

Fifty-seventh
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2181

Introduced by

Senators Traynor, Krebsbach, Stenehjem

Representatives Glassheim, Hawken

1 A BILL for an Act to create and enact a new section to chapter 40-57.3 and a new section to
2 chapter 57-39.2 of the North Dakota Century Code, relating to authority of cities to impose
3 motor vehicle rental taxes and a rental company surcharge on motor vehicle rentals; to amend
4 and reenact subsection 13 of section 57-39.2-04 of the North Dakota Century Code, relating to
5 limitations on the sales tax exemption for rentals of motor vehicles; and to provide an effective
6 date.

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

8 **SECTION 1.** A new section to chapter 40-57.3 of the North Dakota Century Code is
9 created and enacted as follows:

10 **City motor vehicle rental tax - Imposition - Amount - Disposition.** The governing
11 body of any city may impose by ordinance a city tax at a rate not to exceed one percent upon
12 the gross receipts from the lease or rental of motor vehicles for fewer than thirty days. Net
13 revenue from a tax imposed under this section must be deposited in the city visitors' promotion
14 fund. Taxes imposed under this section must be collected by the tax commissioner as provided
15 under section 40-57.3-04.

16 **SECTION 2.** A new section to chapter 57-39.2 of the North Dakota Century Code is
17 created and enacted as follows:

18 **Surcharge on rental motor vehicles.** A rental company engaged in the business of
19 renting motor vehicles for periods of fewer than thirty days may collect a three percent
20 surcharge on each rental contract at the time a vehicle is rented from the company in this state.
21 A vehicle is considered rented in this state if possession is obtained by the renter in this state.
22 The surcharge may be computed on the total dollar amount for the rental as stated in the rental
23 contract, excluding taxes.

- 1 1. A surcharge under this section must be noted in the rental contract and collected in
2 accordance with the terms of the contract.
- 3 2. On February fifteenth of each year, a rental company that collects surcharges
4 under this section shall file a report with the commissioner stating the total amount
5 of excise taxes paid under chapter 57-40.3 on its rental vehicles for the preceding
6 calendar year and the total amount of rental motor vehicle revenues earned on
7 rentals in this state for the preceding calendar year. All surcharge revenues
8 collected during the calendar year by the rental company in excess of the total
9 amount of excise taxes paid under chapter 57-40.3 during the calendar year by the
10 company on rental motor vehicles must be remitted to the commissioner with the
11 report and considered sales tax collections under this chapter.
- 12 3. For three years after filing the report under this section the rental company shall
13 retain copies of rental contracts and the commissioner may require the rental
14 company to furnish copies of rental contracts for purposes of ensuring compliance
15 with this section.

16 **SECTION 3. AMENDMENT.** Subsection 13 of section 57-39.2-04 of the North Dakota
17 Century Code is amended and reenacted as follows:

- 18 13. Gross receipts from the sale of any motor vehicle taxable under the provisions of
19 the motor vehicle excise tax laws of North Dakota. However, gross receipts from
20 the rental of any motor vehicle for fewer than thirty days are not exempt but taxes
21 imposed under home rule authority do not apply to such rentals.

22 **SECTION 4. EFFECTIVE DATE.** This Act is effective for rental of motor vehicles for
23 which the rental contract term beings after June 30, 2001.