

Sixty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1380

Introduced by

Representatives Bellew, Dockter, Kasper, B. Koppelman, Paulson

Senators Clemens, O. Larsen

1 A BILL for an Act to create and enact section 57-15-02.3 of the North Dakota Century Code,  
2 relating to limitations on 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 the determination of school district state aid payments; to provide an effective date; and to  
5 provide 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, ~~except~~provided that after 2021, the amount in dollars subtracted  
13 for 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 57-15-02.3; 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 57-15-02.3 of the North Dakota Century Code is created and enacted  
22 as follows:

1       **57-15-02.3. 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 section 16 of  
10       article X of the Constitution of North Dakota. Any tax levied for this purpose must  
11       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 section 10 of article X  
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       d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,  
18       authorized by section 57-15-26.8.

19       e. Taxes or special assessments levied to pay the principal and interest on any  
20       obligations of any political subdivision, including taxes levied for deficiencies in  
21       special assessment and improvement district funds and revenue bond and  
22       reserve funds.

23       f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for  
24       a special improvement project by general taxation.

25       g. Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.

26       3. A levy exceeding the percentage increase limitation under subsection 1 may be  
27       imposed upon approval of a ballot measure, stating the percentage of the proposed  
28       property tax levy increase percentage compared to the percentage limitation under  
29       subsection 1, by a majority of the qualified electors of the taxing district voting on the  
30       question at a regular or special election of the taxing district. A levy exceeding the

1           percentage increase limitation under subsection 1 may be approved by electors for not  
2           more than one taxable year at a time.

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

5           **SECTION 3.** Section 57-15-02.3 of the North Dakota Century Code is created and enacted  
6 as follows:

7           **57-15-02.3. Limitation on levies by taxing districts without voter approval.**

- 8           1. Notwithstanding that a taxing district may have unused or excess levy authority under  
9           any other provision of law, this section supersedes and limits that authority. For  
10           purposes of this section, "taxing district" means any political subdivision empowered to  
11           levy taxes. This section may not be interpreted as authority to increase any property  
12           tax levy authority otherwise provided by law and must be applied to limit any property  
13           tax levy authority to which a taxing district may otherwise be entitled. Property taxes  
14           levied in dollars by a taxing district may not exceed the amount the taxing district  
15           levied in dollars in the preceding taxable year by more than three percent, except:
- 16           a. When property and improvements to property which were not taxable in the  
17           preceding taxable year are taxable in the current year, the amount levied in  
18           dollars in the preceding taxable year by the taxing district must be increased for  
19           purposes of this section to reflect the taxes that would have been imposed  
20           against the additional taxable valuation attributable to that property at the mill rate  
21           applied to all property in the preceding taxable year.
- 22           b. When a property tax exemption existed in the preceding taxable year which has  
23           been reduced or no longer exists for the current taxable year, the amount levied  
24           in dollars in the preceding taxable year by the taxing district must be increased  
25           for purposes of this section to reflect the taxes that would have been imposed  
26           against the portion of the taxable valuation of the property which is no longer  
27           exempt at the mill rate applied to all property in the preceding taxable year.
- 28           c. When property that was taxable in the preceding taxable year is not taxable for  
29           the current taxable year, the amount levied in dollars in the preceding taxable  
30           year by the taxing district must be reduced for purposes of this section by the

- 1           amount of taxes that were imposed against the taxable valuation of that property  
2           in the preceding taxable year.
- 3           d. When a temporary mill levy increase, excluding an increase under this section,  
4           authorized by the electors of the taxing district or mill levy imposition authority  
5           under state law existed in the previous taxable year but is no longer applicable or  
6           has been reduced, the amount levied in dollars in the previous taxable year by  
7           the taxing district must be adjusted to reflect the expired temporary mill levy  
8           increase and the eliminated or reduced mill levy under state law before the  
9           percentage increase allowable under this subsection is applied.
- 10          2. The limitation on the total amount levied by a taxing district under subsection 1 does  
11          not apply to:
- 12          a. New or increased property tax levy authority that was not available to the taxing  
13          district in the preceding taxable year, including property tax levy authority  
14          provided by state law or approved by the electors of the taxing district.
- 15          b. Any irrepealable tax to pay bonded indebtedness levied under section 16 of  
16          article X of the Constitution of North Dakota. Any tax levied for this purpose must  
17          be excluded from the mill rate applied under subdivisions a through c of  
18          subsection 1.
- 19          c. The one-mill levy for the state medical center authorized by section 10 of article X  
20          of the Constitution of North Dakota. Any tax levied for this purpose must be  
21          excluded from the mill rate applied under subdivisions a through c of  
22          subsection 1.
- 23          d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,  
24          authorized by section 57-15-26.8.
- 25          e. Taxes or special assessments levied to pay the principal and interest on any  
26          obligations of any political subdivision, including taxes levied for deficiencies in  
27          special assessment and improvement district funds and revenue bond and  
28          reserve funds.
- 29          f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for  
30          a special improvement project by general taxation.
- 31          g. Taxes levied under sections 40-24-10, 40-43-01, 57-15-41, and 61-21-52.

- 1        3. A levy exceeding the percentage increase limitation under subsection 1 may be  
2        imposed upon approval of a ballot measure, stating the percentage of the proposed  
3        property tax levy increase percentage compared to the percentage limitation under  
4        subsection 1, by a majority of the qualified electors of the taxing district voting on the  
5        question at a regular or special election of the taxing district. A levy exceeding the  
6        percentage increase limitation under subsection 1 may be approved by electors for not  
7        more than one taxable year at a time.
- 8        4. A city or county may not supersede or modify the application of the provisions of this  
9        section under home rule authority.

10        **SECTION 4. EFFECTIVE DATE - EXPIRATION DATE.** Section 2 of this Act is effective for  
11 the first two taxable years beginning after December 31, 2019, and is thereafter ineffective.  
12 Sections 1 and 3 of this Act are effective for taxable years beginning after December 31, 2021.