

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1236

Introduced by

Representatives Froelich, Kempenich

Senator Erbele

1 A BILL for an Act to amend and reenact subsection 45 of section 57-39.2-04 and section
2 57-39.5-02 of the North Dakota Century Code, relating to an exemption from sales and use
3 taxes and imposition of gross receipts taxes for sales of fencing materials used exclusively for
4 agricultural purposes; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Subsection 45 of section 57-39.2-04 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 45. Gross receipts from the sale or lease of farm machinery, farm machinery repair
9 parts, ~~or~~ irrigation equipment, or fencing materials used exclusively for agricultural
10 purposes.

11 **SECTION 2. AMENDMENT.** Section 57-39.5-02 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-39.5-02. Imposition - Exemptions.** There is imposed a tax of three percent upon
14 the gross receipts of retailers from all sales at retail, including the leasing or renting, of farm
15 machinery ~~or~~, irrigation equipment, or fencing materials used exclusively for agricultural
16 purposes. Gross receipts from sales at retail of farm machinery ~~or~~, irrigation equipment, or
17 fencing materials are exempted from the tax imposed by this chapter when the sale, lease, or
18 rental is made to a purchaser or lessor who is entitled to a sales and use tax exemption under
19 subsection 6 or 12 of section 57-39.2-04 on otherwise taxable sales at retail. There are
20 specifically exempted from the tax imposed by this chapter the gross receipts from the sale or
21 lease of used farm machinery, farm machinery repair parts, or used irrigation equipment used
22 exclusively for agricultural purposes. For purposes of this section, "used" means:

23 1. Tax under this chapter or chapter 57-39.2 or 57-40.2 has been paid on a previous
24 sale;

1 2. Originally purchased outside this state and previously owned by a farmer; or

2 3. Has been under lease or rental for three years or more.

3 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after

4 June 30, 2009.