

**HOUSE BILL NO. 1402**

Introduced by

Representatives Karls, D. Anderson, Fisher, Grueneich, Heinert, Kiefert, McLeod, Meier  
Senators Cleary, Dever

1 A BILL for an Act to create and enact a new subsection to section 57-39.2-04 of the North  
2 Dakota Century Code, relating to a sales tax exemption for sales of used clothing sold by a thrift  
3 store of a nonprofit corporation; to amend and reenact subsection 7 of section 57-39.2-01 and  
4 subdivision a of subsection 12 of section 57-39.2-01 of the North Dakota Century Code, relating  
5 to gross receipts from delivery charges; and to provide an effective date.

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

7 **SECTION 1. AMENDMENT.** Subsection 7 of section 57-39.2-01 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 7. "Delivery charges" means charges by the seller for preparation and delivery to a  
10 location designated by the purchaser of personal property or services. For purposes of  
11 this subsection, "preparation and delivery" includes transportation, shipping, postage,  
12 handling, crating, and packing. ~~If shipment includes exempt property and taxable~~  
13 ~~property, the seller should allocate the delivery charge by using a percentage based~~  
14 ~~on:~~

15 a. ~~The total sales price of the taxable property compared to the total sales price of~~  
16 ~~all property in the shipment; or~~

17 b. ~~The total weight of the taxable property compared to the total weight of all~~  
18 ~~property in the shipment.~~

19 ~~The seller must tax the percentage of the delivery charge allocated to the taxable~~  
20 ~~property but does not have to tax the percentage allocated to the exempt property.~~

21 **SECTION 2. AMENDMENT.** Subdivision a of subsection 12 of section 57-39.2-01 of the  
22 North Dakota Century Code is amended and reenacted as follows:

23 a. "Gross receipts" means the measure subject to sales tax and means the total  
24 amount of consideration, including cash, credit, property, and services, for which

- 1                   personal property or services are sold, leased, or rented, valued in money,  
2                   whether received in money or otherwise, without any deduction for the following:  
3                   (1) The seller's cost of the property sold;  
4                   (2) The cost of materials used, labor or service costs, interest, losses, all costs  
5                   of transportation to the seller, all taxes imposed on the seller, and any other  
6                   expense of the seller;  
7                   (3) Charges by the seller for any services necessary to complete the sale, other  
8                   than delivery and installation charges; and  
9                   (4) ~~Delivery charges; and~~  
10                  ~~(5)~~ Credit for any trade-in, as determined by state law.

11                  **SECTION 3.** A new subsection to section 57-39.2-04 of the North Dakota Century Code is  
12 created and enacted as follows:

13                  Gross receipts from sales of used clothing made by a thrift store owned and operated  
14                  by a nonprofit corporation exempt from federal taxation under section 501(c)(3) of the  
15                  Internal Revenue Code [26 U.S.C. 501(c)(3)].

16                  **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
17 June 30, 2023.