

2025 HOUSE TRANSPORTATION

HB 1521

2025 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee Room JW327E, State Capitol

HB 1521
1/30/2025

Relating to a motor vehicle excise tax exemption for enrolled tribal members; to provide for retroactive application; and to declare an emergency.

9:33 a.m. Chairman D. Ruby opened the hearing.

Members Present: Chairman D. Ruby, Vice Chairman Grueneich, Representatives Christianson, Dressler, Finley-DeVile, Frelich, Hendrix, Johnston, Kasper, Koppelman, Maki, Morton, Osowski, Schatz

Discussion Topics:

- Retroactive requirement
- Displaced tribal members
- Hardship

9:33 a.m. Representative Collete Brown introduced the bill and submitted testimony #32830 and #32831.

9:45 a.m. Scott Davis, Tatanka Consulting Group, testified in favor.

10:04 a.m. Alysia LeCounte, General Counsel, Turtle Mountain Band of Chippewa, testified in favor.

10:08 a.m. Representative Jayme Davis testified in favor and submitted testimony #32934.

10:22 a.m. Representative Nico Rios testified in favor.

10:24 a.m. Barry Chalifoux, Tansi Consulting, testified in favor.

10:26 a.m. Lonna Street, Chairperson, Spirit Lake Nation, testified in favor.

10:33 a.m. Representative Lisa Finley-DeVile testified in favor and submitted testimony #32824.

10:37 a.m. Representative Collete Brown stood for questions.

Additional written testimony:

Senator Richard Marcellais submitted testimony in favor #32639.

Ericka Red Tomahawk, Tribal State Policy Coordinator, ND Native Vote, submitted testimony in favor #32703.

10:39 a.m. Chairman D. Ruby closed the hearing.

Janae Pinks, Committee Clerk

Senator Richard Marcellais
Senate District 9
Testimony for HB 1521

Chairman Ruby members of the House Transportation Committee for the record my name is Richard Marcellais ND State Senator for District 9. I am in favor of HB 1521.

HB 1521 relating to a motor vehicle excise tax exemption to tribal enrolled members for the five (5) North Dakota Tribal Nations.

This bill relates to the tax exempt sales of motor vehicles to Native Americans in North Dakota who are enrolled members in a Federally recognized Indian tribe. This tax exemption would pertain to all Native Americans living in North Dakota.

We are asking for your support to correct this issue. It is important to note that this correction would be limited to only those Native Americans living in the state of North Dakota.

With the passage of HB 1521 would allow all Native Americans in North Dakota would be able to claim their exemption as long as they fill out the North Dakota Department of Transportation, Motor Vehicle SFN 18085.

I am recommending a do pass on HB 1521,.



North Dakota Native Vote
919 S 7th Street
Suite 603
Bismarck, ND 58504

January 29, 2025

Testimony of Erika Red Tomahawk
Tribal-State Policy Coordinator, North Dakota Native Vote
In support for HB 1521

Chairman Ruby and members of the Transportation Committee,

I am submitting this testimony on behalf of North Dakota Native Vote, an organization founded in 2018 to counteract the systematic disparities that affect tribal communities in North Dakota. As a direct descendant of the Standing Rock Sioux Tribe, I strongly support House Bill 1521, which seeks to amend and reenact the motor vehicle excise tax exemption for enrolled members of federally recognized tribes located in North Dakota. I respectfully urge the Transportation committee to approve this vital bill.

During my upbringing and living within the boundaries of the Standing Rock Sioux Reservation, I am all too familiar with financial struggles that many tribal members face. The burden of excessive taxation, particularly on essential purchases like motor vehicles, is one of the challenges that has impacted our communities. HB 1521 provides an important solution by offering a motor vehicle excise tax exemption to enrolled tribal members, whether or not their primary residence is within reservation boundaries. This broader eligibility will ensure that more Native people have the opportunity to benefit from the exemption, helping reduce the financial strain placed on tribal families.

This bill is not just about financial relief – it is also about acknowledging and respecting tribal sovereignty. The exemption would help address disparities in how Native Americans are treated within the state of North Dakota, ensuring that we are not disproportionately burdened by taxes that do not reflect our communities' needs. It is crucial that Native American citizens are able to live and thrive without the added financial barriers that often come with living on or near reservations.

The retroactive application of the exemption to taxable events occurring after June 30, 2023, is another essential component of this bill. It ensures that tribal members who may have purchased vehicles before the bill's passage, but without the benefit of this exemption, are not left out. This provision helps ensure that all eligible individuals can access the benefits of HB 1521, regardless of when they made their purchase.

Moreover, the requirement for individuals to present documentation verifying enrollment in a federally recognized tribe within North Dakota ensures fairness and accountability.



North Dakota Native Vote
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Bismarck, ND 58504

This provision guarantees that the exemption will be applied correctly and only to those who are eligible.

I strongly urge the committee to give a “Do Pass” recommendation for HB 1521. This bill represents a crucial step in making North Dakota’s tax policies more just and equitable for Native American communities. It will help address systemic disparities, provide financial relief to tribal members, and affirm our rightful place in the state’s economic landscape.

Thank you for your time and consideration.

Testimony of Representative Lisa Finley-DeVille

In support of House Bill 1521

Chairman Ruby and members of the House Transportation Committee, my name is Representative Lisa Finley-DeVille, representing District 4 A, which includes the MHA Nation. I testify in support of House Bill 1521, relating to motor vehicle excise tax exemption for tribal governments.

I support the passage of HB 1521 as it is vital to improving the economic opportunities and quality of life for enrolled tribal members, particularly those living on reservations in North Dakota.

Many households within enrolled tribal nations are low-income families, making purchasing a motor vehicle a significant financial challenge. Exempting tribal members from the motor vehicle excise tax would help make vehicle ownership more affordable for these families, who often rely on personal transportation to access essential services like healthcare, education, and employment.

In North Dakota, most tribal reservations are located more than 50 miles from the nearest motor vehicle dealership. As a result, tribal members often face long delays in receiving vehicles, sometimes waiting for weeks or even months for delivery. This creates additional hardship for individuals and families already facing barriers to accessing necessary services.

Many enrolled tribal members live off the reservation, relocating to larger North Dakota cities for employment and educational opportunities. These members contribute to the state's workforce and economy and providing them with more affordable access to vehicles supports their continued participation in North Dakota's growth.

For tribal members who remain on the reservation, having reliable transportation is crucial for accessing healthcare, including doctor's appointments and other essential services. Many tribal members are required to travel long distances to receive medical care, and the ability to purchase a vehicle without the added burden of excise taxes would make this process significantly easier.

Additionally, it's important to note that neighboring states like Montana, South Dakota, and Minnesota provide similar sales tax waivers or exemptions for tribal members. Extending this benefit to tribal members in North Dakota would bring consistency to our region and demonstrate fairness and respect for the sovereignty of Native American tribes.

As a member of the Mandan, Hidatsa, and Arikara Nation, I can also point to the significant contributions our tribe has made to North Dakota's economy, particularly through oil and gas taxes. These contributions have helped build the state's Legacy Fund, which now holds billions of dollars. We have been proud stewards of this land for centuries, and North Dakota is our home.

I urge the committee to give HB 1521 a Do-pass recommendation as it will help ensure that tribal members have the resources necessary to support their communities, while also recognizing the important contributions and sovereignty of Native American tribes in North Dakota.

Thank you for your time and consideration.

25.1249.01003
Title.

Prepared by the Legislative Council
staff for Representative Brown
January 21, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1521

Introduced by

Representatives Brown, Davis, Finley-DeVille, Holle, Ista, Nelson, Rios

Senators Hogan, Marcellais

1 A BILL for an Act to amend and reenact subsection 15 of section 57-40.3-04 of the North
2 Dakota Century Code, relating to a motor vehicle excise tax exemption for enrolled tribal
3 members; ~~to provide for retroactive application;~~ and to declare an emergency.

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

5 **SECTION 1. AMENDMENT.** Subsection 15 of section 57-40.3-04 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 15. A motor vehicle acquired at any location within this state by an individual who is an
8 enrolled member of a federally recognized Indian tribe ~~residing~~located within the
9 ~~boundaries of any reservation in this state, provided the exemption in this subsection~~
10 ~~does not apply to a motor vehicle purchased by an individual whose primary residence~~
11 ~~is not within the boundaries of any reservation in this state. This exemption applies~~
12 regardless of whether the individual's primary residence is within the boundaries of a
13 reservation in this state. An individual must present documentation verifying enrollment
14 with a federally recognized Indian tribe located within the boundaries of the state to
15 qualify for the exemption.

16 ~~—SECTION 2. RETROACTIVE APPLICATION. This Act applies retroactively to taxable~~
17 ~~events occurring after June 30, 2023.~~

18 **SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.



North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Collette Brown

District 9 (SLT/TMBCI)
3395 89th Avenue NE
Warwick, ND 58381-9409
cbrown@ndlegis.gov

COMMITTEES:

Industry, Business and Labor
Government and Veterans Affairs

January 29, 2025

Good morning, Chairman Ruby and members of the Transportation Committee, thank you for the opportunity to present House Bill 1521 today. For the record I am Collette Brown, Representative from District 9 and I am honored to introduce this bill that came from a constituent and colleague.

This bill addresses a critical issue of fairness and equity for enrolled tribal members. North Dakota is home to several federally recognized tribes, including the Mandan, Hidatsa, and Arikara Nation (Three Affiliated Tribes), the Spirit Lake Tribe, the Standing Rock Sioux Tribe, the Turtle Mountain Band of Chippewa Indians, and the Sisseton Wahpeton Oyate. These tribes have a rich history and deep cultural significance in our state.

Vehicle ownership is essential for accessing employment, education, healthcare, and other vital services, especially in rural and often underserved areas. This exemption will alleviate some of the financial burdens associated with vehicle ownership, promoting greater economic stability and mobility for tribal members. Many tribal members face unique economic challenges, and providing a motor vehicle excise tax exemption acknowledges these difficulties.

As of the 2020 Census, per google, it is estimated that over 12,000 enrolled tribal members of North Dakota's federally recognized tribes reside off their respective reservations. These are individuals who remain deeply connected to their tribes, their culture, community, familial ties and should not be excluded from the benefits intended for their community.

Many assume that tribal members voluntarily choose to live off-reservation, but many are often forced to move due to economic disparities, lack of job opportunities, inadequate housing, and limited healthcare access on reservations.

The 5% vehicle excise tax is an undue burden on tribal members who are already facing economic hardship. Under current law, tribal members living on their reservation are exempt from this tax, yet those living just outside reservation boundaries—often out of necessity—are forced to pay it.

This creates a system where a tribal member's tax status is determined not by their identity, but by their address. This is an inequitable standard that punishes North Dakota Native individuals simply because they have been displaced.

The passage of HB 1521 is not just about tax exemptions, it is about justice, equity, and removing barriers that disproportionately impact Native citizens.

As legislators, we have a responsibility to correct outdated policies that create economic hardships for those who have already endured generations of systemic barriers.

By extending vehicle excise tax exemptions to all tribal members of the five North Dakota tribes regardless of residence, our state would send a strong message of goodwill, the support of economic equity, and to build a stronger, more cooperative relationship with Tribes. This policy could serve as a model for broader state-tribal partnerships.

I urge you, Chairman Ruby and committee members, to stand on the right side of history and vote a Do Pass on HB 1521. Let us be a state that leads with fairness and ensures that North Dakota's first peoples are not penalized for circumstances beyond their control.

Lastly Chairman Ruby, I have an amendment to this bill, the amendment was a recommendation from a fellow sponsor. This amendment removes the retroactive requirement. I respectfully request that you move to accept the amendment as presented.

Thank you for your time and consideration.



North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Jayme Davis

District 9
601 John Street
Rolette, ND 58366-7209
jdavis@ndlegis.gov

COMMITTEES:
Human Services
Political Subdivisions

January 30, 2025

Good Morning Chairman Ruby and Members of the Committee,

Thank you for the opportunity to speak today in support of HB 1521, which seeks to restore the motor vehicle excise tax exemption for all enrolled members of federally recognized tribes in North Dakota.

For the record, my name is Jayme Davis, and I represent District 9, home to two of the five Native Nations that share geography with North Dakota. I am a proud member of the Turtle Mountain Band of Chippewa, a proud citizen of the State of North Dakota, and of these United States.

Yesterday, on the House floor, state sovereignty was mentioned many times. I was grateful to hear so many speak to the importance of upholding our state's sovereignty, and I ask that we extend that same respect to our tribal nations—which is precisely what this bill aims to do.

Historical Context & The Need for HB 1521

Historically, all enrolled members of federally recognized tribes in North Dakota were exempt from the motor vehicle excise tax. This exemption recognized tribal members' unique legal status under federal law and respected the government-to-government relationship between tribes and the state. However, last session, House Bill 1223 changed this by limiting the exemption to only those living within reservation boundaries. This created inequity and placed an undue financial burden on many tribal members who reside off-reservation—often out of necessity for employment, education, or housing.

Why This Matters

- Tribal members are citizens of sovereign nations. Our legal status does not change based on where we live. Restricting the exemption to only those residing on reservations undermines our tribal sovereignty and disrupts the cooperative relationship between the state and tribes.
- It has created a unfair financial burden on Tribal Members. Many tribal members live off-reservation due to housing shortages, job opportunities, or educational pursuits. Penalizing them with a tax based on where they live create an additional and unnecessary hardship. Example is myself, I work on the reservation, I buy my groceries, get my gas, on the reservation but due to housing shortages I live 10 miles outside the reservation boundaries. My reservation is 6 miles by 12 miles so its not hard to live off reservation when your land base is so small. Therefore, in and around the Turtle Mountain Reservation there are four small communities that are less than 10 miles outside the boundaries of the reservation where many tribal members live that are now penalized because of the passing of bill 1223 last session.
- HB 1223 imposed a tax on a group of people and weren't notified. So, when the time came to buy a car for their child going to off to college - that extra tax made a huge difference. I got many calls, visits, and messages from those parents who stated, that for some it may not be a large amount of money but for them - it might as well be a million dollars because they couldn't afford it. So, they chose not to buy. Restoring the exemption is a small economic fix but a powerful statement of fairness and respect for our tribal nations.

- Lastly, by passing this bill you will restore efficiency and reduce the administrative burden that also came with it. Before HB 1223, this exemption functioned smoothly without issue. Restoration would eliminate the need for residency verification, a process that has proven to be complex, burdensome, and contentious for both the state and affected individuals.

By restoring this exemption, we reaffirm North Dakota's commitment to fairness and respect for its tribal nations. This is not just a tax policy issue, it is about honoring sovereignty, upholding fairness, and strengthening the relationship between the state and tribes.

I urge this committee to pass HB 1521 and restore the exemption that has served our state and its tribal citizens well for decades.

Thank you for your time, and I am happy to answer any questions.

2025 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee Room JW327E, State Capitol

HB 1521
1/31/2025

Relating to a motor vehicle excise tax exemption for enrolled tribal members; to provide for retroactive application; and to declare an emergency.

11:33 a.m. Chairman D. Ruby opened then meeting.

Members Present: Chairman D. Ruby, Vice Chairman Grueneich, Representatives Christianson, Dressler, Frelich, Johnston, Hendrix, Kasper, Koppelman, Maki, Morton, Osowski, Schatz
Members Absent: Representative Finley-DeVille

Discussion Topics:

- Proposed amendment
- Hardship

11:37 a.m. Representative Koppelman proposed an amendment to repeal motor vehicle excise tax for everyone, testimony #33248, #33261, and #33929.

11:37 a.m. Representative Koppelman motioned to adopt the amendment, LC # 25.1249.01002

11:37 a.m. Representative Schatz seconded the motion.

11:39 a.m. Chairman D. Ruby resisted the motion.

Representatives	Vote
Representative Dan Ruby	N
Representative Jim Grueneich	N
Representative Nels Christianson	N
Representative Ty Dressler	N
Representative Lisa Finley-DeVille	AB
Representative Kathy Frelich	N
Representative Jared Hendrix	N
Representative Daniel Johnston	Y
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Roger A. Maki	Y
Representative Desiree Morton	Y
Representative Doug Osowski	Y
Representative Mike Schatz	Y

11:45 a.m. Motion failed 6-6-2.

11:46 a.m. Representative Frelich moved to amend to remove the retroactive application.

11:46 a.m. Representative Christianson seconded the motion.

Representatives	Vote
Representative Dan Ruby	Y
Representative Jim Grueneich	Y
Representative Nels Christianson	Y
Representative Ty Dressler	N
Representative Lisa Finley-DeVille	Y
Representative Kathy Frelich	Y
Representative Jared Hendrix	Y
Representative Daniel Johnston	Y
Representative Jim Kasper	AB
Representative Ben Koppelman	N
Representative Roger A. Maki	Y
Representative Desiree Morton	Y
Representative Doug Osowski	Y
Representative Mike Schatz	N

11:53 a.m. Motion passed 10-3-1.

11:54 a.m. Representative Koppelman moved a Do Not Pass as Amended.

11:54 a.m. Representative Schatz seconded the motion.

Representatives	Vote
Representative Dan Ruby	Y
Representative Jim Grueneich	Y
Representative Nels Christianson	Y
Representative Ty Dressler	Y
Representative Lisa Finley-DeVille	Y
Representative Kathy Frelich	Y
Representative Jared Hendrix	Y
Representative Daniel Johnston	Y
Representative Jim Kasper	N
Representative Ben Koppelman	Y
Representative Roger A. Maki	Y
Representative Desiree Morton	Y
Representative Doug Osowski	Y
Representative Mike Schatz	Y

11:56 a.m. Motion passed 13-0-1.

11:56 a.m. Representative Koppelman will carry the bill.

11:58 a.m. Chairman D. Ruby adjourned the meeting.

Janae Pinks, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

1-31-25

HOUSE BILL NO. 1521

JA 1 of 1

Introduced by

Representatives Brown, Davis, Finley-DeVille, Holle, Ista, Nelson, Rios

Senators Hogan, Marcellais

1 A BILL for an Act to amend and reenact subsection 15 of section 57-40.3-04 of the North
2 Dakota Century Code, relating to a motor vehicle excise tax exemption for enrolled tribal
3 members; ~~to provide for retroactive application~~; and to declare an emergency.

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9 boundaries of any reservation in this state, ~~provided the exemption in this subsection~~
10 ~~does not apply to a motor vehicle purchased by an individual whose primary residence~~
11 ~~is not within the boundaries of any reservation in this state. This exemption applies~~
12 regardless of whether the individual's primary residence is within the boundaries of a
13 reservation in this state. An individual must present documentation verifying enrollment
14 with a federally recognized Indian tribe located within the boundaries of the state to
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16 ~~—SECTION 2. RETROACTIVE APPLICATION. This Act applies retroactively to taxable~~
17 ~~events occurring after June 30, 2023.~~

18 **SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.

**REPORT OF STANDING COMMITTEE
HB 1521**

Transportation Committee (Rep. D. Ruby, Chairman) recommends **AMENDMENTS** ([25.1249.01003](#)) and when so amended, recommends **DO NOT PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1521 was placed on the Sixth order on the calendar.

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68th Legislative Assembly (2023-25) (/assembly/68-2023/regular)

HB 1223

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Senate Journal

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DATE ▾	CHAMBER ▾	DESCRIPTION ▾	VERSION ▾	ROLL CALL
01/09	House	Introduced, first reading, referred to Transportation (/assembly/68-2023/committees/house/transportation).	23.0524.01000 (../documents/23-0524-01000.pdf). 23.0524.01000 (\$) (../fiscal-notes/23-0524-01000-fn.pdf).	HJ 205
01/19	House	Committee Hearing 10:00		
01/19	House	Reported back, do pass, place on calendar 13 0 1		HJ 353
01/23	House	Second reading, passed, yeas 92 nays 0	23.0524.01000 (../documents/23-0524-01000.pdf). 23.0524.01000 (\$) (../fiscal-notes/23-0524-01000-fn.pdf).	HJ 375
01/24	Senate	Received from House		SJ 300
02/10	Senate	Introduced, first reading, referred to Finance and Taxation (/assembly/68-2023/committees/senate/finance-and-taxation).	23.0524.01000 (../documents/23-0524-01000.pdf). 23.0524.01000 (\$) (../fiscal-notes/23-0524-01000-fn.pdf).	SJ 531
03/15	Senate	Committee Hearing 09:00		
03/16	Senate	Reported back amended, do pass, amendment placed on calendar 5 1 0	23.0524.01002 (A) (../documents/23-0524-01002a.pdf). 23.0524.01002 (M) (../documents/23-0524-01002m.pdf).	SJ 1015
03/17	Senate	Amendment adopted, placed on calendar		SJ 1015
03/20	Senate	Second reading, passed as amended, yeas 43 nays 4	23.0524.03000 (../documents/23-0524-03000.pdf). 23.0524.03000 (\$) (../fiscal-notes/23-0524-03000-fn.pdf).	SJ 1037
03/21	House	Returned to House (12)		HJ 130
04/03	House	Concurred		HJ 1515
04/03	House	Second reading, passed, yeas 87 nays 3	23.0524.03000 (../documents/23-0524-03000.pdf). 23.0524.03000 (\$) (../fiscal-notes/23-0524-03000-fn.pdf).	HJ 1515
04/07	Senate	Signed by President	23.0524.04000 (../documents/23-0524-04000.pdf).	SJ 1475
04/07	House	Signed by Speaker		HJ 1715
04/07	House	Sent to Governor		HJ 1716
04/12	House	Signed by Governor 04/11		HJ 186
04/14		Filed with Secretary Of State 04/12		

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CONTACT

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25.1249.01002
Title.

Prepared by the Legislative Council
staff for Representative Koppelman
January 29, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1521

Introduced by

Representatives Brown, Davis, Finley-DeVill, Holle, Ista, Nelson, Rios

Senators Hogan, Marcellais

~~A BILL for an Act to amend and reenact subsection 15 of section 57-40.3-04 of the North Dakota Century Code, relating to a motor vehicle excise tax exemption for enrolled tribal members; to provide for retroactive application; and to declare an emergency.~~
for an Act to amend and reenact sections 24-02-01.1, 24-02-37.3, 39-04-05, 39-04-18.2, 39-05-20.3, and 39-22-16, subsection 10 of section 51-07-00.1, subsection 15 of section 51-07-00.1, section 54-17.2-23, paragraph 3 of subdivision b of subsection 15 of section 57-02-08, subsection 10 of section 57-39.2-01, paragraph 4 of subdivision d of subsection 12 of section 57-39.2-01, sections 57-39.2-03.7 and 57-39.2-04, subsection 2 of section 57-39.2-02.1, subsection 5 of section 57-39.2-02.3, subsection 2 of section 57-39.2-08.2, sections 57-39.2-26.1, 57-39.2-26.2, and 57-39.2-26.3, subsection 2 of section 57-39.5-01, subsection 1 of section 57-39.5-01.1, subsection 2 of section 57-40.2-02.1, subsection 5 of section 57-40.2-02.4, section 57-40.2-04, subsection 3 of section 57-40.5-01, and section 57-40.5-11 of the North Dakota Century Code, relating to motor vehicle excise tax; to repeal chapters 57-40.3 and 57-40.4 of the North Dakota Century Code, relating to motor vehicle excise tax and motor vehicle excise tax refunds; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

~~**SECTION 1. AMENDMENT.** Subsection 15 of section 57-40.3-04 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**15.** A motor vehicle acquired at any location within this state by an individual who is an enrolled member of a federally recognized Indian tribe residing located within the~~

boundaries of any reservation in this state, provided the exemption in this subsection does not apply to a motor vehicle purchased by an individual whose primary residence is not within the boundaries of any reservation in this state. This exemption applies regardless of whether the individual's primary residence is within the boundaries of a reservation in this state. An individual must present documentation verifying enrollment with a federally recognized Indian tribe located within the boundaries of the state to qualify for the exemption.

— **SECTION 2. RETROACTIVE APPLICATION.** This Act applies retroactively to taxable events occurring after June 30, 2023.

— **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.

SECTION 1. AMENDMENT. Section 24-02-01.1 of the North Dakota Century Code is amended and reenacted as follows:

24-02-01.1. Department of transportation - Creation - Transfer of functions.

The department of transportation is established as an executive department of this state. Transferred to and vested in the department of transportation are the functions, powers, and duties of the following governmental agencies:

1. The highway department, the highway commissioner, and the chief engineer, including titles 24 and 39, chapter 49-17.1, and sections 49-10.1-17, 49-17.2-27, and 55-01-01.
2. The motor vehicle department and the registrar of motor vehicles, including ~~title 39, chapter 57-40.3, and~~ section 26.1-41-02.

SECTION 2. AMENDMENT. Section 24-02-37.3 of the North Dakota Century Code is amended and reenacted as follows:

24-02-37.3. Flexible transportation fund - Budget section approval - Report.
(Retroactive application - [See note](#))

There is created in the state treasury the flexible transportation fund. The fund consists of eligible federal or state funding and any contributed private funds.

1. The flexible transportation fund must be administered and expended by the director and may be used for the following:
 - a. Providing a match for federal funding obtained by the department of transportation.

b. State-funded road and bridge construction and maintenance, and transportation support costs including staffing, facilities, and operational expenditures on the state highway system.

c. State-funded road and bridge construction and maintenance activities within the state but off of the state highway system. The director shall establish the terms and provisions of the program.

2. All money derived from the investment of the flexible transportation fund or any portion of the fund, must be credited to the flexible transportation fund. The director shall monthly transmit all moneys collected and received under this chapter to the state treasurer to be transferred and credited to the flexible transportation fund.

3. The director must receive budget section approval for any project that utilizes more than ten million dollars from the fund except for projects that match federal or private funds and the amount utilized from the fund is fifty percent or less of total project costs. Any request considered by the budget section must comply with section 54-35-02.9.

4. The director shall allocate at least twenty-five percent of ~~motor vehicle excise tax collections deposited~~moneys in the flexible transportation fund ~~pursuant to section 57-40.3-10~~ for non-oil-producing county and township road and bridge projects as follows:

a. The funds must be allocated by the department to counties for projects or grants for the benefit of counties and organized and unorganized townships;

b. The department shall establish criteria to distribute the funds;

c. The funds must be used for the maintenance and improvement of county and township paved and unpaved roads and bridges;

d. Priority must be given to projects that match federal funds and to projects that improve roadways that serve as local corridors;

e. An organized township is not eligible to receive funding if the township does not maintain any roadways or does not levy at least eighteen mills for general purposes; and

f. For purposes of this subsection, "non-oil-producing county" means a county that received no allocation of funding or a total allocation of less than five million

dollars under subsection 2 of section 57-51-15 in the most recently completed even-numbered fiscal year before the start of each biennium.

5. The director shall provide periodic reports to the budget section regarding the status of the fund and projects receiving allocations from the fund.

SECTION 3. AMENDMENT. Section 39-04-05 of the North Dakota Century Code is amended and reenacted as follows:

39-04-05. Grounds for refusing registration.

The department shall refuse registration or any transfer of registration upon any of the following grounds:

1. That the application contains any false or fraudulent statement or that the applicant has failed to furnish required information or reasonable additional information requested by the department or that the applicant is not entitled to registration of the vehicle under this chapter.
2. That the vehicle is mechanically unfit or unsafe to be operated or moved upon the highways.
3. That the department has reasonable ground to believe that the vehicle is a stolen or embezzled vehicle or that the granting of registration would constitute a fraud against the rightful owner or other person having valid lien upon the vehicle.
4. That the registration of the vehicle stands suspended or revoked for any reason as provided in the motor vehicle laws of this state.
5. That the required fee has not been paid.
6. When any sales tax ~~or motor vehicle excise tax~~, properly due, has not been paid.
7. For failure to maintain security for payment of basic no-fault benefits and the liabilities covered under motor vehicle liability insurance on a motor vehicle as required by chapter 26.1-41.
8. For failure to provide proof of payment of the heavy vehicle use tax due, as required, to the internal revenue service.
9. When the vehicle is operating in violation of the provisions of the international registration plan, international fuel tax agreement, or the unified carrier registration plan.

10. When a motor carrier has been ordered out of service by the federal motor carrier safety administration.

The director shall promulgate rules and regulations for refusal of registration of vehicles not equipped as required by chapter 39-21.

SECTION 4. AMENDMENT. Section 39-04-18.2 of the North Dakota Century Code is amended and reenacted as follows:

39-04-18.2. Temporary motor vehicle registration - Fees.

1. Any owner, lessee, or operator of a motor vehicle who is employed in this state on a temporary or full-time basis may choose to purchase a temporary registration permit in lieu of registering the vehicle pursuant to section 39-04-18, if the vehicle displays a valid registration and license plate from another jurisdiction and is properly insured. Application for the temporary registration permit must be made in the manner and form prescribed by the department. The temporary registration permit must bear a distinctive number assigned to the vehicle and an expiration date. At all times the operator shall ensure that the temporary registration permit is displayed and clearly visible on the vehicle in a manner prescribed by the department. Motor vehicles temporarily registered under this section may be registered without a title transfer ~~or imposition of motor vehicle excise tax~~. The operator shall keep evidence of registration from the other jurisdiction in the motor vehicle and provide evidence of registration to a law enforcement officer or the department, upon request.
2. Motor vehicles temporarily registered in this state must be furnished a permit as follows:
 - a. Passenger vehicles, pickups, vans, and trucks not exceeding twenty thousand registered gross weight pounds [9071.84 kilograms] temporarily registered in this state must be furnished a permit upon payment of sixty dollars for six months or one hundred twenty dollars for twelve months of required registration.
 - b. Trucks or combinations of trucks and trailers weighing more than twenty thousand registered gross weight pounds [9071.84 kilograms] temporarily registered in this state must be furnished a permit upon payment of the following fees:

Weight

Six-Month Fee

Twelve-Month Fee

1	20,001 - 42,000	\$220	\$440
2	42,001 - 62,000	\$380	\$760
3	62,001 - 82,000	\$530	\$1,060
4	82,001 - 105,500	\$900	\$1,800

5 c. Motorcycles temporarily registered in this state must be furnished a permit upon
6 payment of thirty dollars for six months or sixty dollars for twelve months.

7 d. An additional fee of ten dollars applies to each temporary registration permit.

8 **SECTION 5. AMENDMENT.** Section 39-05-20.3 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **39-05-20.3. Grounds for refusing certificate of title.**

11 The department may not issue a certificate of title or transfer a certificate of title if:

- 12 1. The application contains any false or fraudulent statements, the applicant has failed to
13 furnish required information or reasonable additional information requested by the
14 department, or the applicant is not entitled to the issuance of a certificate of title under
15 this chapter.
- 16 2. The vehicle is mechanically unfit or unsafe to be operated or moved upon the
17 highways. A vehicle is unfit and unsafe if the vehicle has an out-of-state marked title
18 that includes a certificate for destruction or a notation on the title that the vehicle is
19 scrap, parts-only, junk, unrepairable, nonrebuildable, a dismantler, or any other similar
20 notation.
- 21 3. The department has reason to believe the vehicle is a stolen or embezzled vehicle or
22 the granting of title would constitute a fraud against the rightful owner or other person
23 having valid lien upon the vehicle.
- 24 4. The certificate of title is suspended or revoked for any reason.
- 25 5. The required fee has not been paid.
- 26 6. Any sales tax ~~or motor vehicle excise tax~~, properly due, has not been paid.
- 27 7. There is failure to provide security for payment of basic no-fault benefits and the
28 liabilities covered under motor vehicle liability insurance on a motor vehicle as required
29 by chapter 26.1-41.

30 **SECTION 6. AMENDMENT.** Section 39-22-16 of the North Dakota Century Code is
31 amended and reenacted as follows:

**39-22-16. Application for new motor vehicle dealer license - Franchise required -
Selling vehicles without a franchise - Penalty.**

1. In an application for a new motor vehicle dealer license, the applicant shall furnish proof satisfactory to the director that the applicant has a bona fide contract or franchise in effect with a manufacturer or distributor of the new motor vehicle or motor vehicles in which the dealer proposes to deal. A new motor vehicle dealer license entitles the holder to deal in both used motor vehicles and in those new motor vehicles only for which the dealer has a bona fide contract or franchise in effect with a manufacturer or distributor. A used motor vehicle dealer license entitles the holder to deal in used motor vehicles only.
2. New motor vehicle dealers who have been issued surrounding communities as a part of their dealer area of responsibility may be issued additional new motor vehicle dealer licenses if the manufacturer provides the department written approval of additional sites for display and sale of motor vehicles. Applicants for additional new car dealer licenses must meet all of the requirements of this chapter.
3. If a motor vehicle dealer purchases or holds for sale a new motor vehicle for which the dealer does not have a bona fide contract or franchise in effect with a manufacturer or distributor, the new motor vehicle becomes, at the time of purchase or possession, subject to the registration provisions of chapter 39-04, and the title registration provisions of chapter 39-05, ~~and the motor vehicle excise tax provisions of chapter 57-40.3.~~
4. The department may assess a person violating this section a two hundred fifty dollar fee for a first violation or a five hundred dollar fee for a second violation within two years of the first violation. The department may suspend the license of a motor vehicle dealer licensed under this chapter if a third or subsequent violation of this section occurs within five years of the first violation.

SECTION 7. AMENDMENT. Subsection 10 of section 51-07-00.1 of the North Dakota Century Code is amended and reenacted as follows:

10. "New motor vehicle" means a motor vehicle that has not been subject to a retail sale, the registration provisions of chapter 39-04, the title registration provisions of chapter 39-05, ~~or the motor vehicle excise tax provisions of chapter 57-40.3.~~

SECTION 8. AMENDMENT. Subsection 15 of section 51-07-00.1 of the North Dakota Century Code is amended and reenacted as follows:

15. "Used motor vehicle" means a motor vehicle that has been subject to a retail sale, the registration provisions of chapter 39-04, the title registration provisions of chapter 39-05, ~~or the motor vehicle excise tax provisions of chapter 57-40.3.~~

SECTION 9. AMENDMENT. Section 54-17.2-23 of the North Dakota Century Code is amended and reenacted as follows:

54-17.2-23. State building authority lease payments - Limitation.

The general fund amount of lease payments for a biennium associated with capital construction projects financed by the industrial commission acting as the state building authority may not exceed the amount equal to a portion of sales, ~~and use, and motor vehicle excise~~ tax collections equal to ten percent of an amount, determined by multiplying the quotient of one percent divided by the general sales tax rate that was in effect when the taxes were collected, times the net sales, ~~and use, and motor vehicle excise~~ tax collections under chapters 57-39.2, 57-40.2, and 57-40.3. The computation for the authorized general fund lease payments for a biennium must be based on the projected sales, ~~and use, and motor vehicle excise~~ tax collections presented to the legislative assembly at the close of the most recently adjourned regular legislative session. Lease payment amounts for any particular project must be calculated as of the date the related bonds are issued.

SECTION 10. AMENDMENT. Paragraph 3 of subdivision b of subsection 15 of section 57-02-08 of the North Dakota Century Code is amended and reenacted as follows:

- (3) "Gross income" means gross income as defined under the federal Internal Revenue Code and does not include a gain from the sale or exchange of farm machinery as computed for federal income tax purposes. For purposes of this paragraph, "farm machinery" means all vehicular implements and attachment units designed and sold for direct use in planting, cultivating, or harvesting farm products or used in connection with the production of agricultural produce or products, livestock, or poultry on farms, which are operated, drawn, or propelled by motor or animal power. "Farm machinery" does not include vehicular implements operated wholly by hand or a motor vehicle that is required to be registered ~~under chapter 57-40.3.~~

SECTION 11. AMENDMENT. Subsection 10 of section 57-39.2-01 of the North Dakota Century Code is amended and reenacted as follows:

10. "Farm machinery" means all vehicular implements and attachment units, designed and sold for direct use in planting, cultivating, or harvesting farm products or used in connection with the production of agricultural produce or products, livestock, or poultry on farms, which are operated, drawn, or propelled by motor or animal power. "Farm machinery" does not include vehicular implements operated wholly by hand or a motor vehicle required to be registered ~~under chapter 57-40.3~~. "Farm machinery" does not include machinery that may be used for other than agricultural purposes, including tires, farm machinery repair parts, tools, shop equipment, grain bins, feed bunks, fencing materials, and other farm supplies and equipment. For purposes of this subsection, "attachment unit" means any part or combination of parts having an independent function, other than farm machinery repair parts, which when attached or affixed to farm machinery is used exclusively for agricultural purposes.

SECTION 12. AMENDMENT. Paragraph 4 of subdivision d of subsection 12 of section 57-39.2-01 of the North Dakota Century Code is amended and reenacted as follows:

(4) The sale price of property returned by a customer when the full sale price is refunded either in cash or credit. When tangible personal property is taken in trade or in a series of trades as a credit or part payment of a retail sale taxable under this chapter, if the tangible personal property traded in will be subject to tax imposed by chapter 57-39.5 ~~or 57-40.3~~ or if the tangible personal property traded in is used farm machinery or used irrigation equipment, the credit or trade-in value allowed by the retailer is not included in gross receipts of the retailer; and

SECTION 13. AMENDMENT. Section 57-39.2-03.7 of the North Dakota Century Code is amended and reenacted as follows:

57-39.2-03.7. Surcharge on rental motor vehicles.

A company engaged in the business of renting motor vehicles for periods of fewer than thirty days shall collect a three percent surcharge on each rental contract at the time a vehicle of a gross vehicle weight of ten thousand pounds [4535.92 kilograms] or less is rented from the company in this state. A vehicle is considered rented in this state if possession is obtained by

1 the renter in this state. The surcharge must be computed on the total dollar amount for the
2 rental as stated in the rental contract, excluding taxes, fuel collections, or other ancillary
3 products sold to customers such as collision damage waiver, supplemental liability protection,
4 personal accident insurance, and personal effects coverage.

5 1. A surcharge under this section must be noted in the rental contract and collected in
6 accordance with the terms of the contract.

7 2. On February fifteenth of each year, a company that collects surcharges under this
8 section shall file a report with the commissioner stating the total amount of ~~excise-~~
9 ~~taxes paid under chapter 57-40.3 on the rental vehicles for the preceding calendar-~~
10 ~~year and the total amount of~~ rental motor vehicle revenues earned on rentals in this
11 state for the preceding calendar year. All surcharge revenues collected during the
12 calendar year by the company ~~in excess of the total amount of excise taxes paid under-~~
13 ~~chapter 57-40.3 during the calendar year by the company~~ on rental motor vehicles
14 must be remitted to the commissioner with the report and considered sales tax
15 collections under this chapter.

16 3. For three years after filing the report under this section, the company shall retain
17 copies of rental contracts and the commissioner may require the company to furnish
18 copies of rental contracts for purposes of ensuring compliance with this section.

19 **SECTION 14. AMENDMENT.** Section 57-39.2-04 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **57-39.2-04. Exemptions.**

22 There are specifically exempted from the provisions of this chapter and from computation of
23 the amount of tax imposed by it the following:

24 1. Gross receipts from sales of tangible personal property which this state is prohibited
25 from taxing under the Constitution or laws of the United States or under the
26 Constitution of North Dakota.

27 2. Gross receipts from the sales, furnishing, or service of passenger transportation
28 service and gross receipts from the sales, furnishing, or service of freight
29 transportation service when provided by a common carrier.

30 3. Repealed by S.L. 1971, ch. 567, § 1.

- 1 4. a. Gross receipts from sales of tickets, or admissions to state, county, district, and
2 local fairs.
- 3 b. Gross receipts from educational, religious, or charitable activities when the entire
4 amount of net receipts is expended for educational, religious, or charitable
5 purposes. The exemption in this subdivision does not apply to:
 - 6 (1) Gross receipts from taxable sales in excess of ten thousand dollars for an
7 event if the activities are held in a publicly owned facility which is not an
8 event otherwise exempt under subdivision c, d, or e; or
 - 9 (2) Gross receipts from activities if the seller competes with retailers by
10 maintaining inventory, conducting retail sales on a regular basis from a
11 permanent or seasonal location, or soliciting sales from a website prepared
12 for or maintained by the seller.
- 13 c. Gross receipts derived by an institution of higher education located in this state
14 from tickets or admissions to athletic, musical, dramatic, or scholastic events
15 held, sponsored, hosted, or controlled by the institution of higher education, in
16 which the primary performers or participants consist of students of an institution
17 of higher education.
- 18 d. Gross receipts derived by any public school district if such receipts are expended
19 in accordance with section 15.1-07-10 or 15.1-07-11.
- 20 e. Gross receipts of a nonprofit music or dramatic arts organization that is exempt
21 from federal income taxation and is organized and operated for the presentation
22 of live public performances of musical or theatrical works on a regular basis.
- 23 5. Gross receipts from sales of textbooks to regularly enrolled students of a private or
24 public school and from sales of textbooks, yearbooks, and school supplies purchased
25 by a private nonprofit elementary school, secondary school, or any other nonprofit
26 institution of higher learning conducting courses of study similar to those conducted by
27 public schools in this state.
- 28 6. Gross receipts from all sales otherwise taxable under this chapter made to the United
29 States, an Indian tribe, or to any state, including the state of North Dakota, or any of
30 the subdivisions, departments, agencies, or institutions of any state. A political
31 subdivision of another state is exempt under this subsection only if a sale to a North

Dakota political subdivision is treated as an exempt sale in that state. The governmental units exempted by this subsection must be issued a certificate of exemption by the commissioner and the certificate must be presented to each retailer whenever this exemption is claimed. For purposes of this subsection, an Indian tribe means a tribal government agency, instrumentality, or political subdivision that performs essential government functions and does not include business entities or agencies the primary purpose of which is to operate a business enterprise.

7. Gross receipts from the sale of drugs sold under a doctor's prescription.

8. Gross receipts from sales of adjuvants, agrichemical tank cleaners and foam markers, commercial fertilizers, fungicides, seed treatments, inoculants and fumigants, herbicides, and insecticides to agricultural or commercial vegetable producers and commercial applicators; chemicals used to preserve agricultural crops being stored; and seeds, roots, bulbs, and small plants to commercial users or consumers for planting or transplanting for commercial vegetable gardens or agricultural purposes.

9. Gross receipts from sales of oxygen sold to any person who purchases it upon the written order of a doctor for the person's own use for medical purposes.

10. Gross receipts from the sale of motor vehicles, farm machinery, alcoholic beverages, gasoline, insurance premiums, gaming tickets, or any other article or product, except as otherwise provided, upon which the state of North Dakota imposes a special tax.

11. Gross receipts from the sale of feed which is fed to poultry or livestock, including breeding stock and wool-bearing stock, for the purpose of producing eggs, milk, meat, fibers, or other products for human consumption and the gross receipts from the sale of feed purchased for the purpose of being fed to draft or fur-bearing animals. The word "feed" as used herein shall be construed to mean and include only salt, grains, hays, tankage, oyster shells, mineral supplements, limestone, molasses, beet pulp, meat and bone scraps, meal, drugs to be used as part of a feed ration, and other generally recognized animal feeds. The term "feed" includes drugs used as part of a feed ration, medicants, disinfectants, wormers, tonics, and like items.

12. Gross receipts from a sale otherwise taxable under this chapter made to a person from an adjoining state which does not impose or levy a retail sales tax, under the following conditions:

- 1 a. The person is in the state of North Dakota for the express purpose of making a
2 purchase.
- 3 b. The person furnishes to the North Dakota retailer a certificate signed by the
4 person in a form as the commissioner may prescribe reciting sufficient facts
5 establishing the exempt status of the sale. Unless the certificate is furnished it
6 must be presumed, until the contrary is shown, that the person was not in the
7 state of North Dakota for the express purpose of making a purchase.
- 8 c. The sale is fifty dollars or more.

9 13. ~~Gross receipts from the sale of any motor vehicle taxable under the provisions of the~~
10 ~~motor vehicle excise tax laws of North Dakota. However, gross receipts from the rental~~
11 ~~of any motor vehicle for fewer than thirty days are not exempt but taxes imposed~~
12 ~~under home rule authority do not apply to such rentals.~~

13 ~~14.~~ Repealed by S.L. 1969, ch. 528, § 24.

14 ~~15.~~ 14. Gross receipts from sales in which a contractor furnishes to the retailer a certificate
15 which includes the contractor's license number assigned to the contractor under the
16 provisions of chapter 43-07. Such certificate shall be in the form prescribed by the
17 commissioner and shall be furnished by the contractor to the retailer each calendar
18 year prior to the making of any purchases during such calendar year from the retailer
19 without liability for paying the tax to the retailer. Any contractor furnishing such
20 certificate must report and remit the tax to the commissioner on purchases taxable
21 under this chapter made by the contractor in the same manner as retailers remit such
22 tax under this chapter.

23 ~~16.~~ 15. Gross receipts from the sale of newsprint and ink used in the publication of a
24 newspaper.

25 ~~17.~~ 16. Gross receipts from the sale of all services furnished by any hospital, infirmary,
26 sanatorium, nursing home, basic care facility, or similar institution to any patient or
27 occupant.

28 ~~18.~~ 17. Repealed by S.L. 1973, ch. 480, § 6.

29 ~~19.~~ 18. Repealed by S.L. 1971, ch. 555, § 3.

30 ~~20.~~ 19. Gross receipts from the sale of food supplies to any public school, to any parochial or
31 private nonprofit school conducting courses of study similar to those conducted by

public schools in this state, or to any nonprofit organization, for use by the public, parochial, or private school or nonprofit organization in sponsoring or conducting a lunch program or programs in and for any such public, parochial, or private nonprofit school.

~~21.~~20. Gross receipts from the leasing or renting of motion picture film to motion picture exhibitors for exhibition if the sale of tickets or admissions to the exhibition of the film is subject to the sales tax imposed by this chapter.

~~22.~~21. Gross receipts from the leasing or renting of manufactured homes, modular living units, or sectional homes, whether or not placed on a permanent foundation, for residential housing for periods of thirty or more consecutive days and the gross receipts from the leasing or renting of a hotel or motel room or other accommodations occupied by the same person or persons for residential housing for periods of thirty or more consecutive days.

~~23.~~22. Food purchased by a student under a boarding contract with a college, university, fraternity, or sorority.

~~24.~~23. Gross receipts from all sales when made to an eligible facility or emergency medical services provider for the use or benefit of its patient or occupant. For the purposes of this subsection:

a. "Eligible facility" means any hospital, skilled nursing facility, intermediate care facility, residential end-of-life facility, basic care facility, or any assisted living facility licensed by the department of health and human services; and

b. "Emergency medical services provider" means an emergency medical services operation licensed by the department of health and human services under chapter 23-27.

~~25.~~24. Gross receipts from the sale of Bibles, hymnals, textbooks, and prayerbooks sold to nonprofit religious organizations.

~~26.~~25. Gross receipts from sales of prosthetic devices, durable medical equipment, mobility-enhancing equipment, or supplies for ostomy care or bladder dysfunction. For purposes of this subsection:

a. "Durable medical equipment" means equipment, not including mobility-enhancing equipment, for home use, including repair and replacement parts for such equipment, which:

- (1) Can withstand repeated use;
- (2) Is primarily and customarily used to serve a medical purpose;
- (3) Generally is not useful to a person in the absence of illness or injury; and
- (4) Is not worn in or on the body.

"Durable medical equipment" includes equipment and devices designed or intended for ostomy care and management and equipment and devices used exclusively for a person with bladder dysfunction. An exemption certificate is not required to obtain exemption. Repair and replacement parts as used in this definition include all components or attachments used in conjunction with the durable medical equipment. Repair and replacement parts do not include items which are for single patient use only.

b. "Mobility-enhancing equipment" means equipment, not including durable medical equipment sold under a doctor's written prescription, including repair and replacement parts for mobility-enhancing equipment, which:

- (1) Is primarily and customarily used to provide or increase the ability to move from one place to another and which is appropriate for use either at home or in a motor vehicle;
- (2) Is not generally used by persons with normal mobility; and
- (3) Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

"Mobility-enhancing equipment" includes crutches and wheelchairs for the use of disabled persons, equipment, including manual control units, van lifts, van door opening units, and raised roofs for attaching to or modifying a motor vehicle for use by a permanently physically disabled person, equipment, including elevators, dumbwaiters, chair lifts, and bedroom or bathroom lifts, whether or not sold for attaching to real property, for use by a permanently physically disabled person in that person's principal dwelling, and equipment, including manual control units,

for attaching to or modifying motorized implements of husbandry for use by a permanently physically disabled person.

c. "Prosthetic device" means a replacement, corrective, or supportive device sold under a doctor's written prescription, including repair and replacement parts for such a device, worn on or in the body to:

- (1) Artificially replace a missing portion of the body;
- (2) Prevent or correct a physical deformity or malfunction; or
- (3) Support a weak or deformed portion of the body.

"Prosthetic device" includes artificial devices individually designed, constructed, or altered solely for the use of a particular disabled person so as to become a brace, support, supplement, correction, or substitute for the bodily structure, including the extremities of the individual, artificial limbs, artificial eyes, hearing aids, and other equipment worn as a correction or substitute for any functioning portion of the body, artificial teeth sold by a dentist, and eyeglasses when especially designed or prescribed by an ophthalmologist, physician, oculist, or optometrist for the personal use of the owner or purchaser.

d. "Supplies for ostomy care or bladder dysfunction" includes:

- (1) Supplies designed or intended for ostomy care and management, including collection devices, colostomy irrigation equipment and supplies, skin barriers or skin protectors, and other supplies especially designed for use of ostomates.
- (2) Supplies to be used exclusively by a person with bladder dysfunction, including catheters, collection devices, incontinent pads and pants, adult diapers, and other items used for the care and management of bladder dysfunction. For the purposes of this paragraph:
 - (a) "Adult diapers" means diapers other than children's diapers.
 - (b) "Children's diapers" means diapers marketed to be worn by children.
 - (c) "Diaper" means an absorbent garment worn by humans who are incapable of, or have difficulty, controlling their bladder or bowel movements.

~~27-26.~~ Gross receipts from the sale of electricity.

1 ~~28.~~27. Gross receipts from the leasing or renting of any tangible personal property upon
2 which a North Dakota sales tax or use tax has been paid or is payable and the retailer
3 has separately indicated on an invoice, contract, lease agreement, or other supporting
4 sale document that the retailer paid sales or use tax on the retailer's purchase of the
5 tangible personal property.

6 ~~29.~~28. Gross receipts from all sales otherwise taxable under this chapter when made to any
7 nonprofit organization for meals, including the containers, packages, and materials
8 used for wrapping food items, for delivery to persons who are confined to their homes
9 by illness or incapacity, including senior citizens and disabled persons, for
10 consumption by such shut-ins in their homes.

11 ~~30.~~29. Gross receipts from all sales of recreational travel trailers not exceeding eight feet
12 [2.44 meters] in width or thirty-two feet [9.75 meters] in length which are designed to
13 be principally used as temporary vacation dwellings when made to persons who are
14 residents of other states which impose excise taxes upon registration of such
15 recreational travel trailers.

16 ~~31.~~30. Gross receipts from the sale of money, including all legal tender coins and currency,
17 and from the sale of precious metal bullion that has been refined to a purity of not less
18 than nine hundred ninety-nine parts per one thousand and is in such form or condition
19 that its value depends upon its precious metal content and not its form.

20 ~~32.~~31. Gross receipts from sales to nonprofit voluntary health associations which are exempt
21 from federal income tax under section 501(c)(3) of the United States Internal Revenue
22 Code [26 U.S.C. 501(c)(3)]. As used in this subsection, a voluntary health association
23 is an organization recognized by the internal revenue service, the national health
24 council, the state tax commissioner, and the North Dakota secretary of state as a
25 nonprofit organization that is exempt under section 501(c)(3) of the United States
26 Internal Revenue Code and meets the following requirements: It has been organized
27 and operated exclusively in providing services for the purposes of preventing and
28 alleviating human illness and injury. Methods used to obtain these goals would include
29 education, research, community service, and direct patient services, income being
30 derived solely from private donations with some exceptions of a minimal membership
31 fee. Its members are not limited to only individuals, who themselves are licensed or

otherwise legally authorized to render the same professional services as the organization. The disbursement of funds within a volunteer health association is to be controlled by a board of directors who work voluntarily and without pay.

~~33.32.~~ Repealed by S.L. 2005, ch. 580, § 19.

~~34.33.~~ Gross receipts from the sale of byproducts, arising from the processing of agricultural products, for use in the manufacture or generation of steam or electricity.

~~35.34.~~ Gross receipts from the sale of a manufactured home that has been sold, bargained, exchanged, given away, or transferred by the person who first acquired it from a retailer in a sale at retail and upon which the North Dakota sales tax has previously been imposed.

~~36.35.~~ Gross receipts from all sales of insulin in all its forms dispensed pursuant to the direction of a licensed physician, all sales of glucose usable for treatment of insulin reactions, all sales of urine and blood testing kits and materials, and all sales of insulin measuring and injecting devices, including insulin syringes and hypodermic needles.

~~37.36.~~ Gross receipts from the sale of any aircraft taxable under the provisions of chapter 57-40.5.

~~38.37.~~ Gross receipts from all sales of air carrier transportation property subject to ad valorem property taxation pursuant to the provisions of chapters 57-06, 57-07, 57-08, 57-13, and 57-32.

~~39.38.~~ Gross receipts from sales of tangible personal property consisting of flight simulators or mechanical or electronic equipment for use in association with a flight simulator.

~~40.39.~~ Gross receipts from sales of tickets or admissions to, or sales made at, an annual church supper or bazaar held in a publicly owned facility. For purposes of this subsection, "annual" means occurring not more than once in any calendar year.

~~41.40.~~ Gross receipts from the initial sale of beneficiated coal.

~~42.41.~~ Gross receipts from electronic gaming devices licensed by the attorney general under chapter 53-06.1.

~~43.42.~~ Gross receipts from all sales made to a nonprofit medical research institute. For purposes of this subsection, "nonprofit medical research institute" means an institute that is a member of the association of independent research institutes, which is not a

private foundation, and which is recognized by the internal revenue service as having exempt status under 26 U.S.C. 501(c)(3).

~~44.43.~~ Gross receipts from all sales of coal that is exempt from the coal severance tax.

~~45.44.~~ Gross receipts from the sale or lease of farm machinery, farm machinery repair parts, irrigation equipment, or irrigation equipment repair parts used exclusively for agricultural purposes.

~~46.45.~~ Gross receipts from sales of tangible personal property purchased by a charitable organization to be awarded as a prize in a raffle conducted in accordance with law if the winner of the tangible personal property will be subject to sales or use taxes upon receiving the property.

~~47.46.~~ Gross receipts from the sale of lottery tickets under chapter 53-12.1.

~~48.47.~~ Gross receipts from all sales of tangible personal property purchased by a commerce authority and made a part of the infrastructure of a commerce authority, otherwise taxable under this chapter, if the personal property is placed within the geographic boundaries of the political subdivisions that created the commerce authority and is necessary and directly services infrastructure needs of the commerce authority. The commissioner shall issue a certificate of exemption to a political subdivision exempted by this subsection, and the political subdivision shall present the certificate of exemption to each retailer whenever the exemption is claimed.

~~49.48.~~ Gross receipts from sales of carbon dioxide used for enhanced recovery of oil or natural gas or secure geologic storage.

~~50.49.~~ Gross receipts from the sale at retail of hydrogen to power an internal combustion engine or fuel cell and equipment used directly and exclusively in production and storage of the hydrogen by a hydrogen generation facility in this state. For purposes of this subsection, "storage" means stationary and portable hydrogen containers or pressure vessels, piping, tubing, fittings, gaskets, controls, valves, gauges, pressure regulators, safety relief devices, and other accessories intended for hydrogen storage containers or pressure vessels.

~~51.50.~~ Gross receipts from the sale of equipment to a facility, licensed under section 57-43.2-05, to enable the facility to sell diesel fuel containing at least two percent biodiesel or green diesel fuel as defined under section 57-43.2-01 by volume.

- 1 ~~52.51.~~ Gross receipts from sales within the boundaries of any reservation in this state to an
2 individual who resides within the boundaries of any reservation in this state and who is
3 an enrolled member of a federally recognized Indian tribe.
- 4 ~~53.52.~~ Gross receipts from sales of natural gas or sales of fuels used for heating purposes.
- 5 ~~54.53.~~ Gross receipts from the sale of items delivered electronically, including specified digital
6 products. For purposes of this subsection:
- 7 a. "Specified digital products" means:
- 8 (1) "Digital audio-visual works" which means a series of related images which,
9 when shown in succession, impart an impression of motion, together with
10 accompanying sounds, if any;
- 11 (2) "Digital audio works" which means works that result from the fixation of a
12 series of musical, spoken, or other sounds, including ringtones; and
- 13 (3) "Digital books" which means works that are generally recognized in the
14 ordinary and usual sense as books.
- 15 b. For purposes of the definition of "specified digital products", "transferred
16 electronically" means obtained by the purchaser by means other than tangible
17 storage media.
- 18 c. For purposes of the definition of "digital audio work", "ringtones" means digitized
19 sound files that are downloaded onto a device and which may be used to alert
20 the customer with respect to a communication.
- 21 d. "Specified digital products" may not be construed to include prewritten computer
22 software as that term is defined in subdivision g of subsection 1 of section
23 57-39.2-02.1.
- 24 ~~55.54.~~ Gross receipts from memberships, admissions, and entrance fees to activities and
25 events organized and operated by nonprofit social and recreation clubs organized
26 under section 501(c)(7) of the Internal Revenue Code [26 U.S.C. 501(c)(7)] and
27 operated solely by nonsalaried officers and staff.
- 28 ~~56.55.~~ Gross receipts from the sale of any potash or byproducts taxable under chapter 57-65.
- 29 ~~57.56.~~ Gross receipts from coin-operated amusement or entertainment machines.

~~58.57.~~ **(Contingent effective date - [See note](#))** Gross receipts from sales of liquefied natural gas used for agricultural, industrial, or railroad purposes as defined in section 57-43.2-01.

~~59.58.~~ Gross receipts from all sales of commemorative memorial coins under section 37-18-15.

~~60.59.~~ a. Gross receipts from sales to a senior citizen organization that provides informational, health, welfare, counseling, and referral services for senior citizens in this state if the senior citizen organization:

(1) Is recognized by the internal revenue service as having exempt status under 26 U.S.C.501(c)(3);

(2) Is recognized by the secretary of state as a charitable organization; and

(3) Either:

(a) Provides services through the aging services division of the department of health and human services;

(b) Receives grant funds through the department of transportation which are used for enhanced mobility of seniors and individuals with disabilities; or

(c) Provides services through a contract with the department of health and human services as a program of all-inclusive care for the elderly.

b. The department of health and human services and the department of transportation shall notify the tax commissioner if a senior citizen organization no longer meets the criteria in paragraph 3 of subdivision a.

~~61.60.~~ Gross receipts from sales of children's diapers as defined in subdivision d of subsection ~~26~~²⁵ of section 57-39.2-04.

SECTION 15. AMENDMENT. Subsection 2 of section 57-39.2-02.1 of the North Dakota Century Code is amended and reenacted as follows:

2. For purposes of manufactured homes, as defined in section 41-09-02, there is imposed a tax of three percent upon the:

a. Gross receipts of retailers from all sales at retail of manufactured homes used for residential or business purposes, except as provided in subsection ~~35~~³⁴ of section 57-39.2-04; or

- b. Dealer's cost to purchase the manufactured home if the manufactured home is sold in conjunction with installation in this state, and tax has not previously been paid under subdivision a.

Installation of a manufactured home includes any method established under section 54-21.3-08.

SECTION 16. AMENDMENT. Subsection 5 of section 57-39.2-02.3 of the North Dakota Century Code is amended and reenacted as follows:

5. Notwithstanding any other provision of law, the tax imposed under this section may be refunded under the following conditions:

- a. A person qualifying for an exemption under subsection 5, 6, ~~24, 32, 43, 48, or 52~~23, 31, 42, 47, or 51 of section 57-39.2-04 may apply in writing to the tax commissioner on a form and in the manner as the tax commissioner may prescribe reciting sufficient facts establishing the exempt status of the sale.

- b. The refund is five dollars or more. Qualifying sales may be accumulated for periods not in excess of one calendar year in order to reach the five dollar limit.

SECTION 17. AMENDMENT. Subsection 2 of section 57-39.2-08.2 of the North Dakota Century Code is amended and reenacted as follows:

2. On retail sales of manufactured homes used for residential or business purposes, except as provided in subsection ~~35~~34 of section 57-39.2-04, retailers shall add the tax imposed under this chapter, or the average equivalent thereof, to the sales price or charge, and when added, such tax constitutes a part of such price or charge, is a debt from the consumer or user to the retailer until paid, and is recoverable at law in the same manner as other debts. In adding such tax to the price or charge, retailers shall add to it three percent of such price or charge.

SECTION 18. AMENDMENT. Section 57-39.2-26.1 of the North Dakota Century Code is amended and reenacted as follows:

57-39.2-26.1. State aid distribution fund - State treasurer - Continuing appropriation.

Notwithstanding any other provision of law, a portion of sales, gross receipts, and use, ~~and motor vehicle excise~~ tax collections, equal to forty-three and one-half percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate, that was in effect when the taxes were collected, times the net sales, gross receipts, and use, ~~and~~

1 ~~motor vehicle excise~~ tax collections under chapters 57-39.2, 57-39.5, 57-39.6, and 57-40.2, ~~and~~
2 ~~57-40.3~~ must be deposited by the state treasurer in the state aid distribution fund. The state tax
3 commissioner shall certify to the state treasurer the portion of sales, gross receipts, and use,
4 ~~and motor vehicle excise~~ tax net revenues that must be deposited in the state aid distribution
5 fund as determined under this section. Revenues deposited in the state aid distribution fund are
6 appropriated to the state treasurer on a continuing basis and must be allocated monthly as
7 follows:

8 1. Fifty-three and seven-tenths percent of the revenues must be allocated to counties as
9 provided in this subsection.

10 a. Sixty-four percent of the amount must be allocated among the seventeen
11 counties with the greatest population, in the following manner:

12 (1) Thirty-two percent of the amount must be allocated equally among the
13 counties; and

14 (2) The remaining amount must be allocated based upon the proportion each
15 such county's population bears to the total population of all such counties.

16 b. Thirty-six percent of the amount must be allocated among all counties, excluding
17 the seventeen counties with the greatest population, in the following manner:

18 (1) Forty percent of the amount must be allocated equally among the counties;
19 and

20 (2) The remaining amount must be allocated based upon the proportion each
21 such county's population bears to the total population of all such counties.

22 A county shall deposit all revenues received under this subsection in the county
23 general fund. Each county shall reserve a portion of its allocation under this
24 subsection for further distribution to, or expenditure on behalf of, townships, rural fire
25 protection districts, rural ambulance districts, soil conservation districts, county
26 recreation service districts, county hospital districts, the Garrison Diversion
27 Conservancy District, the southwest water authority, and other taxing districts within
28 the county, excluding school districts, cities, and taxing districts within cities. The share
29 of the county allocation under this subsection to be distributed to a township must be
30 equal to the percentage of the county share of state aid distribution fund allocations

that township received during calendar year 1996. The governing boards of the county and township may agree to a different distribution.

2. Forty-six and three-tenths percent of the revenues must be allocated to cities based upon the proportion each city's population bears to the total population of all cities.

A city shall deposit all revenues received under this subsection in the city general fund. Each city shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, park districts and other taxing districts within the city, excluding school districts. The share of the city allocation under this subsection to be distributed to a park district must be equal to the percentage of the city share of state aid distribution fund allocations that park district received during calendar year 1996, up to a maximum of thirty percent. The governing boards of the city and park district may agree to a different distribution.

3. The state treasurer, for the purpose of making revenue allocations to counties and cities for each month of the fiscal year under this section, shall determine the population of counties and cities before the first day of the fiscal year using the most recent actual or estimated census data published by the United States census bureau.

SECTION 19. AMENDMENT. Section 57-39.2-26.2 of the North Dakota Century Code is amended and reenacted as follows:

57-39.2-26.2. Allocation of revenues to senior citizen services and programs matching fund - Continuing appropriation.

Notwithstanding any other provision of law, a portion of sales, ~~and use, and motor vehicle-excise~~ tax collections equal to the amount of revenue that would have been generated by a levy of eighty-seven and one-half percent of one mill on the taxable valuation of all property in the state subject to a levy under section 57-15-56 in the previous taxable year must be deposited by the state treasurer in the senior citizen services and programs fund during the period from July first through December thirty-first of each year. The state tax commissioner shall certify to the state treasurer the portion of sales, ~~and use, and motor vehicle-excise~~ tax revenues which must be deposited in the fund as determined under this section. Revenues deposited in the senior citizen services and programs fund are provided as a standing and continuing appropriation for allocation as provided in subsection 5 of section 57-15-56. Any unexpended

and unobligated amount in the senior citizen services and programs fund at the end of any biennium must be transferred by the state treasurer to the state general fund.

SECTION 20. AMENDMENT. Section 57-39.2-26.3 of the North Dakota Century Code is amended and reenacted as follows:

57-39.2-26.3. County aid distribution fund - State treasurer - Continuing appropriation. (Effective through June 30, 2027)

1. There is created in the state treasury the county aid distribution fund. The fund consists of all moneys transferred to the fund under subsection 2. All moneys in the fund are appropriated to the state treasurer on a continuing basis for the purpose of providing allocations to an eligible county.
2. Notwithstanding any other provision of law, a portion of sales, gross receipts, ~~and use, and motor vehicle excise~~ tax collections, equal to one-fourth of one percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate, that was in effect when the taxes were collected, times the net sales, gross receipts, ~~and use, and motor vehicle excise~~ tax collections under chapters 57-39.2, 57-39.5, 57-39.6, ~~and 57-40.2, and 57-40.3~~ must be deposited by the state treasurer in the county aid distribution fund. The tax commissioner shall certify to the state treasurer the portion of sales, gross receipts, ~~and use, and motor vehicle excise~~ tax net revenues that must be deposited in the county aid distribution fund as determined under this subsection.
3. At least quarterly, the state treasurer shall allocate the moneys in the fund to the county with the lowest ratio of taxable property values per capita and a population of more than ten thousand.
4. The county treasurer shall deposit all revenues received under this section in the county general fund.
5. For purposes of determining taxable property values under this section, the state treasurer shall use the most recent data published by the tax commissioner in the tax levy report.
6. For purposes of determining the county's population under this section, the state treasurer shall use the most recent actual or estimated census data published by the United States census bureau.

SECTION 21. AMENDMENT. Subsection 2 of section 57-39.5-01 of the North Dakota Century Code is amended and reenacted as follows:

2. "Farm machinery" means all vehicular implements and attachment units, designed and sold for direct use in planting, cultivating, or harvesting farm products or used in connection with the production of agricultural produce or products, livestock, or poultry on farms, which are operated, drawn, or propelled by motor or animal power. "Farm machinery" also includes machinery, equipment, and structural materials used directly and exclusively in, or incorporated into the structure of, a facility for the collection, handling, storage, heating, and cooling related to a milking operation of a dairy farm. "Farm machinery" does not include vehicular implements operated wholly by hand or a motor vehicle required to be registered ~~under chapter 57-40.3~~. "Farm machinery" does not include machinery that may be used for other than agricultural purposes, including tires, farm machinery repair parts, tools, shop equipment, grain bins, feed bunks, fencing materials, and other farm supplies and equipment.

SECTION 22. AMENDMENT. Subsection 1 of section 57-39.5-01.1 of the North Dakota Century Code is amended and reenacted as follows:

1. When tangible personal property is taken in trade or in a series of trades as a credit or partial payment of a retail sale or lease agreement which is taxable under this chapter, if the tangible personal property traded in will be subject to gross receipts taxes imposed by this chapter, ~~or sales taxes imposed by chapter 57-39.2, or motor vehicle excise taxes imposed by chapter 57-40.3,~~ or if the tangible personal property traded in is used farm machinery or used irrigation equipment, the credit or trade-in value allowed by the retailer is not gross receipts.

SECTION 23. AMENDMENT. Subsection 2 of section 57-40.2-02.1 of the North Dakota Century Code is amended and reenacted as follows:

2. For purposes of manufactured homes, as defined in section 41-09-02, an excise tax is imposed on the storage, use, or consumption in this state of manufactured homes used for residential or business purposes, except as provided in subsection ~~48~~¹⁷ of section 57-40.2-04 purchased at retail for storage, use, or consumption in this state at the rate of three percent of the purchase price thereof. Except as provided in section 57-40.2-11, and except as provided in subsection ~~35~~³⁴ of section 57-39.2-04, an

excise tax is imposed on the storage, use, or consumption in this state of a manufactured home used for residential or business purposes at the rate of three percent of the fair market value of a manufactured home used for residential or business purposes at the time it was brought into this state. A manufactured home removed from North Dakota for installation in another state is not stored, used, or consumed in this state. Installation of a manufactured home includes any method established under section 54-21.3-08.

SECTION 24. AMENDMENT. Subsection 5 of section 57-40.2-02.4 of the North Dakota Century Code is amended and reenacted as follows:

5. Notwithstanding any other provision of law, the tax imposed under this section may be refunded under the following conditions:

a. An entity qualifying for an exemption under subsection 5, 6, ~~2423~~, ~~3231~~, ~~4342~~, ~~4847~~, or ~~5251~~ of section 57-39.2-04 may apply in writing to the tax commissioner on a form and in the manner as the tax commissioner may prescribe reciting sufficient facts establishing the exempt status of the sale.

b. The refund is five dollars or more. Qualifying sales may be accumulated for periods not in excess of one calendar year in order to reach the five dollar limit.

SECTION 25. AMENDMENT. Section 57-40.2-04 of the North Dakota Century Code is amended and reenacted as follows:

57-40.2-04. Exemptions.

This chapter hereby is declared to be an independent and separate tax law but complementary to the retail sales tax laws of this state provided for by chapter 57-39.2 and does not apply to:

1. Any tangible personal property or taxable service upon the sale of which the retail sales tax imposed by chapter 57-39.2 has been collected by a retailer holding the permit prescribed by section 57-39.2-14.
2. Tangible personal property brought into this state by a nonresident thereof for that person's own storage, use, or consumption while temporarily within this state, except that such property is not exempt if brought into this state for storage, use, or consumption in the conduct of a trade, occupation, business, or profession.

3. ~~Any motor vehicle either subject to or expressly exempted from the motor vehicle excise taxes imposed by chapter 57-40.3.~~

~~4.~~ Tangible personal property upon which the state now imposes and collects a special tax, whether in the form of license tax, stamp tax, or otherwise.

~~5.~~4. Railway cars and locomotives used in interstate commerce, and tangible personal property which becomes a component part thereof.

~~6.~~5. Newsprint and ink actually used in the publication of a newspaper.

~~7.~~6. Repealed by S.L. 1981, ch. 582, § 3.

~~8.~~7. Gross receipts from the leasing or renting of motion picture film to motion picture exhibitors for exhibition in this state if the sale of the tickets or admissions to the exhibition of the film is subject to the sales tax imposed by chapter 57-39.2.

~~9.~~8. Adjuvants, agrichemical tank cleaners and foam markers, commercial fertilizers, fungicides, seed treatments, inoculants and fumigants, herbicides and insecticides used by agricultural or commercial vegetable producers and commercial applicators; chemicals used to preserve agricultural crops being stored; and seeds, roots, bulbs, and small plants used by commercial users or consumers for planting or transplanting for commercial vegetable gardens or agricultural purposes.

~~10.~~9. Gross receipts from the leasing, or renting, for residential housing, for periods of more than thirty consecutive days, of manufactured homes, modular living units, or sectional homes, whether or not placed on a permanent foundation.

~~11.~~10. Bibles, hymnals, textbooks, and prayerbooks used by nonprofit religious organizations.

~~12.~~11. Gross receipts from sales of prosthetic devices, durable medical equipment, or mobility-enhancing equipment. For purposes of this subsection:

a. "Durable medical equipment" means equipment, not including mobility-enhancing equipment, for home use, including repair and replacement parts for such equipment, which:

(1) Can withstand repeated use;

(2) Is primarily and customarily used to serve a medical purpose;

(3) Generally is not useful to a person in the absence of illness or injury; and

(4) Is not worn in or on the body.

"Durable medical equipment" includes equipment and devices designed or intended for ostomy care and management and equipment and devices used exclusively for a person with bladder dysfunction. An exemption certificate is not required to obtain exemption. Repair and replacement parts as used in this definition include all components or attachments used in conjunction with the durable medical equipment. Repair and replacement parts do not include items which are for single patient use only.

b. "Mobility-enhancing equipment" means equipment not including durable medical equipment sold under a doctor's written prescription, including repair and replacement parts for mobility-enhancing equipment, which:

- (1) Is primarily and customarily used to provide or increase the ability to move from one place to another and which is appropriate for use either at home or in a motor vehicle;
- (2) Is not generally used by a person with normal mobility; and
- (3) Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

"Mobility-enhancing equipment" includes crutches and wheelchairs for the use of disabled persons, equipment, including manual control units, van lifts, van door opening units, and raised roofs for attaching to or modifying a motor vehicle for use by a permanently physically disabled person, equipment, including elevators, dumbwaiters, chair lifts, and bedroom or bathroom lifts, whether or not sold for attaching to real property, for use by a permanently physically disabled person in that person's principal dwelling, and equipment, including manual control units, for attaching to or modifying motorized implements of husbandry for use by a permanently physically disabled person.

c. "Prosthetic device" means a replacement, corrective, or supportive device sold under a doctor's written prescription, including repair and replacement parts for such a device, worn on or in the body to:

- (1) Artificially replace a missing portion of the body;
- (2) Prevent or correct a physical deformity or malfunction; or
- (3) Support a weak or deformed portion of the body.

"Prosthetic device" includes artificial devices individually designed, constructed, or altered solely for the use of a particular disabled person so as to become a brace, support, supplement, correction, or substitute for the bodily structure, including the extremities of the individual, artificial limbs, artificial eyes, hearing aids, and other equipment worn as a correction or substitute for any functioning portion of the body, artificial teeth sold by a dentist, and eyeglasses when especially designed or prescribed by an ophthalmologist, physician, oculist, or optometrist for the personal use of the owner or purchaser.

d. "Supplies for ostomy care or bladder dysfunction" includes:

- (1) Supplies designed or intended for ostomy care and management, including collection devices, colostomy irrigation equipment and supplies, skin barriers or skin protectors, and other supplies especially designed for use of ostomates.
- (2) Supplies to be used exclusively by a person with bladder dysfunction, including catheters, collection devices, incontinence pads and pants, adult diapers, and other items used for the care and management of bladder dysfunction. For the purposes of this paragraph:
 - (a) "Adult diapers" means diapers other than children's diapers.
 - (b) "Children's diapers" means diapers marketed to be worn by children.
 - (c) "Diaper" means an absorbent garment worn by humans who are incapable of, or have difficulty, controlling their bladder or bowel movements.

~~13.12.~~ Purchases of electricity.

~~14.13.~~ The leasing or renting of any tangible personal property upon which a North Dakota sales tax or use tax has been paid under the election of the purchaser under subsection 21 of section 57-39.2-01 or subsection 5 of section 57-40.2-01 and the retailer has separately indicated on an invoice, contract, lease agreement, or other supporting sale document that the retailer paid sales or use tax on the retailer's purchase of the tangible personal property.

~~15.14.~~ Any tangible personal property or service which would be exempt from the retail sales tax pursuant to an express exemption provided in chapter 57-39.2 if it were purchased in North Dakota.

~~16.15.~~ Gross receipts from the sale of money, including all legal tender coins and currency.

~~17.16.~~ Gross receipts from sales to nonprofit voluntary health associations which are exempt from federal income tax under section 501(c)(3) of the United States Internal Revenue Code [26 U.S.C. 501(c)(3)]. As used in this subsection, a voluntary health association is an organization recognized by the internal revenue service, the national health council, the state tax commissioner, and the North Dakota secretary of state as a nonprofit organization that is exempt under section 501(c)(3) of the United States Internal Revenue Code and meets the following requirements: It has been organized and operated exclusively in providing services for the purposes of preventing and alleviating human illness and injury. Methods used to obtain these goals would include education, research, community service, and direct patient services, income being derived solely from private donations with some exceptions of a minimal membership fee. Its members are not limited to only individuals who themselves are licensed or otherwise legally authorized to render the same professional services as the organization. The disbursement of funds within a volunteer health association is to be controlled by a board of directors who work voluntarily and without pay.

~~18.17.~~ Gross receipts from the sale of a manufactured home that has been sold, bargained, exchanged, given away, or transferred by the person who first acquired it from a retailer in a sale at retail and upon which the North Dakota use tax has previously been imposed.

~~19.18.~~ The donation by a retailer of tangible personal property to an organization exempt from federal income tax under section 501(c)(3) of the United States Internal Revenue Code [26 U.S.C. 501(c)(3)].

~~20.19.~~ Air carrier transportation property subject to ad valorem property taxation pursuant to the provisions of chapters 57-06, 57-07, 57-08, 57-13, and 57-32.

~~21.20.~~ Tangible personal property consisting of flight simulators or mechanical or electronic equipment for use in association with a flight simulator.

~~22.21.~~ Gross receipts from the initial sale of beneficiated coal.

~~23-22.~~ Gross receipts from electronic games of chance licensed by the attorney general under chapter 53-06.1.

~~24-23.~~ Gross receipts from sales of carbon dioxide used for enhanced recovery of oil or natural gas or secure geologic storage.

~~25-24.~~ Gross receipts from the sale of items delivered electronically, including specified digital products. For purposes of this subsection:

a. "Specified digital products" means:

(1) "Digital audio-visual works" which means a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any;

(2) "Digital audio works" which means works that result from the fixation of a series of musical, spoken, or other sounds, including ringtones; and

(3) "Digital books" which means works that are generally recognized in the ordinary and usual sense as books.

b. For purposes of the definition of "specified digital products", "transferred electronically" means obtained by the purchaser by means other than tangible storage media.

c. For purposes of the definition of "digital audio works", "ringtones" means digitized sound files that are downloaded onto a device and which may be used to alert the customer with respect to a communication.

d. "Specified digital products" may not be construed to include prewritten computer software as that term is defined in subdivision g of subsection 1 of section 57-39.2-02.1.

~~26-25.~~ **(Contingent effective date - [See note](#))** Gross receipts from sales of liquefied natural gas used for agricultural, industrial, or railroad purposes as defined in section 57-43.2-01.

~~27-26.~~ a. Gross receipts from sales to a senior citizen organization that provides informational, health, welfare, counseling, and referral services for senior citizens in this state if the senior citizen organization:

(1) Is recognized by the internal revenue service as having exempt status under 26 U.S.C. 501(c)(3);

(2) Is recognized by the secretary of state as a charitable organization; and

(3) Either:

(a) Provides services through the aging services division of the department of health and human services;

(b) Receives grant funds through the department of transportation which are used for enhanced mobility of seniors and individuals with disabilities; or

(c) Provides services through a contract with the department of health and human services as a program of all-inclusive care for the elderly.

b. The department of health and human services and the department of transportation shall notify the tax commissioner if a senior citizen organization no longer meets the criteria in paragraph 3 of subdivision a.

SECTION 26. AMENDMENT. Subsection 3 of section 57-40.5-01 of the North Dakota Century Code is amended and reenacted as follows:

3. "Purchase price" means the total amount paid for the aircraft whether paid in money or otherwise, provided, however, that when an aircraft or a motor vehicle ~~that will be subject to the motor vehicle excise tax imposed by chapter 57-40.3~~, is taken in trade on an aircraft taxable under this chapter, the trade-in value allowed by the person selling the aircraft must be deducted from the selling price to establish the purchase price of the aircraft being sold and the trade-in allowance allowed by the seller on an aircraft accepted as a trade-in constitutes the purchase price of an aircraft. "Purchase price" also means the fair market value when no current purchase is involved and the aircraft is moved by the owner or user from any other state into this state and on which no sales, use, or excise tax was paid by the owner or user to any other state, or on which a sales, use, or excise tax was paid by the owner or user to another state which does not have reciprocity with this state, and for which aircraft registration is required by section 2-05-11 or registration and licensing required is by section 2-05-18. If an aircraft is purchased by a person who has paid the excise tax and who has had an aircraft stolen or destroyed, a credit must be allowed in the amount the purchaser has paid in tax on the stolen or destroyed aircraft. The purchaser must provide the director with a notarized statement from the insurance company verifying the fact that the

original aircraft was a total loss and stating the amount compensated by the insurance company for the loss. The statement from the insurance company must accompany the purchaser's application for a certificate of registration for the replacement aircraft. In instances in which a licensed aircraft dealer or established fixed-base aviation operator located at an airport open for public use and approved by the aeronautics commission, places into service a new or used aircraft for the purpose of renting, leasing, or dealership or fixed-base aviation operator utility service, the reasonable value of the new or used replacement aircraft must be included as a trade-in value if the new or replacement aircraft is properly registered with the aeronautics commission. "Purchase price" when the aircraft is acquired by gift or other transfer for a nominal or no monetary consideration also includes the average value of similar aircraft, established by standards as determined by the director. "Purchase price" when an aircraft is manufactured by a person who registered it under the laws of this state means the manufactured cost of such aircraft and manufactured cost means the amount expended for materials, labor, and other properly allocable costs of manufacture except that, in the absence of actual expenditures for the manufacture of a part or all of the aircraft, manufactured cost means the reasonable value of the completed aircraft, as determined by the director.

SECTION 27. AMENDMENT. Section 57-40.5-11 of the North Dakota Century Code is amended and reenacted as follows:

57-40.5-11. Director to act as agent of tax commissioner in administration of aircraft excise tax—~~Provisions of motor vehicle excise tax applicable.~~

The tax commissioner is charged with the administration of this chapter. ~~The provisions of chapter 57-40.3, pertaining to the administration of the motor vehicle excise tax, including provisions for the audit and assessment, not in conflict with the provisions of this chapter, govern the administration of the tax levied in this chapter.~~ The tax commissioner may prescribe all rules, not inconsistent with the provisions of this chapter, for the administration of this chapter. The collection of the aircraft excise tax must be carried out by the director who shall act as the agent of the state tax commissioner and who is subject to all rules, not inconsistent with the provisions of this chapter, that may be prescribed by the tax commissioner.

1 **SECTION 28. REPEAL.** Chapters 57-40.3 and 57-40.4 of the North Dakota Century Code
2 are repealed.

3 **SECTION 29. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
4 June 30, 2025.

From: Rehborg, Robin R. <rrehborg@nd.gov>

Date: Thursday, January 30, 2025 at 3:26 PM

To: Ruby, Dan J. <druby@ndlegis.gov>

Cc: Koppelman, Ben <bkoppelman@ndlegis.gov>, Henke, Ron J. <rhenke@nd.gov>, Schaffer, Brad K. <bkschaffer@nd.gov>

Subject: Tribal Tax Exemption counts

Representative Ruby,

We were listening to testimony on HB 1521.

The process for the tax exemption is very simple. The only thing that can get challenging is when GIS data does not show an address on a reservation or tribal trust land. Then we require the enrolled member to provide a letter from the Tribal Council which states the address is located within the reservation or tribal trust land.

Representative Koppelman reached out to us for some data. The purchase prices below do not include the 5% MV excise tax.

2021 Number of Vehicles Purchased

Exemption	Number of Vehicles
Off Reservation	996
On Reservation	<u>2,648</u>
	3,644

2021 Total Vehicle Purchase Price

Exemption	Total Purchase Price
Off Reservation	\$30,168,248.75
On Reservation	<u>\$57,700,101.83</u>
	\$87,868,350.58

2022 Number of Vehicles Purchased

Exemption	Number of Vehicles
Off Reservation	992
On Reservation	<u>2,403</u>
	3,395

2022 Total Vehicle Purchase Price

Exemption	Total Purchase Price
Off Reservation	\$35,444,934.90
On Reservation	<u>\$69,141,692.56</u>
	\$104,586,627.46

2023 Total Vehicle Count/Purchase Price

Exemption	Number of Vehicles
Off Reservation	1,704 (prior to law change in 2023)
On Reservation	<u>1,250</u>
	2,954

Exemption	Total Purchase Price
Off Reservation	\$56,190,371.02
On Reservation	<u>\$36,336,114.90</u>
	\$92,526,485.92

2024 Total Vehicle Count/Purchase Price

On Reservation

2024 Vehicle count	2,447
2024 Total Purchase Price	\$71,213,551.33

Should you need further information please let me know.
Robin

Robin Rehborg
Deputy Director For Driver Safety

701.328.2727 • 701.595.3409 (m) • rrehborg@nd.gov • www.dot.nd.gov

