

HOUSE BILL NO. 1401

Introduced by

Representatives Weisz, Dockter, J. Nelson, Owens

Senators Dotzenrod, Klein, Unruh

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: for an~~
4 ~~Act to provide for a legislative management study of sales and use taxation application for~~
5 ~~purchases by contractors on behalf of an exempt entity.~~

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

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

9 ~~— **Exemption for materials acquired by a contractor on behalf of an exempt entity.**~~

10 ~~— **1.** A contractor, subcontractor, or builder that acquires materials, supplies, or equipment~~
11 ~~for use in the performance of a contract with an exempt entity is entitled to a sales and~~
12 ~~use tax exemption for the acquisition of those items of tangible personal property. To~~
13 ~~qualify for the exemption under this section, the contractor, subcontractor, or builder~~
14 ~~shall present to the retailer a purchasing agent authorization letter and an exemption~~
15 ~~certificate or exemption number from the exempt entity. Acquisition of building~~
16 ~~materials, supplies, or equipment is exempt under this exemption only to the extent~~
17 ~~the building materials, supplies, or equipment is installed or completely consumed in~~
18 ~~the performance of the contract with the exempt entity.~~

19 ~~— **2.** If the contractor, subcontractor, or builder is also a retailer holding a retail sales tax~~
20 ~~permit under this chapter and transacting retail sales of materials, supplies, or~~
21 ~~equipment, the exemption under this section applies to building materials, supplies, or~~
22 ~~equipment withdrawn from inventory for use in a contract with an exempt entity if the~~
23 ~~person possesses a purchasing agent authorization letter and exemption certificate or~~
24 ~~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, 2015.~~

6 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY.** During the 2015-2016 interim, the
7 legislative management shall consider studying sales and use taxation application for
8 purchases by contractors on behalf of an exempt entity. The legislative management shall
9 report its findings and recommendations, to the sixty-fifth legislative assembly.