

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1449

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Spencer Richardson
Operator's Signature

10/6/03
Date

2003 HOUSE FINANCE AND TAXATION

HB 1449

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Valerie Richard
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1449

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 29, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.9
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. WESLEY, BELTER, CHAIRMAN Called the hearing to order.

REP. AL CARLSON, FARGO Introduced the bill. This bill relates to the retailer reimbursement for collecting sales and use taxes and provides an effective date. This bill repeals the fee that is given back to the retailer for submitting their sales tax to the state of North Dakota. See written handout with information under the current sales tax law.

REP. GROSZ Asked whether the larger corporations would add an additional expense onto the consumers of North Dakota if this became law.

REP. CARLSON Stated he was not sure if Walmart would keep track of \$1020 and add it onto something, they could. Any expense in the business gets forwarded onto the customer, we all know that. It is a matter of tax policy. We give rebates and refunds on a lot of different things. The question is, as you look at a budget situation wondering where all the money comes from, you have to look at two things, where to we give money back, and exemptions we grant

Page 2

House Finance and Taxation Committee

Bill/Resolution Number HB 1449

Hearing Date January 29, 2003

people, are they legitimate to the budgeting process for the taxpayers of North Dakota. We are demanded as a legislature to provide a certain level of service. We have to fund that level of service. I don't view this as a tax increase, but obviously, someone will pay that extra 3.8 million dollars that is not going to be sent out by our treasury.

MILES VOSBERG, SALES TAX SUPERVISOR, STATE TAX DEPARTMENT. Testified

in a neutral position. Gave history on the compensation allowance. Submitted Sales and Use Tax Returns for committee members. Gave history regarding sales tax filings. Prior to 1983, all sales tax returns were filed on a quarterly basis. At the 1983 session, the legislature passed a law to require anyone who had taxable sales and purchases of \$333,000 in the previous year, to not file monthly, but to make a monthly deposit on the tax, equal to ninety five percent of the tax they collected in the previous month. At the end of the quarter, they filed a quarterly return, reconciled their sales, remitted the balance of the tax due and, at that time, were allowed to take compensation of \$250 on the quarterly return. In the 1985 session, they changed from the deposit system to just filing monthly returns if you hit that \$333,000 threshold, and one hundred percent of the tax was due with that monthly return. The compensation was left at \$250 per quarter. In the 1987 session, they changed it to \$85 per month. Gave information regarding the administration of the sales tax. He also covered the sales and use tax form, explaining the filing of the tax form.

REP. BELTER Asked if there was information that would break down the various types of sales volume categories. How much money is paid out in various categories.

MILES VOSBERG Stated he didn't have a program for that right now. For the fiscal note, they added up the compensation which was taken in and was stable for the last couple bienniums.

Page 3

House Finance and Taxation Committee

Bill/Resolution Number HB 1449

Hearing Date January 29, 2003

He stated he calculated the average at about forty four dollars.

REP. BELTER Requested, if at all possible, if they could be provided with that information.

REP. CLARK Asked if other states do this.

MILES VOSBERG Stated he didn't check on that.

REP. GROSZ Asked if this bill repeals the local compensation as well.

MILES VOSBERG This does not touch the local compensation, which is provided in their local ordinance.

REP. GROSZ Why is there a \$304,000 fiscal impact for other funds.

MILES VOSBERG The fiscal note would not include anything for local taxes. 8% of the sales tax revenue goes into the general distribution fund, which is passed on to the cities. That is the other funds.

REP. SCHMIDT Asked what the procedure was for a sales tax permit.

MILES VOSBERG Stated there was an application procedure. Explained the procedure.

JOHN STERN, STRAUS CLOTHING, FARGO. Testified in opposition of the bill.

Stated they were one of the large retailers, although they don't consider themselves large. When we switched to a quarterly basis instead of monthly basis, that meant we were not filling out these forms. We use a bookkeeping service, to fill out the tax forms. A bookkeeping told us it took three to four hours per month, and we pay \$34 per hour for that service, to file these to the state. Rep. Carlson stated filing electronically saves money, we still have to collect the information and still have to input the information. We are not collecting as much revenue from the state on this, as we are paying out.

Page 4

House Finance and Taxation Committee

Bill/Resolution Number HB 1449

Hearing Date January 29, 2003

RANDY HELLMAN, HELLMAN'S CLOTHING, BISMARCK Testified in opposition of the bill. He stated he pays out about \$225 per month in bookkeeping fees and takes in about \$40 a month from the reimbursement. From the standpoint of defraying costs, it doesn't come close. I am a small retailer, I have one employee plus myself, and my wife works there.

ALLAN LEIER, ON AND OFF SALE LIQUOR STORE, BISMARCK Testified in opposition of the bill. Stating we do the collecting of the sales tax for the state and, my discount is about \$15 per month, sometimes at Christmas time it is a little more. For us to do all of the calculating, the big retailers may get a lot more money back, but the maximum is \$85.

BOB LAMP, ON BEHALF OF THE AUTOMOBILE DEALERS ASSOCIATION AND THE NORTH DAKOTA IMPLEMENT DEALER'S ASSOCIATION Testified in opposition of the bill. All of our dealers would be affected by this. Our trade association is also a small business. We take advantage of the monthly filer allowance. We sell to dealers all over the state, so we have an additional problem, we not only have to account for the tax in Fargo, but we also have to be aware of all of the city taxes in various jurisdictions where we sell our products, that takes additional time.

RUSS HANSON, NORTH DAKOTA RETAILER ASSOCIATION Testified in opposition of the bill. Also mentioned that Tom Woodmansee was unable to make it and was also in opposition of the bill.

PATTY LEWIS, NORTH DAKOTA HOSPITALITY ASSOCIATION Appeared in opposition of the bill.

With no further testimony, the hearing was closed.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1449

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 5, 2003

Tape Number	Side A	Side B	Meter #
1		X	45.9
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

COMMITTEE ACTION

REP. DROVDAL Made a motion for a **DO NOT PASS**

REP. WEILER Second the motion. **MOTION CARRIED.**

13 YES 1 NO 0 ABSENT

REP. WEILER Was given the floor assignment.

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Ja Costa Richardson
Operator's Signature

10/10/03
Date

LP 1

FISCAL NOTE
Requested by Legislative Council
01/21/2003

Bill/Resolution No.: HB 1449

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$3,496,000	\$304,000		
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

HB 1449 repeals the compensation to retailers for collecting sales and use taxes. If enacted, HB 1449 is expected to increase state revenues by \$3.8 million during the 2003-05 biennium.

3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Kathryn L. Strombeck	Agency:	Tax Dept.
Phone Number:	328-3402	Date Prepared:	01/28/2003

Krista Rickford
Operator's Signature

10/16/03
Date

Date: 2-5-03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1449

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Not Pass

Motion Made By

Rep. Drovdal

Seconded By

Rep. Weiler

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
DROVDAL, VICE-CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
FROELICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GROSZ	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HEADLAND	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
IVERSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
KELSH	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
KLEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
NICHOLAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
SCHMIDT	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
WEILER	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
WIKENHEISER	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
WINRICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Total (Yes)

13

No

1

Absent

0

Floor Assignment

Rep. Weiler

If the vote is on an amendment, briefly indicate intent:

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Operator's Signature

Salvatore Riccardi

Date

10/16/03

REPORT OF STANDING COMMITTEE (410)
February 5, 2003 3:14 p.m.

Module No: HR-22-1768
Carrier: Weller
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1449: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO
NOT PASS (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1449 was placed
on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-22-1768

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Richard Costa
Operator's Signature

10/16/03
Date

2003 TESTIMONY

HB 1449

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Richard Costa
Operator's Signature

10/16/03
Date

Rep Al Carlson

1449

House Bill 1449

Elimination of retailer compensation on sales tax returns

Under current sales tax law:

- Retailers must hold a sales tax permit and file a sales tax return for each retail location.
- Retailers reporting more than \$333,000 of taxable sales or purchases for the previous calendar year must file monthly sales tax returns.
- Retailers required to file monthly sales tax returns are allowed a compensation of 1½ percent of the tax due up to \$85.00 on each monthly return.
- All other sales tax permit holders are not allowed compensation regardless of filing frequency (monthly, quarterly, semi-annual, or annual).
- To reach the maximum compensation of \$85, a retailer must report taxable sales or purchases of \$113,333 for a month. ($\$113,333 \text{ sales} * .05 \text{ tax rate} * .015 = \85)
- Compensation for a retailer at the minimum \$333,000 taxable sale and purchase level is approximately \$21 a month. ($\$333,000 \text{ sales} \div 12 \text{ months} * .05 \text{ tax rate} * .015 = \21).
- Compensation ranges from \$21 to \$85 a month or \$252 to \$1,020 a year.
- In 2002, 3,355 permit holders qualified for compensation.
- Total compensation allowed to retailers is approximately \$1.9 million a year.

LR

Mikes Moscovy - State Rep. 1449



Form North Dakota Office of State Tax Commissioner
ST - Sales and Use Tax Return

(A) ☐ Fill in this circle if this is an amended return.

☐ Fill in this circle if you are no longer in business.

Enter last day of business:

/ /

☐ Fill in this circle if this business has changed ownership. Provide name, address, and telephone number of new owner:

New Owner Name

New Owner Address

New Owner Phone Number

mit
nber

Period
Ending

Tax
Period

Due Date
of Return

Column A
%

Column B
**ALL OTHER SALES
AND PURCHASES**
5%

1. Total Sales (do not include tax)

, . 0 0

, . 0 0

NONTAXABLE SALES

2. Sales to federal, state, and local governments

, . 0 0

, . 0 0

3. Sales to nursing homes, hospitals, intermediate/basic care facilities licensed by the ND Dept. of Health; and voluntary health associations

, . 0 0

, . 0 0

4. Sales of food products for humans excluding food for immediate consumption

, . 0 0

, . 0 0

5. Sales of feed, seed, and chemicals used for agricultural purposes

, . 0 0

, . 0 0

6. Sales of used farm machinery; farm machinery repair parts; electricity; water; steam for ag. processing; motor and heating fuels

, . 0 0

, . 0 0

7. Sales of oxygen, drugs, prosthetic devices, diabetic and bladder dysfunction supplies

, . 0 0

, . 0 0

8. Sales to Montana residents who complete a Certificate of Purchase

, . 0 0

, . 0 0

9. Sales in interstate commerce (delivered outside North Dakota)

, . 0 0

, . 0 0

10. Sales of nontaxable service

, . 0 0

, . 0 0

11. Sales for resale or processing

, . 0 0

, . 0 0

12. Trade-in allowance, bad debts, and returned merchandise

, . 0 0

, . 0 0

13. Other nontaxable sales - Identify

, . 0 0

, . 0 0

14. Total Nontaxable Sales (Add lines 2 through 13)

, . 0 0

, . 0 0

15. Net Taxable Sales (Subtract line 14 from line 1)

, . 0 0

, . 0 0

Transfer the amounts from lines 15a and 15b to page 2, lines 16a and 16b.

Continued on reverse side.

Revised 07/01/2002

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Richard Costa
Operator's Signature

10/6/03
Date

LOCAL OPTION SALES & USE TAX

To report more than ten local option taxes, see Instructions.

27. Net Local Option Tax Due (Total of Column F above or total of Column F from attached Schedule ST - Local, if reporting more than ten local option taxes) ..

28. Total Local Option Penalty and Interest (See Instructions)

29. Total Due With Return (Add lines 26, 27, and 28)

Make check or money order payable to North Dakota Tax Commissioner

I declare that this return has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

Taxpayer

Signature

Title

Contact Person

Contact Phone

***case print or type)

Number

Mail to:

Office of State Tax Commissioner
600 E Boulevard Ave., Dept. 127
Bismarck, ND 58505-0553

Phone: 701-328-3470

**Please Do
Not Write In
This Space**

Operator's Signature Ja Costa Rickford

10/10/03
Date

Schedule

North Dakota Office of State Tax Commissioner

ST-Local Local Option Sales and Use Taxes

Permit Number	Business Name	
Address	Contact Person	Phone Number

A City or County		B Local Code	C Total Local Option Tax (Do Not Enter Sales)	D Compensation Rate May not exceed			E Compensation Allowance (Col. C x Col. D)	F Net Local Option Tax Due (Column C Minus Column E)
Name	Tax Rate			Rate	Month	Quarter		
City Taxes								
Ashley	1%	162		3% (.03)	\$33.33	\$100.00		
Beach	1%	156						
Belfield	1%	133						
Berthold	1%	138						
Bismarck	1%	102		3% (.03)	\$83.33	\$250.00		
Bottineau	2%	122		3% (.03)	\$50.00	\$150.00		
Bowman	1%	126						
Buffalo	1%	196		3% (.03)	\$83.33	\$250.00		
Cando	1%	161		3% (.03)	\$50.00	\$150.00		
Carrington	1%	124						
Carson	1%	191						
Cassellton	1%	163						
Cavalier	1 1/4%	127						
Cooperstown	1%	141						
Crosby	1%	116						
Devils Lake	1 1/4%	104		3% (.03)	\$83.33	\$250.00		
Dickinson	1 1/4%	106						
Don	1%	157						
Elgin	1%	148		3% (.03)	\$50.00	\$150.00		
Edinburg	1%	176						
Elgin	1%	179						
Ellendale	1%	131		3% (.03)	\$50.00	\$150.00		
Enderlin	1%	166						
Fargo	1%	105						
Finley	1%	167						
Fort Ransom	1%	177						
Garrison	1%	139						
Grafton	1%	107		3% (.03)	\$83.33	\$250.00		
Grand Forks	1 1/4% or 2%	101		5% (.05)	\$166.67	\$500.00		
Grenora	1%	192						
Halliday	1%	143						
Hankinson	1%	158						
Harvey	1%	112		3% (.03)	\$83.33	\$250.00		
Hatton	1%	164						
Hazleton	1%	180		3% (.03)	\$50.00	\$150.00		
Hazen	1%	134		3% (.03)	\$83.33	\$250.00		
Hettinger	1%	142						
Hillsboro	2%	168						
Hoople	1%	172		3% (.03)	\$83.33	\$250.00		
Hope	1%	185						
Jamestown	2%	110						
Kenmare	1%	117						
Kimberly	1%	135						
Laurel	1%	165						
Larimore	1%	149						
Langdon	1%	123		3% (.03)	\$83.33	\$250.00		
Larimore	1%	128						
Lidgerwood	1%	181						
Linton	1%	121		3% (.03)	\$50.00	\$150.00		

21948

Continued on reverse side.

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La Costa Richard
Operator's Signature

10/16/03
Date

Schedule ST-Local, page 2

A City or County		B Local Code	C Total Local Option Tax (Do Not Enter Sales)	D Compensation Rate			E Compensation Allowance (Col. C x Col. D)	F Net Local Option Tax Due (Column C Minus Column E)
Name	Tax Rate			Rate	May not exceed Month	Quarter		
City Taxes - Continued								
Lincoln	1%	136						
Maddock	1 1/2%	193						
Mandan	1%	108		3% (.03)	\$83.33	\$250.00		
Mayville	1%	150						
McClusky	1%	140						
McVie	1%	188						
Medora	2 1/2%	178						
Michigan	1%	187						
Milnor	1 1/2%	169						
Minot	2%	103		5% (.05)	\$83.33	\$250.00		
Mohall	1%	114						
Mott	1%	153						
Munich	1%	173		3% (.03)	\$50.00	\$150.00		
Napoleon	1%	144		3% (.03)	\$50.00	\$150.00		
New England	1%	194						
New Leipzig	1%	174						
New Rockford	1%	145						
Northwood	1%	197						
Oakes	1%	146		3% (.03)	\$83.33	\$250.00		
Oxbow	1%	189						
Park River	1%	130						
Pembina	1%	119						
Portland	1%	151						
Powers Lake	1%	154		3% (.03)	\$83.33	\$250.00		
Reynolds	1%	198						
Richardton	1%	152						
Rolette	1%	159						
Rolla	1%	125						
Rugby	1%	118		3% (.03)	\$50.00	\$150.00		
Scranton	1%	190						
St. John	1%	186		3% (.03)	\$83.33	\$250.00		
Stanley	1%	137		3% (.03)	\$83.33	\$250.00		
Steele	1%	147						
Strasburg	1%	120		3% (.03)	\$50.00	\$150.00		
Tioga	1%	132						
Tower City	1%	195						
Towner	1%	170		3% (.03)	\$50.00	\$150.00		
Turtle Lake	1%	182						
Valley City	1%	113						
Velva	1%	175						
Wahpeton	1 1/2%	111		3% (.03)	No maximum			
Walhalla	1%	160						
Washburn	1%	183		3% (.03)	\$83.33	\$250.00		
Watford City	1%	171		3% (.03)	\$83.33	\$250.00		
West Fargo	1%	129						
Williston	1%	109		3% (.03)	\$83.33	\$250.00		
Wilton	1%	184		3% (.03)	\$83.33	\$250.00		
Wishek	1%	155		3% (.03)	\$83.33	\$250.00		
County Taxes								
Walsh	1 1/2%	501						
	1 1/2%	502						

Total Local Option Tax Due (Enter total of Column F pages 1 & 2 here and on line 27, Form ST)

Grand Forks Rate: City tax rate is 2 percent on sales of prepared food; beverages; on-sale alcoholic beverages; and leasing or renting of hotel, motel, bed and breakfast or tourist court accommodations. City tax rate is 1 1/2 percent on all other sales, rentals or leases subject to the city sales and use tax.

January 2003

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Richard
Operator's Signature

10/16/03
Date

Form ST - Sales and Use Tax Return instructions

General and specific line instructions for Form ST

General instructions

Every permit holder must file a return for each reporting period even if no sales were made or no tax is due.

A preprinted return, taxpayer copy with instructions, and return envelope are mailed in the final week of the reporting period to every registered permit holder that files a paper return. DO NOT mail a paper return if you file electronically by WebFile. For information about electronic filing on the Internet see www.ndtaxdepartment.com.

Please review the preprinted copy of your return before completing the taxpayer copy of your return. The original return has been preprinted specifically for your business.

All returns are due the last day of the month following the reporting period.

To avoid penalty, the return must be postmarked by the US Postal Service on or before the due date and paid in full with a valid check or money order.

For best results, complete the customized form and mail it in the return envelope provided.

DO NOT send photocopies. Returns generated from a software package are acceptable if the Tax Commissioner has pre-approved the form and the required identifying information is provided.

If you use an approved software package to prepare your return it is essential to enter the following identifying information properly:

- **Permit number.** Enter the permit number as shown on your preprinted form. The permit number is a 5 or 6 digit number followed by a space and a two-digit suffix. The correct format is 123456 00. If all of your taxable activity is taxed at the state's general 5 percent tax rate, your suffix is 00. If you also collect tax at one of the other state rates, your suffix will be: 55 = 7%, 66 = 2%, and 88 = 3%.
- **Tax periods.** Permit holders are assigned a filing schedule of monthly, quarterly, semiannual or annual. Reporting periods are identified by the four-digit year plus one character. Monthly tax periods are identified as A through L and other periods identified as 1 through 4. For example, 2003A is January 2003 and 20034 is the fourth quarter of 2003 or a longer period ending December 31, 2003.
- **Period ending.** Enter the last day of the tax reporting period.

Form ST Do's and Don'ts

Do's

- Use the Taxpayer Copy as a worksheet
- Complete and return original forms provided by the Tax Commissioner
- Print in blue or black ink
- Print neatly within the designated spaces
- Round all values in lines 1 through 18 to the nearest whole dollar
- Enter dollars and cents in lines 19 through 29 and for all local tax data

Don'ts

- Don't enter dollar signs (\$), commas (,), or decimal points (.)
- Don't use dashes or other symbols to indicate you do not have an entry
- Don't use pencil or light colored ink

- **Due date of return.** Enter the last day of the month following the tax reporting period.

Specific line instructions

One or two-column form

If you are registered to report sales or purchase activity at only the state's 5 percent general tax rate, you will receive a one-column Form ST. If you report activity at two different state rates, you will receive a two-column Form ST. The Taxpayer Copy shows a two-column format. If you report on a two-column form, use Column B to report 5 percent activity. Column A is for sales and purchases taxed at all other rates. North Dakota's sales and use tax rates are:

- 2 percent - sales of natural gas
- 3 percent - sales of new farm machinery, new farm irrigation equipment, and new mobile homes
- 7 percent - sales of alcoholic beverages, both on and off sale
- 5 percent - all other taxable sales of tangible personal property, admissions, amusements, taxable services (steam, communications), lease or rental of tangible personal property, and rentals of hotel or motel accommodations for less than 30 days

Line 1—Total sales

Enter total sales but do not include the tax charged or collected. Out-of-state businesses should enter North Dakota sales only. If you did not have any sales for the period, enter a zero.

Lines 2 through 13—Nontaxable sales

Itemize each type of nontaxable sales in lines 2 through 13. Nontaxable sales will be allowed only if they are itemized.

Line 17—Items subject to use tax

Enter the purchase price of taxable goods and services purchased by you for your own use but on which you did not pay sales or use tax. If none, enter zero. Taxable purchases include goods purchased from out-of-state suppliers; resale goods taken out of inventory for use; items given away; machinery, equipment, materials or supplies purchased by a contractor or other service provider.

Line 19—State tax

Multiply line 18 times the applicable state tax rate displayed in the column heading. Do not include local tax rates in your calculation. Local taxes are reported in the Local Option Taxes Section on page 2 of the return or on Schedule ST-Local.

Line 21—Adjustments

Enter the amount of tax credit authorized in a letter from the Office of State Tax Commissioner. You must attach a copy of the letter to your return.

Line 23—Compensation

All permit holders reporting more than \$333,000 of taxable sales and purchases in the previous calendar year are required by law to file monthly returns. This law also provides monthly filers with a compensation of up to \$85 a month. If the Tax Commissioner's Office notified your company that it qualifies for compensation, multiply the adjusted state tax on line 22 times 1 1/2 percent (.015) and enter the result on line 23. **The compensation may not exceed \$85.** Compensation may not be deducted if the return is filed after the due date or is not paid in full.

Quarterly filers and monthly filers that are not required by law to file monthly do not qualify for compensation. If you are not eligible to claim compensation, line 23 of the preprinted form will have XXX's printed in this amount field. If you take compensation but are not eligible to take it, you will be billed for the additional tax due. Penalty and interest will be assessed on tax due resulting from unauthorized compensation deduction.

Line 25—Penalty and interest

Penalty and interest applies to all returns paid or filed after the due date.

- For the first month the return is late, the penalty is 5 percent of the adjusted tax due on line 22 or \$5, whichever is greater.
- For each additional month or fraction of a month the return is late, add an additional penalty of 5 percent of the tax due on line 22 up to a maximum of 25 percent.
- Interest does not apply to the first month a return is late, but applies at a rate of 1 percent each month or fraction of a month the return remains late or unpaid.

Local option sales and use taxes

If you reported more than ten local taxes in the past year, use the Schedule ST-Local included with your return to report all local taxes due. If you reported ten or less local option taxes in the past year, the Local Option Tax section on page 2 of Form ST is preprinted with information regarding each local jurisdiction you reported.

Instructions for reporting local option taxes:

- Report all local tax amounts in dollars and cents.
- Report all local taxes in one place. Do not report some local taxes on page 2 of Form ST and other local taxes on Schedule ST-Local. If reporting ten or less local taxes, use the Local Option Tax

section on page 2. To report more than ten local taxes, report all on Schedule ST-Local.

- If you use Schedule ST-Local, all local codes, city/county names, and compensation rates are preprinted on the schedule. Additional ST-Local Schedules are available at www.ndtaxdepartment.com or by calling 701-328-3470.
- If you report local taxes in the Local Option Tax section on page 2, and you are reporting a local tax for the first time, enter the local tax code, name of the city or county, and compensation rate from the list at the bottom of these instructions.

Column C—Total local option tax

Enter the total amount of tax due for each city or county. The tax due is equal to the correct amount of local sales or use tax you should have charged on sales made within the local jurisdiction plus any local use tax due on untaxed goods or services subject to use tax because they were stored, used or consumed within the local jurisdiction.

Column E—Compensation allowance

Some (but not all) local jurisdictions provide compensation to permit holders for collecting and remitting local tax. Multiply the local tax in column C times the compensation rate in column D.

Compensation may not exceed the maximum amount listed below.

Column F—Net local option tax due

Subtract the compensation in column E from the total local tax in column C and enter the result.

Line 27—Total local option tax due

Add all of the amounts in column F and enter the result. This is the total amount of local tax due with the return.

Line 28—Local option penalty and interest

If the return is unpaid or filed after the due date, a local penalty is due. See Line 25 for instructions. Penalty and interest, including the minimum \$5 penalty, applies separately to each jurisdiction with local tax due. On line 28 enter the total amount of all penalty and interest due on local taxes.

Line 29—Total due with return

Add lines 26, 27, and 28 to calculate the total amount due with the return.

Make your check payable to North Dakota Tax Commissioner.

The taxpayer or taxpayer's agent must sign the return. Please also PRINT the name, title and phone number of a contact person who can answer questions about this return.

Local Option Taxes: Code/Jurisdiction Name/Compensation Rate

Tax Rate of 1%				Other Rates	
162 Ashley ¹	131 Ellendale ¹	117 Kenmare ⁰	144 Napoleon ¹	190 Scranton ⁰	122 Bottineau ² 2%
156 Beach ⁰	166 Enderlin ⁰	135 Killdeer ⁰	194 New England ⁰	186 St. John ¹	501 Cass County ⁰ 1/2%
133 Belfield ⁰	105 Fargo ⁰	165 Kulm ⁰	174 New Leipzig ⁰	137 Stanley ¹	127 Cavalier ⁰ 1 1/2%
138 Berthold ⁰	167 Finley ⁰	149 LaMoure ⁰	145 New Rockford ⁰	147 Steele ⁰	104 Devils Lake ¹ 1 1/2%
102 Bismarck ¹	177 Fort Ransom ⁰	123 Langdon ¹	197 Northwood ⁰	120 Strasburg ¹	106 Dickinson ⁰ 1 1/2%
126 Bowman ⁰	139 Garrison ⁰	128 Larimore ⁰	146 Oakes ¹	132 Tioga ⁰	101 Grand Forks ⁰ 1 1/4 or 2%
196 Buffalo ¹	107 Grafton ¹	181 Lidgerwood ⁰	189 Oxbow ⁰	195 Tower City ⁰	168 Hillsboro ⁰ 2%
161 Cando ¹	192 Grenora ⁰	121 Linton ¹	130 Park River ⁰	170 Towner ¹	110 Jamestown ⁰ 2%
124 Carrington ⁰	143 Halliday ⁰	136 Lisbon ⁰	119 Pembina ⁰	182 Turtle Lake ⁰	193 Maddock ⁰ 1 1/2%
191 Carson ⁰	158 Hankinson ⁰	108 Mandan ¹	151 Portland ⁰	113 Valley City ⁰	178 Medora ⁰ 2 1/2%
163 Casselton ⁰	112 Harvey ¹	150 Mayville ⁰	154 Powers Lake ¹	175 Velva ⁰	169 Milnor ⁰ 1 1/2%
141 Cooperstown ⁰	164 Hatton ⁰	140 McClusky ⁰	198 Reeder ⁰	160 Walhalla ⁰	103 Minot ¹ 2%
116 Crosby ⁰	180 Hazelton ¹	188 McVile ⁰	152 Regent ⁰	183 Washburn ¹	111 Wahpeton ¹ 1 1/2%
157 Drayton ⁰	134 Hazen ¹	187 Michigan ⁰	159 Richardton ⁰	171 Watford City ¹	502 Walsh County ⁰ 1/4%
148 Edgeley ¹	142 Hettinger ⁰	114 Mohall ⁰	199 Rolette ⁰	129 West Fargo ⁰	
176 Edinburg ⁰	172 Hoople ¹	153 Mott ⁰	125 Rolla ⁰	109 Williston ¹	
179 Elgin ⁰	185 Hope ⁰	173 Munich ¹	118 Rugby ¹	184 Wilton ¹	
				155 Wishek ¹	

- ⁰ The local tax ordinance does not provide for permit holder compensation.
¹ Compensation rate is 3% up to a maximum amount of \$33.33 on a monthly return or \$100 on a quarterly return.
² Compensation rate is 3% up to a maximum amount of \$50 on a monthly return or \$150 on a quarterly return.
³ Compensation rate is 3% up to a maximum amount of \$83.33 on a monthly return or \$250 on a quarterly return.
 Compensation rate is 3% with no maximum.
 Compensation rate is 5% up to a maximum amount of \$83.33 on a monthly return or \$250 on a quarterly return.
 Compensation rate is 5% up to a maximum amount of \$166.67 on a monthly return or \$500 on a quarterly return.

Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept 127, Bismarck, North Dakota 58505-0553
 Phone: (701) 328-3470 or toll free within North Dakota: 1-800-638-2901, option 4, www.ndtaxdepartment.com

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 January 2003

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Salvatore Riccio
 Operator's Signature

10/6/03
 Date