

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2175

Introduced by

Senators Klein, O'Connell, Wanzek

Representatives Boe, D. Johnson, Pollert

1 A BILL for an Act to amend and reenact sections 57-39.5-02 and 57-43.1-03.1 of the North
2 Dakota Century Code, relating to the transfer of revenue from the farm machinery gross
3 receipts tax and fuel tax refunds; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-39.5-02 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-39.5-02. Imposition - Transfer of funds - Exemptions.**

8 There is imposed a tax of three percent upon the gross receipts of retailers from all sales at
9 retail, including the leasing or renting, of farm machinery or irrigation equipment used
10 exclusively for agricultural purposes. ~~Two percent of the taxes~~ Taxes collected under this
11 chapter, but not exceeding one million dollars in a state fiscal year two million dollars in a
12 biennium, must be transferred to the state treasurer who shall deposit the moneys in the
13 agricultural research fund. Gross receipts from sales at retail of farm machinery or irrigation
14 equipment are exempted from the tax imposed by this chapter when the sale, lease, or rental is
15 made to a purchaser or lessor who is entitled to a sales and use tax exemption under
16 subsection 6 or 12 of section 57-39.2-04 on otherwise taxable sales at retail. There are
17 specifically exempted from the tax imposed by this chapter the gross receipts from the sale,
18 lease, or rental of used farm machinery, farm machinery repair parts, used irrigation equipment,
19 or irrigation equipment repair parts used exclusively for agricultural purposes. For purposes of
20 this section, "used" means:

- 21 1. Tax under this chapter or chapter 57-39.2 or 57-40.2 has been paid on a previous
- 22 sale;
- 23 2. Tax under section 57-39.5-06 has been paid under a previous lease;
- 24 3. Originally purchased outside this state and previously owned by a farmer; or

1 4. Has been under rental for three years or more.

2 **SECTION 2. AMENDMENT.** Section 57-43.1-03.1 of the North Dakota Century Code is
3 amended and reenacted as follows:

4 **57-43.1-03.1. Refund of tax for fuel used for agricultural purposes - Reductions.**

5 Any consumer who buys or uses any motor vehicle fuel for an agricultural purpose on which
6 the motor vehicle fuel tax has been paid may file a claim with the commissioner for a refund
7 under this chapter. ~~The amount of the tax refund under this section must be reduced by seven-~~
8 ~~cents per gallon [3.79 liters] except for those fuels used in aircraft or with respect to refunds-~~
9 ~~claimed by aircraft fuel users. The amount per gallon [3.79 liters] withheld from the refund must-~~
10 ~~be deposited in the agricultural research fund.~~

11 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
12 June 30, 2015.