

North Dakota Taxes

Telecommunication



Myles Vosberg
Office of State Tax Commissioner



Taxes Imposed

Taxes imposed on telecommunication services

- *North Dakota and local Sales and Use Taxes*
 - *N.D.C.C. Chapters 57-39.2 and 57-40.2*
 - *N.D.C.C. Chapters 11-09.1 and 40-05.1*
- *North Dakota Gross Receipts Tax*
 - *N.D.C.C. Chapter 57-34*
- *Telecommunication Relay Service Fee*
 - *N.D.C.C. Chapter 54-44.8*
- *911 Emergency Services Fee*
 - *N.D.C.C. Chapter 57-40.6*
- *Fargo Franchise Fee*
 - *Fargo City Article 3-09*



Telecommunication Services

Sales and Use Taxes

North Dakota Sales Tax

- *Rate: 5 percent of services charges*
- *Base: Intrastate service and ancillary services*
- *Administered by: Tax Commissioner's Office*
- *Use: Placed in State General Fund*
- *Provider compensation: Standard sales tax*
 - *Retailers reporting more than \$333,000 taxable sales and purchases in previous year*
 - *1 1/2 percent of tax up to \$85 per month*



Telecommunication Services

Sales and Use Taxes

City and County Sales Tax

- *Rate: $\frac{1}{4}$ to $2\frac{1}{2}$ percent of services charges*
- *Base: Intrastate service and ancillary services*
- *Administered by: Tax Commissioner's Office*
- *Use: Remitted to city or county*
- *Provider compensation: Standard sales tax*
 - *Varies as authorized by city or county*
 - *Ranges from no compensation to 5 percent of tax up to \$166.67 per month.*



Telecommunication Services

North Dakota Gross Receipts Tax

North Dakota Gross Receipts Tax

- *Rate: 2 ½ percent of adjusted gross receipts*
- *Base: Communication service including ancillary services*
 - *Originate or terminate in North Dakota*
 - *Billed to North Dakota service address*
- *Administered by: Tax Commissioner's Office*
- *Use*
 - *\$8.4 million each year to counties*
 - *Balance to North Dakota General Fund*
- *Provider compensation: None*



Telecommunication Services

Relay Service Fee

Telecommunication Relay Service Fee

- *Rate: 5 cents per month in FY2010 (adjusted annually)*
 - *4 cents in FY2007 and FY2008*
 - *3 cents in FY2009*
- *Base: Fee applies to each phone line*
- *Administered by: Information Technology Division*
- *Use: Provide relay service and equipment to communications impaired.*
- *Provider compensation: 5 percent of fee collected*



Telecommunication Services

911 Emergency Service Fee

911Fee

- *Rate: Up to \$1.50 each month*
- *Base: Fee applies to each phone line*
- *Administered by: Governing body imposing tax*
- *Use: Implementing, maintaining, or operating 911 emergency service*
- *Provider compensation: 5 percent of fee collected*

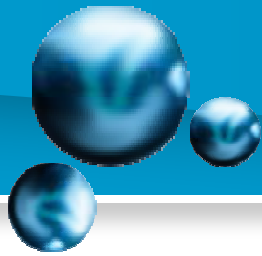


Telecommunication Services

Fargo Franchise Fee

Fargo Franchise Fee

- *Rate: 2 percent of service fees*
- *Base*
 - *Local service within city limits*
 - *Land lines only*
- *Administered by: City of Fargo*
- *Use: City General Fund*
- *Provider compensation: 3 percent of fee collected*



Telecommunication Services

Tax and Fee Revenues

Taxes and Fees on Telecommunication Services Excluding Sales and Use Taxes

	<u>FY 2007</u>	<u>FY2008</u>	<u>FY2009</u>
ND Gross Receipts	\$ 9,883,691	\$ 10,152,418	\$ 10,783,168
Relay Service Fee	370,055	318,745	317,182
911 Fee - Landline			
- State Radio Counties	429,367	NA	417,936
- Other Jurisdictions	3,326,509	NA	2,988,039
911 Fee - Wireless			
- State Radio Counties	404,826	NA	442,657
- Other Jurisdictions	4,043,142	NA	4,520,734
Total 911 fees	8,203,844		8,369,366
Fargo Franchise Fee	249,595	239,080	207,106
Total Taxes and Fees excluding sales taxes	\$ 18,707,185		\$ 19,676,822

Note: 911 Fees are
for calendar year



Telecommunication Services

2007 911 Emergency Service Fee

2007 ESCS Revenues, Expenditures, & Reserves

APPENDIX C

	a) Landline Revenue	b) Wireless Revenue	c) Total Fee Revenue	d) Other Rev. or Reserves	e) Total Expenditures	f) Reserves Dec. 31, 2007
State Radio Counties						
Adams County	16,583	15,542	32,125	-	28,000	62,315
Billings County	6,085	5,043	11,128	3,433	14,561	41,492
Bowman/Slope	29,858	23,508	53,366	23,965	77,331	40,222
Burke County	16,551	14,644	31,195	-	21,880	91,908
Dickey County	32,791	34,184	66,975	-	65,408	106,873
Divide County	16,294	11,379	27,673	-	21,391	43,374
Emmons County	23,181	19,567	42,748	4,235	46,983	21,528
Foster County	24,752	23,220	47,972	-	33,780	202,853
Golden Valley	11,719	9,633	21,351	-	17,279	45,992
Grant County	14,448	12,257	26,706	-	24,530	44,735
Griggs County	16,423	16,770	33,193	-	26,173	45,871
Hettinger County	16,148	12,589	28,737	1,375	30,111	21,352
Kidder County	16,118	15,151	31,268	69,675	100,943	10,343
LaMoure County	26,859	25,986	52,844	731	53,576	26,629
Logan County	12,723	13,511	26,234	51,408	77,642	14,092
McHenry County	31,739	51,690	83,429	-	59,029	230,504
McIntosh County	20,439	11,192	31,631	-	23,947	67,042
Ransom County	32,718	36,651	69,369	-	63,906	96,947
Sargent County	23,739	27,131	50,870	9,925	60,795	64,366
Sheridan County	10,369	7,543	17,912	4,917	22,829	9,921
Wells County	29,831	17,636	47,468	-	35,209	75,488
SUBTOTAL	429,367	404,826	834,193	169,664	905,304	1,363,846

	Landline Revenue	Wireless Revenue	Total Fee Revenue	Other Rev. or Reserves	Total Expenditures	Reserves Dec. 31, 2007
Other Jurisdictions						
Barnes County	41,591	84,250	125,841	-	111,778	105,126
Bismarck/Burleigh	430,608	579,545	1,010,153	612,150	1,622,303	659,404
Bottineau/Renville	66,015	75,166	141,180	134,759	275,939	312,434
Cass/City of Fargo	733,698	946,803	1,680,502	201,838	1,882,340	232,694
City of West Fargo	103,801	123,214	227,015	243,918	470,933	517,815
Cavalier County	29,886	29,720	59,607	97,781	157,388	-
Grand Forks County	313,473	464,299	777,772	1,663,264	2,441,036	1,117,497
Lake Region E-911	158,089	184,607	342,696	20,902	363,598	27,786
McKenzie County	35,961	27,031	62,992	41,430	104,422	197,782
McLean County	53,461	54,463	107,925	126,353	234,277	41,484
Mercer/Oliver E911	53,472	55,449	108,921	469,507	578,428	53,094
Morton County	129,406	177,584	306,991	158,461	465,452	750,516
Mountrail County	42,793	45,524	88,317	-	66,486	164,562
Pembina County	50,092	60,312	110,404	-	107,397	74,991
Pierce County	26,684	28,440	55,124	4,235	59,359	75,545
Richland County	96,260	105,932	202,192	403,373	605,565	1,834
Rolette County	61,666	68,508	130,175	-	27,403	109,123
Sioux County	8,776	10,194	18,970	-	12,941	24,563
Stark/Dunn	158,225	158,225	316,450	445,000	761,450	260,790
Steele/Trail	111,232	65,873	177,106	76,369	253,475	146,215
Stutsman County	120,804	122,349	243,153	162,105	405,258	202,854
Walsh County	67,630	81,317	148,947	284,693	433,640	205,979
Ward/Minot	370,214	375,196	745,411	2,378	747,789	1,999,377
Williams County	62,669	119,141	181,810	-	180,566	99,021
SUBTOTAL	3,326,509	4,043,142	7,369,652	5,148,516	12,369,223	7,380,487
TOTAL	3,755,876	4,447,969	8,203,845	5,318,180	13,274,527	8,744,333

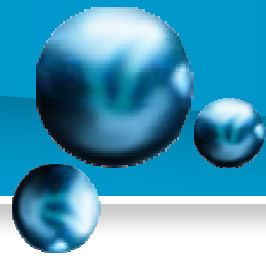
Telecommunication Services

2009 911 Emergency Service Fee

Emergency Services Communications System (9-1-1) Revenues & Expenditures Based on Survey Compiled by the Emergency Services Communications Coordinating Committee CY2009 Data - Compilation as of 3/10/2010

Ref. No. for Notes		Fund Balance 1/1/2009	Landline/VoIP Revenue	Wireless Revenue	Property Tax Reserves/Other	CY2009 Expenditures	Fund Balance 12/31/2009
State Radio Dispatched Counties							
1	Adams county	69,039	14,952	17,646	169	27,170	74,636
2	Billings County	42,510	5,725	5,673	0	16,269	37,639
3	Bowman County	37,113	20,102	22,786	2,317	52,623	29,694
4	Burke County	85,965	8,335	11,876	11,607	60,685	57,097
5	Dickey County	110,236	31,320	35,086	5,928	83,439	99,130
6	Divide County	50,961	15,985	12,367	0	35,310	44,002
7	Emmons County	18,584	23,122	22,384	8,620	51,317	21,394
8	Foster County	215,692	20,126	26,435	0	55,935	206,319
9	Golden Valley County	46,582	11,435	10,808	565	25,857	43,533
10	Grant County	50,911	15,656	13,251	12,409	31,509	60,718
11	Griggs County	46,914	17,001	17,284	0	39,617	41,582
12	Hettinger County	24,038	14,911	11,467	2	28,099	22,319
13	Kidder County	20,339	15,288	17,143	2,788	28,156	27,402
14	LaMoure county	42,373	25,292	30,335	2,310	40,104	60,205
15	Logan County	26,258	11,766	13,785	431	23,761	28,479
16	McHenry County	264,619	31,189	51,370	0	58,302	288,876
17	McIntosh County	16,951	19,691	16,574	0	36,281	16,934
18	Ransom County	86,363	32,718	36,651	5,121	63,906	96,947 *
19	Sargent County	64,408	22,709	28,267	0	65,539	49,845
20	Sheridan County	11,758	9,135	9,322	190	23,775	6,630
21	Slope County	4,130	4,135	1,118	0	5,986	3,397
22	Wells County	83,219	47,345	31,029	17,400	90,840	88,152
23	State Radio County Total	1,418,962	417,936	442,657	69,857	944,480	1,404,932
Other Single & Multi-Jurisdictional PSAPs							
a	Barnes/Valley City	137,849	63,414	81,747	170,989	306,065	147,935
b	Bismarck/Burleigh	883,752	399,168	657,077	799,567	2,001,227	738,336
c	Bottineau/Renville	308,959	61,556	85,372	91,164	261,337	285,714
d	Cavalier County	217,932	28,067	32,723	161,499	178,963	261,258
e	Grand Forks County	879,095	251,181	479,975	745,364	1,569,999	785,617
f	Lake Region E-911 (6 Counties)	48,039	217,534	252,380	6,151	507,210	16,895
g	McKenzie County	177,322	37,350	35,633	167,296	256,559	161,042
h	McLean County	54,543	48,985	64,677	147,555	260,426	55,333
i	Mercer/Oliver	107,965	111,812	80,047	327,829	611,094	16,559
j	Morton County	831,972	122,811	178,662	580,326	1,093,570	620,202
k	Mountrail County	161,642	43,251	62,095	262,557	347,792	181,753
l	Pembina County	81,184	52,025	68,231	118,882	246,787	73,534
m	Pierce County	75,387	26,046	29,986	128,647	216,310	43,756
n	Red River Regional Dispatch	596,283	642,513	1,267,416	791,915	2,886,302	411,825
o	Richland County	7,000	87,751	120,369	525,365	739,486	999
p	Sioux County/NCSD PSAP	38,260	19,447	12,674	0	31,266	39,114
q	Stark/Dunn	204,721	156,886	182,075	535,592	902,027	177,246
r	Steele/Traill	133,986	111,149	65,194	106,540	281,268	135,601 *
s	Stutsman County	204,492	107,113	139,703	243,608	470,678	224,238
t	Walsh County	263,898	64,663	86,540	270,437	410,964	274,574
u	Ward County	2,071,395	328,310	473,328	744,714	1,638,669	1,979,078
v	Williams/Williston	234,779	70,423	146,578	59,385	369,180	141,984
	Other PSAPs Total	7,582,604	2,988,039	4,520,734	6,814,393	15,281,113	6,624,658
	Grand Total	9,001,567	3,405,975	4,963,391	6,884,250	16,225,593	8,029,590

Verification of data for these two entities is still necessary *



Telecommunication Services

Additional Fees

Administrative Fee

- *Charge imposed by a wireless communication company to defray costs of completing calls with other networks.*

Extended Area Service Fee

- *Charge by local communication company for providing toll free service to an area outside the original exchange service area. A monthly fee is paid in lieu of long distance charges in an expanded trade area.*

Federal Access Fee

- *Charge by a local exchange company to a consumer to pay part of the costs for providing access to its network. The Federal Communications Commissions Commission sets the maximum allowable charges.*

Federal Excise Tax

- *Federally imposed tax on local service. Rate is 3percent of the charges for local service that does not include toll service.*

Federal Telecommunications Relay Service Fee

- *Federally imposed fee to provide service to communications impaired. The fee is a percentage of interstate toll calls and is similar to North Dakota Relay Service Fee.*



Telecommunication Services

Additional Fees

Federal Universal Service Charge

- *Fee imposed by the Federal Communications Commission to help fund services to low income individuals and in areas where the cost of providing service is high. It also helps provide service to schools, libraries, and rural health care providers. The fee is a percentage charged on interstate and international calls.*

Interstate Service Fee

- *Recurring charge for providing access to interstate communication service. The charge allows a service provider to recover costs associated with the service.*

Local Number Portability Fee

- *Telephone number portability allows a customer to retain the same phone number when moving from one service provider to another. This charge allows a communications provider to recover costs associated with transferring a number to or from another provider.*

Regulatory Charge

- *A fee imposed by a communications company to help recover costs associated with government mandated services.*



Contact Us

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STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER

Cory Fong, Commissioner

Allocation of Telecommunications Gross Receipts Tax

<i>County</i>	<i>Amount</i>
Adams	65,881.37
Barnes	227,814.04
Benson	130,447.32
Billings	24,310.85
Bottineau	102,349.15
Bowman	25,663.29
Burke	22,498.60
Burleigh	773,690.48
Cass	1,485,635.03
Cavalier	51,992.50
Dickey	61,221.36
Divide	28,676.98
Dunn	37,466.52
Eddy	59,730.78
Emmons	34,095.71
Foster	35,331.02
Golden Valley	70,574.19
Grand Forks	667,387.14
Grant	90,093.03
Griggs	31,924.00
Hettinger	81,420.85
Kidder	65,613.10
Lamoure	73,439.61
Logan	49,303.99
Mchenry	75,288.02
Mcintosh	67,588.41
Mckenzie	67,816.59
Mclean	95,315.96
Mercer	84,496.79
Morton	344,032.66
Mountrail	68,578.00
Nelson	90,756.16
Oliver	18,401.62
Pembina	107,124.39
Pierce	110,847.97
Ramsey	214,830.98
Ransom	59,450.09
Renville	31,793.45
Richland	259,592.16
Rolette	107,189.30
Sargent	102,335.53
Sheridan	48,508.37
Sioux	24,887.84
Slope	7,041.03
Stark	366,666.37
Steele	71,947.56
Stutsman	279,876.41
Towner	53,317.71
Traill	161,206.04
Walsh	185,253.51
Ward	657,755.72
Wells	73,257.38
Williams	268,283.07
Total:	8,400,000.00