

Fifty-sixth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2236**

Introduced by

Senators Kroeplin, Klein, Kinnoin

Representatives DeKrey, Mahoney, Nelson

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 office furniture and computer and  
3 telecommunications equipment in a new or expanding primary sector business; and to provide  
4 an effective date.

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

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

8 **Sales tax exemption for office equipment for new or expanding primary sector**  
9 **business.**

- 10 1. Gross receipts from sales of office furniture, telecommunications equipment, and  
11 computer equipment, printers, and software that are an integral part of the  
12 operations of a primary sector business are exempt from taxes under this chapter if  
13 used in a new primary sector business or physical or economic expansion of an  
14 existing primary sector business located in a city of two thousand five hundred or  
15 fewer residents according to the last official regular or special census. Purchase of  
16 replacement property is not exempt unless it results in a physical or economic  
17 expansion of the business.
- 18 2. To qualify for exemption at the time of purchase, the primary sector business must  
19 receive from the commissioner a certificate stating that the property qualifies for  
20 the exemption under this section. If a certificate is not received before the  
21 purchase, the primary sector business must pay the tax and may apply to the  
22 commissioner for a refund. If the property is purchased or installed by a contractor  
23 subject to taxation under this chapter, the primary sector business may apply for a  
24 refund of the amount remitted by the contractor.

3. For purposes of this section, the following definitions apply:

- a. "Economic expansion" means an increase in production or service volume, employment, or the types of products or services that can be manufactured or provided.
- b. "Office furniture" means desks, chairs, tables, and credenzas and other pieces of furniture that hold or support equipment, filing cabinets, and bookcases, but does not include other office furnishings or decor.
- c. "Primary sector business" means an individual, corporation, limited liability company, partnership, or association which through the employment of knowledge or labor, adds value to a product, process, or service which results in the creation of new wealth.

**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after

June 30, 1999.