

Sixty-seventh
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1309

Introduced by

Representatives B. Koppelman, Delzer, Dockter, Ertelt, Hatlestad, Headland, Kasper,
Kempenich, Schmidt

Senators Clemens, Kannianen

1 A BILL for an Act to amend and reenact section 57-40.2-03.3 of the North Dakota Century
2 Code, relating to payment of use tax by contractors; and to provide an effective date.

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

4 **SECTION 1. AMENDMENT.** Section 57-40.2-03.3 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-40.2-03.3. Use tax on contractors.**

- 7 1. When a contractor or subcontractor uses tangible personal property in the
8 performance of that person's contract, or to fulfill contract or subcontract obligations,
9 whether the title to ~~such~~the property be in the contractor, subcontractor, contractee,
10 subcontractee, or any other person, or whether the titleholder of ~~such~~the property
11 would be subject to pay the sales or use tax, ~~such~~the contractor or subcontractor shall
12 pay a use tax at the rate prescribed by section 57-40.2-02.1 measured by the
13 purchase price or fair market value of such property, whichever is greater, unless
14 ~~such~~the property has been previously subjected to a sales tax or use tax by this state,
15 and the tax due ~~thereon~~ has been paid. This section does not apply to a contractor or
16 subcontractor that does not enter a contract for the purchase of the tangible personal
17 property.
- 18 2. The provisions of this chapter pertaining to the administration of the tax imposed by
19 section 57-40.2-02.1, not in conflict with the provisions of this section, govern the
20 administration of the tax levied by this section.
- 21 3. ~~The tax imposed by this section does not apply to medical equipment purchased as~~
22 ~~tangible personal property by a hospital or by a long-term care facility as defined in~~

~~section 50-10.1-01 and subsequently installed by a contractor into such hospital or facility.~~

4. The tax imposed by this section does not apply to:

- a. Production equipment or tangible personal property as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.2;
- b. Machinery, equipment, or other tangible personal property used to construct an agricultural commodity processing facility as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.3 or 57-39.2-04.4;
- c. Tangible personal property used to construct or expand a system used to compress, process, gather, or refine gas recovered from an oil or gas well in this state or used to expand or build a gas-processing facility in this state as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.5;
- d. Tangible personal property used to construct or expand a qualifying oil refinery as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.6;
- e. Tangible personal property used to construct or expand a qualifying facility as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.10;
- f. Tangible personal property used to construct or expand a qualifying facility as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.11;
- g. Materials used in compressing, gathering, collecting, storing, transporting, or injecting carbon dioxide for use in enhanced recovery of oil or natural gas as provided in section 57-39.2-04.14; or
- h. Tangible personal property used to construct a qualifying fertilizer or chemical processing facility as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.15.
- i. Tangible personal property used to construct a qualified straddle plant, a qualified fractionator, or qualified associated infrastructure as authorized or approved for exemption by the tax commissioner under section 57-39.2-04.16.

1 **SECTION 2. EFFECTIVE DATE.** This Act is effective for contracts entered after June 30,
2 ~~2020~~2021.