

Sixty-fifth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1361

Introduced by

Representatives Carlson, Headland, Kasper, Louser

Senators Armstrong, Casper

1 A BILL for an Act to create and enact section 57-15-02.2 of the North Dakota Century Code,
2 relating to limitations of property tax levies by taxing districts without voter approval; to amend
3 and reenact subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code, relating to
4 determination of school district state aid payments; to provide an effective date; and to provide
5 an expiration date.

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

7 **SECTION 1. AMENDMENT.** Subsection 4 of section 15.1-27-04.1 of the North Dakota
8 Century Code is amended and reenacted as follows:

- 9 4. After determining the product in accordance with subsection 3, the superintendent of
10 public instruction shall:
- 11 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
12 school district, provided that after ~~2013~~2019, the amount in dollars subtracted for
13 purposes of this subdivision may not exceed the previous year's amount in
14 dollars subtracted for purposes of this subdivision by more than ~~twelve~~three
15 percent or the percentage increase approved by a majority of the qualified
16 electors of the school district pursuant to subsection 3 of section 57-15-02.2; and
- 17 b. Subtract an amount equal to seventy-five percent of all revenues listed in
18 paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred
19 percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of
20 subsection 1.

21 **SECTION 2.** Section 57-15-02.2 of the North Dakota Century Code is created and enacted
22 as follows:

1 **57-15-02.2. Limitation on levies by taxing districts without voter approval.**

2 1. Notwithstanding that a taxing district may have unused or excess levy authority under
3 any other provision of law, this section supersedes and limits that authority. For
4 purposes of this section, "taxing district" means any political subdivision empowered to
5 levy taxes, with the exception of school districts. This section may not be interpreted
6 as authority to increase any property tax levy authority otherwise provided by law and
7 must be applied to limit any property tax levy authority to which a taxing district may
8 otherwise be entitled. Property taxes levied in dollars by a taxing district may not
9 exceed the amount the taxing district levied in dollars in the preceding taxable year by
10 more than three percent, except:

11 a. When property and improvements to property which were not taxable in the
12 preceding taxable year are taxable in the current year, the amount levied in
13 dollars in the preceding taxable year by the taxing district must be increased for
14 purposes of this section to reflect the taxes that would have been imposed
15 against the additional taxable valuation attributable to that property at the mill rate
16 applied to all property in the preceding taxable year.

17 b. When a property tax exemption existed in the preceding taxable year which has
18 been reduced or no longer exists for the current taxable year, the amount levied
19 in dollars in the preceding taxable year by the taxing district must be increased
20 for purposes of this section to reflect the taxes that would have been imposed
21 against the portion of the taxable valuation of the property which is no longer
22 exempt at the mill rate applied to all property in the preceding taxable year.

23 c. When property that was taxable in the preceding taxable year is not taxable for
24 the current taxable year, the amount levied in dollars in the preceding taxable
25 year by the taxing district must be reduced for purposes of this section by the
26 amount of taxes that were imposed against the taxable valuation of that property
27 in the preceding taxable year.

28 d. When a temporary mill levy increase, excluding an increase under this section,
29 authorized by the electors of the taxing district or mill levy imposition authority
30 under state law existed in the previous taxable year but is no longer applicable or
31 has been reduced, the amount levied in dollars in the previous taxable year by

1 the taxing district must be adjusted to reflect the expired temporary mill levy
2 increase and the eliminated or reduced mill levy under state law before the
3 percentage increase allowable under this subsection is applied.

4 2. The limitation on the total amount levied by a taxing district under subsection 1 does
5 not apply to:

6 a. New or increased property tax levy authority that was not available to the taxing
7 district in the preceding taxable year, including property tax levy authority
8 provided by state law or approved by the electors of the taxing district.

9 b. Any irrevocable tax to pay bonded indebtedness levied under Article X,
10 Section 16, of the Constitution of North Dakota. Any tax levied for this purpose
11 must be excluded from the mill rate applied under subdivisions a through c of
12 subsection 1.

13 c. The one-mill levy for the state medical center authorized by Article X, Section 10,
14 of the Constitution of North Dakota. Any tax levied for this purpose must be
15 excluded from the mill rate applied under subdivisions a through c of
16 subsection 1.

17 3. A levy exceeding the percentage increase limitation under subsection 1 may be
18 imposed upon approval of a ballot measure, stating the percentage of the proposed
19 property tax levy increase percentage compared to the percentage limitation under
20 subsection 1, by a majority of the qualified electors of the taxing district voting on the
21 question at a regular or special election of the taxing district. A levy exceeding the
22 percentage increase limitation under subsection 1 may be approved by electors for not
23 more than one taxable year at a time.

24 4. A city or county may not supersede or modify the application of the provisions of this
25 section under home rule authority.

26 **SECTION 3.** Section 57-15-02.2 of the North Dakota Century Code is created and enacted
27 as follows:

28 **57-15-02.2. Limitation on levies by taxing districts without voter approval.**

29 1. Notwithstanding that a taxing district may have unused or excess levy authority under
30 any other provision of law, this section supersedes and limits that authority. For
31 purposes of this section, "taxing district" means any political subdivision empowered to

- 1 levy taxes. This section may not be interpreted as authority to increase any property
2 tax levy authority otherwise provided by law and must be applied to limit any property
3 tax levy authority to which a taxing district may otherwise be entitled. Property taxes
4 levied in dollars by a taxing district may not exceed the amount the taxing district
5 levied in dollars in the preceding taxable year by more than three percent, except:
- 6 a. When property and improvements to property which were not taxable in the
7 preceding taxable year are taxable in the current year, the amount levied in
8 dollars in the preceding taxable year by the taxing district must be increased for
9 purposes of this section to reflect the taxes that would have been imposed
10 against the additional taxable valuation attributable to that property at the mill rate
11 applied to all property in the preceding taxable year.
- 12 b. When a property tax exemption existed in the preceding taxable year which has
13 been reduced or no longer exists for the current taxable year, the amount levied
14 in dollars in the preceding taxable year by the taxing district must be increased
15 for purposes of this section to reflect the taxes that would have been imposed
16 against the portion of the taxable valuation of the property which is no longer
17 exempt at the mill rate applied to all property in the preceding taxable year.
- 18 c. When property that was taxable in the preceding taxable year is not taxable for
19 the current taxable year, the amount levied in dollars in the preceding taxable
20 year by the taxing district must be reduced for purposes of this section by the
21 amount of taxes that were imposed against the taxable valuation of that property
22 in the preceding taxable year.
- 23 d. When a temporary mill levy increase, excluding an increase under this section,
24 authorized by the electors of the taxing district or mill levy imposition authority
25 under state law existed in the previous taxable year but is no longer applicable or
26 has been reduced, the amount levied in dollars in the previous taxable year by
27 the taxing district must be adjusted to reflect the expired temporary mill levy
28 increase and the eliminated or reduced mill levy under state law before the
29 percentage increase allowable under this subsection is applied.
- 30 2. The limitation on the total amount levied by a taxing district under subsection 1 does
31 not apply to:

- 1 a. New or increased property tax levy authority that was not available to the taxing
2 district in the preceding taxable year, including property tax levy authority
3 provided by state law or approved by the electors of the taxing district.
- 4 b. Any irrevocable tax to pay bonded indebtedness levied under section 16 of
5 article X of the Constitution of North Dakota. Any tax levied for this purpose must
6 be excluded from the mill rate applied under subdivisions a through c of
7 subsection 1.
- 8 c. The one-mill levy for the state medical center authorized by section 10 of article X
9 of the Constitution of North Dakota. Any tax levied for this purpose must be
10 excluded from the mill rate applied under subdivisions a through c of
11 subsection 1.
- 12 3. A levy exceeding the percentage increase limitation under subsection 1 may be
13 imposed upon approval of a ballot measure, stating the percentage of the proposed
14 property tax levy increase percentage compared to the percentage limitation under
15 subsection 1, by a majority of the qualified electors of the taxing district voting on the
16 question at a regular or special election of the taxing district. A levy exceeding the
17 percentage increase limitation under subsection 1 may be approved by electors for not
18 more than one taxable year at a time.
- 19 4. A city or county may not supersede or modify the application of the provisions of this
20 section under home rule authority.

21 **SECTION 4. EFFECTIVE DATE - EXPIRATION DATE.** Section 2 of this Act is effective for
22 the first two taxable years beginning after December 31, 2017, and is thereafter ineffective.
23 Sections 1 and 3 of this Act are effective for taxable years beginning after December 31, 2019.