

**SECOND ENGROSSMENT
with House Amendments
REENGROSSED SENATE BILL NO. 2159**

Introduced by

Senators Klein, Miller, Murphy

Representatives Weisz, Pollert, Damschen

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 tax exemption for materials used to construct, expand, or
3 improve a nonprofit hospital; 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 construction, expansion, or improvement of a nonprofit**
8 **hospital.**

- 9 1. Gross receipts from building materials, supplies, equipment, or other tangible personal
10 property used to construct, expand, or improve a nonprofit hospital in this state are
11 exempt from the taxes under this chapter. To qualify for the exemption, the building
12 materials, supplies, equipment, or other tangible personal property must be
13 incorporated into the structure of the hospital or consumed in the construction process
14 to the point of not having any residual economic value.
- 15 2. If a contractor purchases and installs the building materials, supplies, equipment, or
16 other tangible personal property, the hospital must apply to the commissioner for a
17 refund of the sales tax paid by the contractor for the qualifying tangible personal
18 property. The refund amount for each hospital claiming an exemption may not exceed
19 five thousand dollars in any fiscal year beginning after June 30, 2011, and each
20 subsequent fiscal year. The commissioner shall direct the time and manner by which
21 the hospital must apply for the refund. The application must include sufficient
22 information to verify the correctness of the refund claim.

1 3. For purposes of this section, "nonprofit hospital" means a hospital licensed by the
2 state department of health and exempt from federal taxation under section 501(c)(3) of
3 the Internal Revenue Code [26 U.S.C. 501(c)(3)].

4 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
5 June 30, 2011.