

Sixty-second  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2333**

Introduced by

Senators Taylor, Nelson

Representatives Bellew, Dahl, J. Kelsh, Mock

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.**

8 Gross receipts from sales of clothing are exempt from taxes imposed under this chapter.

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

14 For purposes of this section, "clothing" means all human wearing apparel suitable for  
15 general use. For purposes of this section:

16 1. "Clothing" includes:

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

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

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

9       3. "Clothing accessories or equipment" means incidental items worn on the person or in  
10 conjunction with clothing. The term includes:

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

22   4. "Fur clothing" means clothing that is required to be labeled as a fur product under the  
23 federal Fur Products Labeling Act [15 U.S.C. 69], and the value of the fur components  
24 in the product is more than three times the value of the next most valuable tangible  
25 component. For purposes of this subsection, "fur" means any full or partial animal skin  
26 with hair, fleece, or fur fibers attached, either in its raw or processed state, but does  
27 not include skins that have been converted into leather or suede or, which in  
28 processing, the hair, fleece, or fur fiber has been completely removed.

29   5. "Protective equipment" means items for human wear and designed as protection of  
30 the wearer against injury or disease or as protection against damage or injury of other  
31 persons or property which are not suitable for general use. The term includes:

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

13       6. "Sport or recreational equipment" means items designed for human use and worn in  
14       conjunction with an athletic or recreational activity which are not suitable for general  
15       use. "Sport or recreational equipment" includes:

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

29       **SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the general  
30       fund in the state treasury, not otherwise appropriated, the sum of \$9,500,000, or so much of the  
31       sum as may be necessary, to the tax commissioner for the purpose of allocation in two equal

1 annual installments to cities and counties under section 1 of this Act, for the biennium beginning  
2 July 1, 2011, and ending June 30, 2013.

3 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
4 June 30, 2011.