

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 office furniture and computer and
3 telecommunications equipment in a new or expanding primary sector business; and to provide
4 an effective date.

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

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

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

- 10 1. Gross receipts from sales of office furniture, telecommunications equipment, and
11 computer equipment, printers, and software that are an integral part of the
12 operations of a primary sector business are exempt from taxes under this chapter.
13 To be exempt, the property must be used in a new primary sector business or in
14 physical or economic expansion of an existing primary sector business. Purchase
15 of replacement property is not exempt unless it results in a physical or economic
16 expansion of the business.
- 17 2. To qualify for exemption at the time of purchase, the primary sector business must
18 receive from the commissioner a certificate stating that the property qualifies for
19 the exemption under this section. If a certificate is not received before the
20 purchase, the primary sector business must pay the tax and may apply to the
21 commissioner for a refund. If the property is purchased or installed by a contractor
22 subject to taxation under this chapter, the primary sector business may apply for a
23 refund of the amount remitted by the contractor.
- 24 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. "Office furniture" means desks, chairs, tables, and credenzas and other
5 pieces of furniture that hold or support equipment, filing cabinets, and
6 bookcases, but does not include other office furnishings or decor.
- 7 c. "Primary sector business" means an individual, corporation, limited liability
8 company, partnership, or association which through the employment of
9 knowledge or labor, adds value to a product, process, or service which results
10 in the creation of new wealth.

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