

Fifty-fifth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1449

Introduced by

Representatives Berg, Mahoney, Murphy

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 computer and telecommunications
3 equipment in a new or expanding primary sector business; 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
6 created and enacted as follows:

7 **Sales tax exemption for office equipment for new or expanding primary sector**
8 **business.**

- 9 1. Gross receipts from sales of telecommunications equipment and computer
10 equipment, printers, and software that are an integral part of the operations of a
11 primary sector business are exempt from taxes under this chapter. To be exempt,
12 the property must be used in a new primary sector business or in physical or
13 economic expansion of an existing primary sector business. Purchase of
14 replacement property is not exempt unless it results in a physical or economic
15 expansion of the business.
- 16 2. To qualify for exemption at the time of purchase, the primary sector business must
17 receive from the commissioner a certificate stating that the property qualifies for
18 the exemption under this section. If a certificate is not received before the
19 purchase, the primary sector business must pay the tax and may apply to the
20 commissioner for a refund. If the property is purchased or installed by a contractor
21 subject to taxation under this chapter, the primary sector business may apply for a
22 refund of the amount remitted by the contractor.
- 23 3. For purposes of this section, the following definitions apply:

- 1 a. "Economic expansion" means an increase in production or service volume,
2 employment, or the types of products or services that can be manufactured or
3 provided.
4 b. "Primary sector business" means an individual, corporation, limited liability
5 company, partnership, or association that has been determined by the
6 director of the department of economic development and finance to be a
7 business that, through the employment of knowledge or labor, adds value to a
8 product, process, or service which results in the creation of new wealth.

9 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
10 June 30, 1997.