

**FIRST ENGROSSMENT
with Senate Amendments
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 voter imposed limitations on the amount of property tax levied by taxing districts; to
3 amend and reenact section 57-20-04 of the North Dakota Century Code, relating to the abstract
4 of a county tax list and a statewide property tax increase report; to repeal section 57-20-05 of
5 the North Dakota Century Code, relating to certification of taxes levied by taxing districts; to
6 provide for a report to the legislative management; and to provide an effective date.

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

8 **SECTION 1.** Section 57-15-02.2 of the North Dakota Century Code is created and enacted
9 as follows:

10 **57-15-02.2. Limitation on levies by taxing districts with voter approval.**

11 1. Notwithstanding that a taxing district may have unused or excess levy authority under
12 any other provision of law, this section supersedes and limits that authority. For
13 purposes of this section, "taxing district" means any park district, city, or county. This
14 section may not be interpreted as authority to increase any property tax levy authority
15 otherwise provided by law and must be applied to limit any property tax levy authority
16 to which a taxing district may otherwise be entitled.

17 2. Upon receipt of a petition containing the signatures of at least ten percent of the
18 number of qualified electors of the taxing district who cast votes in the most recent
19 general election in the taxing district, but no fewer than twenty-five signatures, the
20 governing body of the taxing district shall submit to the qualified electors at the next
21 regularly scheduled primary election, or a special election to take place on the second
22 Tuesday in June in a year that a primary election is not scheduled, the question of
23 approving or disapproving the levy limitation under this section. The ballot measure
24 question to approve the levy limitation must include a statement identifying the annual

1 increase in property taxes levied by the taxing district in each of the previous three
2 taxable years as reported in section 57-20-04. Levy limitations approved by electors
3 may not be effective for more than one taxable year.

4 3. If approved by a majority of qualified electors in a taxing district voting on the question,
5 property taxes levied in dollars by the taxing district may not exceed the amount the
6 taxing district levied in dollars in the preceding taxable year by more than three
7 percent, except:

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

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

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

25 d. When a temporary mill levy increase, excluding an increase under this section,
26 authorized by the electors of the taxing district or mill levy imposition authority
27 under state law existed in the previous taxable year but is no longer applicable or
28 has been reduced, the amount levied in dollars in the previous taxable year by
29 the taxing district must be adjusted to reflect the expired temporary mill levy
30 increase and the eliminated or reduced mill levy under state law before the
31 percentage increase allowable under this subsection is applied.

- 1 4. The limitation on the total amount levied by a taxing district under subsection 3 does
2 not apply to:
- 3 a. New or increased property tax levy authority that was not available to the taxing
4 district in the preceding taxable year, including property tax levy authority
5 provided by state law or approved by the electors of the taxing district.
- 6 b. Any irrepealable tax to pay bonded indebtedness levied under section 16 of
7 article X of the Constitution of North Dakota. Any tax levied for this purpose must
8 be excluded from the mill rate applied under subdivisions a through c of
9 subsection 3.
- 10 c. The one-mill levy for the state medical center authorized by section 10 of article X
11 of the Constitution of North Dakota. Any tax levied for this purpose must be
12 excluded from the mill rate applied under subdivisions a through c of
13 subsection 3.
- 14 d. The levy, not to exceed one mill, for the Garrison Diversion Conservancy District,
15 authorized by section 57-15-26.8.
- 16 e. Taxes or special assessments levied to pay the principal and interest on any
17 obligations of any taxing district evidenced by the issuance of bonds.
- 18 f. Taxes levied pursuant to law for the proportion of the cost to any taxing district for
19 a special improvement project by general taxation.
- 20 5. A city or county may not supersede or modify the application of the provisions of this
21 section under home rule authority.

22 **SECTION 2. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.**

- 25 1. The county auditor, on or before December thirty-first following the levy of the taxes,
26 shall ~~make~~prepare and transmit to the state tax commissioner, ~~in such form as the tax~~
27 ~~commissioner may prescribe,~~ a complete abstract of the tax list of the auditor's county.
- 28 2. In addition to the tax list required in subsection 1, the county auditor, on or before
29 December thirty-first following the levy of the taxes, shall prepare and transmit to the
30 tax commissioner a report providing each taxing district's property valuation and
31 property tax levy and any other information the tax commissioner deems necessary to

- 1 prepare the report required in subsection 3. For taxing districts with property in more
2 than one county, information must be collected and transmitted by the county auditor
3 of the county in which the main office of that taxing district is located.
- 4 3. The tax commissioner shall compile information received from the county auditors in
5 subsection 2 and prepare a statewide report of property tax increase. The report must
6 include the annual increase in property taxes levied by each taxing district of the state
7 after adjusting for property that was not taxable in the preceding year and property that
8 is no longer taxable which was taxable in the preceding year. The report must be
9 provided to the legislative management by April first of each year.
- 10 4. The tax commissioner shall prescribe the form and manner of providing the reports
11 and certifications required under this section.
- 12 5. On or before December 31, 2017, the county auditor shall provide a report to the tax
13 commissioner providing the information identified in subsection 2 for the 2015 and
14 2016 tax years.

15 **SECTION 3. REPEAL.** Section 57-20-05 of the North Dakota Century Code is repealed.

16 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
17 December 31, 2016.