



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
BRIAN KROSHUS, COMMISSIONER

2023

May 1, 2025

Ref: L1641038464

KARI FOLLMAN
LEEDS CITY AUDITOR
PO BOX 331
LEEDS ND 58346-0331

RECEIVED MAY 12 2025

Dear Kari Follman:

Enclosed are two copies of a contract authorizing the Office of State Tax Commissioner to administer the City of Leeds's local sales, use and gross receipts taxes for the 2025 - 2027 biennium.

The administration fee for this contract will be the lesser of \$35 per permit per year, or 3 percent of the tax collected. Based on the current number of retail businesses with sales, use and gross receipts tax permits for the City of Leeds and the past two years history of sales and purchases, the administration fee for the City of Leeds is listed in the enclosed contract. The administration fee will be withheld from the monthly tax collections received in this office.

The financial needs facing North Dakota cities continue to change each year and so do the challenges of finding revenue sources to fund these areas. It is important for your city to ensure that all possible city tax collections are received. One way is to provide this office with timely notice of all property annexations. Once notification is received, we notify the businesses affected by the annexation of their local tax collection responsibility. The attached contract requires at least a ninety day notice when property has been annexed into the incorporated boundary of a city.

Please sign the enclosed contracts and return one signed copy to the Office of State Tax Commissioner by May 31, 2025. If you have any questions about the contract or administration of your city's sales, use and gross receipts tax, please contact our Sales and Special Taxes Division at 701-328-1246.

I appreciate the strong working relationship we have developed with North Dakota's cities and counties. If our office can be of assistance to you in any way, please let us know.

Sincerely,

Brian Kroshus
Tax Commissioner

Enc.



Ref: L1641038464

ID: 45-6002103

(063)



Contract For Collection of City Sales, Use and Gross Receipts Taxes

This Contract for Collection of City Taxes (Contract) is entered into by the North Dakota Office of State Tax Commissioner (Tax Commissioner) and the governing body of the City of Leeds, North Dakota represented by the the Leeds City Auditor, for the purpose of administering, collecting, and enforcing the local taxes as prescribed under North Dakota Century Code (N.D.C.C.) § 57-01-02.1.

The Tax Commissioner will provide the following services:

1. The Tax Commissioner assumes the responsibility of administering Chapter 18 of the Leeds Municipal Code of Ordinances (Ordinance). The Tax Commissioner will administer the Ordinance according to the relevant provisions of N.D.C.C. Ch. 57-39.2, including reporting and paying requirements, correction of errors, payment of refunds, and application of penalty and interest.
2. The Tax Commissioner will inform permit holders of their responsibilities to collect and remit tax and to file returns, as imposed by the Ordinance.
3. The Tax Commissioner will inform permit holders of Ordinance changes, including new impositions, rate changes, maximum tax updates, and vendor compensation updates by posting the notice on the Tax Commissioner website and emailing permit holders who are registered in ND TAP.
4. The Tax Commissioner will provide permit holders with access to an online tax reporting system (ND TAP). Accommodations may be made for permit holders unable to report through ND TAP.
5. The Tax Commissioner will provide permit holders with access to an online rate locator for use in the computation of the state and local taxes. Accommodations may be made for permit holders unable to access the online rate locator.
6. The Tax Commissioner will require permit holders to remit the tax imposed by the Ordinance on a monthly, quarterly, or other periodic basis deemed necessary by the Tax Commissioner.
7. The Tax Commissioner will conduct or oversee the collection of any civil penalties due or criminal prosecution required under the Ordinance to the extent not in conflict with the state law.
8. The Tax Commissioner will provide a monthly certification to the North Dakota State



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Treasurer of the amount of tax payable to the local jurisdiction. If a refund to a permit holder or taxpayer of a previous overpayment results in credits being greater than collections, and an amount is owed to the state, the Tax Commissioner, after consulting with the City of Leeds, may determine the process for recovery of the overpayment as prescribed by N.D.C.C. § 57-01-02.1(7).

9. If the Ordinance includes a provision for a local maximum tax (cap), per N.D.C.C §57-01-02.1(5), a retailer has the option to apply the total local tax at the time of purchase or apply only the discounted local maximum tax. The Tax Commissioner will refund to a purchaser the difference between the amount of sales, use, and gross receipts tax the purchase paid and the amount that would have been due by application of the local maximum tax provided by the ordinance.
10. At the Tax Commissioner's discretion, the Tax Commissioner may audit the appropriate permit holders.

By entering into this Contract, The City of Leeds represents and agrees as follows:

1. The Ordinance provided to the Tax Commissioner is imposed in accordance with all applicable procedures and conforms with all requirements of the home rule charter, and N.D.C.C. § 40-05.1-06 regarding the imposition of a sales, use, or gross receipts tax.
2. The Ordinance conforms in all respects to the taxable or exempt status of sales under N.D.C.C. Chs. 57-39.2, 57-39.4, 57-39.5, 57-39.6, and 57-40.2.
3. The Ordinance provides for only one local tax rate; all sales, use, and gross receipts taxes will be imposed at the same rate.
4. If the Ordinance includes a provision for a local maximum tax (cap), any local maximum tax refunds issued by the Tax Commissioner under N.D.C.C. § 57-01-02.1(5), must be requested by the purchaser within three (3) years of the sales invoice or receipt date and notwithstanding Subsection 1 of the services provided by the Tax Commissioner above, are not subject to the refund interest provisions under N.D.C.C. Ch. 57-39.2.
5. Ordinance changes, including new impositions, sunsets, rate changes, maximum tax updates, and vendor compensation updates, shall be effective on the first day of a calendar quarter and after ninety (90) days' notice which must be provided to the Tax Commissioner after final approval of the tax ordinance.
6. The local jurisdiction must provide the Tax Commissioner with information about all boundary changes including all business address and zip codes within the changed area. For purposes of local sales, use, and gross receipts taxes, boundary changes shall be effective on the first day of a calendar quarter and after ninety (90) days' notice which must be provided to the Tax Commissioner after final approval of the boundary change.
7. In consideration of providing the above-enumerated services from July 01, 2025, through June 30, 2027, the Tax Commissioner shall retain \$43.00 of the tax collected under the Ordinance per month.
8. By no later than March 31, 2027, the local jurisdiction shall notify the Tax Commissioner whether the tax imposed by the Ordinance is continued or terminated, to assist in determining the need for a new contract.

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CITY OF LEEDS

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This Contract, which supersedes any prior written or oral agreements between the parties, is effective upon the signature by the Leeds City Auditor, acting on behalf of the City of Leeds, and the Tax Commissioner for the State of North Dakota, and shall be effective July 01, 2025 through June 30, 2027.

This Contract contains the entire understanding of the parties and may not be modified except by a written addendum or new written contract signed by both parties.

Dated the 1st day of May 2025, at Bismarck, North Dakota.



Brian Kroshus
Tax Commissioner

Dated the ____ day of ____ 2025, at _____, North Dakota.

Kari Follman
Leeds City Auditor
Email: _____
Phone: _____



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7. The Tax Commissioner will conduct or oversee the collection of any civil penalties due or criminal prosecution required under the Ordinance to the extent not in conflict with the state law.
8. The Tax Commissioner will provide a monthly certification to the North Dakota State Treasurer of the amount of tax payable to the local jurisdiction. If a refund to a permit



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Dated the 1st day of May 2025, at Bismarck, North Dakota.



Brian Kroshus
Tax Commissioner

Dated the ____ day of ____ 2025, at _____, North Dakota.

Kari Follman
Leeds City Auditor
Email: _____
Phone: _____