

SENATE BILL NO. 2186

Introduced by

Senators Klein, Dotzenrod, Miller

Representatives Brandenburg, Pollert, Weisz

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 purchases made by a contractor,
3 subcontractor, or builder on behalf of an exempt entity; 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 **Exemption for materials acquired by a contractor on behalf of an exempt entity.**

- 8 1. A contractor, subcontractor, or builder that acquires materials, supplies, or
9 equipment for use in the performance of a contract with an exempt entity is entitled
10 to a sales and use tax exemption for the acquisition of those items of tangible
11 personal property. To qualify for the exemption under this section, the contractor,
12 subcontractor, or builder shall present to the retailer a purchasing agent
13 authorization letter and an exemption certificate or exemption number from the
14 exempt entity. Acquisition of building materials, supplies, or equipment is exempt
15 under this exemption only to the extent the building materials, supplies, or
16 equipment is installed or completely consumed in the performance of the contract
17 with the exempt entity.
- 18 2. If the contractor, subcontractor, or builder is also a retailer holding a retail sales tax
19 permit under this chapter and transacting retail sales of materials, supplies, or
20 equipment, the exemption under this section applies to building materials, supplies,
21 or equipment withdrawn from inventory for use in a contract with an exempt entity if
22 the person possesses a purchasing agent authorization letter and exemption
23 certificate or exemption number from the exempt entity.

1 3. For purposes of this section, "exempt entity" means an entity that, if it acquired
2 tangible personal property on its own behalf, would be entitled to a sales or use tax
3 exemption for that acquisition.

4 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
5 June 30, 2009.