

# Sales Tax

Informational  
Presentation



# Presentation Overview

- Current Tax
- Process
- Proposal



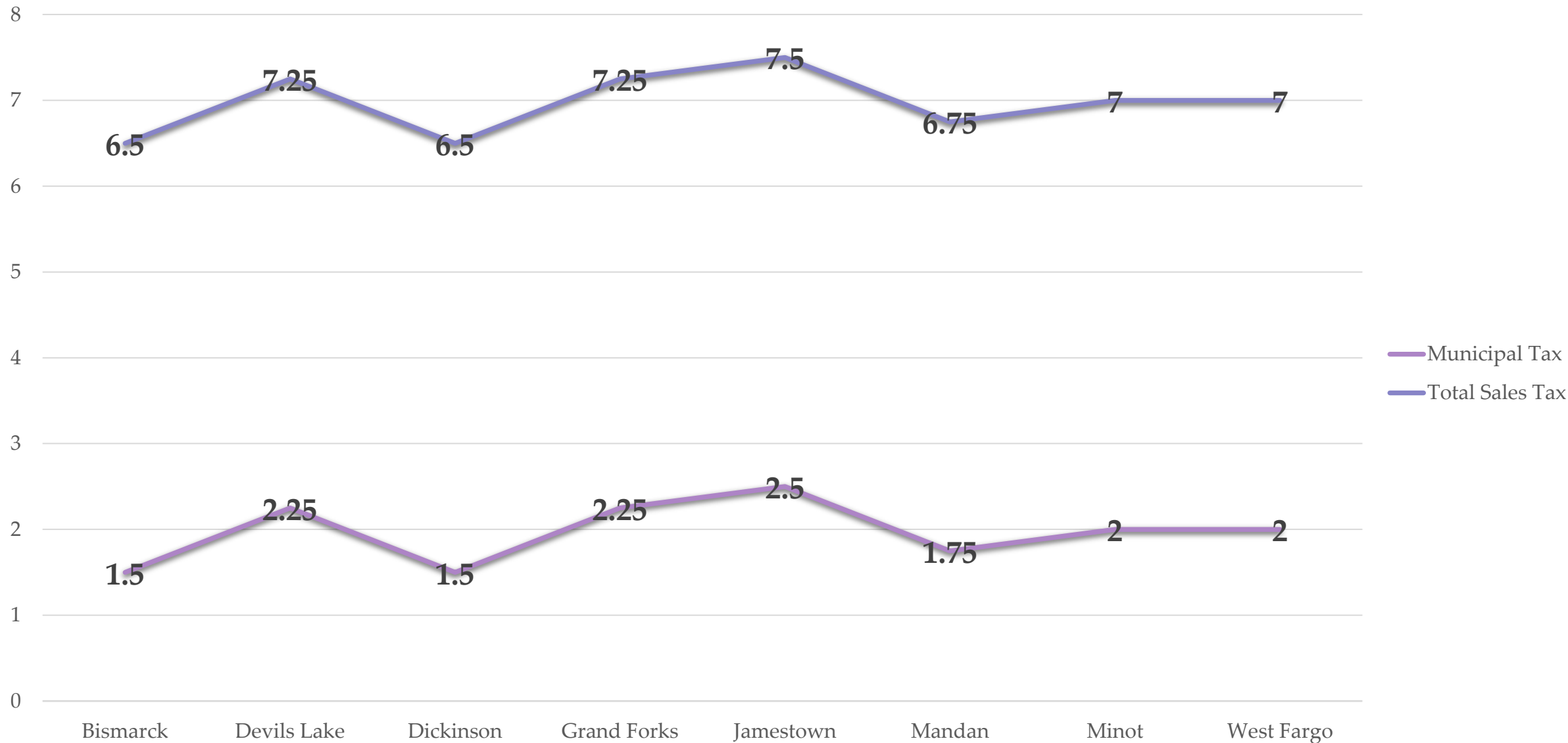
# Current Sales Tax Allocation

- Sales Tax is 6.50% in the City of Dickinson
  - 5.00% State Sales Tax
  - 1.50% City Sales Tax

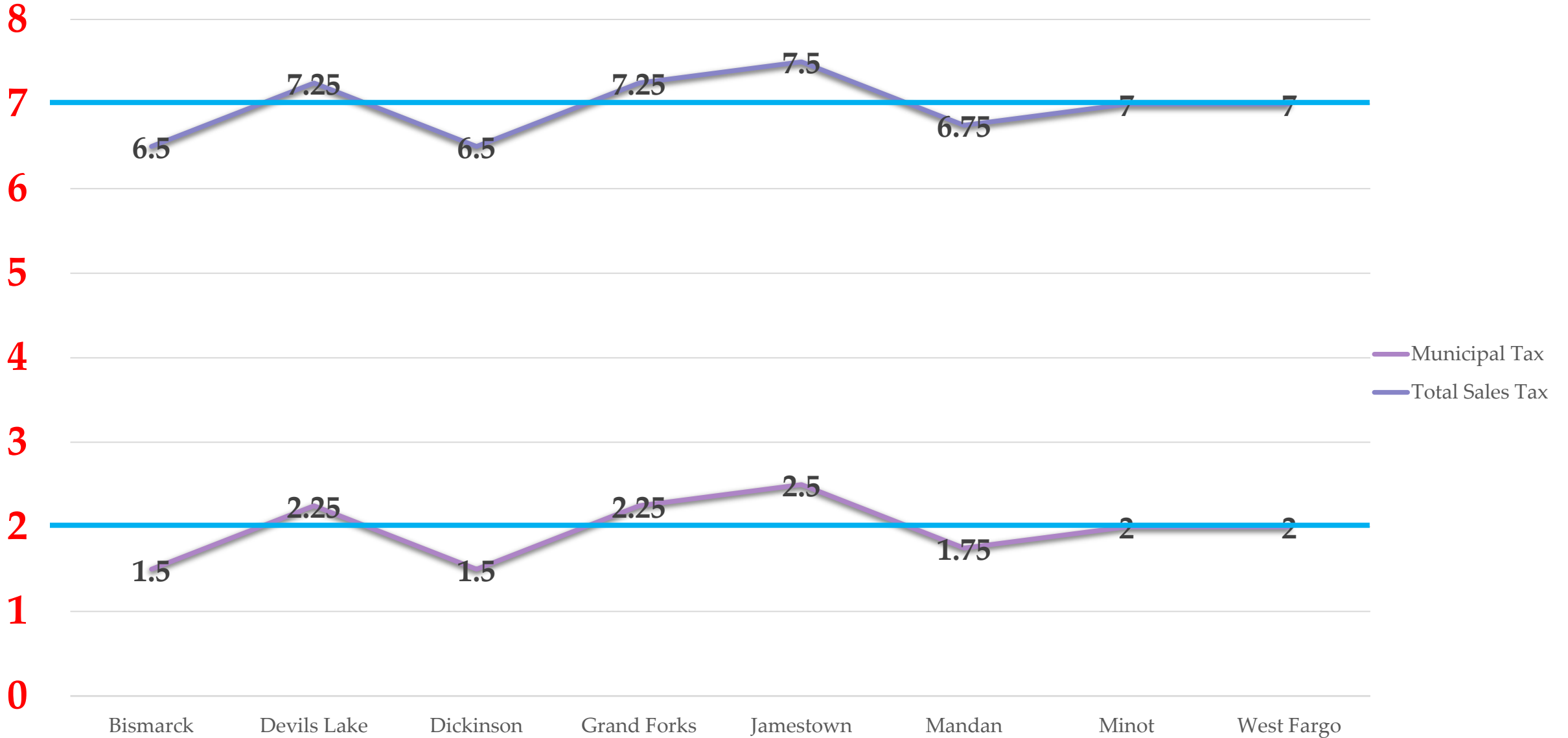
# Current Sales Tax Allocation

City	Rate %
Bismarck	1.50
Devils Lake	2.25
<b>Dickinson</b>	<b>1.50</b>
Grand Forks	2.25
Jamestown	2.50
Mandan	1.75
Minot	2.00
West Fargo	2.00

# Sales Taxes by Municipality



# Sales Taxes by Municipality



# Current Sales Tax Allocation

- DMC - Chapter 35 Sets Sales Tax - Sales Tax 1.5% (Section 35.020)

A tax of 1.5% is imposed upon the gross receipts of retailers from all retail sales of the following:

- a) Tangible personal property, consisting of goods, wares, or merchandise.
- b) The furnishing or service of gas, communication services, or steam other than steam used for processing agricultural products.
- c) Tickets or admissions to places of amusement or entertainment or athletic events, including amounts charged for participation in an amusement, entertainment, or athletic activity, and including the playing of any machine for amusement or entertainment in response to the use of a coin
- d) Magazines and other periodicals.
- e) The leasing or renting of a hotel or motel room or tourist court accommodations
- f) The leasing or renting of tangible personal property, the transfer of title to which has not been subjected to a retail sales tax under this chapter
- g) Sales of alcoholic beverages and tobacco products as defined in section 57-39.2- 03.2 NDCC.
- h) Furnishing and installment or attachment to real property in this state by a contractor or a subcontractor who is a retailer of drapes, hardware for hanging drapes, or carpet for floor covering.



# Current Use Tax Allocation

- DMC - Chapter 35 Sets Use Tax – Use Tax 1.5% (Section 35.020)

A tax of 1.5% is imposed on the storage, use or consumption on the following:

- a) The purchase price of tangible personal property purchased at retail for storage, use, or consumption within the city.
- b) The fair-market value of tangible personal property which was not originally purchased for storage, use or consumption in the city, at the time which it is brought into this city.
- c) Alcoholic beverages and tobacco products which are stored, used or consumed in this city, as provided in section 57-39.2-03.2 NDCC.
- d) The purchase price of tangible personal property used by a contractor or subcontractor to fulfill a contract as defined in section 57-40.2-03.3 NDCC. This tax applies only to bids submitted on or after July 1, 1990





# Changing the Sales Tax Allocation

- What does it require?
  - A change in the City's Municipal Code
- How is that accomplished?
  - An ordinance update
- How can the ordinance be initiated?
  - Option 1 - Initiative of Ordinances → Article 5 of Dickinson's Home Rule Charter
  - Option 2 - Resolution Adopted by the Board of City Commissioners
    - Resolution #20-2022 was passed on July 6<sup>th</sup>, 2022
- How is the ordinance passed?
  - Requires a vote of the people
  - Requires adoption by Board of City Commissioners
  - Updating by State Tax Commissioner's Office



# Option 2: Resolution of Commission

- Board of City Commissioners passes a resolution indicating that it desires to see an increase in sales tax and that such increase would be beneficial to the community
- The proposed ordinance is voted on by the qualified electors of the City
- If passed by a majority, then Board of City Commissioners approves and enacts said ordinance



# After the vote and passage?

- Notice must be given to ND Office of State Tax Commissioner who publishes and provides notice
- Changes go into effect the first day of the next calendar quarter after notice is provided by the ND Office of State Tax Commissioner



# Proposed Ballot Measure

**SHALL THE CITY COMMISSION OF THE CITY OF DICKINSON ADOPT ORDINANCE NO. \_\_\_\_ AS PUBLISHED IN THE DICKINSON PRESS ON OCTOBER 19, 2022, and OCTOBER 26, 2022, WHICH WILL IMPLEMENT AN ADDITIONAL ONE (1%) PERCENT SALES, USE & GROSS RECEIPTS TAX WITHIN THE CITY OF DICKINSON, DEDICATING REVENUES COLLECTED BY THE TAX, LESS ADMINISTRATIVE EXPENSES, TO FUND PROPERTY TAX REDUCTION, SPECIAL COMMUNITY PROJECTS AND CITY CAPITAL PROJECTS?**

**MARK AN “X” IN ONE SQUARE ONLY**

**YES.....**

**NO.....**



# Proposed Ordinance Amendment

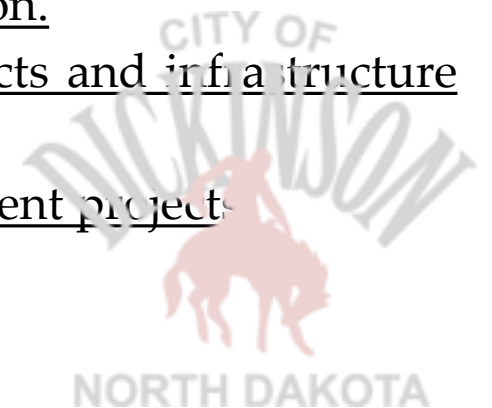
- **Section 35.020 Sales Tax Imposed**

Except as otherwise provided in this article, a tax of ~~one and one-half~~ **two and one-half** percent is imposed upon the gross receipts of retailers from all retail sales within the corporate limits of the City of Dickinson, North Dakota, of the following: . . .

- **Section 35.090 Dedication of tax proceeds**

(c) All revenues raised and collected from the additional **one percent** sales and use tax adopted by Ordinance No. \_\_\_\_\_, less administrative expenses, shall be dedicated as follows:

- 1) Forty percent (40%) of the tax proceeds shall be dedicated to property tax reduction.
- 2) Thirty percent (30%) of the tax proceeds shall be dedicated to city capital projects and infrastructure (streets, water, sewer and stormwater).
- 3) Thirty percent (30%) of the tax proceeds shall be dedicated to community betterment projects.



# More Information

- Where to Get Additional Information
  - <https://www.tax.nd.gov/business/sales-and-use-tax/local-taxes-city-and-county-taxes>

