

Sixty-first  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO.**

Introduced by

Senator Klein

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.** A  
8 contractor, subcontractor, or builder who acquires materials, supplies, or equipment for the  
9 performance of a contract with an exempt entity is entitled to a sales and use tax exemption for  
10 the acquisition of such items of tangible personal property acquired on behalf of the exempt  
11 entity to be used in the performance of the contract. To qualify for the exemption under this  
12 section, the contractor, subcontractor, or builder shall present to the retailer a purchasing agent  
13 authorization letter and an exemption certificate issued by the exempt entity. Acquisition of  
14 building materials, supplies, or equipment is exempt under this exemption only to the extent the  
15 building materials, supplies, or equipment are completely consumed in the performance of the  
16 contract with the exempt entity.

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20 equipment withdrawn from inventory for use in a contract with an exempt entity if the person  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

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

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