

Sixty-first  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO.**

Introduced by

Representative Headland

1 A BILL for an Act to amend and reenact subsection 2 of section 11-09.1-05 and subsection 2 of  
2 section 40-05.1-06 of the North Dakota Century Code, relating prohibiting use of home rule  
3 authority to impose higher or lower property tax rates for certain properties; and to provide an  
4 effective date.

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

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 11-09.1-05 of the North Dakota  
7 Century Code is amended and reenacted as follows:

8 2. Control its finances and fiscal affairs; appropriate money for its purposes, and  
9 make payments of its debts and expenses; subject to the limitations of this section  
10 levy and collect property taxes, sales and use taxes, farm machinery gross receipts  
11 taxes, alcoholic beverage gross receipts taxes, motor vehicle fuels and special  
12 fuels taxes, motor vehicle registration fees, and special assessments for benefits  
13 conferred, for its public and proprietary functions, activities, operations,  
14 undertakings, and improvements; contract debts, borrow money, issue bonds,  
15 warrants, and other evidences of indebtedness; establish charges for any county or  
16 other services to the extent authorized by state law; and establish debt and mill  
17 levy limitations; ~~provided, that all property in order to be subject to the assessment~~  
18 ~~provisions of this subsection.~~ Notwithstanding any authority granted under this  
19 chapter, all property must be assessed in a uniform manner as prescribed by the  
20 state board of equalization and the state supervisor of assessments and all taxable  
21 property must be taxed by the county at the same rate unless otherwise provided  
22 by law. A charter or ordinance or act of a governing body of a home rule county  
23 may not supersede any state law that determines what property or acts are subject  
24 to, or exempt from, ad valorem taxes. A charter or ordinance or act of the

governing body of a home rule county may not supersede section 11-11-55.1 relating to the sixty percent petition requirement for improvements and of section 40-22-18 relating to the barring proceeding for improvement projects. After December 31, 2005, sales and use taxes, farm machinery gross receipts taxes, and alcoholic beverage gross receipts taxes levied under this chapter:

- a. Must conform in all respects with regard to the taxable or exempt status of items under chapters 57-39.2, 57-39.5, 57-39.6, and 57-40.2 and may not be imposed at multiple rates with the exception of sales of electricity, piped natural or artificial gas, or other heating fuels delivered by the seller or the retail sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes.
- b. May not be newly imposed or changed except to be effective on the first day of a calendar quarterly period after a minimum of ninety days' notice to the tax commissioner or, for purchases from printed catalogs, on the first day of a calendar quarter after a minimum of one hundred twenty days' notice to the seller.
- c. May not be limited to apply to less than the full value of the transaction or item as determined for state sales and use tax, except for farm machinery gross receipts tax purposes.
- d. Must be subject to collection by the tax commissioner under an agreement under section 57-01-02.1 and must be administered by the tax commissioner in accordance with the relevant provisions of chapter 57-39.2, including reporting and paying requirements, correction of errors, payment of refunds, and application of penalty and interest.

After December 31, 2005, any portion of a charter or any portion of an ordinance or act of a governing body of a home rule county passed pursuant to a charter which does not conform to the requirements of this subsection is invalid to the extent that it does not conform. The invalidity of a portion of a charter or ordinance or act of a governing body of a home rule county because it does not conform to this subsection does not affect the validity of any other portion of the charter or ordinance or act of a governing body of a home rule county or the eligibility for a

refund under section 57-01-02.1. Any taxes imposed under this chapter on farm machinery, farm irrigation equipment, and farm machinery repair parts used exclusively for agricultural purposes, or on alcoholic beverages, which were in effect on December 31, 2005, become gross receipts taxes after December 31, 2005.

**SECTION 2. AMENDMENT.** Subsection 2 of section 40-05.1-06 of the North Dakota Century Code is amended and reenacted as follows:

2. To control its finances and fiscal affairs; to appropriate money for its purposes, and make payment of its debts and expenses; to levy and collect taxes, excises, fees, charges, and special assessments for benefits conferred, for its public and proprietary functions, activities, operations, undertakings, and improvements; to contract debts, borrow money, issue bonds, warrants, and other evidences of indebtedness; to establish charges for any city or other services; and to establish debt and mill levy limitations, ~~provided that all real and personal property in order to be subject to the assessment provisions of this subsection shall.~~
- Notwithstanding any authority granted under this chapter, all property must be assessed in a uniform manner as prescribed by the state board of equalization and the state supervisor of assessments and all taxable property must be taxed by the city at the same rate unless otherwise provided by law. The authority to levy taxes under this subsection does not include authority to impose income taxes.

**SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2008.