓		REP SCHNEIDER		✓
REP FROSETH		✓			
REP STEINER	✓				
REP HATLESTAD		✓			
REP KLEIN	✓				
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 8 No 6

Absent 0

Floor Assignment Rep. Owens

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1243: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1243 was placed on the Sixth order on the calendar.

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- (4) The qualifying sale is one in which the total gross receipts from each individual transaction, which may involve one or more items, equals one hundred dollars or more of taxable products.
- (5) The refund is sixty dollars or more. Qualifying sales may be accumulated for periods not in excess of one calendar year in order to reach the sixty dollar limit.
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- d. Gross receipts from sales at retail of prepaid wireless services are exempt from the prepaid wireless emergency 911 fee imposed by this section when the sale is made to a person entitled to a sales and use tax exemption under subsection 6 ~~or~~ 12 of section 57-39.2-04 or section 4 of this Act. Purchasers may claim a refund of the tax imposed under this chapter if a retailer does not make an election under section 4 of this Act, or if the purchaser meets the refund requirements and complies with the procedures under section 2 of this Act."

Renumber accordingly

**2015 TESTIMONY**

**HB 1243**

HB 1243  
1-19-15  
#1 p.1

2.19.2014

Testimony on HB 1243

Mr. Chairman and members of the Finance and Tax Committee, I am Rep. Ben Koppelman from District 16 in West Fargo, ND, and am here to testify in favor of HB1243.

HB 1243 is intended to change the way the Montana sales tax exemption is administered. It changes the current point of sale tax exemption to a refund that may be obtained from the ND Tax Dept. It would be administered in a similar fashion to the Canadian refund.

This bill will also adjust the thresholds of purchases required for being eligible to receive refunds for both the Montana and the Canadian residents. The Canadian threshold was set in the late 1970's and the Montana threshold was set in the late 1980's. HB1243 adjusts both thresholds for CPI (consumer price index) to reflect the equivalency in today's dollars. This, I believe, honors the intent of the current statute.

This bill was introduced to deal with a concern of a constituent in which point of sale fraud was suspected of a contractor who purchased building supplies with the sales tax exemption and subsequently install those materials in ND. This resulted in a 7% advantage over a competing ND contractor. This type of fraud is very difficult to track, and is nearly impossible for the retailer to be aware of. The new process would also reduce the bookkeeping burden on the retailer as well as reduce fraud.

During the process of writing this bill, I consulted with many of the associations that represent the businesses that would be affected by this bill, and nearly all of them have come back positive or neutral on the issue. I believe the result is a product that works for everyone involved, and deals with the fraud that may currently be occurring.

Members of the committee, I respectfully request that you give this bill a Do-Pass recommendation.

**House Bill 1243**  
**Testimony before House Finance & Taxation Committee**  
**Matthew C. Larsgaard, MBA**  
**North Dakota Implement Dealers Association**  
9:30 a.m., January 19, 2015

HB 1243  
1-19-15  
#2p.1

1/17/15

Mr. Chairman and members of the committee. My name is Matthew Larsgaard. I am appearing in support of Section 4 of HB 1243 on behalf of the North Dakota Implement Dealers Association. This organization represents our state's 125 farm equipment dealerships.

HB 1243, among other things, proposes to repeal subsection 12 of 57-39.2-04 which provides a sales tax exemption to persons from an adjoining state which does not levy a retail sales tax. Those persons would then have the option to apply for a refund of the tax paid under certain circumstances.

Section 4 was written to recognize and alleviate the devastating effect that a repeal of subsection 12 would have on Western North Dakota's farm equipment dealers by retaining the point of sale exemption for the products they sell. However, Section 4 does also increase the regulations imposed upon farm equipment dealers by requiring them to submit annual statements to the Tax Commissioner's Office. These statements must identify the previous year's exempt farm machinery sales.

Mr. Chairman, we believe the concepts proposed in Section 4 will maintain the spirit of the bill while mitigating the harmful effects that a repeal of subsection 12 would have on North Dakota's farm equipment dealers.

Mr. Chairman, members of the Committee, thank you for the opportunity to testify

Matthew C. Larsgaard, MBA  
North Dakota Implement Dealers Association

HB 1243  
1-19-15  
#3 p.1

DEPARTMENT OF COMMERCE TESTIMONY ON HB 1243  
JANUARY 19, 2015, 9:30 A.M.  
HOUSE FINANCE AND TAX COMMITTEE  
FORT TOTTEN ROOM  
REPRESENTATIVE HEADLAND, CHAIRMAN

**SARA OTTE COLEMAN – TOURISM DIVISION DIRECTOR, ND DEPARTMENT OF COMMERCE**

Mr. Chairman and members of the committee, Canadian visitors are an important part of our state's economy and Canadian shoppers are the primary target market for many of our communities' tourism marketing programs. Our regular visitors enjoy our cities many amenities and come for long weekends throughout the year. They enjoy events, festivals our golf courses, restaurants, hotels and campgrounds but surveys show that one of the main reasons they make frequent trips to North Dakota is due to the variety of shopping we offer at reasonable prices.

Stats Canada research shows that Canadians made 1.7 million visits to North Dakota in 2012. Their average party size was 2.2 people and the main purpose of their visit was leisure. The number one reason cited for their North Dakota trip was a holiday/ vacations at 57% followed by shopping at 11.2%. They visited during all four quarters:

Q 1- 17.4%

Q 2 – 24.3%

Q 3 – 37.6%

Q 4 – 20.5%

Their average daily expenditures were \$350.08. Most of our Canadian visitors reside in Manitoba - 70.5% with 20.9% coming from Saskatchewan. Their average age is 44 years.

North Dakota was the 10<sup>th</sup> most visited state by Canadians for overnight trips:

<u>State</u>	<u>overnight visits- thousands</u>	<u>spending- millions\$</u>
New York	4,263	1,676
Florida	3,559	4,367
Washington	2,933	853
Michigan	1,612	444
Nevada	1,543	1,440
Pennsylvania	975	1,506

Maine	928	352
Montana	776	270
North Dakota	761	266

U.S. customs reported 846,185 passenger vehicle's crossing the border into North Dakota in 2013 which was down 1% over 2012. Through October of 2014, 711,846 Canadian cars had crossed into North Dakota up 6% from 2013.

Canadian visitors enjoying shopping in our state and it is important to consider what negative impact the changes suggested in HB 1243 may have on our welcoming image and our visitation.

HB 1243  
1-28-15  
#1 p.1

Prepared by the  
North Dakota Office of State Tax Commissioner  
House Finance and Taxation  
January 20, 2015

### PROPOSED AMENDMENTS TO HOUSE BILL NO. 1243

Page 1, line 4, after "57-39.6-02" insert ", and subsection 1 of section 57-40.6-14"

Page 1, line 5, replace "and" with a comma

Page 1, line 5, after "tax" insert ", and prepaid 911 fees paid by a resident of an adjoining state"

Page 3, line 16, replace "or" with a comma

Page 3, line 17, after "57-39.2," insert "or chapter 57-40.6"

Page 4, remove lines 1 through 4

Page 4, line 5, replace "c." with "b."

Page 4, after line 17, insert:

- "8. A retailer that does not have a valid election in effect shall collect the tax as provided in chapter 57-39.2 and this chapter, and any purchaser of farm machinery and irrigation equipment who is a resident of an adjoining state may apply for a refund of the tax under the following conditions:
- a. The person was in North Dakota for the express purpose of making a purchase.
  - b. The goods will be removed from North Dakota within thirty days of purchase and will be used permanently outside North Dakota.
  - c. The purchaser applies in the manner prescribed by the tax commissioner reciting sufficient facts establishing the exempt status of the sale.
  - d. The qualifying sale is one in which the total gross receipts from each individual transaction, which may involve one or more items, equals one-hundred dollars or more of taxable products.
  - e. The refund is sixty dollars or more. Qualifying sales may be accumulated for periods not in excess of one calendar year in order to reach the sixty dollar limit.

- f. The refund application and supporting documentation are submitted to the tax commissioner on or before March thirty-first following the calendar year of purchase.

Page 4, after line 27, insert:

**“SECTION 6.** Subsection 1 of section 57-40.6-14 of the North Dakota Century Code is amended and reenacted as follows:

1. There is imposed a prepaid wireless emergency 911 fee of two percent on the gross receipts of sellers from all sales at retail of prepaid wireless services in this state.
  - a. A retail transaction that is made, in person, by a consumer at a business location of the seller shall be treated as occurring in this state if that business location is in this state. Any other retail transaction shall be treated as occurring in this state if the retail transaction is treated as occurring in this state under the provisions of chapter 57-39.4 as those provisions apply to a prepaid wireless calling service
  - b. Prepaid wireless emergency 911 fees collected by sellers shall be remitted to the commissioner.
  - c. An entity required to collect and remit the prepaid wireless emergency 911 fee shall register with the commissioner. The registration shall be made in the form prescribed by the commissioner, in which the registrant shall identify the name under which the registrant transacts or intends to transact business, the location of the business, the federal identification number, and other information as the commissioner may require.
  - d. Gross receipts from sales at retail of prepaid wireless services are exempt from the prepaid wireless emergency 911 fee imposed by this section when the sale is made to a person entitled to a sales and use tax exemption under subsection 6 ~~or 12~~ of section 57-39.2-04 or Section 4 of this Act. Purchasers may claim a refund of the tax imposed under this chapter if a retailer does not make an election under Section 4 of this Act, or if the purchaser meets the refund requirements and complies with the procedures under Section 2 of this Act.”

Renumber accordingly