

**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 1.** 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 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
17 June 30, 2023.