

HOUSE BILL NO. 1018  
with Conference Committee AmendmentsFifty-fifth  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1018

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation to the tax commissioner for payment of state  
2 reimbursement under the homestead tax; to amend and reenact section 57-15-01.1 of the  
3 North Dakota Century Code, relating to property tax levy authority of taxing districts; and to  
4 provide an effective date.

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

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the  
7 funds as may be necessary, are hereby appropriated out of any moneys in the general fund in  
8 the state treasury, not otherwise appropriated, and from special funds derived from federal  
9 funds or other income, to the tax commissioner for the purpose of paying the state  
10 reimbursement under the homestead tax credit, for the biennium beginning July 1, 1997, and  
11 ending June 30, 1999, as follows:

12 Grants	<u>\$ 4,790,813</u>
13 Total all funds	\$ 4,790,813
14 Less estimated income	<u>250,000</u>
15 Total general fund appropriation	\$ 4,540,813

16 **SECTION 2. ESTIMATED INCOME - TRANSFER.** The estimated income line item in  
17 section 1 of this Act includes \$250,000 from the housing finance agency reserves. Moneys  
18 must be transferred upon order of the industrial commission to the state tax commissioner's  
19 office when it determines the transfer is necessary for the state tax commissioner to make the  
20 homestead tax credit payments.

21 **SECTION 3. AMENDMENT.** Section 57-15-01.1 of the 1995 Supplement to the North  
22 Dakota Century Code is amended and reenacted as follows:

23 **57-15-01.1. (Effective for first four taxable years beginning after December 31,**  
24 **1994) Protection of taxpayers and taxing districts.** Each taxing district may levy the lesser

of the amount in dollars as certified in the budget of the governing body, or the amount in dollars as allowed in this section, subject to the following:

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.
2. For purposes of this section:
  - a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year, but not including any amount levied in dollars under subsection 9; and
  - b. "Budget year" means the taxing district's year for which the levy is being determined under this section.
3. A taxing district may elect to levy two percent more in taxable year 1995 and two percent more in taxable year 1996 than the amount levied in dollars in the base year and for taxable years 1997 and 1998 may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
  - a. Reduced by an amount equal to the sum determined by application of the base year's mill rate for that taxing district to the final base year taxable valuation of any property that is not included in the assessment for the budget year but was included in the assessment for the base year. However, no reduction may be made under this section due to the exemption of the personal property of railroads by enactment of House Bill No. 1396 by the fifty-fourth legislative assembly.
  - b. Increased by an amount equal to the sum determined by the application of the base year's mill rate for that taxing district to the final budget year taxable valuation of any property that was not included in the assessment for the base year but which is included in the assessment for the budget year.
  - c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district.

- 1           4.   A taxing district may levy an amount in dollars equal to the amount levied in any of  
2           the previous three years reduced to reflect expired temporary mill levy increases  
3           authorized by the electors of the taxing district and increased by an amount equal  
4           to the sum determined by the application of any unused mill levy authority from  
5           that year, which was authorized by law or by the electors of that taxing district but  
6           not levied for that year, to the budget year taxable valuation of the taxable property  
7           in that taxing district. A taxing district electing to increase its levy under this  
8           subsection may not add any amount permitted by subsection 3 to the amount  
9           levied under this subsection.
- 10          5.   In addition to any other levy limitation factor under this section, a taxing district  
11          may increase its levy in dollars to reflect new or increased mill levies authorized by  
12          the legislative assembly or authorized by the electors of the taxing district.
- 13          6.   Under this section a taxing district may supersede any applicable mill levy  
14          limitations otherwise provided by law, or a taxing district may levy up to the mill  
15          levy limitations otherwise provided by law without reference to this section, but the  
16          provisions of this section do not apply to the following:
  - 17           a.   Any irrevocable tax to pay bonded indebtedness levied pursuant to  
18                section 16 of article X of the Constitution of North Dakota.
  - 19           b.   The one-mill levy for the state medical center authorized by section 10 of  
20                article X of the Constitution of North Dakota.
- 21          7.   A school district choosing to determine its levy authority under this section may  
22          apply subsection 3 only to the amount in dollars levied for general fund purposes  
23          under section 57-15-14 or, if the levy in the base year included separate general  
24          fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school  
25          district may apply subsection 3 to the total amount levied in dollars in the base  
26          year for both the general fund and special fund accounts. School district levies  
27          under any section other than section 57-15-14 may be made within applicable  
28          limitations but those levies are not subject to subsection 3.
- 29          8.   Optional levies under this section may be used by any city or county that has  
30          adopted a home rule charter unless the provisions of the charter supersede state  
31          laws related to property tax levy limitations.

9. In addition to the amount otherwise determined under this section, a county, city, township, or school district eligible for federal funds on a matching basis as a result of a disaster or emergency declared by the president of the United States may levy an amount in dollars equal to the amount required to match federal funds. An additional levy under this subsection may not increase the total budget year levy under this section to more than two percent more than the amount levied by the county, city, township, or school district in the base year. Amounts levied under this subsection are not part of base year levies in dollars for purposes of future budget year calculations under this section.

**(Effective for taxable years beginning after December 31, 1998) Protection of taxpayers and taxing districts.** Each taxing district may levy the lesser of the amount in dollars as certified in the budget of the governing body, or the amount in dollars as allowed in this section, subject to the following:

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.
2. For purposes of this section:
  - a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year;
  - b. "Budget year" means the taxing district's year for which the levy is being determined under this section; and
  - c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the exempt property calculated in the same manner as the taxable property.
3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
  - a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year

- 1 taxable valuation of any taxable and exempt property that is not included in  
2 the taxing district for the budget year but was included in the taxing district for  
3 the base year.
- 4 b. Increased by an amount equal to the sum determined by the application of  
5 the base year's calculated mill rate for that taxing district to the final budget  
6 year taxable valuation of any taxable or exempt property that was not  
7 included in the taxing district for the base year but which is included in the  
8 taxing district for the budget year.
- 9 c. Reduced to reflect expired temporary mill levy increases authorized by the  
10 electors of the taxing district.
- 11 4. A taxing district may levy an amount in dollars equal to the amount levied in any of  
12 the previous three years reduced to reflect expired temporary mill levy increases  
13 authorized by the electors of the taxing district and increased by an amount equal  
14 to the sum determined by the application of any unused mill levy authority from  
15 that year, which was authorized by law or by the electors of that taxing district but  
16 not levied for that year, to the budget year taxable valuation of the taxable property  
17 in that taxing district. A taxing district electing to increase its levy under this  
18 subsection may not add any amount permitted by subsection 3 to the amount  
19 levied under this subsection.
- 20 5. In addition to any other levy limitation factor under this section, a taxing district  
21 may increase its levy in dollars to reflect new or increased mill levies authorized by  
22 the legislative assembly or authorized by the electors of the taxing district.
- 23 6. Under this section a taxing district may supersede any applicable mill levy  
24 limitations otherwise provided by law, or a taxing district may levy up to the mill  
25 levy limitations otherwise provided by law without reference to this section, but the  
26 provisions of this section do not apply to the following:
- 27 a. Any irrepealable tax to pay bonded indebtedness levied pursuant to  
28 section 16 of article X of the Constitution of North Dakota.
- 29 b. The one-mill levy for the state medical center authorized by section 10 of  
30 article X of the Constitution of North Dakota.

1           7. A school district choosing to determine its levy authority under this section may  
2           apply subsection 3 only to the amount in dollars levied for general fund purposes  
3           under section 57-15-14 or, if the levy in the base year included separate general  
4           fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school  
5           district may apply subsection 3 to the total amount levied in dollars in the base  
6           year for both the general fund and special fund accounts. School district levies  
7           under any section other than section 57-15-14 may be made within applicable  
8           limitations but those levies are not subject to subsection 3.

9           8. Optional levies under this section may be used by any city or county that has  
10          adopted a home rule charter unless the provisions of the charter supersede state  
11          laws related to property tax levy limitations.

12          **SECTION 4. EFFECTIVE DATE.** Section 3 of this Act is effective for taxable years  
13          beginning after December 31, 1996.