

## **Ordinance No. 422**

**An ordinance repealing Ordinance No. 421 and enacting Ordinance No. 422 to establish and regulate a City Sales, Use and Gross Receipts Tax under the Home Rule Charter of The City of Rolla, and repealing Ordinance No. 421 relating to the Dedication of Tax Proceeds.**

BE IT ORDAINED by the City Council of The City of Rolla, Rolette County, North Dakota:

### **SALES, USE, AND GROSS RECEIPTS TAX**

**SECTION 1: Definitions.** All terms defined in Chapters 40-05.1, 57-39.2, 57-39.4, 57-39.5, 57-39.6, and 57-40.2 of the North Dakota Century Code (NDCC), including any future amendments, are adopted by reference. All references to the NDCC include amendments adopted by the North Dakota Legislative Assembly.

**SECTION 2: Collection and Administration.** Where not in conflict with the provisions of this Ordinance, the provisions of NDCC Chapters 40-05.1, 57-39.2, 57-39.4, 57-39.5, 57-39.6, and 57-40.2 and all administrative rules adopted by the Tax Commissioner, pertaining to the collection and administration of the retail sales use, and gross receipts tax, including provisions for liability, refund penalty, interest or credit, govern the administration by the North Dakota Office of State Tax Commissioner (hereinafter "Tax Commissioner") of the taxes imposed by this Ordinance. Upon receipt of the remittance to the City of Rolla from the tax commissioner the City shall collect its administrative fee on no more than one half of the amount received.

**SECTION 3: Sales Tax Imposed.** Subject to the provisions of NDCC § 40-05.1-06, and except as otherwise provided by this Ordinance, or the sales and use tax laws of the State of North Dakota, a tax of 2.0 percent is imposed upon the gross receipts of retailers from all sales at retail, including the leasing or renting of tangible personal property within the corporate limits of the City of Rolla, North Dakota.

**SECTION 4: Use Tax Imposed.** Subject to the provisions of NDCC § 40-05.1-06, and except as otherwise provided in this Ordinance of the sales and use tax laws of the State of North Dakota, an excise tax is imposed upon the storage, use, or consumption within the corporate limits of the City of Rolla, North Dakota of tangible personal property purchased at retail for storage, use, or consumption in this City, at the rate of Two percent (2%) of the purchase price of the property. An excise tax is imposed on the storage, use, or consumption within the corporate limits of the City of Rolla, North Dakota of tangible personal property not originally purchased for storage, use, or consumption in the City at the rate of Two percent (2%) of the fair market value of the property at the time it was brought into this City.

**SECTION 5: Gross Receipts of Alcoholic Beverages.** Subject to the provisions of NDCC § 40-05.1-06, and except as otherwise provided in this Ordinance, a gross receipts tax of Two percent (2%) is imposed upon all gross receipts from the sale of alcoholic beverages within the City. A person who receives alcoholic beverages for storage, use, or consumption in this state is subject to tax on storage, use, or consumption of those alcoholic beverages at the rate of Two percent (2%).

### **SECTION 6: Exemptions.**

- A. In addition to the exemptions provided by state law, this Ordinance provides exemptions from imposition and computation of the city sales or use tax for sales of new farm machines, farm machine repair parts, and farm irrigation equipment; new mobile homes; gross receipts from coin operated amusements; gross receipts of coin operated vending sales of \$0.99 or less;
- B. Sales to contractors that are exempt under NDCC § 57-39.2-04(15) shall be exempt from any city sales tax, but contractors shall be subject to the city use tax on those items used within the city that would be taxed pursuant to NDCC § 57-40.2-03.3 on which the city sales tax has not previously been paid;
- C. With respect to the purchase price of tangible personal property used by a contractor or subcontractor to fulfill a contract as defined by NDCC § 57-40.2-03.3, the tax imposed by this section applies only to bids submitted on or after June 1, 2017.

**SECTION 7: Maximum Tax Imposed.** Any patron or user paying a tax imposed by this Ordinance in excess of Twenty-Five Dollars (\$25.00) upon any single transaction of one or more items may obtain a refund of the excess tax payment by filing a request for refund upon the fomls provided by the Tax Commissioner.

**SECTION 8: Contract with Tax Commissioner.** The Rolla City Auditor is hereby authorized to contract with the Tax Commissioner for administration and collection of taxes imposed by this Ordinance. The City Auditor has all powers granted to the Tax Commissioner and in the absence of a valid contract with the Tax Commissioner or failure of the Tax Commissioner to perform the delegated duties shall perform these duties in place of the Tax Commissioner.

**SECTION 9: Dedication of Tax Proceeds.** It is provided that the percentages in each category shall be reviewed annually and are subject to change by the City Sales Tax Committee appointed by the Mayor and approved by the City Council.

- A. **Ten and One-Half percent (10.5%)** of all revenues raised and collected under this ordinance, less administrative expenses, shall be expended for capital improvements and infrastructure, including but not limited to frontage roads, new streets, community buildings, swimming pools, community recreation, water treatment plant, maintenance of sewer and water systems, streets, sidewalk projects, etc. as well as for promotion of the city and community events. Distribution of these funds will be based on the recommendation of the City Sales Tax Committee and upon approval of the City Council.
- B. **Seventy Five percent (75%)** of all revenues raised and collected under this ordinance shall be placed in a Contingency Reserve Fund for capital improvements and infrastructure including but not limited to water treatment plant, maintenance of water and sewer, streets, frontage roads, sidewalk projects, etc. No administrative expenses shall be deducted from this fund.
- C. **Ten and One-Half percent (10.5%)** of all revenues raised and collected under this ordinance, less administrative expenses, shall be dedicated to an economic development fund. All revenue shall be maintained in the fund to be known as the Job Development Authority Fund, separate and apart from all other funds except as provided by this section. The revenue contained in such fund shall be used for community economic development projects. Proposed projects may include assisting and promoting the expansion and maintenance of our existing firms and investigating leads for the purpose of creating new business and industry in the local community. The Job Development Authority would have the responsibility of making available low interest limited loan program, which would include capped loans and loan availability only after a firm commitment from the applicant.
- D. **Four percent (4%)** of all revenues raised and collected under this ordinance, less administrative expenses, shall be used for promotion of the City and community events through the Rolla Chamber of Commerce. All revenues shall be maintained in a fund to be known as the City Promotion and Community Events fund. Said funds shall be disbursed to the Rolla Chamber of Commerce only, upon written request by the Chamber and approval by the City Council.

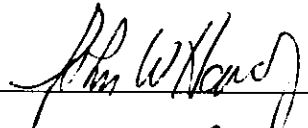
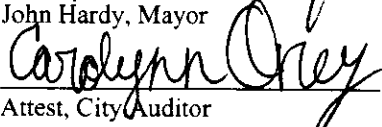
**SECTION 10: Saving Clause.** Should any section, paragraph, sentence, clause or phrase of the ordinance be declared unconstitutional or invalid for any reason, the remainder of the ordinance shall not be affected thereby.

**SECTION 11: Effective Date of Ordinance.** This ordinance is in force and takes effect from and after its passage and publication as provided by law, but not prior to **January 1, 2020.**

First Reading: September 18, 2019

Second Reading: October 23, 2019

Approved: October 23, 2019

  
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John Hardy, Mayor  
  
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Attest, City Auditor