



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
RYAN RAUSCHENBERGER, COMMISSIONER

To: Lincoln Sales, Use, and Gross Receipts Tax Permit Holders

From: Office of State Tax Commissioner, Tax Compliance Section

Subject: Lincoln Sales, Use, and Gross Receipts Tax

Date: January 31, 2018, **Revised March 15, 2018**

Effective April 1, 2018, the city of Lincoln has adopted an ordinance to impose a one percent (1%) city sales, use, and gross receipts tax. The Lincoln city tax is in addition to the state sales, use, and gross receipts tax currently in place. In addition to this new tax, the following applies:

- Will be reported under local tax code 242
- Includes \$25 per sale Maximum Tax (Refund Cap)
- No additional exemptions beyond what the state allows
- Limited liability for contractors is included (see the Local Option Taxes Guideline for information on this limited exemption: <http://www.nd.gov/tax/salesanduse/pubs/guide/gl-21847.pdf>)
- Exempts contracts awarded prior to effective date
- Permit holder compensation is included at 3% with maximum of \$50/month and \$150/quarter
- No sunset date is provided
- Proceeds will be used for infrastructure

The Office of State Tax Commissioner has contracted with the city of Lincoln to administer the city sales, use, and gross receipts tax. Tax is computed by multiplying the taxable purchase by the tax rate and carrying the product to the 3rd decimal place. If the 3rd decimal place is 5 or greater, round up; if it is 4 or less, round down. A Local Option Tax Guideline and Rate Charts are available on our website at www.nd.gov/tax.

Effective April 1, 2018, the combined state and city rates within the city limits of Lincoln will be as follows:

- General sales and use tax: **6.5** percent (5% state + 1% city + **.5 county**)
- New farm machinery: **4.5** percent (3% state + 1% city + **.5 county**)
- New farm irrigation equipment: **4.5** percent (3% state + 1% city + **.5 county**)
- New mobile homes: **4.5** percent (3% state + 1% city + **.5 county**)
- Lodging:
 - Hotel, Motel and Tourist Court Accommodations, and Bed & Breakfast Accommodations licensed under North Dakota Century Code ch. 23-09.1:
6.5 percent (5% state + 1% city sales + **.5 county**)
- Restaurant (sale of food and non-alcoholic beverages): **6.5** percent (5% state + 1% city sales + **.5 county**)
- Alcoholic Beverages:
 - Off-sale alcoholic beverages: **8.5** percent (7% state + 1% city gross receipts + **.5 county**)
 - On-sale alcoholic beverages: **8.5** percent (7% state + 1% city gross receipts + **.5 county**)

Questions concerning the Lincoln city sales, use, and gross receipts tax may be directed to the Office of State Tax Commissioner. You may contact the Office of State Tax Commissioner by phone at 701.328.1246, by email at salestax@nd.gov, or by mail at Office of State Tax Commissioner, Tax Compliance Section, 600 E Boulevard Ave., Dept. 127, Bismarck, ND 58505-0599.